

Lehigh Area School District

Lehigh, Pennsylvania

Special Meeting of School Board

Monday, May 14, 2012 at 6:30PM

Minutes

Pledge of Allegiance

Call to Order - A special meeting of the Lehigh Area School Board was held in the Administration Building, Conference Room A, on the above date and called to order at 6:34 p.m.

Roll Call -

	Present	Absent
Mr. John Finnegan, Member	X	☐
Mr. William J. Hill, Jr., Member	X	☐
Mr. Dave Krause, Member	X	☐
Mr. Hal Resh, Vice-President	X	☐
Mr. Larry Stern, Member	X	☐
Mr. Wayne Wentz, Member	X	☐
Mr. Andrew Yenser, Treasurer	X	☐
Mr. Thomas Zimmerman, Member	X	☐
Mr. Rocky Ahner, President	X	☐
Mr. Michael Malay Jr., Business Manager	X	☐
Dr. Terence Maher, Consulting Superintendent	☐	X
Attorney William Schwab, Solicitor	X	☐
Ms. Bonnie Cortese, Recording Board Secretary	X	☐

Courtesy to the Floor - None

Budget Discussion -

- Andrew Yenser
 - Began discussion - Finance Committee meeting with PFM
 - Bonds
 - Budget and shortfalls
 - Fund Balance
 - 5 year outlook - still trying to get one
 - District is in good standing
 - Millage has gone from 5% increases down to 1.5% increases - shrinking each year
 - District is fiscally responsible
 - Suggested continuing with the .5 millage increase so the District does not need to face the same cuts other Districts are facing
 - The future holds increases in PSER contribution, decrease in State funding, and building projects which were put on hold

- William Hill
 - Questioned Mike Malay regarding deficit
 - Began with \$513,000 deficit
 - Gained \$74,396.00 (salary/benefits from retirees/deceased employees)
 - Increase of \$244,000 (Healthcare)
 - Gained \$70,000 (Reinstated from Block Grants)
 - Deficit now \$613,853

- Mike Malay
 - Our bond issue has a AA rating – may not need bond insurance – savings of \$20,000
 - PFM will work up analysis
 - Sale of bonds is on Wednesday (5/16/12) – Better the rating, better the price

- Hal Resh
 - Is it correct that money is in the Fund Balance to cover the increase in PSER contributions which will be 50% of the gross? (Mike responded yes, until 2020 – should level off about 2016.)
 - Does every employee contribute? (Mike responded yes)
 - I think we should go with a 0% increase for a while and see if we can make it. I don't think we should raise taxes just because we can.

- John Finnegan
 - PSERS is just a small part. The real gorilla in the room is our infrastructure.
 - We have not spent a nickel on it and we are talking about having a \$13 million fund balance.
 - To look at the state of our budget, we have to be cognizant of all of our needs. Until we come up with plans regarding our infrastructure, we can't talk about millage.

- William Hill
 - PSERS increase is split between us and the State? (Mike – yes)
I see the killer here as medical costs. \$5 million for this year and \$5.2 million for 2012-13.

- Mike Malay
 - The key point is that the Board hasn't given any more retirement incentives. Therefore, in 2017 the last of the retirees comes off the medical insurance. I tried to factor that into the \$5.2 million.

- Wayne Wentz
 - I agree with Hal. Other Districts are eliminating programs and we haven't had to do that.

- Andrew Yenser
 - Short-term, I agree with you, but I'm looking at the long haul.

- Hal Resh
 - I'm looking for the long haul also. Trying to draw a hard line so we have something to leave our children and they can afford it.
 - We need to look to the legislature.
 - I think we need to take one year and give our tax payers a break.
 - After we decided not to go through with the building program, two municipalities within our school district increased their millage.

- Dave Krause
 - We have the fund balance we have because of hard work.
 - We are fortunate that we haven't lost industry.

- Andrew Yenser
 - In 2008-09 we had a 4.5 increase. We've decreased that to .5 millage.
 - We've had some growth (.5 mill tax revenue from Walmart / Lowes)
 - Those businesses have helped us tow the line.
 - Like to see sales tax take over the tax base.
 - We are in an advantageous position – don't let it slip away.

- John Finnegan
 - We are in good shape. Good luck vs. hard work (same thought – different words).
 - The reason we are in good shape is because we haven't spent.
 - Zero or .5 millage increase would be symbolic as a good gesture, but we need to at least begin to assess the needs of the district.

- Dave Krause
 - We are risking shrinking the fund balance.

- Andrew Yenser
 - .5 mills increase for two years would protect the fund balance.

- Larry Stern
 - We have planned \$325,000 worth of repairs out of capital expenditures for this summer.
 - Many of us grew up at a time when those buildings were fresher. What about today's students. They need a better learning environment. We need to address that now.

