

**WEST WINDSOR-PLAINSBORO REGIONAL SCHOOL DISTRICT
BOARD FINANCE COMMITTEE MINUTES**



<u>BOE Committee:</u>	<u>Administration:</u>	<u>Guest/Public:</u>
Louisa Ho (Chair)	David Aderhold	
Anthony Fleres	Larry Shanok	
Yu "Taylor" Zhong	Lawrence LoCastro	

August 18, 2015

The meeting was called to order at 7:30 PM at Central Office. Topics covered included:

Review Agenda Items. In addition to the typical agenda items, several other items were discussed. In line with recent committee discussions, the last of the 2015 Solar Renewable Energy Certificates will be auctioned this month. SREC pricing appears to be holding near the recent higher level – a year ago SRECs sold for \$150 while our last sale received \$215 per SREC.

With the addition of 37,500 square feet of the Village addition, an increase of two custodians is being implemented with an addendum to the Aramark agreement. Six years ago the original outsourcing contract included 73 custodians, but that number had declined as incremental improvements in efficiency were realized; this brings the total back to the original level of 73 full time equivalents (FTEs).

Federal law requires all USA entities involved in securities such as bonds to participate in the federal continuing financial disclosure system and make timely disclosures. In the past, the district financial advisor also acted as disclosure agent for the federal reporting requirements. Recently, the district selected Phoenix Advisors as the district financial advisor. Phoenix is serving as advisor for the \$27 million bond refunding that has secured \$2.3 million in net present value savings. This agenda selects Phoenix as the district disclosure agent – just as the prior financial advisor acted as disclosure agent previously. Phoenix acts as disclosure agent for hundreds of school district and municipal clients.

The district recently settled the long standing roof lawsuits dating back to 2011. The upcoming agenda includes a second settlement of a legal disagreement dating back to the construction of the current HSS pool bubble. The contractor failed to complete the project to all specifications and failed to pay its subcontractors. The proposed legal settlement brings this issue to an end for a final payment of \$64,519.

The committee supports the agenda items.

2014-2015 Audit Progress. Mr. LoCastro described the good progress on this year's audit. Work is going well again this year. To date internal control testing lends support to the good quality of district internal controls. In specific tests, very few anomalies were found in testing of ASSA student data and benefit eligibility data. Mr. Shanok noted that while the district and its auditor are making good progress on the audit, this year a portion of the audit must address GASB 68 (Governmental Accounting Standards Board) requirements relating to pensions; this work needs completion by the State of New Jersey since NJ provides the pension system. The state has not started to compile much less disseminate such information.

Bond Refunding. As referred to above, the district sold the bonds on August 4, 2015, and will close the refunding August 20, 2015. The sale resulted in net present value savings of \$2.3 million; a very successful refunding. The impact of the refunding will be lower debt payments over the next ten years when paying principal and interest on district bond debt.

Village Addition. A burst of project end activity and inspections have been happening. Furniture has arrived and is being installed. All in all, the project is rolling to completion in good form. Today the final building inspection was approved, a major milestone. The next milestone will be a TCO (Temporary Certificate of Occupancy) which will allow district staff to move in later this month.

Summer Construction. The million dollar roof project at High School South is rolling to a fine conclusion. More hectic is the \$1.6 million air handlers and control box project at Community. While work has been going on all summer, key portion of the controls were impacted by long lead times and only recently arrived. The air handlers themselves are due to arrive August 19th; on the 20th a crane will be present to remove the old air handlers and put the three new ones in place. The contractor has a credible plan of action for completing key milestones by the end of the month; the building will be ready for school use though final adjustments will occur after hours once school starts.

A variety of smaller projects are also in process. The nine weeks of summer are a very short window for construction to occur. The many staff moves associated with the impact of the Village construction complicated things. Summer use of many of our buildings and the need to do extensive summer cleaning complicated the picture further. Strong general demand for construction services this summer led to difficulties getting commitments by contractors and in the contractors finding extended lead times for key materials. One positive this summer was a district led painting team; this action is likely to be repeated next summer.

Town Center and Millstone River have completed room adjustments made to facilitate the instruction of students next month.

The Superintendent noted the success of interventions with Middlesex County government relating to the exterior grounds changes associated with the move of special education classes to Town Center. The county had initially insisted on construction of expensive sidewalk work far from the work the district sought to do. The Board President contacted a county freeholder and the Superintendent spoke with the county administrator. The extraneous sidewalk work requirement was dropped; a second requirement for extensive survey work – this work also not associated with the work to be done at the school - was added but later modified. The district has initiated work to facilitate wheelchair movement just outside the school.

SREC. Recent committee discussions had concluded that the district would dispose of 2015 Solar Renewable Energy Certificates in a timely manner. The agenda authorizes auction of the remaining 2015 SRECs later this month.

2016-2017 Budget Progress. Discussion centered on the advisability of increasing the capital outlay portion of future budgets. The trend in health coverage and premiums, extraordinary aid and miscellaneous revenue were discussed. Noting the long standing Budget Process Review Committee guidelines, the committee felt that aside from capital outlay, a “steady as we go” approach continued to be appropriate. Discussion reviewed some of the budget buffers available to the district because of its careful approach to finances.

This care was again seen and felt in the recent bond refunding. The district and its financial advisor conferenced called with bond rating agency Standard and Poor’s during the refunding process. The district was the first NJ K-12 public school district to receive the coveted AAA rating back in 2006. The recent review saw S&P affirm the AAA rating – this contributed to the strong market response to the refunding and to the \$2.3 million in net present value savings achieved.

Demographics continue to get a great deal of attention. It would be nice to be sure how many students in each grade will be coming to the district. However, little new information on residential construction much less the demographic breakout of likely residents is yet known. This uncertainty highlights the value of the Village addition in providing additional classroom spaces, both at Village and by moving adults scattered about the district to Village and out of a variety of classrooms around the district – thus freeing up additional classrooms for student use in the near future.

The superintendent noted that the upcoming board meeting would have a closed session meeting topic relating to a district teacher.

The meeting adjourned at 9:02P.M.

NEXT MEETING: Tuesday, September 15, 2015, 7:30 PM @ Central Office

Topic for Next Meeting
Review Agenda Items
2016-2017 Budget
Transportation Jointures

Future Topics:
Impact of Recent Legislation
Policies
Transportation