

MUHLENBERG SCHOOL DISTRICT
Committee of the Whole Meeting Minutes
April 3, 2019
Muhlenberg High School
First Floor Lecture Hall
www.muhsdk12.org

Call to Order

The Committee of the Whole Meeting of the Board of Education of the Muhlenberg School District was called to order on Wednesday, April 3, 2019 at 7:00 PM by Board President, Mr. Otto W. Voit, III.

Members Present

President – Mr. Otto W. Voit, III
Vice President – Mr. J. Tony Lupia, Jr.
Secretary – Mr. Thomas W. Gross
Assistant Secretary – Mrs. Cindy L. Mengle
Treasurer - Mr. Richard E. Hoffmaster
Member – Mr. S. Wayne Hardy
Member - Mr. John Love (arrived at 7:01 PM)
Member – Mr. Randall R. Madara
Member – Mr. Mark J. Nelson
Solicitor – Mr. Andrew George, Esq.
Recording Secretary – Mrs. Patricia L. Law

Administration Present

Superintendent – Dr. Joseph E. Macharola
Assistant Superintendent – Dr. Alan S. Futrick
Business Manager – Mr. Shane M. Mathias, CPA
Supervisor of Accounts – Mr. Mark Moyer
Director of Buildings, Grounds and Transportation – Mr. Ken Patterson
Director of Special Education – Dr. Shawn Rutt
Director of Technology – Mr. Daniel Houck
Director of Food Services and Nutrition – Mr. Carey Kline
Data Administrator - Mr. Kevin Vanino
Athletic Director – Dr. Tim Moyer
Assistant Principal – Ms. Lori Morris
Middle School Principal – Mr. Jeffery Ebert
Intermediate School Principal – Mr. Steven Baylor
Elementary Center Principal – Mrs. Krista Venza
Elementary Center Assistant Principal – Mrs. Shannon O'Donnell

Visitors

John Hill	Marc Wolfe
Bob Conklin	Colleen Shillady
Tara Nelson	Michele McCammitt
Diane Benson	Hao Duong

Educational Presentations

A. Direct Energy Demand Response Program (Exhibit A) – Mr. Ken Patterson

Mr. Ken Patterson presented an opportunity for the District to save money and also reduce energy costs by being part of the Direct Energy Demand Response Program. Mr. Patterson said PJM (Pennsylvania, Jersey, Maryland) has a great program that they distribute to businesses around the PJM network. PJM is in charge of delivering electricity in the mid-Atlantic region. They are the ones that keep the lights on for everyone in the region. He said Direct Energy works as a facilitator for PJM and has a program called Demand Response. Mr. Patterson said the program requires end-users of power to curtail power consumption during a Demand Response Event which is called by JPM. He said the events normally occur during an extremely long or a sudden, unanticipated hot spell or polar vortex. Mr. Patterson said the last called Demand Response Event in this area was in April of 2015. The only reason that occurred was because PJM made a decision to shut down a bunch of their nuclear power plants for routine maintenance and an unanticipated hot spell occurred so they asked people to curtail their electrical use. Mr. Patterson said in exchange for being part of this program, PJM will pay capacity payments to the Muhlenberg School District over the course of three (3) years in the approximate amount of \$89,000. He said one day each year of this agreement, the Muhlenberg School District must prove it can curtail the amount of power (1 MW) it agreed to curtail. This will occur in the latter half of July or the first week of August. The District will be given several days' notice before this will occur. The event usually lasts from two (2) to four (4) hours. Mr. Patterson said from his experience based on where he came from, the event usually occurs around 2:00 PM, which is the hottest part of the day. He said several school districts in the county are already a part of this program; and a few of those districts are Wilson, Reading, Exeter, Boyertown, BCTC, Twin Valley and Governor Mifflin. He said there really is no downside to this program. Mr. Patterson said if they must call an event and the Muhlenberg School District is unable to participate, the District simply does not get paid. He said there is no penalty if the District does not comply, but as long as the District complies with the one event in the summer time and shows that it is able to curtail power consumption, they will pay the District each and every month a portion of that \$89,000.

Comments/Questions/Concerns:

Mr. Voit asked who handles the District's electricity now. Mr. Patterson replied, the District pays two parties. One is Met-Ed and the other is Constellation Energy. Mr. Voit said he can see the benefit for the District, but what is the benefit to Direct Energy?

Mr. Patterson replied Direct Energy gets a portion of what the District gets. He said in other words, the District cannot go directly to PJM and say it wants to be part of the program. PJM has licensed certain providers to institute the program and Direct Energy is one of them. Mr. Patterson said Direct Energy supplies the District with natural gas.

Mr. Nelson asked if Direct Energy's portion comes out of the \$89,000 the District is paid. Mr. Patterson replied their portion is taken prior to the District receiving the \$89,000. Mr. Nelson asked what is involved with shedding one megawatt of energy. Mr. Patterson replied, in looking at the District's usage, it would be equivalent to a normal Sunday afternoon in the District which would be all of the lights off, all electric off that is not needed, and the buildings in an unoccupied zone as far as HVAC. Mr. Nelson asked if the events occur on Sundays or during the week. Mr. Patterson replied they occur during the week, but that is the mode the District would have to be in. Mr. Nelson asked if it involved shutting down the air conditioning. Mr. Patterson said yes. Mr. Nelson asked if the air conditioning was going to be shut down for four hours in July or August when the buildings will have people working in them. Mr. Patterson replied yes and he thinks it is something the District can easily attain for the two to four hours of pain. Mr. Nelson said he may want to speak to the secretaries and the other people who are in the offices

Mr. Lupia asked if more power is used when a system is shut down and then started back up again in just four hours. Mr. Patterson replied no, not if it is staggered. He said the power is charged by peak consumption so as long as the District shaves its peak, it will be fine.

Mr. Voit asked if the District is open on Fridays in the summer. Dr. Macharola replied no, the four day work week will go into effect. He said the concerns the Board just heard are the same concerns Mr. Patterson had been grilled on before the meeting. Dr. Macharola said there is no penalty if the District does not participate in the event. He said if the temperatures are bad, he would not want employees sitting in the heat. Dr. Macharola said if the District should not participate because of excess heat, then it will not. He commended Mr. Patterson for looking for ways to save the District money at a time when the Board is looking at a budget and taxes.

