

# Finance Committee Meeting

May 9, 2019



# Tonight's Agenda

- Discussion Items:
  - Cash Management Update – Mr. Kevin Karpuk, Cornerstone
  - Insurance Renewal Update – Mr. Rich Dyer, Selzer Company
- Board Agenda:
  - Approve FSMC Contract
  - Approve Supplemental Transportation Contract
  - Approve Bids
    - Physical Education
    - Library & Classroom Technology
    - Musical Instruments
  - Approve 2019-2020 Final General Fund Budget



# Cash Management Update

## Council Rock School District

March 31, 2019



C O R N E R S T O N E  
*Independent Asset Management*

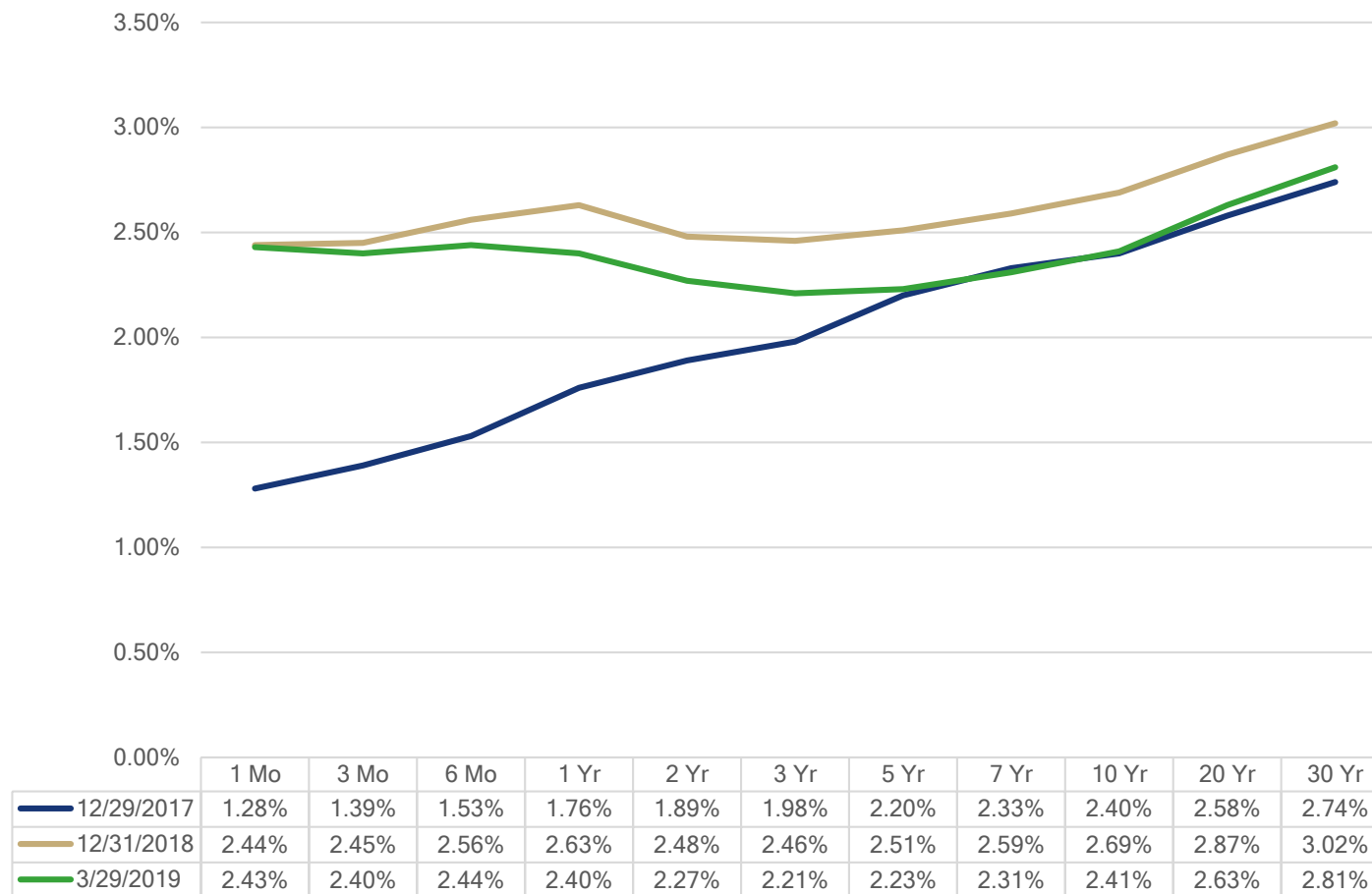
Cornerstone Advisors Asset Management, LLC  
74 W. Broad Street, Suite 340, Bethlehem, PA 18018

