

February 14, 2007

BOARD (Present)

John D'Angelo	President	Steven Cullen	Member
David Chichilitti	Vice-President	Joseph Fusco	Member
James Petrino	Treasurer	John Hill	Member
Anthony Mandio, Esq.	Solicitor	Mary Jane Paglione	Member
Mary Antonelli	Secretary	Denise Riccio	Member
Joseph Ciambrello	Member		

BOARD (Absent)

Mary Jane Paglione	Member (excused-family commitment)
Gabriella Moyer	Student Delegate (excused)
Christopher Jaeger	Student Delegate (excused)

OTHERS (Present)

Dr. Broadus Davis	Superintendent of Schools
Joseph Roe	Business Manager
James Esposito	Acting Assistant Secondary Principal
Rosemary Parmigiani	Elementary Principal
Kelli Rosado	Elementary Assistant Principal
Angelo Rago	Owner Representative – New Construction
Michael Minton	Vitetta
Reporters (1)	
Teachers (0)	
Residents (3)	

OTHERS (Absent)

Thomas Shaffer	Secondary Principal (excused-family commitment)
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The Bristol Borough School Directors held a public meeting on **Wednesday, February 14, 2007 at 6:00 p.m.** in the Board Room of the District Administrative Offices and Educational Complex, 1776 Farragut Avenue, Bristol, PA.

CALL TO ORDER.

President D'Angelo called the meeting to order and led everyone in the Salute to the Flag. He announced that the board would not be following the agenda as presented. Items requiring a vote would be first followed by budget discussion and adoption.

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AGENDA APPROVAL: One addition: Item E under New Business (8-0).

Motion: Mr. Chichilitti
Second: Mr. Cullen
Result: Approved: (8-0)

PUBLIC PARTICIPATION: None

Construction Reports:

Michael Minton – Vitetta/Angelo Rago – Owner Representative

Mr. Minton shared the following brief update regarding new school construction:

Contractor reports that:

- Rough excavation of site is completed
- Storm water line being installed
- Footings will begin to be constructed in mid March
- Eight percent (8%) of submittals are in
- He (contractor) was advised that he is fully compliant with the PLA
- He (contractor) is waiting for letters from sub contractors assuring participation

Mr. Minton concluded by stating that, in spite of the recent inclement weather, the project is progressing on schedule.

Mr. Rago added the following:

- Soil reports have been forwarded to Dr. Davis and William Major for review and comment
- Upon approval from the Bucks County Soil Conservation District, the contractor will immediately start exporting the soil to the site.
- Fountain – Borough and district are working together to maintain the fountain. Fountain will be photographed before construction. Since there is no formal agreement regarding the continued maintenance of the fountain, the district has no further commitment. He asked if the Board would investigate to see who has the jurisdiction regarding the fountain. **Ms Riccio** asked Mr. Rago to find out why and who put the fountain in place.

REPORTS:

Administrative:

Superintendent's Report

Dr. Davis reported that he continues to meet with federal and state representatives regarding funding. Dr. Davis stated he will share information regarding recreation areas in the Borough.

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Principals' Reports

Mr. D'Angelo asked **Ms. Parmigiani** to share information on the school uniforms. Ms. Parmigiani explained that both parents and students responded in a positive manner. Wal-Mart donated samples that parents can see and they are on display in the Elementary Office. Memos have been sent home regarding the colors. Grades Pre K through 5th will wear black pants/red shirts; grade six will wear kaki pants/red shirts (eventually 7th & 8th will wear the same).

Mr. Esposito shared information on the following: National Honor Society Induction (2/21/), PSSA Writing, Winter Ball, Middle School Dance, and as per the students' request, HS Band performed at recent basketball game.

Student Delegates: excused

Committee Reports:

Mr. Fusco, Building & Grounds Committee Chairperson, reported that the committee recently toured the elementary school to check on the furniture. He complimented Ms. Parmigiani and Mrs. Rosado, along with the staff, for working under such poor building conditions. Stating that there has been \$600,000 allocated for new furniture, Mr. Fusco along with **Mr. Chichilitti** will present their recommendations to the board. Hopefully, replacement costs will be well under the \$600,000 budgeted.

OLD BUSINESS:

- a) Approve minutes of January 25, 2007
- b) Approve lists of bills for February 2007
- c) Approve Treasurer's Report for January 2007 (Mr. Petrino read the report.)