Mrs. Mengle said the company she works for participates in the program and has done so for years. She said employees must just be prepared for it. Mrs. Mengle said at her company, the lights are off and there is no air conditioning – and on top of that – there are no windows, so they have no ventilation at all. She said it usually

begins at 2:00 PM and lasts for two to four hours (employees there work until 4-5 PM) and they have had no problems.

Mr. Lupia asked it if will interfere with the summer food program. Mr. Paterson said no.

Mr. Madara asked if the District does not participate in an event, does it lose the entire \$89,000. Mr. Patterson replied as an example, should there be a long cold snap in the winter, PJM may call an event and ask the Muhlenberg School District to cut back, but the District is unable to do so because it is in the middle of a school day and cannot do it. He said if the District doesn't do it, the District does not get penalized. It would not get paid. The District would lose the money that year. Mr. Madara asked if the events can happen in the winter. Mr. Patterson replied, it can happen in the winter, yes.

Dr. Macharola said one of the questions he asked Mr. Patterson was whether there are any risk factors or issues for the District when restarting the systems after a shut-down. Mr. Patterson said no there are not. He said if a system is shut down properly, there will not be any issues turning it back on. Mr. Patterson said usually when there is a problem, it is due to something like a car hitting a pole causing a power blip causing a power surge which can cause a problem restarting.

Mrs. Mengle asked if the District will have to reach a certain amount of energy. Mr. Patterson said yes. The District would have to drop one megawatt which is a thousand kilowatts. Mr. Patterson said during a normal day, the District can consume about 487, so the District would have to be below that. Mrs. Mengle asked if Mr. Patterson would be monitoring that. He said yes, he can get hourly reports; including twenty-four hours later.

Mr. Hoffmaster asked if Mr. Patterson knew what the difference would be in the District's bill. Mr. Patterson said it will not be taken off the bill. The District will receive a check. The District does not pay Direct Energy anything for electric. Mr. Patterson said this is a three year agreement and the District will be partnering with Direct Energy who also gets paid by PJM when the District gets paid. He said it is in Direct Energy's best interest that the District comply with shedding the one megawatt when told to.

Dr. Macharola thanked Mr. Patterson for his presentation and stated the item is on the agenda for consideration under Physical Plant and Transportation.

B. RBC Capital Markets, LLC - Refinancing (Exhibit B) – Mr. Scott Kramer

Mr. Kramer distributed a handout (Exhibit B) which he reviewed with the Board. Mr. Kramer said the last time he was before the Board was when they were completing the \$12 million financing for the various capital improvement projects that were needed to be done throughout the District. At that time, there was discussion about whether to do a bond issue or a bank loan. He said the bank

loan at that time afforded some very nice reasons choose that path. It was pre-payable at any time which is why Mr. Kramer was presenting to the Board at this time. It came with lower issuance costs and also allowed the District to draw the money as it was needed for construction over the last three years. Mr. Kramer said that came with a fixed rate through 2024 and then it would flip to a floating rate with an interest rate cap. He said the numbers RBC is looking to refinance assumed some really nice budget savings. Mr. Kramer said the reason RBC would be able to do this now is because the rates have moved in the school district's favor quite a bit over the last thirty days and also because that bank loan is pre-payable at any time without penalty. Mr. Kramer stated back in December when everyone was concerned about their 401K's, the equity markets were in decline, everyone was worried about tariffs and worried about the slowing down of the U.S. economy, which meant interest rates were coming down as well. He said the talk of the federal government raising interest rates this year went from the rates being raised four or five times to the rates not being expected to be raised at all. Rates have moved considerably lower, and within the last thirty days they were at 2.85 and when Mr. Kramer left the office the rates were at 2.50 which is off of the low from the week before of 2.35. This is a pretty significant move from the top of the recent environment - about one hundred basis points or a full one percent lower just in the last few months. Mr. Kramer reviewed the District's current debt profile. The chart showing the District's Gross Debt Outstanding has four pieces of outstanding debt which includes 2012A Bonds, 2014 Bonds, 2015 Bonds, and the 2017 Note (which is what Mr. Kramer would like to refinance). The annual debt service payment (the run rate), which is part of the budget, is about \$6.2 million a year. He said if the District does nothing, it will start to get out of debt in 2026; still have a little bit in 2027; and after that the District is out of debt. Mr. Kramer said this is a very, very short debt profile in comparison to other districts around the county and the country making it a prime candidate for what could be under consideration down the road. He said the District's Net Debt Outstanding applies various reimbursable fractions which allow the District to receive a little bit of reimbursement from the Pennsylvania Department of Education. On the 2012A Bonds, the local reimbursement is about seventy percent and the state pays about thirty percent; however, on the last issue, the 2017 Note, the District pays one hundred percent as it was mostly non-reimbursable projects. The run rate net of reimbursement drops down to \$4.8 - \$4.9 million a year. Mr. Kramer said given the market moved lower, RBC can refinance those 2017 Notes. He said the average coupon or interest rate on the existing bonds is 3.25%. RBC would be able to refinance to a rate of new arbitrage yield of about 2.15% which would be a full one percent lower in interest rates. Mr. Kramer said what that means to the District is a savings (net of doing the transaction) of about \$530,000. He said RBC has shown the District level savings and it is nice to be able to lower the overall debt service so that it can be counted on every year going forward for a little bit of a relief on the budget. Mr. Kramer said that is over 4.50% savings and, before RBC comes in front of the Board to discuss refinancing, they always think about what the right level of savings would be. He said for a current refunding, RBC always shoots for 2-2.5 to 3% so the District is well above that target for savings that they like to shoot for.

Mr. Kramer said because it will take approximately thirty to forty days to lock in rates (since it is a bond issue, the offering document must be brought back up to speed and it must go through the rating process), RBC included a sensitivity analysis that stated that while RBC is getting ready, if rates move either up or down by twenty-five basis points, rates would go up or down. He said this is a fair amount of flexibility and with a move of rates, still be able to garner a savings even if rates move a little farther away. Mr. Kramer said if there are other projects on the District's list, the Board should consider rolling those into this bond to take advantage of the current rate environment and also to take advantage of the gain.

