

# **Plum Borough School District**

## **Finance Committee Meeting Minutes For October 2014**

**(Meeting #4 – 2014-15)**

**Plum Borough School District  
Finance Committee Meeting Minutes  
October 2014**

**MEETING DATE:** Tuesday, September 23, 2014  
**LOCATION:** High School Cafeteria Conference Room

**IN ATTENDANCE:**

- **Committee Members:** Mr. Dowdell, and Mrs. Stepnick (via telephone)
- **Board Members:** Mr. Colella, Mrs. Gallagher, Mrs. White, Mr. Zucco and Mr. Tommarello
- **Administrative Representatives:** Mr. Marraccini and Dr. Glasspool
- **Invited Guests:** Mr. Muscatello and Mr. Clifford

**I. Call meeting to order.** Mr. Dowdell, Acting Chairperson, called meeting to order at 6:00 PM.

**II. Citizens Comments:**

- A. On agenda items: None
- B. On non-agenda items: Mr. Kevin Smith, 9147 Saltsburg Road, Plum Borough inquired about School Policy #206 – Request to Attend policy. Dr. Glasspool explained the policy and the upcoming redistricting process.

**III. Presentation:** Mr. Joe Muscatello of Boenning & Scattergood, the District's Investment Banker representative, was invited to attend the meeting to answer any questions related to potential borrowings for Regency Park Elementary renovations, interest rate trends, state reimbursements, and related matters. Mr. Pastel, District's Bond Counsel, was invited to answer any questions of legality related to potential borrowing, borrowing capacity, and bond issuances. Mr. Muscatello prepared and distributed borrowing costs information for several borrowing scenarios and Mr. Pastel informed the Committee and Board Members that the District is permitted to borrow another \$20 million dollars. They explained bank qualified bond issues and the fact the Board could borrow under \$10 million in 2014 and then again in 2015 for upcoming capital projects. Interest rate trends were discussed and that the market is favorable due to the lack of building projects and bond issue offers at this time. Capitalized interest vs. non-capitalized interest was also discussed.

**IV. Agenda Action Item Discussions:**

- 1. Treasurer's Report:** Approve Treasurer's Report for the Month of September 2014. Copy of the Treasurer's Report was sent to Committee and Board Members electronically prior to the meeting for their review.

***Committee Recommendation: Move to Public Agenda***

- 2. Approve AIU#3 Diesel Fuel Consortium Participation Authorization for the 2015-16 school year.** Administration recommends authorization for continued participation with the AIU#3 Consortium for the purchase of diesel fuel for transportation vehicles for the 2015-16 school year, at the lock-in pricing to be determined. District projects purchases of 110,000 gallons of Ultra Low Sulfur Diesel fuel. Mr. Marraccini provided a copy of the annual authorization and indicated that for every one cent of increase, it costs the District \$1,100.00. District anticipates purchasing 110,000 gallons of diesel fuel and that the AIU indicated it is anticipating lower fuel prices for 2015-16.

***Committee Recommendation: Move to Public Agenda***

- 3. Electricity Pricing Options.** Administration recommends the Board of Directors take action at the October 28th Public Board Meeting to approve an electricity supplier agreement for a term beginning January 2015. Multiple options will be presented for consideration at the meeting. It was noted that market pricing changes minute-by-minute. Different pricing options were presented and it was noted the District stands to save several thousands of dollars by not participating in the October 8, 2014 AIU electric lock-in pricing. Mr. Marraccini explained new pricing will be obtained on the afternoon of October 28th and presented for the Public Meeting.

***Committee Recommendation:*** Move to Public Agenda

- 4. Approve Construction Invoices (GOB) as presented.** Construction invoices received after the Facilities Meeting of 10/14/14 were presented for review and payment. Mr. Marraccini noted the new invoices that were being presented at this time are listed separately from those invoices previously reviewed at the Facilities Meeting.

***Committee Recommendation:*** Move to Public Agenda

- 5. Approve Resolution Authorizing Preparation for Sale and Issuance of General Obligation Bonds (GOB), as presented.** This series will be identified as the "Series of 2014 GOB". This item was moved from the Informational Items Discussions.