Malcolm L. Cowen II  
President

Kevin Karpuk, CFA  
Chief Investment Officer

# Fixed Income Review

Treasury Yield Curve



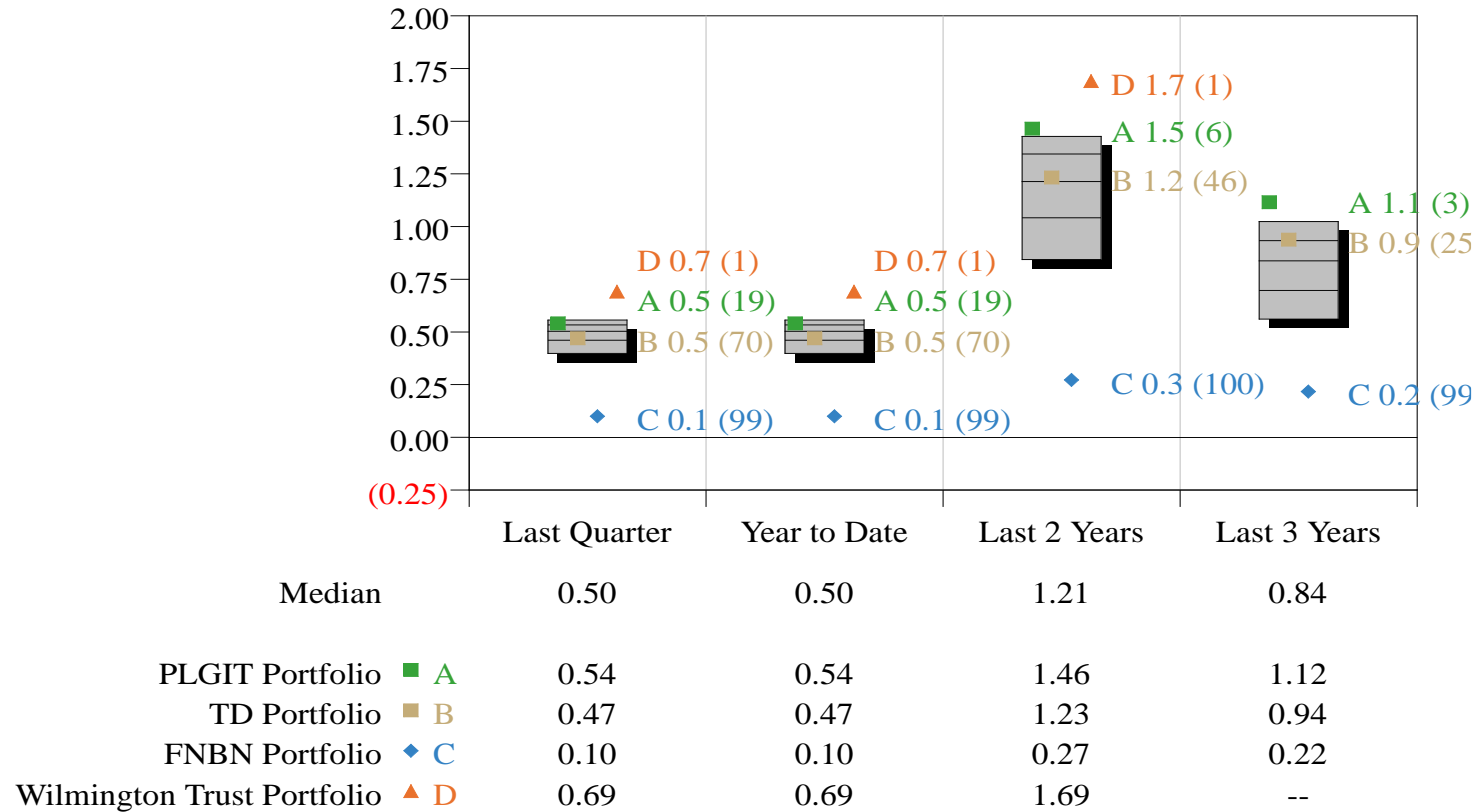
# Asset Location (as of 3/31/2019)