Comments/Questions/Concerns:

Mr. Voit said the bond issue has a premium to be paid with a current rate of 215; and, the annual total debt service after refinancing comes out to approximately \$14.3 million. Mr. Kramer said that would be the debt that would be refinanced. Mr. Voit asked if that was the proposed amount. Mr. Kramer said no. The debt service before is \$14.3 and it will be reduced to \$13.725 million.

Mr. Love asked why the savings in 2021 was so out-of-line with the other numbers. Mr. Kramer replied, the debt that is being refinanced does not have any principal up front and so the way the new debt falls out is the way the coupon structure on the new bonds work. It pushes less savings in that year for a number of reasons. Mr. Kramer said they could try to push savings up front so that more savings are realized over the first three years and less in the out years; however, that decision did not have to be made at this meeting. Mr. Kramer said it is another way of taking savings – either level savings, pushing savings up front for a capital project reason or a bigger hole in the current budget that must be filled or in some cases people want to shorten the life of the loan to get out of it sooner. If the Board would want RBC to look at the different ways to structure the debt, they can.

Mr. Voit said due to the District's credit rating, the District does not have to purchase insurance. Mr. Kramer said that is correct. As soon as a company crosses into the double A category, double A minus, it is not necessary to get bond insurance. He said the last time a bond was issued the District was double A and, hopefully will be reaffirmed at that when the rating process is completed.

Dr. Macharola asked Mr. Kramer to please explain the bond rating and what it means to the Muhlenberg School District since there are new Board members. Mr. Kramer said over the years, this Board and the Boards before did a really nice job of managing the financial interests of the District; refinancing when they could and borrowing only when it was needed. Making sure the budget was managed the same as managing their own budget. He said it is important to keep that credit rating. The District has a double A rating from Moody's which is a very high rating relative to the District's peers. Mr. Kramer said for every rating notch it costs the District ten to fifteen basis points in interest rates. He said if bonds were issued at 3% as a double A credit and dropped to double A minus, the District would be looking at 3.15%. If the District would move into the A plus category, it would be required to

purchase insurance. Mr. Kramer said it doesn't sound like a lot, but fifteen basis points on \$12 million is several hundred thousand dollars in savings so when these opportunities to refinance come up, it is good to have this very solid rating to rely on. He said if the District would have a lower credit rating, by two or three notches, like some others in Chester and Berks County, the District would not be able to take advantage of these of these opportunities because the rates are higher when they go to refinance.

Mr. Voit asked what the Board does next and what is the timing. Mr. Kramer replied assuming the Board would want to move forward, much like before, they would notify Mr. Kramer that they are ready keeping in mind that rates would be moving away. Mr. Kramer and Mr. Mathias would work together to prepare the offering document and the District would go through the rating process. Mr. Kramer said he would come back to the May meeting with a parameters resolution. He said it will not lock in the rates at that point, but it will allow the District to take advantage of the market as soon as the District is ready, which would be approximately thirty days from now. Mr. Voit asked if Mr. Kramer needed a motion to get started. Mr. Kramer replied yes. Mr. Voit asked if the Board said yes now, could they say no at the May Board meeting. Mr. Kramer replied, absolutely. Mr. Voit asked if there was any cost involved between this meeting and May. Mr. Kramer said the only cost the District will incur is 80% of the rating cost to engage them. The rating on this would be about \$17,000; therefore, the cost would be about \$12,000 to \$13,000 to go through the rating process, if the Board votes to move forward. Mr. Kramer said there would be no bill from RBC or the solicitor.

Mr. Lupia asked if there was an advantage to higher interest rates or disadvantage. Mr. Kramer replied the District is hoping for lower interest rates. Mr. Lupia asked if the District was looking for a return on its investment. Mr. Kramer replied the District is on the other side of that equation. The District is hoping to get the lowest rate by buying the bond.

Mr. Voit polled Board members and all Board members were in agreement to move forward with a resolution. Mr. Voit asked if administration was on board with the refinancing. Dr. Macharola said he and Mr. Mathias had discussed this and they fully support RBC Capital Markets to move forward.

C. 2019-2020 Budget Update (Exhibit C) – Mr. Shane M. Mathias, CPA

Mr. Mathias presented an update on the 2019-2020 budget. He said all of the changes he presented last month have been rolled into the budget shown at the top of the page of Exhibit C; and, anything new is at the bottom of this page. Mr. Mathias said there were not a lot of changes; however, some headway has been made. He began with the revenue changes. The first change was an increase in the District's interest earnings. Mr. Mathias said this is a pretty aggressive change as it is an increase of \$110,000. He said the District's investment rates have been going up pretty steadily. Mr. Mathias said the Business Office has taken a much more hands-on approach to the District's cash management and maximizing what

is in the investment account. He said each week they look at the account and make transfers as necessary, transfers which cost the District no money. Mr. Mathias said the Business Office will continue to be aggressive with this and it should help. The next change is the eRate reimbursement from the federal government for the infrastructure part of Capital Projects. Mr. Mathias said originally, he thought that this reimbursement would be coming next year; however, he just found out that the District will be receiving this money this year. He said he added it as revenue for next year, but will be removing it since the District will be receiving it this year. It will be approximately \$300,000 total, but right now it is \$265,000. Mr. Mathias said the last revenue change is an increase to the Berks EIT amount. He said he increased it to \$35,000 and is comfortable with doing that at this time. Mr. Mathias said in terms of other revenues, he is still looking at them and feels the revenue budget is pretty aggressive right now. He said he feels that there is not a lot of room to move and he will keep watching the real estate taxes. The District's assessments have gone down as there have been a few tax appeals. Mr. Mathias said the starting point of the District's total assessed values is actually less than what it was at this point last year. He said a zero tax increase would result in less tax revenue coming in than last year. Mr. Mathias said he does not see a lot of future changes on the revenue side, but will keep looking at it. He said all of the expenditures listed are decreases except the "other benefits" line. The District got the premium estimates from SDIC. He increased this line item by \$45,000 to reflect that. Mr. Mathias feels this number is an actual amount for that line item. Looking at the next line, he said, this is a pretty aggressive number and is something he will keep looking at. It is a decrease of \$300,000 to the District's salary/PERSERS FICA number. He said looking at it with more and more detail, this is a tight number – all current salaries, no cut in personnel, just a closer look at salaries and Mr. Mathias will continue to look at that.

