

**EAST STROUDSBURG AREA SCHOOL DISTRICT
BOARD OF EDUCATION
FINANCE COMMITTEE MEETING**

September 12, 2017

Carl T. Secor Administration Building – Board Conference Room

5:30 P.M.

Minutes

- I. The Chairman, Robert Gress, 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: Robert Gress, Gary Summers and Lisa VanWhy. Ronald Bradley was absent.
- III. School Personnel Present: Jeff Bader, Larry Dymond, Fred Mill, Ryan Moran, William Riker and Patricia Rosado.

IV. APPROVAL OF AGENDA AND MINUTES

Motion was made by Gary Summers to approve the agenda for September 12, 2017 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, 3-0.

Motion was made by Gary Summers to approve the minutes of the July 11, 2017, with corrections, and August 8, 2017 meetings. Motion was seconded by Lisa VanWhy and carried unanimously, 3-0.

V. ITEMS FOR DISCUSSION:

a. Phase III 2017 Bond Refunding

Mr. Bader said the next bond refunding phase was approved back in the spring. The Board approved all phases. The next bid will be in October with a settlement date in December. So far the market looks firm and the district should save what was previously identified. Mr. Summers said that the amount of the loan will go down 2% within 10 years, barring any significant disaster and if everything that is scheduled will take place. Mr. Gress said the information that Mr. Bader has provided is for informational purposes and no Board action is needed at this time.

b. Electric Bid

Mr. Bader said that the district's electric supply contract ends in June 2019. The District bids its electric supply through the IU Joint Purchasing Board and we are looking to obtain a two-year contract for 2019-20 and 2020-21. The chart Mr. Bader distributed shows the future rates for natural gas. Natural Gas has become the primary fuel for electric generation and tracks closely with what electric rates will be. From 2014 through 2017, the rates have decreased per usage. He also anticipated what the usage would be based on previous three years. The IU plans to go out to bid in October, but the suppliers will only hold their rates for 24 hours; therefore, a contract would need to be executed immediately. He asked that the Board authorize him to execute and sign the contract on behalf of the district. The contracts can then be ratified at the next Board meeting in October. Mr. Summers asked if Mr. Bader is looking for some type of approval at the October 25th

meeting. Mr. Bader said he will need the approval to lock in the rates and sign the contract. Mr. Summers asked when will he get the rates. Mr. Bader said he will get the rates by mid-October. Mr. Summers asked if the rates will remain the same. Mr. Bader said based on the current market, rates should be better. Mr. Gress asked if the district received any previous savings. Mr. Bader said savings are a function of both usage and rates. We know that the rates for the last few years have been lower and we have been reducing what is budgeted for electric over the last few years, so there are some savings, but it is difficult to quantify between rates and usage. The rates we are talking about are for the generation of electricity. The bill the District pays also includes transmission and distribution charges by the local supplier and those have gone up in recent years.

c. School Supplies

Mr. Gress said that the parents have concerns with the request that students are given to buy school supplies because they are not consistent per school. When you look at the individual school's website, the information is not displayed in the same manner; therefore, making it difficult for parents to find what they are looking for. Mr. Summers said that he saw something in a bulletin recently about how much teachers spend out of their own pockets on supplies. This issue needs to be talked about. Mr. Summers said he saw on the website that we provide some supplies but then there is also a list. This needs to be looked at. Mr. Gress said the wording for the request of supplies should be changed from can be supplied to should be supplied. Some classes do not have tissues. Dr. Riker said each class should have tissues. Mr. Gress said all schools should have the same format on their website. They all contain the same information but not in the same format. This should be looked into. When bids are obtain some items that we get are not of good quality. Some supply list say that students need earbuds but other say headphones. There should be consistency all along the schools in the district. Dr. Riker said that this will be addressed.

d. Recycling vs Trash per building

Mr. Gress said that the district should increase the amount of recycling that they do. We should have at least 80% of our items that are being recycled. Mr. Summers said that he agrees with this. Dr. Riker said that this topic came up at the Property/Facilities Committee meeting. They are looking to have Waste Management come to a meeting to discuss how to increase the amount of recycling that the district is doing. Mr. Summers suggested that this project be pursued because there will be some savings to the district. Mr. Gress said that the custodians collect all recycling items but what is done with them. Dr. Riker said that his questions to Waste Management will be is there intermingling of the garbage and recyclable items. Mr. Summers said there used to be two trucks with the garbage collection but now there's only one.

