



BIG SPRING SCHOOL DISTRICT

FINANCE COMMITTEE MEETING MINUTES

Newville, Pennsylvania

DECEMBER 5, 2022

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1. Call to Order

The Finance Committee of the Board of School Directors for the Big Spring School District met in the Big Spring School District Middle School Auditorium at 6:07 pm with eight (8) Board of School Directors present; William Swanson, Board President; Todd Deihl, Vice President; William Piper, Secretary; Frank Myers, Treasurer; Kenneth Fisher, Robert Over, John Wardle, and Donna Webster.

Absent: Richard Roush

Others in attendance: Kevin C. Roberts, Jr., Superintendent; Michael Statler, Business Manager; Nicole Donato, Director of Curriculum & Instruction; Rob Krepps, Director of Technology; Darrin Baughman, Technology, and Donna Minnich, Board Minutes

2. Presentation:

2.a. 2023 - 2024 District ESCO Project Financing Options - Lauren Stadel, Director of Municipal Finance with Raymond James

Lauren Stadel presented project financing options to the Finance Committee:

Historical AAA MMD Rates

Interest Rate History From 2000

Interest Rates this Year

Existing Debt Profile

Capital Project Financing Review – Maximum Borrowing, No Budget Impact

Capital Project Financing Review - \$11.5 Million of New Money

Refinancing Review – Current Refunding Analysis of the 2018 Bonds

Mr. Wardle asked when the next window would open for refinance options and Lauren responded the next opportunity would be in September. She said if you were to borrow 11.5 for new projects, you would have 5 to 7 years where you'd be locked out from refinance.

Dr. Roberts stated it is important to mention the wrap around structure. For where we are in terms of our ESCO and the McClure Company evaluation we thought it was critically important to understand the amount of a borrow we could take without having an overall impact to the amount of debt service within our budget. Looking at somewhere between 11.5 and 13.5 are some safe thresholds to engage in conversation about LED lighting or humidity control based on understanding the debt structure.

Lauren stated we could lock in a new interest rate in May 2023 for the September 2023 call date of the bond. Since you're considering borrowing new money it is important to know the industry benchmark is 2% savings. We would monitor this refinancing and lock in as much savings as possible and could lose an opportunity if we wait too long. We would suggest passing a parameters resolution to include max rates to be able to file with state and local authorities and continue to work with administration to pick the best time to access the markets.

Mr. Swanson stated the projected savings is noted at \$231,000 and asked at what point could we drop to an amount that is not worth it and Lauren said we wouldn't suggest a refinance to save \$50,000 but she hesitates to give an exact number and also stated that on a bond issue this short with an attractive interest rate, a target may be \$150,000 in savings but that is a decision for the Board.

Mr. Piper asked if there are good rates available today and Lauren said it can depend but we did a deal last week with an average rate of 4% for 20 years which is pretty good.

Mr. Swanson asked Lauren to explain wraparound debt for members of the Board who may not be familiar with the concept and Lauren said unlike a home mortgage, you don't get to decide your payment and the mortgage company figures that but with municipal bonds, we can manipulate the payment in a prudent and fiscal sound method. She said with Big Spring's 4.1 million debt service yearly, we could build new principal into the decreasing debt service years which takes advantage of static debt service as those monies start to free and the debt falls away which is where we layer the new debt.

Mr. Myers stated it makes good sense to do wraparound debt to keep the debt service in the budget so we're not surprised down the road with new debt. Lauren said school districts who have lost the recurring debt in their budget find it difficult to borrow money in the future and aging buildings have to be constantly maintained.

2.b. 2023 – 2024 Budget - Michael Statler, Business Manager

Mr. Statler presented the 2023 – 2024 Budget to the Finance Committee:

Year End Spend by Cost Center

Year End Spend by Object

Year End Revenue by Function

General Fund Balance – June 30, 2022

Fiscal Year 23 Update

Earned Income Tax Comparison – Jan. to Oct.

Charter School Struggle

South Central Trust

FY24 First Look

Expenditures

PSERS

Expenditures

Revenues

Act 1

Capital Project Update

Upcoming Capital Projects

Honeywell Contract – EBI

Capital Project 2023 Summer Summary

Dr. Roberts asked if the current 2.1 million dollar assignment amount for the CPACTC future building project could be increased and the District deduct the additional unassigned dollars if the amount is increased and Mr. Statler responded yes.

Mr. Wardle asked if the CPACTC payment would be a one-time payment which would give us a net savings because we wouldn't have to pay any interest if we make a one-time payment. Mr. Statler confirmed that is correct and Dr. Roberts said we would save approximately \$1.6 million in interest payments.

Dr. Roberts stated at this time of the year when we take a first look at the budget, we try to look at both ends of the continuum and in the early budget preparation process look at the highest possible level which is the adjusted index and the lowest point which would be zero percent.

Mr. Wardle asked if the control system provides safety and security for our school buildings and Mr. Statler responded yes.

Dr. Roberts stated we've used Wolfe Consulting in the past and they've been a very valuable asset to our planning process. Partnership with him is important for us to have another expert set of eyes to provide some oversight to the process.

3. Other Items – Nothing Offered

4. Adjournment

Meeting Adjourned 7:08 pm

William L. Piper