

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

Finance Committee Meeting
Tuesday, May 20, 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, Mrs. Dennin, Mr. Elsier, Mrs. Hartford, Mr. Landino, Ms. Neiman, Mrs. Usavage

Administration: Dr. Faidley (via teleconference), 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 4/29/14, were moved by Mrs. Usavage, second by Mr. Caso. The minutes were adopted unanimously via a voice vote.

Mr. Szablowski led a discussion on the financing plan for the BASH construction project and possible next projects. The next project was presented as the renovation of the Junior High West Center. With the BASH project estimated at \$61 million, and the JHW Project estimated at \$15 million, the financing plan would be to take advantage of a variable rate note in the amount of \$15 million through the Emmaus Bond Pool. This financing is attractive due to the fact that the Pool Administration has agreed to assume the closing costs for the loan. The flexibility of the repayment terms and current low variable rates keeps the cost of borrowing low. The note can only be issued after bids for the current construction projects are received. The fixed rate debt portion of the financing plan would consist of two separate General Obligation Bond issues in the amount of \$30 million each. This would be the permanent financing for the construction projects. The first issue is proposed to be closed later in 2014 after bids are received and the second would occur in the latter half of 2015, as the construction progresses. There was discussion about the construction projects, the need or the lack thereof for the renovations and the scope of the renovations. There was further discussion on the variable rate debt versus fixed rate debt and the interest rate risk involved in a variable rate. After discussion, Administration requested approval to have the School Board consider the financing plan as proposed at a future meeting. This intent to borrow would allow the District to begin the process of gathering all the necessary information required for financing issuances like those proposed. A poll of the seven members in attendance produced a 6-1 tally in support of the plan. The Intent to Borrow based on the proposed financing plan will appear on a future agenda.

The final consideration of the 2014-2015 Budget was reviewed by Mr. Szablowski. Copies of the presentation and relevant information are attached to these minutes. Mr. Szablowski reviewed the budgeted revenues and expenditures and reviewed the estimated deficit based on the budget assumptions. The deficit has been reduced to \$1,351,604. The proposed tax increase was presented with an average increase of 2.55% as compared to the District's Act 1 Index of 2.6%. Mr. Szablowski reviewed the Tax Equalization Calculated tax rates for each of the respective Counties. The Montgomery County School Real Estate tax millage for 2014 will be 23.27, a 1.31% increase. The Berks County School Real Estate tax millage will be 23.39, a 3.86% increase. There was

discussion over the tax increases proposed and the fact that the Berks millage was reduced under 4% as directed by the School Board. The June 3, 2014 School Board meeting agenda will include the consideration of the 2014-2015 Fiscal Year Budget for approval. There was discussion about the State Budget which will most likely not be adopted by the June 3rd meeting. Mr. Szablowski reviewed the risks involved with having the State Budget approved after the School District and stated that this is not the first time it has occurred. If the State Budget would change any of the assumptions included in the District's budget, adjustments would be necessary. The most likely change is the State Grant Funds that were proposed in the Governor's budget. Other future risks to the budget to consider were PSERS contributions, School Real Estate Tax elimination, funding of Charter Schools and Special Education funding.

Mr. Szablowski reviewed the proposed Act 1 Property Tax Relief Calculation to be included in the budget. The funds from the proceeds of the slot machine revenue were certified in April, but based on the School District's budget and proposed tax rates, the amount of property tax relief for each homestead/farmstead is determined by a reduction in assessed value of the property by statute. When the assessment reduction is multiplied by the actual tax rate, the dollar amount is equal for all eligible property owners. This year's approximate value of property tax relief is \$136.92. Based on the tax rate, this is a \$5,884 reduction in assessment in Montgomery and \$5,854 in Berks. The approval of the property tax relief amount will appear on the June 3, 2014 Board agenda and must be approved after the budget and new tax rates have been approved.

There were various Committee comment on the student activity fees and raising the fee from the current \$100. There was a suggestion and discussion on the proper amount of parking fees to charge students, which is currently \$75 for a full year. It was agreed that these issues should be discussed in the development of the 2015-2016 school year budget.

Mrs. Dierolf posed several questions to the Committee during public comment. She commented/questioned cyber school enrollment and the BASD Cyber School, the \$61 million budget for the High School, the cost of healthcare, the architect of record for the other three proposed PlanCon projects and the low enrollment at Washington Elementary.

Mrs. Curry commented on the financing of the construction projects, the proposed 14-15 expense reductions and the discontinuance of the Adult Ed program, the status of the revenue derived from Naming Rights and the Procurement Card program, and the impact of the Affordable Care Act.

Mrs. Hartford made the following announcements of future meetings:

May 20, 2014	Policy Committee, Education Center	7:35 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.
June 3, 2014	Board of School Directors, BASH Auditorium (Final Budget Adoption)	7:00 p.m.
June 10, 2014	Facilities Committee, Education Center	6:00 p.m.

Mrs. Neiman moved to adjourn the meeting. Mrs. Hartford adjourned the meeting at 7:31 p.m.