

BOYERTOWN AREA SCHOOL DISTRICT
Boyertown, Pennsylvania
www.boyertownasd.org

Finance Committee Meeting
Tuesday, April 29, 2014
Meeting Minutes

Mrs. Hartford, Finance Committee Chair, called the meeting to order at 6:00 pm in the Education Center Board Room.

Members attending: Mr. Caso, Dr. Christman, Mrs. Dennin, Mrs. Hartford, Mr. Landino, Ms. Neiman, Mr. Stengle, Mrs. Usavage

Administration: Dr. Faidley, Mr. Scoboria, Mr. Szablowski

Members of the Public: 4

Everyone recited the Pledge of Allegiance to the Flag and observed a moment of silence.

No Public Comment.

The approval of the minutes from the committee meeting of 4/1/14, were moved by Mr. Caso, second by Mrs. Usavage. The minutes were adopted unanimously via a voice vote.

Mr. Szablowski introduced Brad Remig, from Public Financial Management and Lauren Eby, from RBC Capital Markets, who presented a financing proposal for the Boyertown Senior High School renovation/addition totaling \$60 million and a variable rate note through the Emmaus Bond Pool for \$15 million. The current projected cost of the high school project is \$61 million and is scheduled to be bid this October. The construction is projected to begin in the spring and continue for 30 months, with completion scheduled for the opening of school August 2017. Given the timeline of construction, the financing plan includes 2 fixed rate general obligation bond issues of \$30 million each. The first would be scheduled for November 2014 and the second would tentatively be scheduled for November 2015. Each of the bond issues would be financed over 30 years. There was discussion about the useful life of the assets and the matching of the financing term to the life of the asset. The proposed Emmaus Bond Pool Note of \$15 million was revisited from a previous meeting. The Pool Administrators have funds to lend and contacted the District, offering up to \$15 million, with the Pool assuming the closing costs of the loan. The money is only available for active projects that have been bid. The original suggestion for use of the \$15 million was to possibly add air-conditioning to 5 of the 7 elementary buildings. But in evaluating the debt service of borrowing \$75 million total, it appears that the budget debt service ceiling established at \$6.5 million will only allow the \$75 million, when initial projections assumed that \$114 million could be borrowed. With this fact, Administration has recommended renovations at Junior High West as the next priority. There was discussion about the timing of the borrowing given the Emmaus Bond Pool eligibility requirements. There was discussion about utilizing the Emmaus \$15 million for the Senior High Project, because bids are due in November. Borrowing the \$30 million in November 2014 for the Senior High Project and in November 2015 borrow the second \$30 million, identifying half for the High School and the remaining \$15 million for Junior High West. A Board member stated the risk

involved in borrowing a variable rate note like the Emmaus Bond Pool over a longer term. If interest rates increase over the proposed 15 years, there is risk that taxpayers would have to pay more interest. The Board Member requested what impact reducing the amortization period of the Emmaus loan would be if the term were ten years. Mr. Remig said he would provide the calculation and forward the results to the Committee. There was discussion about the justification of upgrading Junior High West versus the HVAC in the elementary buildings. Several comments about the .10 mill increase over the next three years to raise the debt service amount to \$6.5 million not being sufficient to fund the debt service for projected \$114 million borrowing for the 4 PlanCon projects. A majority of the committee supported the \$75 million financing plan for the Senior High and Junior High West renovations, with the understanding that the 10-year amortization would need to be reviewed. The recommendation for the School Board to approve the District's intent to borrow the funds as outlined in the financing presentation was reviewed with the understanding that the 10-year amortization of the variable rate debt would need to be reviewed.

Mrs. Usavage brought up a recent comment from a board member about the lack of cost savings proposed to the Board in the budget process. Mrs. Usavage wanted the committee to realize that Administration has proposed many cost saving idea over the last few years. Mrs. Usavage asked Dr. Faidley if he had some examples of cost savings measures that have been implemented by the District. Dr. Faidley reviewed a list of cost savings initiatives that have been implemented over the last year and several from previous years that continue to help reduce expenditures.

Mrs. Neiman requested some history on the Capital Projects that have been completed by the District over the past decade. It was suggested that all Capital Projects greater than \$250,000 be identified and the information be provided to the School Board.

No Public Comment

Mrs. Hartford announced the following meetings:

April 29, 2014	Curriculum Committee, Education Center	7:00 p.m.
May 13, 2014	Policy Review Committee, Education Center	5:30 p.m.
May 13, 2014	Board of School Directors, Education Center	7:00 p.m.
May 20, 2014	Finance Committee, Education Center	6:00 p.m.
May 20, 2014	Facilities Committee, Education Center	7:00 p.m.
May 27, 2014	Curriculum Committee, Boyertown El. Library	5:30 p.m.
May 27, 2014	Board of School Directors, Boyertown El.	7:00 p.m.

Mrs. Hartford adjourned the meeting at 7:50 p.m.