12/31/18-3/31/19

Manager - Mandate	Beginning Market Value	Income	Deposits	Transfers	Expenses	Withdrawals	Change in Market Value	Ending Market Value
M&T - Wilmington Trust Portfolio	\$30,843,907	\$154,175	\$0	\$0	(\$6,128)	\$0	\$58,394	\$31,050,349
TD - General Fund	\$65,853,745	\$263,709	\$3,695,438	\$50,000,000	\$0	(\$61,791,636)	\$0	\$58,021,256
PLGIT - General Fund	\$34,401,931	\$182,743	\$17,468,571	(\$50,013,706)	\$0	(\$39,431)	\$0	\$2,000,107
TD - CRSD Compensating Balance	\$5,602,034	\$19,444	\$0	\$0	\$0	\$0	\$0	\$5,621,479
<b>Total General Funds</b>	<b>\$136,701,617</b>	<b>\$620,071</b>	<b>\$21,164,009</b>	<b>(\$13,706)</b>	<b>(\$6,128)</b>	<b>(\$61,831,067)</b>	<b>\$58,394</b>	<b>\$96,693,191</b>
TD - Capital Reserve	\$2,706,160	\$19,162	\$3,000,750	\$0	\$0	(\$254,482)	\$0	\$5,471,590
<b>Total Capital Reserves</b>	<b>\$2,706,160</b>	<b>\$19,162</b>	<b>\$3,000,750</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$254,482)</b>	<b>\$0</b>	<b>\$5,471,590</b>
PLGIT - GO Bonds Series of 2018	\$27,088,127	\$139,373	\$0	(\$5,965,000)	\$0	\$0	\$0	\$21,262,500
PLGIT - GO Bonds Series of 2019	\$0	\$15,772	\$18,436,655	\$0	\$0	\$0	\$0	\$18,452,427
PLGIT - 2012 Escrow - Northampton TWP - Holland Elem	\$1,308,090	\$7,532	\$0	\$0	\$0	\$0	\$0	\$1,315,622
PLGIT - Escrow - Newtown Township	\$929,153	\$5,350	\$0	\$0	\$0	\$0	\$0	\$934,504
PLGIT - Escrow - Holland MS	\$2,358,724	\$13,582	\$0	\$0	\$0	\$0	\$0	\$2,372,306
PLGIT - Escrow - Newtown MS	\$3,388,674	\$19,513	\$0	\$0	\$0	\$0	\$0	\$3,408,187
<b>Total Bond Funds</b>	<b>\$35,072,767</b>	<b>\$201,123</b>	<b>\$18,436,655</b>	<b>(\$5,965,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$47,745,545</b>
TD - Capital Projects	\$520,261	\$2,789	\$2,320	\$5,965,000	\$0	(\$6,442,621)	\$0	\$47,749
PLGIT - Artificial Turf - Capital Projects	\$177,961	\$1,027	\$0	\$13,706	\$0	\$0	\$0	\$192,694
FNBN - Cafeteria Account	\$338,151	\$53	\$930,099	\$0	\$0	(\$689,007)	\$0	\$579,296
PLGIT - Cafeteria Account	\$281,134	\$1,751	\$97,166	\$0	\$0	\$0	\$0	\$380,051
PLGIT - Scholarship Account	\$22,435	\$124	\$0	\$0	\$0	\$0	\$0	\$22,559
PLGIT - Ellen Cohen Scholarship	\$4,239	\$23	\$0	\$0	\$0	\$0	\$0	\$4,262
FNBN - Student Activities	\$1,566,789	\$0	\$719,885	\$0	\$0	(\$1,054,376)	\$0	\$1,232,298
<b>Total Miscellaneous Funds</b>	<b>\$2,910,970</b>	<b>\$5,767</b>	<b>\$1,749,471</b>	<b>\$5,978,706</b>	<b>\$0</b>	<b>(\$8,186,004)</b>	<b>\$0</b>	<b>\$2,458,910</b>
<b>Aggregate Portfolio</b>	<b>\$177,391,515</b>	<b>\$846,123</b>	<b>\$44,350,884</b>	<b>\$0</b>	<b>(\$6,128)</b>	<b>(\$70,271,553)</b>	<b>\$58,394</b>	<b>\$152,369,235</b>
<b>General Fund FYTD Income</b>	<b>\$1,774,561</b>							
<b>Bond Fund FYTD Income</b>	<b>\$453,717</b>							
<b>Aggregate Relationship FYTD Income</b>	<b>\$2,244,728</b>							