***Committee Recommendation:*** Move to Public Agenda

#### **IV. Informational Items Discussion:**

- 1. Review Real Estate Tax Collector's Report for the month of September 2014 prepared by Mr. Schlegel.** A copy of Mr. Schlegel's Tax Collector's Monthly Report for collections from July 1 through September 30, 2014 and 2013 were presented. Collections for 2014 are ahead of 2013 by over \$500,000.
- 2. Review Current Earned Income Tax (EIT) Collection Reports for September 2014 prepared by Keystone Collections.** A copy of Keystone Collections' Report summary page for the month of September 2014 and year-to-date data from January 1 through September 30, 2014 and 2013 were presented. Mr. Marraccini noted that the current earned income tax collections are on target to meet or exceed the projected budgeted EIT amounts for 2014-15 and ahead for the same periods in 2013-14.
- 3. Review Delinquent Earned Income Tax (EIT) Collections for September 2014 prepared by Mrs. Pedrosky.** The report reflects net delinquent EIT collections for tax periods prior to January 1, 2012. The report shows year to date collections (1/1/14 to 9/30/14) are \$86,000+ higher than prior year (2013) collections.
- 4. Review Revenues and Expenditures Comparison Graphs for September 2014.** A statement of Revenues and Expenditures for the period from July 1 through September 30, 2014 was presented along with graphs for fiscal year 2014-15 with prior years collection data noted.
- 5. Discuss funding options for proposed Series of 2014 General Obligation Bonds (GOB).** Committee discussed various funding options for the borrowing for the proposed construction / renovations for Regency Park Elementary. Mr. Muscatello's handout outlined the projected annual repayment amounts for various borrowing amounts, for both capitalized and non-capitalized interest scenarios during construction. The consensus of the attendees was to renovate vs. building new; borrow \$10 million before the end of 2014 for the initial bank qualified borrowing and then borrowing the balance need in 2015 calendar year; and to capitalize interest during construction. Mr. Pastel will prepare a resolution authorizing preparation for the sale and

issuance of general obligation bonds for the October 28, 2014 public board meeting and Mr. Muscatello stated he will work with Mr. Marraccini to gather financial and demographic information for the Official Statement preparation.

Both gentlemen were asked to attend November and December Committee / Board Meetings and both indicated they would attend.

**6. PlanCon reimbursement for New Pivik Project update.** Mr. Zucco previously requested information reflecting how much the District is owed by PDE for the New Pivik Elementary Project. Mr. Marraccini indicated the District received from PDE PlanCon the permanent reimbursement percentage via PlanCon Part H and J notices on 10/17/2014. The District has been making debt service payments semi-annually for this project since 9/15/10 to and including 9/15/14. The estimated amount owed the District for this project, to date, is \$663,379. Administration will call PDE for clarification for when the District can expect these funds.

#### **V. Round Table Discussion:**

1. Mr. Dowdell asked Central Administration to prepare an abbreviated, one page, 2015-16 preliminary General Fund (10) budget projection for the November Finance Committee Meeting. Dr. Glasspool indicated the buildings and department supervisor were informed to present their budgets accordingly. He explained that last year he instituted a cost per pupil plan for building supplies and that capitalized expenditures will need to be returned to the general fund budget vs. being in the GOB's last year. Additionally, it was noted that PDE Index was lowered thus reducing the amount of any potential millage increases.
2. Mr. Colella reminded the Committee that the requirements of the Affordable Care Act (ACA) are complicated, demanding and could have consequences in the form of fines if regulations are not followed precisely. He asked for Central Administration to evaluate staffing and make recommendations to handle the new work load. He noted the District will be charged with determining "affordability" for health care costs for those employees not covered by their respective bargaining unit agreements or employment. Mr. Marraccini indicated that the District employed 536 individuals at the end of September 2014, which includes all aspects of employment in the District. Monitoring of employees' time works starts January 1, 2015, so procedures need to be in place by December 2014.

**VI. Next scheduled Finance Committee Meeting:** November 18, 2014

**VII. Motion to adjourn.** Committee adjourned at 8:03 PM

Minutes prepared by  
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Director of Business Affairs