

**EAST STROUDSBURG AREA SCHOOL DISTRICT
BOARD OF EDUCATION
FINANCE COMMITTEE MEETING
October 10, 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, Debbie Kulick, Gary Summers and Lisa VanWhy.

School Personnel Present: Thomas McIntyre, Fred Mill, William Riker and Patricia Rosado.

Community members present: Cecilia Mercado

III. APPROVAL OF AGENDA AND MINUTES

Motion was made by Debbie Kulick to approve the agenda for October 10, 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 Lisa VanWhy and carried unanimously, 4-0.

Motion was made by Debbie Kulick to approve the minutes of the September 13, 2016, meeting. Motion was seconded by Lisa VanWhy and passed, 3-1. (Gary Summers voted no because he was not present at the September 13th meeting).

IV. ITEMS FOR DISCUSSION:

a. Zonar for SPO vehicles

Chief Mill said that the total cost for the GPS kit is \$2,770.50 as indicated on the invoice. This will assist him with the supervision of his officers. When officers have to make truancy calls, this system will help with the transparency aspects of the job. This amount is for the initial cost and once it's installed, the annual cost to maintain them is \$1,224.00 to insure cellular signal. He feels this is an excellent apparatus and will save the district money by cutting back on time spent on the road. Mr. Summers confirmed that the total cost is \$2,770.50. Mr. Bradley asked for the annual fee. Chief Mill confirmed the total cost and annual fee and said that he has sufficient funds in his budget if he cuts back somewhere else. Mr. Bradley asked where would he have to cut from. Chief Mill said he would need to monitor closely all of his expenses.

b. 2017 Bond Refinancing Plan

Ms. Jamie Doyle, Public Financial Management, handed out the district's Refunding Analysis and said that she has excellent news to report. Ms. Doyle said the 2017 Plan of Finance includes preparing for Bond call dates on several different issues. Page 1 of the handout states that the long-term interest rates approached new all-time lows as a result of

global economic uncertainty following the “Brexit” vote in Europe in June 2016, but have since rebounded slightly. Interest rates remain volatile as markets look for continued signs of improvement in the Domestic and International economy, including actions by the Federal Reserve.

This plan includes four steps. Step 1 was already approved on May 16, 2016 when the Board approved the partial refunding for December 2016. Step 2 includes Series of 2012 and Series A of 2012

Bonds, both of which can be current refunded. Step 3 includes Series A of 2007 and 2007 Notes, both of which can be current refunded. Step 4 includes current refunding the remaining Series of 2008 Bonds, which includes the balance after Step 1.

Page 2 includes the continuation of the Financing Plan. In order to maximize the use of Bank Qualified Debt when possible, the District is considering a multi-step plan. The Bank Qualified Debt is for less than 10 million dollars but Ms. Doyle said she will get exceptions to help the district maximize the savings. Overall net local savings from the entire plan is estimated at \$16,297,208 or 15.92% of combined refunded principal.

The Estimate timeline is as follows

October 10 th	Introduction of plan to the Finance Committee
October 17 th	Need Authorization from the Board to proceed
November 21 st	Adopt Parameters Resolution(s) for Steps, 2, 3 & 4
Early December 2016 (or later)	Step1 Competitive Sale (lock-in interest rates)
January 2017 (or later)	Step 1 settlement Step 2 competitive sale (lock-in interest rates)
February 2017 (or later)	Step 2 settlement
May 2017 (or later)	Step 3 competitive sale (lock-in interest rates)
June 2017 (or later)	Step 3 settlement
November 2017 (or later)	Step Competitive Sale (lock-in interest rates)
December 2017 (or later)	Step 4 Settlement

Page 3 indicates that the interest rates continue to hover near all-time lows; therefore, it’s a great time to refinance. Mr. Bradley asked if the Brexit vote is rescinded, would this affect the savings. Ms. Doyle said she is always pretty conservative in her numbers. Mr. Bradley said then right now this will not affect us. Ms. Doyle said she carefully reviews the numbers and likes to deliver more than she estimates. Page 4 of the hand out includes the ESASD Summary of Outstanding Indebtedness. Mr. Summers asked Ms. Doyle to explain the difference between the Total Debt Service and the Total Local Effort. Ms. Doyle said that the top part of the information includes the principal and interest the district pays every year. The bottom half is the local share after the State reimbursement which, is between 0% - 51.08%. The bottom equals the top half minus what the State reimburses. This part affects the budget each year. Column 40 indicates that the district

did a great job of managing their money. The district is well positioned and has a lot of flexibility.