Comments/Questions/Concerns:

Mr. Voit asked if that number included anyone who announced retirement.

Mr. Mathias said it did not, but looking down a few lines on the budget presentation, they are listed as well as the District's estimated savings. He said since he does not know the new person's starting salary or benefits, he has listed those as estimated savings. That estimated savings is \$105,000 and that is with just a handful of retirement letters and one resignation so far. Mr. Mathias said this line item has a lot of potential and something that will be watch over the next month. The deadline for retirement letters is May 1st. He said he will be bringing the budget update to the next Committee of the Whole meeting as it is scheduled for May 1st and that is also the deadline date. Mr. Mathias feels he will have more accurate information to share with the Board by waiting to distribute the update. Moving on with the update, Mr. Mathias said the only other change from last month is in line item, *department budgets*. He said a couple of adjustments were made which were related to a collective decrease in the buildings and grounds utility and transportation budgets. Mr. Mathias said the Business Office will continue to analyze the expenditures for any changes that could be made. He said there are

less than sixty days to prepare a final budget; however, he feels that a lot of information will be coming in as the District is heading into the end of the year and he will get some final numbers. A big number that Mr. Mathias is waiting on is the medical cost and unfortunately, the next Health Trust meeting is not until May 22nd which is after the next Board meeting. He said at that meeting they will announce the final rate increase for the medical increase. At this point it is at a not to exceed amount of 8.5% which is budgeted as \$6.2 million on the update. Mr. Mathias said he has a document that shows him what the not to exceed rate was versus the final rate and in no year did the not to exceed amount mirror what the actual rate was; in fact the six year average was 4% lower. Mr. Mathias said he is not counting on that but 4% lower would it be a huge number for the District. Just as a comparison, a 5% rate compared to 8.5% would save the District \$230,000; therefore, if it comes in lower than 8.5%, it will definitely be a savings and will help to get that bottom line deficit to a much, much lower number. He said he has been maintaining the use of the PSERS fund balance which is the same as what it started at which is on the schedule, \$1.08 million.

Comments/Questions/Concerns:

Mr. Nelson requested a list of the district staffing needs identified as outlined at the February meeting for 2019-2020 for the next meeting.

Mr. Voit said right now there is \$1,000,000 in the budget for the Capital Reserve fund because in the past the District has been relying on the end-of-year surplus to fund the Capital Reserve. He said in the Capital Reserve is approximately \$3,000,000 but there are approved projects of about \$2.4 million; Mr. Voit asked what the \$2.4 million is being used for. Mr. Mathias replied, one is the Middle School roof project which was just approved last month and will cost \$1.8 million dollars bringing the total down to just about \$500,000 when those projects are finished. Mr. Voit said after paying for that, the balance is \$550,000; listed is a "summer of 19 roof" for \$1.9 million, he asked if that was a different roof. Mr. Mathias apologized and said no it was not updated. It is the same roof. Mr. Voit asked if Mr. Mathias could think of other ways to fund that million dollars. Mr. Voit said there is still a lot of work to be done along with the February staffing items to discuss and with those items, it could cost \$2,000,000. He said in a shortfall, depending on the staffing needs, ultimately, the Board will decide. Taking out the million could balance the budget, but yet there are District needs. Mr. Mathias said at this time he cannot think of anywhere, but perhaps Scott Kramer would be a better person to ask. He said he does know there are only certain ways a district is permitted to fund the Capital Reserve fund and the type of Capital Reserve fund the District has is funded through excess of General fund and things of that nature. Mr. Mathias said he does not know if there is another way to fund it; perhaps taking out a note, but then finance costs are incurred. He said in his estimation, the District's debt service is going to be down to zero by 2026-2027. Mr. Mathias said if there are other projects, this is a great opportunity for the District to get the budget under control and to have a windfall of money that could be put into other avenues. He said to answer Mr. Voit's question, perhaps some kind of debt structuring but otherwise, budgeting and

planning for it is the best approach. Mr. Mathias said he agrees that moving it out of the budget is an easy way and a good way to balance the budget, but probably not a good way for the District to plan and make sure the capital needs are taken care of. Mr. Voit asked if Mr. Mathias would consider taking \$1,000,000 out of the PSERS reserve. Mr. Mathias replied, he could; however, right now the PSERS fund balance is being used to balance the budget. He said the District did use it last year despite having a bit of a surplus; but this year we are forecast to use \$1.5 million of the \$8.2 million left in the fund. Mr. Mathias said he feels the District should make that last until the debt service is down. He said he is not sure it is a bad idea as it is needed to balance the budget currently and it is something to look at. Mr. Voit said he liked Mr. Mathias' thinking. When the debt service is fulfilled, \$6 million comes off, a net of \$5 million; however, the District will not ever be completely debt free as there could be a building expansion project in the future. He said the District should not increase its debt service to the fullest because maybe at that time, it would be the opportunity to come up with some general operating funds. Mr. Voit said the District may be able to afford the building expansion, but will it be unable to afford what goes in it. He said so really the Board's thinking should be about a six year horizon. Mr. Mathias agreed. He said this budget cannot be looked at strictly as one year and if that is done the District could get into trouble.

Dr. Macharola thanked Mr. Mathias for his very thorough report.

- D. C. E. Cole Intermediate School Physical Plant Expansion – Mr. John Hill, Muhlenberg-Greene Architects

Mr. Hill gave an update on the potential building expansion of C. E. Cole Intermediate School. He said he did not have many additional updates from his report last month. Muhlenberg-Greene met again with the representatives of C. E. Cole and talked again trying to fine-tune the space planning to make sure that they have covered the best use of the current space in trying to make the addition as effective and efficient as possible. Mr. Hill said a couple of changes were discussed and they are trying to finalize the budget that they see for both the construction and the overall project. He said at this point there are no hard numbers to present to the Board, but they are finalizing that plan to everyone's satisfaction.

