

**EAST STROUDSBURG AREA SCHOOL DISTRICT
BOARD OF EDUCATION
FINANCE COMMITTEE MEETING
September 15, 2020
VIA Zoom
5:30 P.M.
Minutes**

- I. **The Chairman**, Rebecca Bear, called the Finance Committee meeting to order at 5:33 p.m. and led those present in the Pledge of Allegiance. Secretary, Patricia Rosado called the roll.
- II. **Board Committee Members Present:** George Andrews, Rebecca Bear, Larry Dymond and Rich Schlameuss.
- III. **School Personnel Present:** Brian Baddick, Brian Borosh, Anthony Calderone, Diane Kelly, Tom McIntyre, William Riker, John Rosado, Patricia Rosado, and William Vitulli.
- IV. **Community Members Present:** None

Other: Jamie Doyle, Public Financial Management

V. **APPROVAL OF AGENDA AND MINUTES**

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Richard Schlameuss to approve the agenda for September 15, 2020 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 George Andrews and carried unanimously, 4-0.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Richard Schlameuss to approve the minutes of the August 10, 2020 meeting. Motion was seconded by George Andrews and carried unanimously, 4-0.

VI. **ITEMS FOR DISCUSSION:**

a. Refunding of Bonds Update

Ms. Jamie Doyle, Managing Director, PFM Financial Advisors, LLC presented the Bond Sale Document for the Results of the Competitive Sale of \$16,250,000. She showed the Board members the auction, which she believes was a grand slam. It was scheduled to take place between 12:00 p.m. and 12:15 p.m. today. The district needed a true interest cost of 1.05% to produce the savings she presented from the bank loan and a true interest cost of 0.81% to match the bond issued as indicated last month. She was excited to see that the very first bid came in at 0.70%. This blew away the projection on the bond issue. Interest rates have increased since last month. The true interest cost of 0.70% determined the rate of the underwriter, commission and bond insurance. Ms. Doyle went through the 22 bids from 5 different underwriters. They cannot tell who bids but they know if they are winning or not. At the end of the day, the bid went over by 2.43 seconds. The winning bid came from Fidelity Capital Markets at 0.55%. The bottom right-hand side of page 1 of the handout shows that the interest rates went up. Our refunding was short; therefore, it helped with the structure. Page 2 is the summary of the 22 bids from the auction replay. Below