- Hal Resh
 - I agree with Jack. I've checked with other districts in a 25-mile radius.
 - We need to show some progress in spending the money for improvements now. This is a step in the right direction.
- Dave Krause
 - No one here wants to raise taxes.
- John Finnegan
 - We are trying to make a decision in a vacuum. We haven't looked at what we need to do.
- William Hill
 - When is the note on the High School finished? (Hal - 2016). And that payment is \$1,907,000.
 - We will get 4 payments back from the state.
 - We are in the process of re-bonding that note which would be a savings of \$100,000 to \$200,000.
 - What percentage return do we get from CCTI? \$97,000 back to us for the next 15 years?
- Larry Stern
 - We send \$300,000 to CCTI and get \$97,000 back in state reimbursement. Both are included in the budget.
- Rocky Ahner
 - Everyone hit on a lot of items
 - We have \$14 million in the bank and still have capital reserves.
 - A lot of fund balance equals loss of state funding.
 - If we are a strong district, we should be able to give the tax payers a break.
 - Once we get a superintendent, we can work on what we're going to do with our facilities.
 - How do we explain increasing our funds on the taxes we bring in?
 - My opinion - zero tax increase until we see what direction we going.
 - We should not raise taxes just because we can.
- Andrew Yenser
 - To quote Dave Krause - The worst thing we can do is nothing.

- Rocky Almer
 - Kids six years from now will have something these kids do not have. The time to start doing repairs is now. Work up to not having the loans in 2-3 years and then we should be able to do something bigger.
- William Hill
 - What repair plans to you have for the summer?
- Larry Stern
 - There are a list of items that will be included in your board packet.
- Hal Resh
 - We had a mild winter which helped us. We were lucky. It's time now to do something.
 - I'm glad we stopped the building project after our trip to Harrisburg.
- Larry Stern
 - There are repair items out there that are too large for us to handle.
- Hal Resh
 - Show us the numbers and show that we have the money to do what has to be done.
- John Finnegan
 - The condition of our buildings affects our area.
 - Move-in's look at the buildings before they determine if they will move here.
 - I'm not trying to be difficult, but when I look at that high school, I'm embarrassed.
 - We're alluding to a \$13 million fund balance and we have it because we haven't done anything.
 - We need to make a decision based on a higher need.
- Wayne Wentz
 - I agree with Jack. We need to start fixing things.
- Andrew Yenser
 - The divide the high school project brought to the community was incredible.
 - We are going to face these same decisions.
 - It's easy not to raise taxes this year, but we'll double next year. That's not fair either.

- Rocky Ahner
 - Look at what local tax payers are facing right now.
 - Last year we had \$3.8 million that we didn't use.
- Hal Resh
 - Obviously, we can run this district cheaper.
- Mike Malay
 - It's difficult to judge.
 - Last year we picked up savings on healthcare. This year healthcare costs are up.
- Atty. William Schwab
 - Mike needs a consensus from the Board so he can complete the budget.
- John Finnegan
 - Is there any way to incorporate the zero tax increase until we can fully access our needs. Make it contingent.
- Atty. William Schwab
 - Can you do that in a month's time?
- Dave Krause
 - We can control the spending side, but can't control revenue.
- Andrew Yenser
 - For the health of the district, I do not want to look in front of my face. I want to project for the future.
- Hal Resh
 - The topic tonight is for us to make a motion and put it to a vote.

MOTION by Mr. Wentz, SECONDED by Mr. Resh to direct the Business Administrator to prepare a budget with zero increase in taxes for 2012-2013.

Discussion:

- Jack Finnegan
 - Can we incorporate a zero increase until we can assess the building infrastructure of the district? It's not fair to mislead the public that our fund balance is in wonderful shape when we have needs. We are not sending an honest message. I can support either position, but we need to communicate to the public the district's needs.
- Rocky Ahner
 - We need the townships / boro to stop fighting advancements.
- Jack Finnegan
 - We can't control the townships. We need to collectively assess what needs to be done.
- William Hill
 - Can we address the public that is here tonight and see if they would like to speak?
 - Betty Wolfe (member of audience) – I can see it from all angles. I would like to say that although Walmart is making money in our area, they do give back to the community other than in taxes.
- Jack Finnegan
 - Education is the key to all other issues. Children are our legacy.

Roll Call Vote:

	Yes	No	Absent	Abstention
Mr. John Finnegan, Member	X	☐	☐	☐
Mr. William J. Hill, Jr., Member	X	☐	☐	☐
Mr. Dave Krause, Member	X	☐	☐	☐
Mr. Hal Resh, Vice-President	X	☐	☐	☐
Mr. Larry Stern, Member	X	☐	☐	☐
Mr. Wayne Wentz, Member	X	☐	☐	☐
Mr. Andrew Yenser, Member	X	☐	☐	☐
Mr. Thomas Zimmerman, Member	X	☐	☐	☐
Mr. Rocky Ahner, President	X	☐	☐	☐

VOTE: YES - 9 NO - 0 ABSENT - 0 ABSTENTIONS - 0

Motion carried.

Old Business for Discussion - None

New Business for Discussion -

1. Need to set a meeting regarding Support Negotiations with Atty. Paul Blunt. Meeting to include board members Wayne Wentz and Hal Resh on May 16 at 6:30 p.m. in Conference Room C.
2. Reminder of board attendance at meeting for superintendent search, May 15, at 6 p.m. in the high school library.
3. Wayne Wentz questioned new band uniforms and where we stand with that issue. Larry Stern said that we didn't get any feedback regarding cost from the Parent's Club since the last meeting.

Adjournment -

Next regular scheduled meeting is Monday, May 21, 2012.

MOTION by Mr. Resh, SECONDED by Mr. Zimmerman to adjourn the meeting at 8:25 p.m.

VOTE: YES - 9 NO - _____ ABSENT - _____ ABSTENTIONS - _____

Respectfully submitted



J. Michael Malay, Jr.
Board Secretary

(Minutes of May 14, 2012 include Pages 1 through 8)