Comments/Questions/Concerns:

Dr. Macharola asked Mr. Hill to give an update on the Elementary Center renovation project.

Mr. Hill said there are several things going on around the District. At MEC, the temporary relocation of the administrative offices has begun. The construction for renovating and revising the entrance to the building begins with the contractors coming onsite on April 15th. He said the project is starting early so that it can be completed by the beginning of the next school year. Mr. Hill said there will be some temporary inconvenience when the front entrance is blocked off. The contractors will be setting up fencing so the people in the school can begin to route themselves

around the construction zone. He said that will begin within the next two weeks. Contracts have been awarded for the Middle School roof project which was approved last month. Materials have been ordered so that project can begin as soon as this school year is complete. Mr. Hill said the elementary school roof project is in its final phase. That project could not be completed last summer due to the weather. It involves re-finishing the metal roofs at the Elementary Center and expanding onto the roofs at Cole. This will begin as soon as the weather turns nice as this is work that can be done while school is in session. Mr. Hill said these are the key projects going on right now in the District and the big one is the change at the Elementary Center.

Comments/Questions/Concerns:

Mr. Voit asked with regards to the loan that was taken for these projects which was to pay for everything including the security upgrades, is it still within the guidelines of the cash left from that offering. Mr. Mathias said the funding is a little short; however, the eRate money he discussed which was money to be reimbursed to that note should easily cover the shortfall. Mr. Voit asked if the roofs that Mr. Hill discussed falls under the \$2.4 million in the Capital Reserve fund that was discussed earlier. Mr. Mathias responded that only the Middle School roof is funded through the Capital Reserve fund. The MEC roof is funded through the note. Mr. Voit asked what the costs are at this point that the District is obligated for the services that Muhlenberg-Greene has provided for the expansion project. Mr. Hill replied so far, Muhlenberg-Greene has not billed anything on this. He said they have been doing preliminary planning in anticipation of defining the project. When that is complete, Muhlenberg-Greene will present a proposal; however, they are unable to put any real work into the proposal (engineering, etc.) until the Board gives approval to move forward with the project. Mr. Voit stated that the Board has always said there are two aspects to this project – one is the funding of it and the other is the ongoing operating costs and what goes in the building. He said that may be a little more problematic. Mr. Voit said that is what Mr. Mathias was talking about when he said the District must look six years ahead when looking at this year's budget. Mr. Voit said somewhere down the line when the project process begins once approval is given by the Board, the Board must begin to consider the ongoing operational costs. Mr. Hill said as far as the timeframe, looking at design, awarding contracts and construction it will probably be a twenty-two month process. He said when this was first talked about, the question was could it done by September of 2020; however, the project has missed that window at this point. This is a project where a large chunk of it could be done while school is in session because the addition will not affect that; and, the alterations that are interior would be planned over two summers – one at start and one at the finish.

Mr. Lupia said it seems that ever since he has been on the Board, the roofs were being repaired; and, he asked if after this latest roof project (Middle School), will the roof project be completed. Mr. Hill replied, there is a lot of square footage of roof on the school campus and they do the roofing in sections. He said most roofs have a fifteen to twenty year warranty and some of the roofs last that long and others do

not. Mr. Hill said they have been methodically replacing the roofs and the Middle School roof is at the tail end. He said it will start over again after a period of time, but he feels that they are caught up on the roofing at this time. Mr. Patterson said after the Middle School roof is complete, there will not be a roof in the District that is older than ten years.

Hearing of Visitors - Muhlenberg School District taxpayers and residents have an opportunity, at this time, to comment on matters of concern, official action, or deliberation which are or may be before the Muhlenberg School Board. The Board retains the option to accept all public comment at this time. Presentations should be limited to two minutes per person. In the event that the Board determines that there is not sufficient time for residents or taxpayers of the School District to comment, the Board may defer the comment period to the next regular meeting.

Marc Wolfe, HS Stage Manager, addressed the Board regarding the MHS Spring Musical, The Addams Family. He said this year's show was one of the best; however, almost all of the staff for the musical was replaced this year due to retirements. Unfortunately, there were some things that slipped through the cracks with one being the ad that the Board and central administration places in the program in support of the musical. Mr. Wolfe apologized for that occurring and gave his assurance that next year staff will make sure it is in.

The Board recessed at 7:49 PM for an Executive Session to discuss personnel.

President Voit resumed the meeting at 8:55 PM.

Board Business

Personnel - (Appointments in accordance with Act 34, Act 151, FBI clearances and I-9.)

1. Acceptance of Resignations

Resolved, that the Board of Education of the Muhlenberg School District accept the following resignations:

- a) Mr. Randall Mutter, Maintenance/Energy Supervisor, resignation for the purpose of retirement, qualifies for the *Retirement Incentive*, effective June 28, 2019.
- b) Ms. Margie McGinley, First Grade Teacher, Muhlenberg Elementary Center, resignation for the purpose of retirement, qualifies for the *Retirement Incentive*, effective at the end of the 2018-2019 school year.
- c) Ms. Danielle Hettinger, STEM Teacher, Muhlenberg Elementary Center, effective May 17, 2019.
- d) Ms. Lisa M. Straub, English Teacher, Muhlenberg High School, resignation for the purpose of retirement, effective June 30, 2019.

- e) Ms. Sheryl I. Mealing, Payroll, Class A Secretary, resignation for the purpose of retirement, qualifies for the *Retirement Incentive*, effective June 28, 2019.
- f) Ms. Amy Stoudt, 3 Hour Cafeteria Assistant, Muhlenberg Elementary Center, effective April 11, 2019. *(This item to be removed for the Regular Board Meeting. Employee rescinded her resignation.)*

2. Request for Sabbatical Leave of Absence

Resolved, that the Board of Education of the Muhlenberg School District that in accordance with the Pennsylvania School Code of 1949 as amended, Section 1166, and Act 66 of 1996, the administration is authorized to grant a sabbatical leave of absence for Mr. Christopher Luft, Science Teacher, Muhlenberg Middle School for the purpose of restoration of health, effective retroactive to the first day of the second semester of the 2018-2019 school year.