Page 5 includes the Summary of the 2017 Refunding Plan. Column 1 Step 1 includes the local effort with net savings to school district. PFM plans to lower annual running rate in the budget. Column 2 Step 2 is the current refunding with net savings illustrated in Column 31. Step 3 is the current refunding of about 67 million dollars and the savings of about 11.6 million dollars is indicated in column 33. Step 4 is the current refunding which results in Column 36 totals as opposed to the totals in Column 26. Column 37 includes the total savings of about 16 million dollars. The debt is not being stretched but the old higher rates interest rates are being replaced with today's lower rates. Page 30 of the handout includes three sample motions, which include Step, 2, 3 & 4 that the Board needs to approve. The amount is blank with a benchmark of 2%. Mr. Summers asked if we need to place an amount on the motion or a percentage. Ms. Doyle said a percentage is fine and she will do her best to provide the most savings for the district. Mr. Bradley asked which motion would Ms. Doyle recommend that the district do at this point. Ms. Doyle said the district should do all three to get the total maximum savings. Mr. Summers said that the Finance Committee will recommend to the Board that they approve the three motions. Ms. Doyle said if the Board approves the three motions, she will be back at the November 21st meeting with the Debt Resolutions. Ms. Doyle said she will be present at the October 17th Regular School Board meeting to answer any questions.

c. 2 wheelchair vans

Mr. McIntyre said that the district has an increase in students who need transportation with wheelchair access. The district would like to lease two wheelchair vans from Rohrer for the rest of this school year. This item has been included in next year's budget. Mr. Summers asked if these items will be included with the bids along with the regular buses and vans. Mr. McIntyre said they will be included in the bid for next year but this is to get us through the rest of this school year. Mr. Summers asked when can the wheelchair vans be delivered. Mr. McIntyre said they can be delivered as soon as the Board approves them. Ms. VanWhy asked if the bus mileage on these vans will be kept within the allotted mileage. Mr. McIntyre said that these vans will be treated like the other buses through the bus-buyback program. The district will sell these vans back to the company. Rohrer has these two extra vans available and is the reason for the quick turnaround.

d. Tax Reminder Notice

Mr. McIntyre said that the district sends out notices every year to remind the taxpayers that they have a bill due. This procedure has occurred for the past several years. Spring Hill Laser Services, Inc. will send out each notice for a fee of .334 cents plus .465 cents for postage. The district will not know how many notices will go out until they are ready to be sent out. Last year the district spent about \$4,000 for this mailing. Mrs. VanWhy asked when is payment due. Mr. McIntyre said the payment is due in the end of November. Mrs. VanWhy asked when does the mailing go out. Mr. McIntyre said during the first week of November.

e. Homestead/Farmstead Mailing Proposal

Mr. McIntyre said that the district only received one proposal for the Homestead/Farmstead mailing and it was from BerkOne. This mailing is a requirement by Act 1, which states that the district must send a notice to those in the district's community that own a home or farm that did not apply for the Homestead/Farmstead exclusion for property tax relief so that they have the option to apply. Mr. Summers asked how many

does this involve. Mr. McIntyre said it is sent to all parcels. Mr. Summers asked if this an Act 1 requirement. Mr. McIntyre said it is. Last year the district paid 28 cents per mailing and this year they are charging .288 cents.

f. IDEA Part B Agreement with IU20

Mr. McIntyre said that the IDEA Part B Agreement is done annually. The district gets back about 1.5 million dollars through the IU 20 for special education. Mr. Summers asked if the Board has to approve this agreement. Mr. McIntyre said they do.

g. Property & Facilities Items

Mr. Summers asked if all of the following items came to us from the Property/Facilities Committee and that they are recommending that we pay Bognet.