e. Smithfield TIF

Mr. Summers said he went to the first TIF meeting yesterday. He distributed some information from the meeting. The first page contains pictures of the property broken down into phases. Pate two is the tier that includes Route 209. It includes 91.24 acres. Right now, according to the assessment office, the district is estimated to receive \$99,041.34 in taxes, which is based from \$556,850.00 (amount of assessment). The school district will receive the millage from the new commercial development. They have not said how much money they will need. They are talking about what to borrow. They have applied for grants. Mr. Summers said he will write a letter stating that the School Board will support the grants. They will meet again but does not have a date yet because they are waiting for all assessments to be completed. The information he presented today he

received in his email today. He said the Board will receive a copy of everything. Mr. Bader asked why are they seeking junk bonds and not lower rate bonds. Mr. Summers said the reason is that the expenses include the road work information. Mr. Bader asked if the bonds require the taxing districts to pledge support. Mr. Summers said there is no guaranty. Smithfield Township will issue the ordinance. The County and School Districts will need to pass a resolution of support. Mr. Gress said if anyone pulls out of the project, it will fall apart. He said the Camelback Project was financially sound.

f. 100% Homestead Exclusion

Mr. Gress suggested that the district create and send a letter regarding Homestead Exclusion since it's on the Election Ballot in November, which will be to exclude 100% of the property tax. It will also be to raise the sales tax to offset the difference. This bill passed the two House Sessions. The HB 76 will eventually happen. This will save money on property tax but everyone will have to pay more sales tax. Mr. Summers said that Senator Mario Scavello said he supports this HB 76; however, Mr. Summers believes the district should educate the elector. The district stands to lose a lot of revenue. The elector may think this is a good item to vote for but there is no funding for the district to offset the 100% money from the Homestead exclusion. Mr. Summers said if this Bill passes, the legislators will need to pass another item to offset the lost tax revenue. We need to try to educate the elector so they understand the consequences of this Bill.

g. State Budget

Mr. Gress said that the State budget still has not been passed. The district will not get new money. Should the district do something here if we will not get revenue? He suggested sending out the tax bills so the money starts coming in. Mr. Bader said that the State authorized the budget and appropriations; therefore, legally they need to give it to the district. The question is can they reduce what they already passed. Mr. Gress said he does not know but will not be enough revenue. This is something that needs to be continually looked at.

h. Reassessment

Mr. Gress said that the Board may need to do something when all reassessments are complete. Mr. Summers said that, currently, the first municipal bill will not be until 2020. The reason is that when they did an audit they found errors; therefore, it pushed the timeline back a year. Mr. Gress said that some property owners will have to pay double taxes than what they are paying now.

i. Property & Facilities Items

i. JTL/LIS Masonry – D'Huy Engineering Invoice #46444- \$25,059.89

ii. JTL/LIS Masonry – Jones Pay App #3 - \$206,467.11

Mr. Summers asked what is the status with the masonry projects. Dr. Riker said progress is being done as evident with the bill from Jones Masonry Restoration Corp. They are about three weeks out. Dr. Riker said he spoke to them and they went through all of the allocation. He was informed that they are three weeks behind but do not have a firm date. Mr. Bader said that according to their billing, they have 1/3 of the project that needs to be done. Mrs. VanWhy asked if they will be done before the bad weather arrives. Mr. Bader and Dr. Riker said they plan to be done before then.

