

BOYERTOWN AREA SCHOOL DISTRICT
Boyertown, Pennsylvania
www.boyertownasd.org
Finance Committee Meeting
October 21, 2014
Meeting Minutes

Mrs. Hartford, Finance Committee Chair, called the meeting to order at 6:30 pm in the Education Center Board Room.

Members attending: Mr. Caso, Dr. Christman (7:32), Mrs. Dennin (Tele-conference), Mrs. Hartford, Mr. Landino, Ms. Neiman, Mrs. Usavage
Administration: Dr. Faidley, Mr. Scoboria, Mr. Szablowski,

Members of the Public: 3

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

Mrs. Curry asked why this committee meeting was not being taped.

The minutes from the committee meeting of September 16, 2014 were moved and seconded. The minutes were adopted unanimously.

Brad Remig, District Financial Advisor from PFM, & Lauren Eby, RBC Capital, and Megan Santana, Bond Counsel from Fox Rothschild, presented an update to the Committee regarding the proposed financing plan for the BASH construction project and the JHW renovation project. A copy of the presentation is included with these minutes. The parameters resolution proposed for the October 28, 2014 Board meeting was reviewed and explained. The parameters resolution defines the School District's intent to borrow given the parameters contained in the resolution are met. The parameters limit the size of the bond issue to the proposed \$30 million. Brad Remig and Megan Santana addressed several questions from the committee.

The financing through the Emmaus Bond Pool is a variable rate note in the amount of \$15 million. The resolution to enter into the borrowing agreement with the Emmaus Bond Pool were explained and are proposed to be voted on at the October 28, 2014 Board meeting. The Pool Administrators have agreed to assume the closing costs for this borrowing, which will be executed after bids are awarded for the BASH project. Mr. Remig and Megan Santana responded to several questions from committee members regarding the structure of the borrowing. There was discussion on the

maximum interest rate included in the resolution and agreement. The budgeting for the variable rate debt was discussed and the committee suggested that any positive variance from the amount of budgeted interest expense over the actual interest expense be used to pay down the principal of the note.

Megan Santana explained the recommendation to adopt the Securities Exchange Commission (SEC) Post-Issuance Policy. The policy in effect protects the District in that there is a written document reviewed and approved by the School Board that verifies the District will follow the necessary procedures to maintain the tax exempt status of the District's bonds after the issuance of the debt. The Internal Revenue Service monitors these procedures and has reviewed bond issues at several school districts over the past few years. Having an adopted policy and procedure in place is a question that the IRS will usually ask.

David Szablowski presented to the Committee the administrative recommendation for transferring funds from the Unassigned Fund Balance in the General Fund to other funds or into a committed fund balance to comply with the Pennsylvania limitation on the percent of unassigned fund balance any District can maintain. The recommendation was to move \$5 million from the Unassigned Fund Balance and designate the funds for future uses and purposes. A copy of the presentation is included with these minutes. In summary, the recommendation is to commit \$1 million to the committed fund balance for future PSERS contributions toward the State pension. \$2 million is to be transferred to the Capital Projects fund for future building and infrastructure needs, \$1 million to be transferred to the Debt Service Fund to hedge against the increase in any variable rate debt given the low interest market environment that currently exists, and \$1 million to be transferred to the Internal Service Fund for future health care costs such as the Affordable Care Act implementation or catastrophic claims incurred in the self-funded insurance program. There was much discussion about the proposed transfers. A majority of the committee recommended that the proposed plan be included on the October 28, 2014 Board meeting for adoption.

Mr. Szablowski explained to the committee that funds were budgeted in the 2014-15 budget to replace a student van. The 1998 van currently used is showing signs of wear and tear and is not recommended for student transport of any significant distance. The Committee was asked to authorize the advertisement of bids for a new van. The existing student van would then be utilized in the maintenance department fleet and would ultimately replace a vehicle from the early to mid-1990s that cannot be fixed. The committee agreed to recommend that the authorization to bid the new van be included on the October 28 Board agenda.

Mr. Szablowski explained the merger proposal for the Berks Tax Collection Committee to merge with the Berks EIT Bureau. Each member school district has been asked to approve the merger. The solicitor has reviewed the merger document. The merger will ultimately save time and money for each of the member school districts and the municipalities that have their taxes collected by the Berks EIT Bureau. The committee recommended that the merger be considered at the October 28 Board meeting.

Several employees have requested an option to transfer their current balances from their 403(b) Plans into a Roth 403(b) Plan. Mr. Szablowski explained that this conversion is currently not available as an option to employees because the conversions are not authorized by the plan. Mr. Szablowski requested permission to pursue amending the Plan Document to allow the described conversion. The committee favored the recommendation and it will not affect the District's operations. Mr. Szablowski was given permission to pursue adding this provision in the BASD Plan Document by working with the Plan's third party administrator (TPA).

Mrs. Dierolf asked several questions regarding Banyan consulting and the affordable Care Act impact on the District, the transfer of funds to the committed fund balance and the other reserve funds, and how the bond issue debt was budgeted given the variable rate.

Mrs. Curry questions the proposed transfer of funds, the Berks EIT Merger savings, the fund balance in the Gilbertsville Fund, the status of the air-conditioning projects discussed earlier this year, the projected costs of the JHW renovation project, the impact of the Affordable Care Act on health care costs and what Banyan Consulting does for the District.

Mrs. Hartford announced the following meeting schedule:

October 28, 2014	Curriculum Committee, Wash. Elem. Library	6:00 p.m.
October 28, 2014	Board of School Directors, Washington El.	7:00 p.m.
November 11, 2014	Policy Review Committee, Gilbertsville El.	6:00 p.m.
November 11, 2014	Board of School Directors, Gilbertsville El.	7:00 p.m.
November 18, 2014	Facilities Committee, Education Center	6:00 p.m.

Mrs. Hartford adjourned the meeting at 8:46 p.m.