i. HSS Library Window - Bognet Pay App #3 (Final) - \$13,026.00

Dr. Riker said that the Property/Facilities Committee is recommending that Bognet be paid only if the water test passes. He recommends that the motion read contingent upon final performance of water test. Ms. VanWhy asked what does the test entail. Dr. Riker said they spray to make sure there are no leaks. Mr. Summers said that the motion should read contingent upon the results of the test and with the approval of Administration. Dr. Riker said that the district also has a warranty. Mr. Bradley said that if they pass the test, this needs to be paid. Mr. Summers said that the district had an engineer write the specs and then the district picked the company to do the job. He is perplexed why it's leaking. This should not be happening. He suggested that Scott and D'Huy engineering investigate why. Mr. Bradley said they will test to see why it's failing. Mrs. VanWhy said that although the district has a one-year warranty, they are already experiencing leaking. This is definitely a problem.

ii. Northsite Paving Phase I – Northeast Site Contractors – CO #1 -\$8,587.80

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

iv. Northsite Paving Phase I – Northeast Site Contractors Pay App #2 (Final) - \$14,060.89

Mr. Summers said that the paving project is complete and the Change Order has the addition and the rest are all the payments that need to be made. Ms. Kulick said she visited the site and it looks fine.

v. Snow Plowing RFP Results

Mr. Summers said that the documentation states that the district is looking to do three-year contracts with Precision Excavating, Jeremy Smith and ER Linde for snow plowing services. He asked if we have worked with all of these companies before. Dr. Riker said that for the North campus, the district used to use a father/son company but they cannot service us any longer. Mr. Summers said that; therefore, the district has used Jeremy Smith and Precision Excavating but not ER Linde. Mr. McIntyre said Scott Ihle looked into this company to ensure that they have enough manpower to complete the task. Mrs. VanWhy said she is concerned with approving a three-year contract with a company the district has not previously used and asked if it has to be three years. Mr. McIntyre said the district would like to align all snow plowing contracts to follow the same schedule. Mr. Summers asked who will write the contracts. Mr. McIntyre said that Mr. Bader will write the contracts with the Solicitor's review. Mr. Summers suggested adding an escape clause to the contract. Mr. Bradley asked why is the district using Jeremy Smith

when Precision Excavating seems to have lower fees. Mr. Summers said in some areas Precision Excavating is higher than Jeremy Smith. Mr. McIntyre said that Mr. Scott Ihle reviewed all details and found the Precision Excavating had the best savings. Dr. Riker said that we don't utilize their snow removal service but they still include it in their proposal. Mr. Bradley said that Precision Excavating seems to charge less when looking at J. M. Hill Elementary and Middle Smithfield Elementary. Ms. Kulick asked if all contracts were averaged out. Mr. Summers asked if the Property/Facilities Committee looked at all the information and are recommending the yellow highlighted companies to handle the indicated schools. Dr. Riker said that the Property/Facilities looked at all the items discussed. Ms. Kulick said when looking over the document Precision Excavating seems to be less costly.

vi. J M Hill Playground Bridge replacement - \$3,906.75

Dr. Riker said that J. M. Hill's playground's bridge which connects the two pieces is falling apart and it needs to be removed. The district would like to remove it and build a wall as well as add a stairway. Mr. McIntyre said the work needs to be done since it's a safety concern. Mr. Summers asked who will do the work. Dr. Riker said the quote includes an installation fee but not a disposal fee. Mr. Summers asked what will be done with what is removed. Mr. McIntyre said it's a rope bridge that is not usable. Mr. Summers asked if the district checked with MCTI to see if any of the students can do the work. Ms. Kulick said this may be a liability issue. Ms. VanWhy suggested looking into this matter. Mr. Summers asked Mr. Bradley to speak to Mr. Ihle about looking into work that can be done by MCTI students. This topic can be included at a Property/Facilities Committee meeting agenda.

