



Board of School Directors Committee Meetings Minutes Wednesday, April 14, 2021

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Members present: Nicholas Braccio, William Brong, Janet Flisak, Matt Holliday, Ken Keith, Thomas Kwiatkowski, Stephen Nelson, Donna Scheuren and Courtney Barbieri

Others present: Elisa Ball, Frank Ball, Henry Franz, Frank Gallagher, Christopher Hey, Mike Kelly, Katie Kennedy-Reilly, Jim Meitzler, Brian Pawling and Megan Zweiback

Meeting location: Souderton Area High School, 625 Lower Road, Souderton

1. Operations Committee

1.1 Approve Board of School Directors 2021-2022 Meeting Calendar

Mr. Brong called the Operations meeting to order at 6:51 P.M. and noted two items on the agenda.

Mr. Pawling introduced the proposed 2021-2022 Board of School Directors Meeting calendar. He indicated the changes to the schedule due to holidays.

Mr. Pawling recommended moving this item forward for Board action and approval.

1.2 Indian Crest MS Roof Project Update

Mr. Brong stated that this was a follow-up to the previously proposed Indian Crest Middle School Roof project. He noted that additional discussion had occurred to review the scope of the project and its specifications. Mr. Brong noted that there were no changes to the original bid price other than an additional allowance reduction for wood blocking removal.

It was noted that Supervisor of Operations, Mr. Ball, had presented information that after consultation with an independent roofing engineer that it was recommended to maintain the vapor barrier layer. Mr. Pawling acknowledged that the roofing materials manufacturer, Firestone, had issued a warranty letter on the project for 30 years based on the recommended 080 material thickness.

Mr. Brong adjourned the Operations Committee Meeting at 6:57 P.M.

2. Finance Committee

2.1 Capital Project Financing Discussion

Mrs. Scheuren called the Finance Committee Meeting to order at 7:02 P.M.

Mr. Pawling introduced Jamie Doyle of PFM Financial Advisors who joined the finance discussion, virtually. Mr. Pawling stated that the presentation this evening is to support the recommendation for the school district to borrow just under \$10M for summer projects and future projects due to the competitive rates currently available.

Ms. Doyle reviewed the Summary of Outstanding Indebtedness noting that the school district is adequately positioned to take advantage of the current lending market. Ms. Doyle reviewed the existing debt portfolio and a scenario of debt proceeds. She indicated that most school districts do not have this concise of a debt portfolio.

Ms. Doyle and Mr. Pawling explained that borrowing for under \$10 million dollars allows the district to qualify for lower bank qualified rates. While recent low rates occurred in August of 2020, rates are still very low which present an opportune time to proceed with the bond issue.

Ms. Doyle also reviewed a sample motion that the Board would need to exercise in a timeline allowing for settlement of funds by July 6 or later. Mrs. Scheuren asked about the possibility of combining other transactions at this time? Ms. Doyle indicated that none would lend themselves to refinancing at this time. She also indicated that the district is locked in with very low rates and should an opportunity become available, she would contact the school district directly.

Mr. Keith asked if we really don't change our debt service in the long-term by proceeding with this borrowing. Mr. Pawling responded that due to the current debt structure the new borrowing would now have a substantial impact on the repayment schedule. The current debt will be fully paid in 2025 and the new borrowing payments would wrap around current debt to smooth the payments over time. The new borrowing will require no tax increase for repayment.

Mr. Kwiatkowski asked if the borrowing amount lines us up for future projects. Mr. Pawling stated that this would cover the existing projects for the summer of 2021 and that the Operations Committee will be meeting shortly to begin planning for summer 2022 projects. Mr. Pawling also stated that the district can take advantage of the borrowing rates now and hold the funds for three years, for use toward future projects. A brief discussion occurred about phased borrowing and still potentially save on total debt service. Mr. Pawling indicated that there is a 36-month window to utilize funds.

Mr. Brong asked about the fee structure for borrowing. Ms. Doyle said that the costs associated with an issue this size are approximately 2% or under \$200,000. She noted that everything will be bid out and there is an expectation of savings due to the district credit rating.

Mr. Pawling reiterated that borrowing now is favorable. Mrs. Scheuren indicated that the Board was in favor to move forward for action.

Mrs. Scheuren announced that agenda items 2.3, 2.4, 2.5, and 2.6 would be discussed prior to the budget presentation.