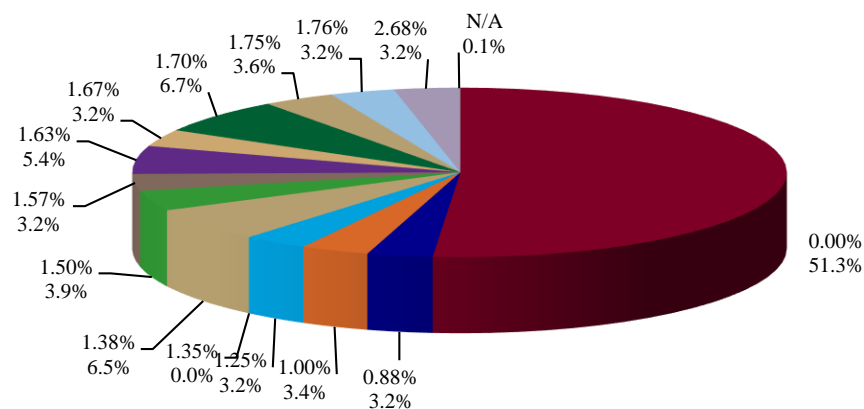
# Quarterly Performance

Net of Fee Returns for Various Periods Ending 3/31/19  
Callan Money Market Funds

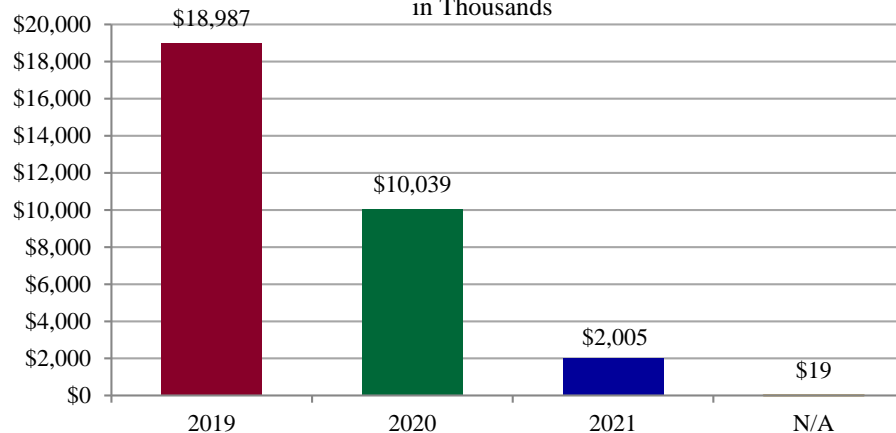


# Wilmington Investment Summary (as of 3/31/2019)

Holdings by Coupon



Holdings by Maturity Date  
in Thousands



Coupon	Market Value	% of Portfolio
0.00%	\$15,942,924	51.3%
0.88%	\$999,292	3.2%
1.00%	\$1,047,000	3.4%
1.25%	\$990,577	3.2%
1.35%	\$0	0.0%
1.38%	\$2,004,863	6.5%
1.50%	\$1,207,598	3.9%
1.57%	\$995,030	3.2%
1.63%	\$1,662,839	5.4%
1.67%	\$1,006,103	3.2%
1.70%	\$2,085,073	6.7%
1.75%	\$1,103,610	3.6%
1.76%	\$994,890	3.2%
2.68%	\$991,504	3.2%
N/A	\$19,046	0.1%
	<b>\$31,050,349</b>	<b>100%</b>