h. School Police Officer Position

Dr. Riker said currently the district has a security officer at H.S. South that resigned. The district would like to replace this Security Officer with a School Police Officer. Chief Mill said that this position will keep in line with the security plan. Currently, he does not have anyone to assist when a School Police Officer is out. This officer can be positioned at H.S. South but when he or she is needed they can be used to substitute in another area. Their salary would be \$16.18 per hour. Mr. Summers asked what happens when he is pulled to replace another School Police Officer. Chief Mill said he can have a substitute Security Officer cover the School Police Officer's responsibilities. The School Police makes about \$16.05 per hour and they receive a stipend. The total cost would be less than \$28,000. Mr. Summers asked if the two positions' salaries are basically equal. Chief Mill said yes and it will help the district cover more areas. Ms. VanWhy asked if this will cause an issue with the union. Dr. Riker said Security Officers are not in the union. Chief Mill said that J. M. Hill Elementary School and Bushkill Elementary School do not have a School Police Officer assigned but H.S. South and Lehman Intermediate School Police Officers assist when needed. Adding this School Police Officer will help when someone is out to assist with the coverage of all schools. This Police Officer will also help with truancy outreach. Mr. Bradley asked if this position is enough to help with all coverage since we are working to implement safety in all buildings. Chief Mill said this will definitely help. Mr. Summers asked if we need to have Board approval for this position. Dr. Riker said they will need Board approval as was done in the past when approving School Police Officer positions.

Mr. Bradley asked if there is a class size update. Dr. Riker said he does not have a student update with him. Mr. Bradley said we should be looking at the numbers since this is cause for concern. Mr. Summers said, per a request from a Board member, Mr. Moran sent out a student count report, per grade level, to the Board members with the previous Board briefs.

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 Lisa VanWhy and carried unanimously, 4-0.

1. The 2017 Bond Refinancing Plan for the following bonds:
 - a. 2007 Notes & 2007A
 - b. 2012 & 2012A
 - c. 2008
2. The purchase and installation of Zonar GPS units for the School Police vehicles for a one-time cost of \$1,546.50 and an annual fee of \$1,224.50.
3. The leasing a 2014 Thomas C2 - 39 passenger wheelchair lift bus and a 2010 Blue Bird – 42 passenger wheelchair lift bus at a total cost of \$2,800 per month for the period October 18, 2016 through June 30, 2016.
4. The approval Spring Hill Laser Services, Inc. to print and mail taxpayer reminder notices for 2016 at a cost of \$0.334 plus postage per notice.
5. Option B of the proposal from Berkheimer OneSource, Inc. for the printing and mailing of the annual Homestead/Farmstead applications as required by Act 1 of 2006 in the amount of \$.288 per application.
6. The IDEA Part-B sub-grantee agreement for the project year July 1, 2016 through September 30, 2017 with Colonial IU #20.
7. The Pay Application #3 (Final) from Bognet Inc. in the amount of \$13,026.00 for the High School South Library window project subject to final approval by the Administration.
8. The Change Order #1 to increase the contract amount by \$8,587.80 from Northeast Site Contractors Inc. for the Northsite Phase I paving project.
9. The Pay Application #1 from Northeast Site Contractors Inc. in the amount of \$126,547.91 for the Northsite Phase I paving project.
10. The Pay Application #2 (Final) from Northeast Site Contractors Inc. in the amount of \$14,060.89 for the Northsite Phase I paving project.
11. The proposals for snow plowing in the form as presented at this meeting for 2016-17 through 2018-19 with an additional two years at the District's option.
12. The proposal of Recreation Resource USA for the replacement of the JM Hill playground bridge at a cost of \$3,906.75.
13. The addition of one (1) ten (10) month School Police Officer position and the elimination of one (1) Security Officer position effective with the 2016-17 school year.

VII. NEXT MEETING – November 14, 2016

Mr. Summers said that he asked Mr. Bader to add the following items for discussion at the next Finance Committee meeting. We especially need to look into the area of prescription within our medical plan since last year the district spent about 3.2 million dollars on prescriptions.

1. Review of Bidding and Purchasing process
2. Discussion of EBTEP Trust

Motion was made by Debbie Kulick to adjourn the meeting. Motion was seconded by Lisa VanWhy and carried unanimously, 4-0.

VIII. ADJOURNMENT: 6:33 p.m.

Respectfully submitted,

Patricia L. Rosado,
Board Secretary