2.3 Approve Fox Rothschild as District Solicitor for 2021-2022

2.4 Approve HIPAA Business Associate Agreement with Fox Rothschild for 2021-2022

Mr. Pawling reviewed agenda items 2.3 and 2.4 noting there is no increase in retainer nor hourly rate.

The Board agreed to move both of the above items forward for Board action.

2.5 Approve Sweet Stevens Katz & Williams as District Special Education Counsel for 2021-2022

Mr. Pawling reviewed, noting that fees are flat and the recommendation to retain as special education counsel.

The Board agreed to move forward for Board action.

2.6 Approve the 2021-2022 North Montco Technical Career Center Budget

Mr. Pawling noted that there is a budget decrease to the school district in the amount of \$91K. This amount is our proportionate share of enrollment. He also noted that there will be an additional \$10K, as a result of their bond re-funding. This amount finalized after their budget preparation.

The Board agreed to move forward for Board action.

2.2 Approve 2021-2022 Proposed Final Budget

Mrs. Scheuren stated that the information being presented this evening is a *PROPOSED* Final budget.

Mr. Pawling reviewed the presentation giving an update on the revenues, expenditures and deficit of the 2021-22 budget update

Mr. Pawling indicated that adjustments had been made in various departments; Technology, Curriculum and Special Education. He also indicated that reviews of Transportation, Health Care and Staff retirements and reductions have resulted in significant decreases. He also noted that there was an increase in interim real estate tax revenue and tuition revenues.

Director of Curriculum, Instruction and Assessment, Dr. Kennedy-Reilly shared some specific cost drivers within Curriculum Budget. Those drivers include general supplies, classroom books and periodicals and shared resources. She also noted the significant costs for instructional software and associated licenses.

Dr. Kennedy-Reilly also discussed the budget drivers within the Technology budget. Those costs include 1:1 devices for elementary and high school labs, and interactive boards. The costs for Technology communications were defined as WAN, Internet Services, Network Components and E-Rate. Also included are Educational and Infrastructure Management Licenses that support student information system, finance programs, Microsoft Education, ClassLink and other endpoint response and protection.

Mr. Pawling outlined the next steps of the budget process which include the approval of the Proposed Final Budget with a 3% tax increase at the April 29, 2021 Board Action Meeting.

Mr. Pawling indicated that he is confident that the tentative 3% tax increase can be reduced before the final budget in June. He also stated that at that meeting an update will be provided with additional budget refinements. Mr. Pawling also cautioned that budgets are never created in isolation and that planning and preparation must be considered for all future initiatives. Fiscal responsibility is a balance of tax increase and/or the use of fund balance.

Mrs. Scheuren questioned the costs associated with E-rate and asked if there are any programs which would lighten the burden on software licenses. Mr. Pawling said that software licenses on their own are not E-rate eligible, however there may be some relief in the form of cooperative programs through the Intermediate Unit or COSTARS cooperative purchasing.

Mrs. Scheuren mentioned an Advocacy Day for education in Harrisburg and Dr. Gallagher responded that a date is tentatively scheduled for the first week in May.

Mr. Holliday thanked Mr. Pawling for the update and asked that we do our best, not to use the fund balance, after coming out of a pandemic. Mr. Holliday also asked about which budget items could expect further reduction and Mr. Pawling said staffing and earned income tax are impactful areas. Dr. Gallagher mentioned that some new commercial real estate development, could benefit the budget.

Mr. Nelson inquired about insurance costs and Mr. Pawling said that initially a 5% increase was included in healthcare and as projections have changed to flat, it has been removed. He also noted that a small increase is built into the budget for property and casualty insurance. Coverages remain the same.

Mr. Braccio asked if there was any indication of CCRES money for next year and Mr. Pawling said he believes that we have seen the final allotment of it.

There were no other comments from Board members.

Dr. Gallagher stated that he is going to participate in PDE Press Conference tomorrow to advocate for the reform of Charter School Funding. Dr. Gallagher reminded the community that the current tuition costs associated with brick and mortar and cyber charter schools remain a heavy burden to the school district budget.

Dr. Gallagher also announced that the school district in partnership with Rann Pharmacy, would be hosting a vaccine clinic at the high school for students ages 16-21. Eligible families would receive detailed communication on how to schedule an appointment.

Mrs. Scheuren adjourned the Finance Committee Meeting at 8:01 P.M.

Respectfully Submitted,



Brian R. Pawling
Board Secretary / Director of Business Affairs