the bids are all five underwriting syndicate bids which did not include insurance. None of the firms felt the need for a bond insurance due to the district's credit worthiness. If the district had to pay for the insurance, it would have cost \$50,000 so, in turn, the district saved this amount. The paying agent is Manufactures & Traders Trust Company as they have been in the past. These bonds are non-callable. Page 3 includes the chronologically of the bids. Page 4 shows the winning bids and true interest cost from Fidelity and what it means to the district, which is a net savings of \$924,975. There is a \$22,000 savings in the current fiscal year, \$888,890 savings in the next school year and more savings thereafter. The net savings this evening is about \$165,000 more than last month. Page 5, 6 & 7, show the financial information for the bond issues of Series of 2013, Series AA of 2014 and Series of 2013 that are being refunded with this transaction. Page 8 explains the amount needed to repay all the bonds with the stipulation that the district will make the September payments. Page 9 shows the new amortization schedule. The state share is approximately \$107,000 and the districts share, as indicated in column 11 show the \$924,974.56 savings to the district. Page 10 shows the sources and uses of the funds. Fidelity is charging 97 cents per \$1,000. The average cost is \$7.50. Ms. Doyle said this indicates to her that Fidelity had buyers lined up; therefore, had a home for each bond and that is why they were able to bid aggressively. The underwriter's fee totaled a savings of about \$107,000. The yield of the issue refinancing is at 0.5%, half of a percent, which is low. Fidelity is paying the district over 100% on the dollar for the bond issues totaling \$1,669,341.20. Page 11 is the updated debt portfolio. Column 15 reflects the general obligation bonds series of 2020. The rest of the presentation from pages 12-18 contains information such as the Moody's Investor Service analysis that the Board can review at their own leisure. Ms. Doyle said that Mr. Tom McIntyre did an excellent job on the credit rating call. Maintaining a good credit rating is a true testament to the Board and Administration. She said she was extremely satisfied with the total results since she was able to keep within the resolution that the Board passed last month. Mrs. Bear said she is happy that the underwriter's percent was significantly under the \$7.50. She expected about \$1.25. She asked if the premium payment is in addition to what they are paying us. Ms. Doyle said it is not because it is being used to pay off the bond issues. All that would remain are any items that are left over from the miscellaneous expenses such as for advertisement fees. There may be a little bit more savings but the premium is already factored in the total savings amount. Some savings may show up on a sinking fund. Mrs. Bear asked who does Ms. Doyle use for the legal fees and expenses. Ms. Doyle said that the district's Bond Counsel is Eckert Seamans Cherin & Mellott, LLC out of Harrisburg and PFM also uses the district's solicitor. The Bond Counsel used to be Rhoades and Sinon but now they are Eckert Seamans. They are the same people just a different firm name. Mrs. Bear asked if Ms. Doyle shopped around for a bond counsel. Ms. Doyle said they normally use the same as the have before. Mrs. Bear asked if Eckert Seamans are charging competitive rates. Ms. Doyle said they charge competitive rates. She said she normally sees higher fees in other places. Mrs. Bear said Moody's fee cannot be helped. Ms. Doyle said; unfortunately, with Moody's fees there is no choice with what they charge. Mrs. Bear said she is pleased with the low underwriting fee because she was concerned with the high fee of \$7.50. Mrs. Doyle said she always budgets conservatively and tries to come in better than what she estimates.

b. Monitors RFP results for Professional staff

Mr. Thomas McIntyre said he does not believe Mr. Borosh is on Zoom tonight; therefore, would like to say that this request is to purchase some monitors for the professional staff, which is in addition to what they already have in order for them to keep up with the hybrid and fulltime virtual teaching. Mr. McIntyre said that Mr. Borosh went out for quotes and

received quotes from seven vendors. The lowest quote came in from staples at a total amount of \$65,972. Mr. Borosh joined Zoom and said as a follow up to what Mr. McIntyre said, these monitors are for the professional staff due to the hybrid and full-time virtual classes they teach especially on Wednesdays. Should the district need to go back into the red phase, they would be able to see the students in the classroom, the contents they are teaching and students that are participating from home. Mrs. Bear asked where are the funds coming from to pay for these monitors. Mr. Borosh said the monitors will be paid by the Cares Act fund. Mrs. Bear asked if all teachers will be receiving an extra monitor. Mr. Borosh said all teachers that teach K-12 will be receiving a monitor. Mrs. Bear asked if the teachers will be receiving training on how to use the monitors. Mr. Borosh said professional development will be provided where needed. Some teachers utilize projectors; therefore, they are used to having two different screens. The district will use Wednesdays, when students are not in the district, to train the teachers. Mrs. Bear said we need to assist the teachers and not add more stress to them since, due to the current times, it is already stressful.

c. 2020/2021 IU 20 Special Ed Contract

Mr. Tom McIntyre said this contract is approved by the Board annually. The IU 20 sent the district the document and the total cost is based on all of the program costs and the usage of the program. The total amount for the 2020/2021 school year is an estimate cost. Throughout the year, the district gets quarterly adjustments. Mr. Andrews asked if the district autistic support services for elementary and secondary students or held in-house or do we send them to the IU. Mr. McIntyre said he believes the services take place here. Mr. Baddick said we have programs throughout the district. The district also shares space within the three other districts in Monroe County, i.e. Stroudsburg, Pleasant Valley and Pocono Mountain. Mr. Andrews asked if we share the cost. Mr. McIntyre said we do.

d. 2020/2021 IU 20 IDEA Pass Thru Agreement

Mr. McIntyre said the Board has to approve this agreement as a formality because the IU 20 manages the district's IDEA Funds. This agreement indicates that we will follow the stipulations. At the end of the year, he will balance out the expenses.

e. Current Projects within the District

Mr. Tom McIntyre said that he highlighted in yellow, within the monthly report, the current payments for the projects. The North/Lehman project is close to wrapping up. J.T. Lambert Intermediate's project is completed. The district is waiting for the last invoice. Currently, the cleanup is being done. Submission of invoices are slowing down. Mrs. Bear said she went up north and saw that things were cleaned up. The gym looks amazing. Students are excited.