3. Co-Curricular Resignations

Resolved, that the Board of Education of the Muhlenberg School District accept the following co-curricular resignations:

- a) Ms. Kayla Ziegler, Junior High Volleyball Assistant Coach, effective March 13, 2019.
- b) Ms. Cassidy Schultz, Varsity Volleyball Assistant Coach, effective February 27, 2019.

4. ESY Assignments for 2019

Resolved, that the Board of Education of the Muhlenberg School District approve the following assignments for the Extended School Year Program for 2019:

ESY Coordinator – salary of \$2,000

Mr. Taylor Charles

Special Education Teachers – \$30.00 (professional rate) per hour:

Ms. Kristen Quimby-Paskowski
Ms. Amanda Kemmerer
Ms. Tara Nelson
Ms. Cierra Etchberger
Ms. Megan Migliore

Ms. Haley Layton
Mr. Matthew Sola
Ms. Michele McCammitt
Mr. Brian Hendricks

Special Education Instructional Assistants - Hourly Rate per MESPA Contract

Ms. Jennifer Thompson	Ms. Karen Adams
Ms. Karen Lessie	Ms. Darlene Allen
Ms. Madeline McMullen	Ms. Patricia Keiper
Ms. Holly Scheck	Ms. Julie Roth
Ms. Michellemarie Spanier-Kline	Ms. Cheri Royer
Ms. Beth Youse	Ms. Jennifer Schaffer
Ms. Jillian Zerby	

Per Diem Teacher Substitutes - \$30.00 per hour

Ms. Elizabeth Chapman
Ms. Katie Frederick

Per Diem Assistant Substitutes - Hourly Rate per MESPA Contract

Ms. Jessica Knepp
Ms. Morgan McCammitt

5. Substitutes for the 2018-2019 School Year

Resolved, that the Board of Education of the Muhlenberg School District approve the listing of substitutes for the 2018-2019 school year as presented.

6. Completion of Probation

Resolved, that the Board of Education of the Muhlenberg School District approve the completion of probation for the following classified employees:

- a) Ms. Jessica Mulutzie, Educational Assistant, Muhlenberg Elementary Center, completion of forty-five day (45) day probation as of March 28, 2019, and recommended for permanent employment as of March 29, 2019.
- b) Ms. Michele Walker, Educational Assistant, Muhlenberg Elementary Center, completion of forty-five day (45) day probation as of March 28, 2019, and recommended for permanent employment as of March 29, 2019.

Management

1. 2018-2019 In-Service and Clerical Day for Snow Make-Up Day

Resolved, that the Board of Education of the Muhlenberg School District approve the following snow make-up days for the 2018-2019 school year:

- a) June 6, 2019 – In-service Day (due to postponement of February 18, 2019 In-service Day to Snow Make-Up Day); June 7, 2019 – Clerical Day

Physical Plant and Transportation

1. Change Order for the Muhlenberg Elementary Center Roof and Exterior Improvements Project

Resolved, that the Board of Education of the Muhlenberg School District approve the following change order:

- a) Garland Industries, Inc., roofing materials, at a cost of \$55,647.13

Comments/Questions/Concerns:

Mr. Voit asked why a change order for roofing materials was needed. Mr. Patterson said there was an adjustment made on the original request in June of 2018. The dollar amount was adjusted by that amount.

2. Sunday Facility Use Requests

Resolved, that the Board of Education of the Muhlenberg School District ratify the following Sunday facility use requests:

- a) Muhlenberg Township Police Department for use of C. E. Cole Intermediate School for Active Shooter Training for officers on Sunday, March 31, 2019.
- b) Athletes for Better Education (AFBE) and Coach Tyrone Nesby, use of the Muhlenberg High School gymnasium on Sunday, April 14, 2019 from 9:00 AM to 6:00 PM for a basketball tournament.

3. Direct Energy Demand Response Program

Resolved, that the Board of Education of the Muhlenberg School District approve the Muhlenberg School District's participation in the Direct Energy Demand Response Program for a three (3) year period beginning June of 2019 through May of 2022.

Budget and Finance

1. Approval of Financial Reports

Resolved, that the Board of Education of the Muhlenberg School District approve the following financial reports and that they become part of the permanent record of the meeting:

Fund	Treasurer's Report	Financial Report	Bills Paid Month	Investments	Budget Transfers
General	Feb 2019	Feb 2019	Mar 2019 Ck#45184-45350 V#25803-25848	Feb 2019	
Cafeteria	Feb 2019	Feb2019	Mar 2019 Ck#6273-6327 V#2728-2732	Feb 2019	
Capital Reserve (Fund 32)	Mar 2019	Mar 2019	Mar 2019 Ck#851-852		
Capital Projects Fund (Fund 39)	Mar 2019	Mar 2019			
Activity	Feb 2019	Feb 2019			

2. E-Rate Category 2 Network Equipment

Resolved, that the Board of Education of the Muhlenberg School District accept the Category 2 E-rate bid (MUHL FY19-20 C2 NetEquipment RFP - Form #191034796) for Internal Connections Equipment and Services of \$84,443 from IntegraOne (Technology Budget).

3. Administrative Services Agreement for District's Section 125 Cafeteria Plan

Resolved, that the Board of Education of the Muhlenberg School District approve the Administrative Services Agreement between the Muhlenberg School District and The Harrison Group, Inc., effective July 1, 2019. Per the agreement, The Harrison Group will act as an agent for the District for the payment of certain benefits and furnish certain administrative services for the District's Section 125 Cafeteria Plan. The term of the agreement shall be three (3) years with a fee rate of \$4.25/month for each employee enrolled in one or more Flexible Spending Accounts.

4. Workers' Compensation Insurance Policy with School Districts Insurance Consortium (SDIC)

Resolved, that the Board of Education of the Muhlenberg School District approve the workers' compensation program for the 2019-2020 school year with School Districts Insurance Consortium (SDIC) at a cost of \$180,348 for the Central Fund Contribution portion, a maximum cost of \$40,988 for the Self-Insured Retention portion, and for a total contribution of \$221,336 for fiscal year ending June 30, 2020.