Motion: Mr. Chichilitti
 Second: Mr. Petrino
 Result: Approved: (8-0)

PERSONNEL:

1. Appointments

- a) Daily Substitutes - \$70.00

Certified Teacher
 Renukha Somalingam

Guest Teachers
 Kristin Wise
 Sharon Thomas

Motion: Mr. Chichilitti
 Second: Mr. Petrino
 Result: Approved: (8-0)

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- b) Custodial Substitute
➤ Approve the appointment of Samuel Rodriquez to the District Substitute Custodial List as per the AFSCME Agreement.

Motion: Mr. Chichilitti
Second: Mr. Cullen
Result: Approved (8-0)

NEW BUSINESS:

- a) Accept the Auditor General's Report for the years ended June 30, 2003 and June 30, 2004. The results of the audit indicated that, in all significant respects, the Bristol Borough School District complied with applicable state laws, regulations, contracts, grants, and administrative procedures.

Dr. Davis and the school directors thanked Mr. Roe and his staff for a "job well done."

Motion: Mr. Chichilitti
Second: Mr. Petrino
Result: Approved: (8-0)

- b) Approve a salary increase of \$5,000 for James Esposito, Acting Assistant Secondary Principal, effective February 26, 2007.

Motion: Mr. Ciambrello
Second: Ms. Riccio
Result: Approved: (8-0)

- c) Approve the request of Jennifer DiGuseppe, Elementary Teacher, for the following days without pay: September 26 through October 12, 2007.

Motion: Mr. Chichilitti
Second: Ms. Riccio
Result: Approved: (8-0)

- d) Allow that change orders concerning the construction of the new elementary school up to \$50,000 be approved after consulting with the Board Building & Grounds Committee and Dr. Davis. Information will be shared with entire board at next scheduled meeting.

Motion: Mr. Chichilitti
Second: Ms. Riccio
Result: Approved: (8-0)

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2007-2008 Budget

Mr. Chichilitti asked **Mr. Roe** if he was able to arrange for the financial advisor to be present at tonight's meeting. **Mr. Roe** answered that he was unable to attend tonight's meeting. He did, however, check on the concern regarding interest from investments:

- Any investment we get into, we cannot earn more than the bond coupon rate which is presently 4.079%.
- If the district were to invest in a CD tomorrow for 5.5%, the district would need to pay the difference to the IRS.
- At this point, since our investment is at 5.5%, we will put the money in flex repos

Mr. Chichilitti asked if we could pay the contractor additional money before returning it to the IRS. **Mr. Roe** stated "no" because if we have earned too much interest and as soon as we make over that 4.079%, we must pay the difference to the IRS. **Mr. Chichilitti** confirmed that the district is allowed to make 4.079% on the \$32,000,000, and then asked how long we can make that 4.079%. **Mr. Roe** responded "yes" and that \$32,000,000 is the cash flow projection. He added that we can make the money for the life of the bonds (25 years). However, we are only going to have that amount for the next 1 ½ years or until the project is finished. **Mr. Chichilitti** confirmed that based on the above we should not go into a deficit. **Mr. Roe** indicated that the above cash flow is based on the earnings for last week. However, that figure shows that we will be about \$750,000 short at the end (based on the 4% earnings or \$953,000). **Mr. Roe** cautioned that it is important to remember that the 4% is the maximum and anything above needs to be returned to the IRS.

Referring to financial report shared earlier, **Mr. Chichilitti** noted that the January's interest of \$105,930 which is not a true figure since we earned \$150,000 – thus, we are ahead \$40,000. **Mr. Roe** indicated that the district settled on January 18; therefore, we may need to pay part of that money back. **Mr. Roe** continued and stated that we probably earned about \$125,000 with \$20,000 in excess based on the interest of 5.5%. By the end of March, **Mr. Roe** plans to have that difference invested in what is called a flex repo which will only earn at 4.079%. February may bring in another \$25,000. **Mr. Chichilitti** reviewed his understanding indicating that with the \$25,000 in January and another \$25,000 in February the deficit should decrease by \$50,000 (\$750,000) - \$700,000. **Mr. Roe** indicated he will attempt to make that interest every month. However, he stated that bills will start to be paid and change orders will decrease the amount earned.

Indicating that any the above cannot be used for the budget deficit, **Mr. Chichilitti** asked how much is in the Capital Reserve Fund, and **Mr. Roe** answered \$3.3 million and district can earn more than 4.079% on that and that is why that money should remain in the Capital Reserve Fund. He continued and explained that if the district is going to pay the bonds off with anything other than tax money we should take it out of the construction fund (maximum earnings 4.079%).