VII. RECOMMENDATIONS BY THE PROPERTY & FACILITIES COMMITTEE:

1. D'HUY ENGINEERING INVOICES

- a. Invoice #51482 \$24,500.27- High School North Roof Replacement
- b. Invoice #51483 \$980.00 - High School North Roof Replacement Forensic Investigation
- c. Invoice #51484 \$4,657.28 - High School North Sanitary Liner Replacement
- d. Invoice #51485 \$709.10 - Smithfield Parking Lot Improvements
- e. Invoice #51486 \$602.05- J.T. Lambert Intermediate Security Camera Installation
- f. Invoice #51487 \$5,877.00 - J.T. Lambert/Resica Elementary Flooring Replacement
- g. Invoice #51488 \$909.49 - High School South Pool Grouting

2. Application for Payment #9 Jottan, Inc. – HS North/Lehman Roof Replacement \$688,435.55
3. Application for Payment #4 Lehigh Valley Flooring – JT Lambert Flooring replacement \$49,649.50
4. Miller Flooring – Lehman Intermediate Gym Floor Replacement – Invoice #15478 - \$159,558.00
5. NOVA Equipment and Supply – Safety Shields for building Secretaries - \$2,481.02

VIII. PUBLIC PARTICIPATION – LIMITED TO ITEMS OF DISCUSSION

None

IX. ADVISORY RECOMMENDATIONS FOR CONSIDERATION BY THE BOARD OF EDUCATION

1.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Richard Schlameuss to approve the results of the competitive sales regarding the Series of 2013, Series AA of 2014 and Series of 2015 Bonds with the winning bid from Fidelity Capital Markets at a total savings of \$924,974.56 (as per the Parameters Resolution adopted on August 17, 2020). Motion was seconded by George Andrews and carried unanimously, 4-0.

2.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Larry Dymond to approve the quote from Staples in the amount of \$65,972.00 for computer monitors and adapters. Motion was seconded by George Andrews and carried unanimously, 4-0.

3.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Richard Schlameuss to approve The Colonial IU 20 Special Education Contract in the amount of approximately \$3,992,036.00. Motion was seconded by George Andrews and carried unanimously, 4-0.

4.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by George Andrews to approve the Colonial IU 20 IDEA Pass Thru Agreement in the amount of \$1,068,970.39. Motion was seconded by Larry Dymond and carried unanimously, 4-0.

5.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by George Andrews to approve the payment of the seven D’Huy Engineering invoices for services rendered. Motion was seconded by Richard Schlameuss and carried unanimously, 4-0.

6.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Richard Schlameuss to approve the Pay Application #9 from Jottan, Inc. in the amount of \$688,435.55 for work performed on the HS North/Lehman roof. Motion was seconded by George Andrews and carried unanimously, 4-0.

7.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by George Andrews to approve the Pay Application #4 from Lehigh Valley Flooring in the amount of \$49,649.50 for work on the JT Lambert Flooring Project. Motion was seconded by Larry Dymond and carried unanimously, 4-0.

8.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Richard Schlameuss to approve the Miller Flooring Company Invoice #15478 in the amount of \$159,558.00 for the Lehman Intermediate School gym floor replacement. Total cost to the district is \$90,108.00; the District's insurance claim covered \$69,450.00 of the costs. Motion was seconded by George Andrews and carried unanimously, 4-0.