Education

1. Speech and Language Therapist Contracted Services

Resolved, that the Board of Education of the Muhlenberg School District approve the contracted services of Therapy Source to provide a substitute Speech and Language Therapist, Mr. William Schlosser, three (3) days per week, starting March 25, 2019 through the first week of June at a cost of \$72 per hour for twenty-two and half (22.5) days.

2. Addendum/Renewal Rates for Occupational/Physical Therapy Contract with Austill's Rehabilitation Services, Inc.

Resolved, that the Board of Education of the Muhlenberg School District approve the addendum/renewal rates for occupational/physical therapy contracted services with Austill's Rehabilitation Services, Inc. as presented.

3. Settlement Agreement and Release

Resolved, that the Board of Education of the Muhlenberg School District approve the Settlement Agreement and Release for Student #31879 as presented.

4. Student to Complete the School Year as a Non-Resident Student

Resolved, that the Board of Education of the Muhlenberg School District approve the request for the following student to complete the 2018-2019 school year as a non-resident student:

- a) Student #12-2018-2019-NR, Second Grade, Muhlenberg Elementary Center

5. High School Summer School Program

Resolved, that the Board of Education of the Muhlenberg School District approve the 2019 Summer School Program at Muhlenberg High School, Monday, June 17, 2019 through Thursday, July 18, 2019 at the tuition cost of \$195.00 per course.

6. Agreement with BCIU for Behind-the-Wheel Driver Education

Resolved, that the Board of Education of the Muhlenberg School District approve the agreement with the Berks County Intermediate Unit to provide behind-the-wheel instruction to students from the Muhlenberg School District as presented.

7. Middle School Summer School Program

Resolved, that the Board of Education of the Muhlenberg School District approve the 2019 Summer School Program at Muhlenberg Middle School, Monday, June 17, 2019 through Thursday, July 18, 2019 at the tuition cost of \$195.00 per course.

Student Activities

No items at this time.

Minutes

Review minutes of the Committee of the Whole Meeting of March 6, 2019 and the Regular Meeting of March 13, 2019.

Comments/Questions/Concerns:

Dr. Macharola explained to Board members that the District has a policy that the Board has adopted which is the same as the five hundred other school districts in the Commonwealth of Pennsylvania for kindergarten registration. The kindergarten cut-off date for the Muhlenberg School District is August 31st. Dr. Macharola said there is no language in the policy, nor would he request or advise the Board to change that policy for any kind of language to suggest it is discretionary. He said of the eighteen school districts in Berks County, none of the policies are discretionary. Dr. Macharola said he can understand that parents can be passionate about their child and what they may need for development – socially, emotionally and intellectually. Within the county, there are a range of dates: age five before September 1st, six districts; age five before August 31st, nine districts; age five before August 15th, one district; age five before August 1st, one district; and age five before July 31st, one district. Dr. Macharola said he is sure everyone can remember many years ago when the date was set at December 31st. He said he cannot say that the dates are research based as the date is up to the individual district. Upon investigation, there is no language to give consideration and he would not recommend this be done. Dr. Macharola said the purpose of this is because the District has had very passionate mothers and fathers wanting to challenge the date. He said he understands how these parents feel. They have been graciously treated per protocol from the Elementary Principal, to the Director of Special Education to the Assistant Superintendent and to the Superintendent. Dr. Macharola said there may be a time that the Board will have to address this. He said he is bringing this to the Board because he said he would and because he does not see the controversy with the date unless the Board would want to change the date. Dr. Macharola said changing the date will not mean much if someone is born three hours before or three hours after that date. This would never end.

Mr. Voit asked if the District's policy specified a date or not.

Dr. Macharola replied, the District's policy specifically states a child must be five by August 31st. He said that some of the local officials outside of the District have been asked to challenge this. Dr. Macharola read an excerpt from the District's policy: "the Board establishes the entry age for kindergarteners not less than five years by August 31st. He said there is no discretionary language whatsoever.

Mr. Voit asked if there was anyone that wanted to change the policy. No one requested the policy be changed.

Old Business

Mr. Nelson gave an update on behalf of the TIF Team with regards to the meeting he, Mr. Madara, and Mr. Lupia attended with Township officials. He said the meeting was really a discussion on the township's thoughts regarding their meetings with the Hull Property Group. Mr. Nelson said the District and Township committee members agree that the concept of a TIF is not a bad idea; however, the issue with granting the TIF is that there has been nothing specific about what the Hull Group wants to do with the property. They want the TIF to be granted with a wing and a prayer. Mr. Nelson said he thinks the committee's recommendation would be that they are not opposed to continuing to have conversations, but the Hull Group needs to provide concrete proposals of a development plan. He said at the meeting, Brian Boland brought up the Cabela's and the Tilden Township TIF, and the Exeter Township TIF for the development of the Lowe's, Giant, Red Robin, etc. He said those developers came in and spent money on a development plan so that when they came to present, they had an approved development plan, but there has been no effort on the part of the Hull Property Group to do that. Mr. Nelson said by creating the TIF, the District and the Township would be effectively spending tax payer money and he feels it is owed to them to have something concrete before saying yes. He said one thing that is not a downside with the TIF is the fact that it did not involve anyone borrowing money. It is all reimbursable to the developer. Mr. Nelson said before the District and Township would say yes there should be something more concrete than a google earth shot that has been photo shopped with green blocks to signify grass. He said in his opinion, if they were to knock down the mall and plant grass, it would probably be worth more than it is now. The Hull Property Group has done nothing since they purchased the mall in fact the parking lot is in bad shape with numerous pot holes. Mr. Nelson said he feels it is better if the District doesn't do anything. The TIF is a good idea but not to give the Hull Property Group carte blanche. He said if they really want to do something, they would come in with a little more meat. Mr. Madara said the Township and the County are against the TIF. Mr. Voit asked if they are against it in general or until there is a plan. Mr. Nelson and Mr. Madara replied yes until they come in with a plan. Mr. Nelson said the Hull Property Group made the statement during their presentation that it is some of the best dirt in Berks County. He said if it is the best dirt in Berks County then they should be able to go out and get Trader Joe's or Costco; somebody that is willing to put pen to paper. Mr. Lupia said it was great to see a partnership between the Township and the School Board; a dialogue with each other the way they should when a situation like this comes up. He said it was also nice to see that the majority of the people involved in