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Mr. Chichilitti asked from what account the district can take \$1 million to pay the bond debt. Mr. Roe explained: (a) capitalize the interest again in the construction fund and pay the bonds with the construction fund; (b) that \$700,000 estimated figure would increase that deficit to \$1.7 million at the end; (c) the \$3.2 million getting up to more than 4.079% interest that would be available to bail us out at the end. Referring to the sale of the property on Route #13 many years ago, Mr. Chichilitti recalled that the money received from the sale would go into that Capital Reserve Fund. And, at the time, the money was earmarked for future construction. Mr. Chichilitti, therefore, suggested using \$1 million out of the Capitol Projects Fund for the budget this year. His goal is to reduce the taxes this year hoping that next year will yield money from the earned income tax and the gambling money. Mr. Chichilitti asked Mr. Roe to review what was discussed last year regarding the 30 mills. He explained first the plan was 15 & 15 and then the district decided on 8, 10 & 12.

Mr. Roe distributed the attached and explained:

- 23 mill deficit
- at our last meeting it was agreed to take 3 mills (\$200,000) out of the Fund Balance (operating money)
- increase real estate taxes by 4.6 mills (the maximum allowed) or (\$337,000)
- the 3 mills and the 4.6 mills took care of the deficit on the operation side
- debt has been paid out of the construction fund
- last year we paid everything above the increase of 8 mills out of the construction fund
- we are now down to 20 mills (Mr. Chichilitti's proposals is to take 12 mills out of the construction fund and raise taxes 8 mills which is a 12.6 mill increase – 8 mills for the construction and 4 mills for the operations
- using about \$200,000 (3 mills) out of the Fund Balance decreases the Fund Balance from \$425,000 to \$225,000
- if State subsidy increases, we would take less out of the Fund Balance because that revenue would go back in to support the Fund Balance

Mr. Petrino asked if there is any danger in using this money, and Mr. Roe stated “it is beginning to get uncomfortable.” Previously, the Fund Balance was at \$1 million dollars and the Capital Reserve was at \$3 million.

Mr. D'Angelo reminded the public that legally the district can raise 24.6 mills (20 mills are excluded due to construction) before going to referendum.

Mr. Hill cautiously asked Mr. Roe if he was comfortable with taking the \$1 million of the construction money. Indicating that ultimately the decision is that of the board, he responded that he is concerned with other issues.

Mr. Chichilitti recommendation was reviewed:

- 12 mills or \$876,000 would be taken out of the Construction Fund (these 12 mills would pay the debt service)
- raise real estate by 12.6 mills

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The board members engaged in a discussion regarding the gambling money... **Ms. Riccio** cautioned that the taxpayers need to understand that we cannot count on the gambling for a reduction-----we are merely rolling the dice. It may not work and “blow up in our faces.” Hopefully, next year we will be lucky with the gambling money. Otherwise, there will be another and perhaps larger tax increase of which the board will have no control. We are merely prolonging what needs to be done.

Mr. Petrino cautioned the board not to put too much confidence in the gambling money at this point.

Mr. Roe reminded the board:

- that the above method does not fund the complete debt service of 20 mills
- using cash resources to pay the debt service is not good financial practice
- the proposed budget includes an increase of 20 mills
- we are now reducing that 20 mills to 8 mills
- increase (by 4.6 mills) the operating costs
- 12.6 mill increase
- 12 mills out of the Capitol Projects Fund to pay the debt service

Motion:

- (e) Adopt a preliminary budget for the 2007-2008 fiscal year in the amount of **\$19,695,000** thereby increasing the real estate taxes from 101.4 mills to **114 mills**.

Motion: Mr. Chichilitti
Second: Ms. Riccio
Result: Approved: (8-1) Mr. Ciambrello voted no

Discussion: **Mr. Fusco** asked how much revenue the EIT would bring to the school district. **Mr. Roe** explained that if we put on the referendum an EIT of 1% it will bring in approximately \$1 million and that will reduce each person’s real estate tax who is eligible through the Homestead Act by about \$440. A retired person could save \$440 dollars; a working person may save a few bucks or owe a few bucks.

I.U. Representative

INFORMATION/DISCUSSION:

Next public meeting will be held on Thursday, March 1, 2007 at 7:00 p.m. At said meeting the board will adopt a referendum resolution authorizing an Earned Income Tax for real estate tax relief under Act 1. The public is encouraged to attend to hear information and comment on possible tax shifting pursuant to Act 1.

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PUBLIC PARTICIPATION:

ADJOURNMENT: The meeting was adjourned at 7:55 p.m.

The next scheduled meeting will be on March 1 2007 at 7:00 p.m. **Note:** Executive sessions are routinely held 15 minutes prior to scheduled time.

ADJOURNMENT:

Meeting adjourned – 8:55 p.m.

Respectfully submitted by:

Mary M. Antonelli
Board Secretary