Maturity Year	Market Value	% of Portfolio
2019	\$18,986,639	61.1%
2020	\$10,039,173	32.3%
2021	\$2,005,490	6.5%
N/A	\$19,046	0.1%
	<b>\$31,050,349</b>	<b>100.0%</b>



# Wilmington Trust Holdings (as of 3/31/2019)

Asset Description			Quantity	Cost	Market Value	Market Value + Accrued Income
FHLB	1.375%	10/13/20	1,000,000	\$978,870	\$984,460	\$990,877
FHLB	2.680%	4/26/21	980,000	\$978,040	\$980,196	\$991,504
FHLB	0%	4/01/19	2,400,000	\$2,385,440	\$2,400,000	\$2,400,000
FFCB	1.760%	3/13/20	1,000,000	\$999,500	\$994,010	\$994,890
FFCB	1.670%	4/03/20	1,005,000	\$1,004,246	\$997,804	\$1,006,103
FFCB	1.570%	2/14/20	1,000,000	\$999,691	\$992,980	\$995,030
FHLMC MTN	1.625%	12/27/19	1,000,000	\$999,250	\$993,680	\$997,423
FHLMC MTN	1.700%	9/29/20	1,100,000	\$1,097,800	\$1,088,527	\$1,088,631
FHLMC MTN	1.625%	3/27/20	120,000	\$119,974	\$119,040	\$119,062
FNMA	1.700%	1/27/20	1,000,000	\$998,412	\$993,420	\$996,442
U.S. TREASURY BILLS	0%	5/23/19	935,000	\$920,390	\$931,830	\$931,830
U.S. TREASURY BILLS	0%	4/18/19	425,000	\$420,047	\$424,524	\$424,524
U.S. TREASURY BILLS	0%	5/02/19	10,140,000	\$10,102,562	\$10,119,517	\$10,119,517
U.S. TREASURY BILLS	0%	12/05/19	1,025,000	\$1,002,284	\$1,008,600	\$1,008,600
U.S. TREASURY BILLS	0%	4/23/19	1,060,000	\$1,058,134	\$1,058,452	\$1,058,452
U.S. TREASURY NOTES	1.500%	8/15/20	1,220,000	\$1,197,749	\$1,205,323	\$1,207,598
U.S. TREASURY NOTES	1.750%	12/31/20	1,110,000	\$1,099,988	\$1,099,078	\$1,103,610
U.S. TREASURY NOTES	1.375%	1/31/21	1,029,000	\$1,004,324	\$1,011,641	\$1,013,986
U.S. TREASURY NOTES	0.875%	6/15/19	1,000,000	\$990,316	\$996,720	\$999,292
U.S. TREASURY NOTES	1.000%	9/30/19	1,050,000	\$1,041,267	\$1,042,335	\$1,047,000
U.S. TREASURY NOTES	1.250%	2/29/20	1,000,000	\$993,050	\$989,490	\$990,577
U.S. TREASURY NOTES	1.625%	3/15/20	550,000	\$545,297	\$545,941	\$546,354
Wilmington US Treasury Money Mkt Sel			18,991	\$18,991	\$18,991	\$19,046
<b>Total:</b>				<b>\$30,955,620</b>	<b>\$30,996,560</b>	<b>\$31,050,349</b>



