



**New Hope-Solebury School District
Finance Committee Meeting Minutes
October 13, 2016
6:00PM— Upper Elementary School LGI**

Per Policy 006.2, all public meetings of the Board of School Directors, including committees, are audio recorded.

Agenda Items

Attendance:

- **School Board** – Mark Cowell, Maria Povacz
- **Administration** - Andrew Lechman, Dr. Steve Yanni, Stan Marcus, Mike McKenna, Peter Rivera
- **Committee Members** – Rich Hepp, John O’Hara, Marcus Peckman
- **Public** - Chris Bamber – PFM, Melvin Band, Alison Kingsley

Mrs. Povacz called the meeting to order at 6:00PM.

The committee approved the minutes from the September 14, 2016 meeting.

Mr. Cowell reminded the committee that per policy 006.2, all committee meetings are now being audio recorded.

Old Business

- None

New Business

- PFM– New Money Discussion – Mr. Lechman provided an overview of the prior meeting discussion. The total amount of the remaining borrowing on the project is \$16,395,000 and the plan consisted of borrowing \$9,850,000 this December and the remaining \$6,545,000 next September. The question was raised around the amount of funds needed in December and if issuing less debt now would reduce interest expense. D’Huy provided a draft draw schedule which was compared to current expenditures and current cash on hand and provided to PFM for analysis to assist in making the final decision. Mr. Bamber gave an overview of the packet that he provided. Interest rates remain at all time lows even though they have been gradually increasing. District is continuing its bank qualified financing plan which continues and resets each calendar year. Planning does not rely on any PlanCon reimbursement as this is a large unknown at the state level if any further

reimbursements will be received. The draw schedules were reviewed in detail by Mr. Bamber and there were two scenarios presented. An analysis was done comparing the two scenarios and Scenario B shows the possibility of a \$55,000 savings by issuing the current debt at 7,000,000 and 9,385,000 in September 2016. The risks associated with this strategy are interest rate risks. It would only take an increase of 5 basis points to break even. Other cons include ability to borrow additional bank qualified if needed. There is also bond rating downgrade risks. At the board meeting on October 17 the board will need to approve a parameters resolution. The resolution will indicate not to exceed \$12,000,000. We will not be issuing this much debt. The committee agreed to take the recommendation of Scenario A. Scenario A was unanimously approved by the committee.

- Discussion/Comments – Significant discussion occurred around the following topics:
 - Details around each option including the Pros and Cons of each.
 - Interest rates: Assumptions used, variability of interest rate moves, cost of a basis point.
 - Bond rating process and the potential bond rating impact on future interest rates, impact of a declining fund balance on bond rating.
- Extra Duty Responsibility (EDR) – Review of Costs – Mr. Lechman provided the committee with a number of reports analyzing the total costs of contractual EDR's.
 - Discussion/Comments
 - A request was made for more information about the cost of maintenance per acre.
 - Mr. Rehr will continue to monitor costs to get to the lowest level of data possible – Transportation costs/Gate Receipts/Supervision and Nursing costs.
 - A request was made to review a form for the format of data collection at the next meeting.
- 2016-2017 Budget
 - Fiscal Dashboard – Mr. Lechman provided an update on the 15-16 fiscal dashboard. It is too preliminary to start projections but monthly reports will identify any significant items that occurred that the committee needs to be aware of. An example is the expenditures associated with students attending charter schools. Last year our district only had 4 resident students attending charter schools. This year 4 additional students enrolled in charter schools. The cost to the district is approximately \$20,000 per student so the total impact on the 16-17 budget is \$80,000. This impact is being addressed with budget transfers. Mr. Lechman also provided an update on the future projections and included the 20-21 year in the projections to have 3 years beyond the current budget planning year.
 - Comment/Discussion
 - How are the costs of charter school tuition calculated? – PDE form 363.
 - Dr. Yanni mentioned that Bucks County Superintendents are discussing how these costs are calculated and are planning to

review this with legislators in Harrisburg to advocate for a fairer process for all districts.

- Questions about the future projections.
 - Budget Transfers were reviewed with the committee.
- 2017-2018 Act 1 Budget Timeline – Time was running short on the meeting so Mr. Lechman stated that the next step in the timeline is to provide a first look of the preliminary budget to the finance committee at the November committee meeting.
- ADP and Triton Benefits/HR Solutions – Mr. Lechman gave an overview of the staffing structure of the business office and then elaborated on the function of payroll and benefits administration. There is currently 1 staff member that is responsible for all of these functions which leaves a single point of failure for a critical business function of the district. There are also inefficient processes and procedures which are not documented. ADP was brought in for an exploratory meeting to review the opportunity of outsourcing this function. The goals of this meeting was to understand if we could address current concerns without increasing costs to the district. We learned that in an outsourced model the employer still has responsibilities so we need to have a part-time employee at most 20-25 hours per week for maintaining employee data/input of payroll data/verify payroll accuracy and ADP would handle the remainder of the tasks including adding electronic solutions that don't exist today. The other concern is the implementation process as there is currently not enough capacity in the business office for this work. ADP brings Triton Benefits and HR Resources to the table. Triton will take the lead on the implementation of the ADP software and solutions at a fee of \$2,500 and then Triton will be the full payroll and benefits administration for the district for 6 months at a cost of \$45 per hour for 20-25 hours per week. At the conclusion of 6 months the goal is to hire a part-time employee for this work to be transitioned back into the district. The cost estimates are a breakeven in year 1 and years 2-4 are approximately \$15,000 - \$20,000 savings.
 - Discussion/Comments
 - Mrs. Povacz acknowledged a few contractual items that needed to be addressed and it was confirmed that these were reviewed by the solicitor.
 - Mr. Peckman asked if any other vendors were reviewed. Mr. Lechman stated that no other vendors were reviewed because ADP was brought in for an explanatory meeting and provided all solutions needed at a cost savings and addressed all concerns as quickly as possible.
 - A hand vote was taken by the committee to move this forward to the board. Mr. Peckman was the lone dissenting vote.
- Facility Usage Fees – This agenda item was deferred due to time constraints.

Public Comment

- Public comments were made throughout the meeting and captured as part of the write-up for each agenda item.

A motion was made to adjourn the meeting at 7:35PM and unanimously approved.

Respectfully submitted,

Andrew Lechman
Business Administrator