the meeting are Muhlenberg graduates. Mr. Voit asked if anything was needed from the Board at this point. Mr. Nelson replied no the Board does not need to do anything at this point; Mr. Madara said they will be challenging the Hull Group to come back with something. Mr. Nelson said if the Hull Group wants to come back with something concrete, then there can be discussion. Mr. Gross said he spoke to County Commissioner, Christian Leinbach, who is very knowledgeable about LERTAs and TIFs. Mr. Leinbach said he would be happy to come to talk to the Board and Township Commissioners. Mr. Voit said Mr. Leinbach spoke to the Board about LERTAs. Mr. Gross said he would come to speak more specifically to give an update. He said Mr. Leinbach is on the same page as the Committee that the Committee must demand certain guarantees and to not just go along with it. Mr. Lupia said the Township and the Board together can invite the County Commissioners as the next step – three heads are better than one. Mr. Gross said the way it works, they would be involved regardless. Mr. Nelson said if it gets to that point; the school district has the most leverage because it receives the biggest portion of the taxes. Mr. Nelson said the Township creates the TIF, the Board can only say that they are in support of it; so, there is always the possibility that the Township or the County could say the District should sit back and let them discuss it. Mr. Nelson said that is not the answer. He said he believes the District, Township and County are all on the same page – the idea is good, but without a concrete plan, it is left up in the air.

Dr. Macharola asked if there was any discussion about developing the property for uses such as technology, education or health care. He said these are such long-term investments into the community. Is there any thinking towards these areas being developed? Dr. Macharola said fast-food is one thing but major investments in those three areas will build a long-term tax base. He said this is in good hands with the Board Committee, but did the Hull Group come in with something like this. Mr. Nelson and Mr. Lupia said the Hull Group came in with nothing. Mr. Nelson said basically, what they talked about when presenting to the Board is all they have at the present time which is to trust them, grant them the TIF, they will spend \$2,000,000 to knock it down, plant green grass to make it look nice and then they will work to get people to commit to developing. He said they threw out names like Starbucks and others, but the Township has those up the road. Mr. Nelson said the Hull Property Group throws out names that are known, but they do not have a commitment from anyone like Exeter did. The Exeter project came in with Lowes, Giant, Red Robin and Five Guys signed up before the TIF was granted. Mr. Nelson said Briand Boland told the Committee they had eighty-five to ninety percent of the sites ready to lease before the TIF was approved. He said there has been none of that. Hull Property Group said if the TIF isn't approved, they will do nothing. Mr. Nelson said he does not work well with that kind of attitude. Mr. Madara said the Township code enforcement has been citing them for letting it deteriorate.

New Business

1. Memoriam of Mrs. Susan Jacoby

Resolved, that we remember the passing of Mrs. Susan Jacoby who served as a nurse assistant in the Muhlenberg School District for thirteen (13) years (1996-2009). We honor her memory for her dedicated service to the school district and community.

Be it further resolved that we convey through this resolution our deepest sympathy to her family, and that this resolution be made part of the permanent record in the minutes of the Muhlenberg School District.

Resolution No. 187

Moved by Mr. Hoffmaster and Mr. Hardy, that the Board of Education of the Muhlenberg School District approve **Resolution No. 187** in its entirety.

Yeas: Mr. Gross, Mr. Hardy, Mr. Hoffmaster, Mr. Lupia, Mr. Madara, Mrs. Mengle Mr. Nelson, Mr. Voit. The motion **carried** unanimously.

187 RBC Capital Markets – Potential Refinancing of Debt

Resolved, that the Board of Education of the Muhlenberg School District authorize RBC Capital Markets to commence the rating process involved in the potential refinancing of debt of the Muhlenberg School District.

Hearing of Visitors

Presentation is limited to approximately two minutes per person. Should any citizen require more than the two minutes allocated, please contact the Superintendent prior to the meeting. He will coordinate such requests for the Board. Citizens addressing the Board should be aware that the meeting is being taped.

There were none.

Comments/Questions/Concerns:

Mr. Hoffmaster stated he attended the NSBA Conference in Philadelphia March 29-April 1, 2019. He said it was very nice and he learned a lot of interesting facts. There are 14,000 school districts in the United States; 95,000 school board members; and, 50,000,000 students attend schools in the US. There was a discussion about bullying. People think that bullying is just kids picking on others, but there is a lot of bullying on computers. Mr. Hoffmaster said there is a big push for school districts to be sure to have policies on bullying. Bullying on computers has become big – especially with young kids. He said students who are hurt the most are students in

middle school. Mr. Hoffmaster said there was also a discussion about flexible seating similar to what Muhlenberg has started. He said districts should make sure they have the right kind of furniture with weights, that it is being used correctly and that it is in the right place due to lawsuits. He said more schools are going into a laid back approach. Mr. Hoffmaster said another thing being pushed are Vo-Tech schools. There are a lot of school districts that do not have Vo-Tech schools – especially in the western part of the country. Many districts only have 500 students. Mr. Hoffmaster said he learned a lot at the conference. The average number of terms for school board members is two. He said when he shared the number of terms many of the Muhlenberg Board members have served, others were surprised.

MSD/RMCTC Board Visitor of the Month

April Mrs. Cindy Mengle
May Mr. Richard E. Hoffmaster

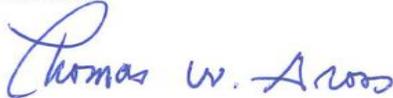
Review of Board Meetings and Calendar of Events

April 3 7:00 PM Committee of the Whole Meeting
April 8 6:30 PM RMCTC Board Meeting
April 10 7:00 PM Regular Board Meeting
May 1 7:00 PM Committee of the Whole Meeting
May 8 7:00 PM Regular Board Meeting
May 13 6:30 PM RMCTC Board Meeting
June 5 7:00 PM Graduation
June 10 6:30 PM RMCTC Board Meeting
June 12 6:30 PM Committee of the Whole and Regular Board Meeting

Adjournment

Moved by Mr. Hoffmaster and Mr. Lupia that there being no further business to come before the Board, the meeting be adjourned. Meeting adjourned at 9:22 PM.

Attest:



Thomas W. Gross
Secretary