Finance Committee Meeting
Wednesday, October 30, 2019

Committee Purpose
The Finance Committee provides the board with the opportunity to more closely review various aspects of financial administration. This committee provides input to the budget process, meets with auditors, does long-term debt planning with financial consultants and oversees the ongoing business processes of our district.

Committee Leadership
Jim Maurer, School Board Committee Chair
Sheryl Pursel, Director of Finance

Start Time: 4:30 p.m.

Location: Administration Building, Board Conference Room

Attended:

Board Members: Adam Aloisi, Mike Donato, Grant Keener, Linda Johnston, Jim Maurer, Bill Otto

Administration: Mike Bromirski, Bill Brossman, Mike Graham, Maria Hoover, Tab Musser, Steve Polonus Sheryl Pursel, Ellen Rinier, Shannon Zimmerman

Other: None

Time for Public Comment: None

Discussion Items:

1. As a change in the Finance Committee agenda, the Speech Therapist position was discussed first. The District has advertised multiple times to fill the .5 open position. Unfortunately, one potential employee was interested but decided not to continue in the employment process due to this not being a benefit position. Although we are currently compliant with this position from a special education standpoint, the District does need to provide these services. The recommendation of the Finance Committee is to make this a full-time position with benefits.

2. Interest Rate Hedge – Continued Discussion on Hedge Refunding and District Needs for New Money Borrowings (PFM/RBC)

   • Lou Verdelli (RBC) and Glenn Williard (PFM) updated the Board on the Interest Rate Hedge Refunding timeline and continued discussions on the need for new money to support district repairs/maintenance/upgrades that will be needed in the future. The decisions will be to identify the likely financial costs that will be needed in the first year as well as what is reasonable to expect in the first three years after the feasibility study has been completed.
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- Currently the district Moody’s credit rating is Aa2 which is very good and will be beneficial to maximize savings when it’s time to sell bonds.

- The School Board will need to consider how to fund the cost of the necessary building upgrades as a result of the feasibility study. The preliminary reports show a range of costs of $75 - $95 million in the first five years. The finance presentation used an estimate of $85 million to begin discussions on how to fund the upgrades. RBC, Lou Verdelli, presented options on potential debt structures to combine use of fund balance and using a planned tax increases to fund additional debt financing. The borrowing structured to wrap around existing to minimize budget impact.

- Next steps in the process: the Finance Committee recommends adding $50 million of new money to the parameters resolution which will be Board approved during the November Board meetings. Rhonda Lord, bond counsel with Kegel, Kelin Almay and Lord will present the resolution during the November 12 Board meeting. The District will continue to review feasibility and enrollment study results to identify a priority list for renovation work to be done.

3. Buildings & Grounds/Facilities
   a. Wrestling Light - A wrestling light was originally requested at the April Building & Grounds meeting. The recommendation is to contract with Moore Engineering to write the specifications that will ensure code compliance for safety concerns. This will be added to the November agenda for Board vote.
   
   b. Cooling Tower – Moore Engineering provided quotes from CoStars vendors to District Administration. Three vendors provided quotes, the recommended lowest quote was received from Frey Lutz. The Finance Committee agreed to award the work to Frey Lutz which will be added to the November agenda for Board vote.
   
   c. Warning Track/Field Maintenance – The contract was signed to authorize ELA to write the specifications on the warning track combined with annual district field maintenance. The goal is to have the warning track work done prior to the spring baseball season.
   
   d. Snow Removal - Snow removal contracts will be on the November Board agenda for approval. Maintenance will cover necessary work on the Landisville Campus, Koser Excavating will be approved at CES, CMS, MES and district wide anti-skid services, Hummer will be approved for EPES, and EverCor will be approved for RES and MES. These services will be approved for a three-year term.
   
   e. Steam leak at the High School – Ken Kauffman with Moore Engineering shared with Administration that he will reach out to the company that installed the pipe. The hope is they can locate the leak and do a temporary fix pending final plans for the entire building.
   
   f. East Petersburg Walker Situation – The official PennDot recommendation from the route study is that all walking routes are considered hazardous. The District added one bus to provide busing to East Petersburg students. The state reimbursement will be 50%.
Families can request that their students walk. This is being allowed with parental approval.

g. PCCD Safety Grant from PDE is $45,000 for the 2019-20 school year. Requested purchases will be strobe lights for added safety during lock downs, security measures for entrances at the Buchanan side of the High School as well as entrances at the Administration Building.

h. Administration Building Office Realignment (Business Office / HR) – the District is still looking at options for reconfiguration to provide better work environments.

4. Audit Update

a. Review Preliminary Year-End Fund Balances – The preliminary results shared in September have not changed. The bottom line results are approximately $800,000 income to add to general fund balance.

b. Fund Balance Assignments and Commitments (November Board Vote Required) – This is a necessary Board vote. Recommendation is to reduce the commitment for retirement benefits and to assign $2 million to capital reserve. The requirement is to maintain unassigned fund balance less than 8% of budgeted expenses.

5. 2020-21 Budget Discussions

a. Pseudo Rates 2020 will be set using rates provided by CoreSource who is the District’s Third Party Administrator (TPA).

b. Tax base has actually dropped as of this point in the year due to ACT 319 decisions for Clean and Green as determined by Lancaster County. District will continue to watch this.

c. PSER’s projections are showing that the employer rate could go to 40%.

d. Budget allocations will be provided to departments and principals.

6. Right-to-Know Requests

a. East Petersburg Crossing Guard (closed 10/24/19)

b. Alternative Education Program (response due 11/6/19)

c. Interest Rate Hedge Discussion with Alex Geli, LNP – Conestoga Valley, Penn Manor and Hempfield School Districts have all entered into this type of transaction over the past few years. Business Managers as well as representatives from RBC and PFM met with Alex to provide education and a better understanding of these transactions.
7. Chief Financial Officer (CFO)

The CFO post not successful. Superintendent Mike Bromirski is still trying to find interim support. PASBO and LLIU 13 are not currently staffed to be able to offer this type of support. An option would be to contract with a retired school business administrator on a part time basis (Monday all day, Tuesday all day, Wednesday morning) at a rate of $500/day, $62.50/hr. The intent is to repost for this position and interview in January. Recommendation of the Finance Committee is to approve the contract for interim CFO support services. This will be a voting item on the November Board agenda.

Meeting adjourned 6:19 pm (followed by an Executive Session to discuss contract negotiations)

Future Meeting Dates
Unless otherwise noted, meetings are scheduled at 4:30 p.m. in the Board Conference Room of the Administration Building.

November 19, 2019 (joint with Buildings and Grounds Committee)
December 18, 2019 (joint with Buildings and Grounds Committee)
January 29, 2020
February 26, 2020
March 25, 2020 (joint with Buildings and Grounds Committee)
April 28, 2020
May 27, 2020