- iii. LIS Stormwater Investigation – D’Huy Engineering Invoice #46443 - \$1,011.35
Mr. Summers asked if this bill is for the sinkhole information. Mr. Bader said yes it is.
- iv. Mastercraft Flooring Invoices
 - 1. ESE - \$2,800.00
 - 2. Lehman - \$23,000.00
 - 3. HSS - \$7,200.00
 - 4. HSN - \$5,800.00
 - 5. JTL - \$23,000.00

Mr. Bader said that the above bills are individual floor repair/maintenance proposals for the five mentioned schools. Mrs. VanWhy said it was her understanding that our staff did work on these floors and did a great job. Mr. Bader said that our staff do screening and light maintenance work on the gym floors but these floor need extensive work. After this job is done, the district can get more years of use on the gym floors. Mr. Gress suggested that somebody monitor that the correct color is being placed on the gym floors. Mr. Bader said that Mr. Scott Ihle monitored the work. Mr. Gress asked about the ventilation issue in the gym. Mr. Bader said that currently there are no problems. Mr. Gress asked if there are any issues with the boards. Dr. Riker said currently they are tight but does not know if they will remain that way during the winter months.

- v. HSN/LIS Mold Remediation Proposals
 - 1. Mellon Restoration
 - 2. Serv Pro
 - 3. A. G Mauro

Mr. Bader said that the above contracts need to be ratified by the Board since they granted him the authority to approve agreements for the performance of professional services concerning mold remediation and air quality testing. Mr. Summers asked where is the amount of Mauro’s agreement. Mr. Bader said that they will provide an amount that includes the time and material that was used on this project. Mrs. VanWhy asked why couldn’t our staff put the lockers back into place. Mr. Bader said that District staff was used, including reassigning some of our Grounds staff to assist with removal and replacement of the lockers, but additional staff was needed in order to get the project done in a timely manner. Mr. Summers asked if everything that needed to be done was completed. Dr. Riker said that everything was done. How much did the project cost us? Dr. Riker said we do not have a total yet. Mr. Bader said that they have some bills now and have submitted it through the insurance company since there is coverage for this item. The district has a \$20,000 deductible. Mr. Gress asked if they will have a final amount by September 25th Board meeting. Mr. Bader said he is not sure when everything will come in. Mr. Summers asked if the companies expect payment as soon as the bill is received. Mr. Bader said the bills will be sent to the insurance first. Mr. Summers asked if they are including the bill from Serv Pro, too. Mr. Bader said Mellon, Serv Pro and Mauro bills will be submitted to the district’s insurance company.

- vi. HSN/LIS PA System – CSI Invoice Pay App #2 - \$7,350.00

Mr. Bader said that the CSI Invoice is to pay the balance of the PA System project at H.S. North and Lehman Intermediate School. Mr. Summers asked if the project has been completed. Mr. Bader said he believes it is but will speak to Mr. Borosh to see if it has been tested and that they are satisfied with the work.

VI. PUBLIC PARTICIPATION – LIMITED TO ITEMS OF DISCUSSION

- A. Mr. Larry Dymond said that the North Bus Lot drivers used to be able to hear the PA System. Now with the new system, they are not able to hear it. Mr. Gress said the district will look into this matter.

VII. ADVISORY RECOMMENDATIONS FOR CONSIDERATION BY THE BOARD OF EDUCATION

1.

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 Lisa VanWhy and carried unanimously, 3-0.

- a. JTL/LIS Masonry – D’Huy Engineering Invoice #46444- \$25,059.89
- b. LIS Stormwater Investigation – D’Huy Engineering Invoice #46443 - \$1,011.35
- c. JTL/LIS Masonry – Jones Pay App #3 - \$206,467.11
- d. Mastercraft Flooring Invoices
 - 1. ESE - \$2,800.00
 - 2. Lehman - \$23,000.00
 - 3. HSS - \$7,200.00
 - 4. HSN - \$5,800.00
 - 5. JTL - \$23,000.00
- e. HSN/LIS Mold Remediation Proposals
 - 1. Mellon Restoration
 - 2. Serv Pro
 - 3. A. G Mauro
- f. HSN/LIS PA System – CSI Invoice Pay App #2 - \$7,350.00

- 2. The Committee also recommended that the Solicitor provide a motion for the Regular School Board meeting agenda that would authorize Jeff Bader, Chief Financial Officer, to sign a contract on the electric generation rates bids for 2019-20 and 2020-21 through the IU Consortium. It will then be forwarded to the Board for ratification at their next Board meeting in October.

VIII. NEXT MEETING – October 9, 2017

IX. ADJOURNMENT: 6:07 P.M.

Respectfully submitted,

Patricia L. Rosado
Board Secretary