

Finance Committee Minutes
March 6, 2018
Main Office Large Conference Room
4:30 pm

Present: Mr. Chuck Kleinschmidt, Mrs. Karen Smith, Mrs. Tracy Suits, Mr. Robert Vining, and Mrs. Kathryn Strouse

2018/2019 General Fund Budget – Alternative Funding Options: The Business Manager reviewed the funding formula alternatives with the committee member present and explained why the change is being recommended. The use of October 1 PIMS enrollment along with trailing two years ADM should mitigate the spread between three year averaging used in past and final ADM leveling the balances due to and from member school districts.

The Business Manager presented the Capital Reserve, Adult Evening Education, and Production Fund proposed budgets to committee members present. He reviewed the Capital Reserve expenditure plan and needs. The Adult Evening Education and Production funds are funded by registrations and user fees. These funds are combined with the General Fund when submitting the budget to PDE and at the end of the year for Annual Financial Reporting. He also presented the Li'l Bucks Partners in Learning proposed budget for 2018/2019 along with recommended daily tuition rates. The recommendation is to increase the tuition rates by 2.40%. Lastly, the Student Activity Fund budget was presented.

HealthCare Insurance Discussion: The Business Manager reported that representatives from Delaware Valley Health Trust (DVHT) made a presentation to entire staff on March 5th. The presentation was well received; staff had a chance to ask questions and hear answers straight from DVHT representatives. DVHT offers robust Wellness Programs that have real incentives for members and have a proven track record of controlling increases in healthcare cost. All claims are pooled and the results of the pool dictate increases. If Middle Bucks elects to stay with the Bucks Montgomery Counties Schools Healthcare Consortium (BMCSHCC) it will result in a 20.99% increase effective July 1, 2018. DVHT is proposing a 5.25% discount off the renewing rate. Over the past ten years, DVHT average increase is 6.18% before application of rate stabilization. The Executive Council will be asked to consider two motions at the March meeting; a motion consider leave the BMCSHCC and a motion to join DVHT.

Finance Options for Snow Plow Truck: The Business Manager reviewed a summary of the quotes received from lessors. The truck is scheduled to be built on April 23, adding delivery time and dealer prep, the earliest the truck will be ready is mid-May. The financing quotes were for 36 and 60-month terms, paid quarterly with \$1 buyout. Best quote was from TD Bank with rates in high 2s and low 3%. Unfortunately, the interest rate environment is one of rising rates and the lessors will not set rates out beyond mid-March. The Business Manager will have the quotes refreshed when delivery date is eminent.

E-rate – PEPPM Mini-bid for Switches: The Business Manager reported that the specifications were sent to every PEPPM vendor selling switches. A total of 17 vendors were invited to bid; two vendors responded. One quoting switches specified (HP Aruba) and one quoting an equivalent made by Hauwei. The low bidder was contacted for references and two were provided, one was University of San Francisco and the other was Soka University of America. Our Director of Facilities Operations contacted the references, which were glowing. Each has

been using the Hauwei switches for over three years with little or no issues. Support when needed is responsive and with little or no wait. They have been impressed with the switches performance, reliability and support. Based on this feedback, warranty offered and price, the recommendation is to accept bid from ATS. The recommendation is to use the Capital Reserve Fund for local share and to use E-Rate for funding the upgrade of switches.

Stewart Printing Services: The Business Manager advised the Committee that Stewart Printing had agreed to change contract language to allow Middle Bucks to cancel agreement on annual anniversary with 30 days written notice. The Solicitor reviewed the proposed change and said it was acceptable. The recommendation is to enter into a printer service agreement with Stewart Printing Services.

Enerwise Global Technologies, Inc. D/B/A CPower: The Business Manager explained that this agreement is for curtailment services when PJM calls a “Demand Response” event during the summer months. The agreement is for a three year period beginning on June 1, 2018 and ending September 30, 2021. The agreement was reviewed by our Solicitor and his questions were addressed. Middle Bucks has the correct metering equipment, does not use its generator and has systems in place to shed load when called upon or during mandatory test period. Revenue will be shared 80/20 MBIT/CPower. The recommendation is to renew this agreement with Enerwise Global Technologies.

Student-Built Modular House: The second bid opening date came and there were no bidders. The Business Manager has been in conversation with one potential bidder who was short on funds. Today, the Business Manager received an offer for the minimum bid amount of \$106,000 from the interested party. They provided the signed agreement and will deliver a deposit prior to the March Executive Council meeting. This offer meets the minimum bid requirement, the buyer has land and permits, the house will be able to be moved during summer and education of our students proceeds uninterrupted. The recommendation is to accept this offer.

Updates: The Business Manager shared the year-to-date February 2018 and February 2017 reports for Li'l Bucks Preschool and Adult Education. The Business Manager accrued the subsidies for social security and retirement shrinking the Li'l Bucks deficit. The expectation is that Li'l bucks will have break-even results in the current year and will show a deficit for purchase of playground equipment. Adult Ed showed a very healthy bottom line since classes just started in February. Adult Ed is expected to have a modest profit by the end of year.

PSBA Principles for Governance and Leadership: The Director provided a memo from Mr. Nathan Mains, PSBA Chief Executive Officer, about the Principles of Governance and Leadership and a copy of the Principles. The Middle Bucks Executive Council adopted these principles in September 2016 and will be asked to consider reaffirming their commitment to these Principles of Governance and Leadership at the March Executive Council meeting.

The meeting adjourned at 5:20 PM. The next Finance Committee meeting is scheduled on April 3, 2018 at 4:30PM.