9.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by George Andrews to approve the reimbursement of \$2,481.02 to the East Stroudsburg Area Education Support Professional Association, for the purchase of 19 Safety Shield/Guard for secretaries in the district. Motion was seconded by Larry Dymond and carried unanimously, 4-0.

Mr. Dymond said he would like to discuss getting a list of all of our computer software that the district uses, the cost and what is it used for. If no one is using a specific software, the contact should be terminated. Mrs. Bear said we should determine if we continue using all software. Mr. Dymond said this will give the district some checks and balances. Mr. Schlameuss said he would recommend that the Board make a request from administration for a list of the software, the cost and the use. Mrs. Bear said administration should bring this list to the Board meeting on Monday. Mr. Schlameuss said it may take more time to gather. We need to see what we are paying on yearly licenses and for how many. Mr. Dymond said gathering this information would be a good start. Mr. Schlameuss said this is not the only item that Administration is working on; therefore, it may take some time to gather. Mr. Schlameuss suggested that Administration have this information provided to the Finance Committee at the November meeting.

Mr. Dymond said that he would like the district to consider, even though there are pluses and minuses, hiring an engineer, because what the district is paying for D'Huy Engineering is a considerable amount of money. Mrs. Bear said what happens when we do not have projects and do not them him/her anymore. Mr. Schlameuss said his concern is that an engineer may not be an expert in all areas. When we hire a firm, we get many different areas of expertise. Mr. Andrews said we may need to do an RFP in search of a firm. Mr. Schlameuss said this is a discussion for the Property/Facilities Committee. Mrs. Bear said her concern said that we may not need him/her in the future and the district will be spending the money to employ them. Dr. Riker said that they will not need to do an RFP if they are planning to hire a person. Mr. McIntyre said that another district looked into hiring an engineer but did not get anyone interested in the position, because they may make more money in the private sector. Mr. Andrews said through an

RFP, the district may get a company that has all areas of expertise with less fees. Mr. Schlameuss said the Board hired D'Huy Engineering through an RFP; therefore, it may be time to look for another firm. The Property/Facilities Committee will need to discuss this issue. Mr. Dymond said the negative aspect of hiring an engineer may be if he/she makes a mistake, it holds the district liable. Mr. Andrews asked where he can obtain a copy of D'Huy Engineering's contract. Mr. McIntyre said he may have a copy of it. Mr. Andrews said he just wants to see when it expires.

Mr. Dymond said Lyman and Ash would like a copy of the original contract for when they built High School North and Lehman Intermediate School. Is there any way to find it without going through 58 boxes? Mr. McIntyre said he will touch bases with our solicitor to see if he has it. Mrs. Bear asked if the district can get a request from Lyman and Ash. Mr. Dymond said he has the request. Mrs. Bear asked Mr. Dymond to give Lyman and Ash's request to Dr. Riker so he can look into it. Mr. Dymond asked what is the best way to get an adequate filing system in place. Mrs. Bear said the district should look into filing all paperwork electronically. Mr. McIntyre said the district looked at a firm in the past but the Board, at that time, decided that the cost was too much. If the Board would like him to look into this, he can. Mr. McIntyre said the current financial system has capabilities to file all contracts electronically. Mrs. Bear asked if the district is utilizing this system. Mr. McIntyre said since he took over, they are keeping all contracts electronically. Mrs. Bear asked if all contracts for all project are being kept electronically. Mr. McIntyre said they are and D'Huy Engineering has a copy of all contracts, too.

X. **NEXT MEETING** – Monday, October 12, 2020 at 5:30 pm

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Richard Schlameuss to schedule the October 12, 2020 Finance Committee meeting via Zoom only since the district will be closed on this day in honor of Columbus Day. Motion was seconded by Larry Dymond and carried unanimously, 4-0.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by George Andrews to adjourn. Motion was seconded by Larry Dymond and carried unanimously, 4-0.

XI. **ADJOURNMENT: 6:17 p.m.**

Respectfully submitted,

Patricia L. Rosado
Board Secretary