

Finance Committee Minutes
January 2, 2018
Main Office Large Conference Room
4:30 pm

Present: Mr. John Capriotti, Mr. Charles Kleinschmidt, Mr. Stanley Marcus, Mrs. Tracy Suits, Mr. Robert Vining, and Mrs. Kathryn Strouse

An agenda was distributed to members prior to the meeting.

Student Built Modular House Update: The Business Manager reported that no bids were received. A bid was expected but the interested party advised the Business Manager that they did not bid due to financing issues – they remain interested. The plan for marketing the sale of the house and pros and cons of using Realtors multi-listing services was discussed. The direction from the committee was to use means currently employed with listings on Craigslist and to hold another bid opening on February 28, 2018.

E-rate – Use of PEPPM Mini-bid for Switches: Middle Bucks needs to upgrade internal switches to increase capacity of fiber-optic backbone from Gb to 10Gb. The E-rate program grants all schools a one-time budget of \$153 per student for Category 2 eligible equipment. Middle Bucks' needs are in spec of the Category 2 items. The Business Manager explained that using the PEPPM Mini-bid process will garner competitive quotes for the switches, installation and training needed. The committee's questions about the need, the existing fiber optic backbone, the process, the specifications, and cost were addressed. Local funding will be needed via the Capital Reserve fund. The committee supports using the PEPPM Mini-bid process and application for E-rate budget monies to fund this project.

Costars – Use to Buy Pickup Truck with Snow Plow Package: The Business Manager informed the committee members of the need to acquire a new pickup truck with snow plow package for use in clearing the sidewalks and plazas surrounding the building. He reviewed the current status of existing equipment (1994 Dodge and 1997 GMC). He explained that Costars is a cooperative purchasing group administered by the Pennsylvania Dept. of General Services. They issue invitations to vendors for light duty vehicles (under 19,500 lbs. GVW) to dealers who competitively bid for the right to participate in the Costars program. Middle Bucks can then go to the participating dealers to request quotes and negotiate the final cost for the vehicle. The committee supported using Costars. The next step will be to bring the cost for the new pick-up truck to Executive Council for final approval.

Demand Response: The Business Manager provided summary of expected revenue for participation in PJM Demand Response program. The expected revenue from either CPower and NRG were essentially identical. The reason for this was explained as basically the program is based on committing to shed electrical load during a demand response event. The commitment establishes the estimated revenue and all vendors use the same revenue stream. The issue is revenue share with both companies offering an 80/20 split. CPower is the incumbent and MBIT has systems in place to respond when events or mandatory test occur. CPower has been helpful in planning our electricity consumption and managing the peak load. The committee supported recommendation to continue with CPower for demand response.

GASB 45/75 Actuarial Study – Use of Pennsylvania Trust to hire Conrad Siegel: The Business Manager gave a brief overview of GASB 45 and its successor GASB 75 with respect to reporting in financial statements the liability and cost of Other Post-Employment Benefits. The Pennsylvania Trust is another cooperative purchasing arrangement and Conrad Siegel will perform the required actuarial study covering fiscal years 2017/18 and 2018/19 at cost between \$3,550 and \$5,100. The discussion occurred relative to the study and use of Conrad Siegel being endorsed by a board member. The committee supports using Conrad Siegel.

HealthCare Insurance Discussion: The Business Manager reported that there was a meeting with DVHT – Delaware Valley Health Trust. DVHT is a mature health trust with 122 members. The composition of the membership includes boroughs, townships, police departments, Authorities, two School Districts (Centennial is one of them) and a Western Montco CTC. They have approximately 8,000 members and 22,000 covered lives. They pool claims and have stop loss of \$750,000. They do not mandated the plan offered employees and will create plans matching the ones we offer. They will provide underwriting services, use Aetna for claims processing and have a very robust wellness program. They pay members for preventive screening and provide additional incentive for members who use their Bluebook providers with lower costs. They have their own clinic (in Horsham) staffed by medical doctors and nurses that members can use. They use the pooling of claims to stabilize renewal costs. They have offered MBIT a 5.25% discount off the BMCS renewing 2018/19 premiums and will hold that rate for first and second year. MBIT must commit to three years at minimum. If Middle Bucks would like to exit BMCS, we would need to give notice by March 31. DVHT is worthy of further exploration.

MBIT Budget Allocation among Member Districts: At the November PAC meeting, the concern was expressed that Central Bucks SD was supporting financial activity for MBIT. This was based on having the reconciled Net Secondary Cost indicating balance due at June 30, 2017 of \$571,314 with Central Bucks share being \$784,466 with other districts owing money to MBIT. A harder look at the situation pointed to the budget funding allocation methodology – using the average three years trailing ADM. The Superintendents recommend looking at using another method employing trend. In December, the Business Manager presented alternatives to Dr. Baugh, Superintendent of Record, who recommended this be presented to the PAC in January. The Business Manager met with the PAC on January 2nd to present the alternatives, which used an average of the 2015/16, 2016/17 and October 1, 2017 ADM and alternatively the trend for the same period. The Superintendents support using either of these two methods. At the next Finance Committee meeting in February, the Business Manager will present the 2018/19 General Fund Budget using both methods for the committee to decide which is to be used.

Updates: The Business Manager shared the year-to-date December 2017 and December 2016 reports for Li'l Bucks Preschool and Adult Education. Li'l Bucks is showing a larger than expected deficit in the current year. Some of it is explainable in that in fall of 2016, an employee was on LOA without pay and benefits. There is some additional revenue coming for the families participating in the Apple Child Care Services program. The committee was informed that new playground equipment will be purchased using fund balance. The committee plans to monitor the profit and loss for Li'l Bucks closely and asked how we could close the anticipated deficit gap.

The Adult Education finance report is showing a healthy bottom line. This is the year for PennDOT Emissions Recertification, so we are seeing an increase in automotive technicians enrolling in training classes.

The meeting adjourned at 5:30 PM.