# PLGIT Holdings (as of 12/31/2017)

Issuer	PLGIT Portfolio	PLGIT/PRIME Portfolio	PLGIT/ARM Portfolio	PLGIT/TERM Series DEC 18
Bank of Montreal Chicago	-	<5%	-	5.50%
Bank of Tokyo Mitsubishi UFJ	-	<5%	-	6.82%
BNP Paribas (NY)	-	<5%	-	7.12%
BOFI Federal Bank <sup>(2)</sup>	11.34%	9.52%	10.45%	-
Credit Agricole Corporate & Investment Bank (NY)	-	<5%	-	6.42%
Credit Suisse (NY)	-	<5%	-	8.86%
Customers Bank <sup>(2)</sup>	5.49%	-	5.23%	-
Federal Farm Credit Bank Notes	9.83%	-	9.71%	-
Federal Home Loan Banks	36.03%	-	30.48%	-
Freddie Mac	<5%	-	5.78%	-
Goldman Sachs & Co. <sup>(1)</sup>	<5%	6.38%	5.71%	-
ING (US) Funding LLC	-	<5%	-	7.37%
JP Morgan Securities LLC	-	<5%	-	7.84%
Metlife Short Term Funding	-	<5%	-	5.67%
Toronto Dominion Bank (NY)	-	<5%	-	9.53%
U.S. Treasury	21.33%	<5%	23.29%	-

*(1) This issuer is also counterparty to repurchase agreements entered into by the PLGIT, PLGIT/PRIME and PLGIT/ARM Portfolios.  
These repurchase agreements are collateralized by the federal agency obligations.*

*(2) Guaranteed by Federal Home Loan Bank letters of credit.*

# TD Collateral (as of 3/31/2019)

Issuer	Maturity Date	Original Amount	Par Value	03/31/2019 Market Value	Collateral Location	Asset Backed Security Description
Chase Issuance Trust	03/15/23	235,000,000.00	235,000,000.00	235,965,497.50	Bank of NY	Credit Cards
Citibank Credit Card Issuance Trust	01/23/23	285,000,000.00	285,000,000.00	286,757,338.50	Bank of NY	Credit Cards
Citibank Credit Card Issuance Trust	08/08/22	200,000,000.00	200,000,000.00	198,152,180.00	Bank of NY	Credit Cards
Discover Card Execution Note T	10/15/26	200,000,000.00	200,000,000.00	198,437,500.00	Bank of NY	Credit Cards
SLM Student Loan Trust	05/26/55	140,000,000.00	116,827,174.66	116,365,929.29	Bank of NY	Student Loans
SLC Student Loan Trust	11/25/42	250,000,000.00	63,288,054.75	63,753,240.94	Bank of NY	Student Loans
Brazos Higher Education Author	02/25/30	147,480,000.00	41,327,307.35	41,213,429.95	Bank of NY	Student Loans
Navient Student Loan Trust	10/26/76	750,900,000.00	635,750,038.42	634,768,186.06	Bank of NY	Student Loans
Discover Card Execution Note T	02/15/23	355,000,000.00	355,000,000.00	351,730,041.75	Bank of NY	Credit Cards
Bank of America Credit Card Trust	01/17/23	275,000,000.00	275,000,000.00	272,319,066.25	Bank of NY	Credit Cards

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# Insurance Renewal Process

Rich Dyer

Selzer Company



**COUNCIL ROCK**  
SCHOOL DISTRICT

# Property & Casualty Insurance-Current State

Policy	Carrier	Premium	Notes
Commercial Property	CM Regent (PSBA)	\$221,944	Blanket limit; \$25k deductible
Student Accident	Zurich	41,217	Includes sports and school accidents; 24-hour coverage for CR-sanctioned events
General Liability	CM Regent (PSBA)	70,638	Includes employee benefits, violent event and abuse; varying limits
Crime	CM Regent (PSBA)	4,228	\$1m limit; \$500 deductible
Automobile	CM Regent (PSBA)	25,805	\$1M CSL; \$1k physical damage deductible (37 vehicles)
Excess Liability	CM Regent (PSBA)	29,519	\$20M umbrella
Bonds	Zurich	9,633	Secretary & Treasurer, employee dishonesty
Equipment Breakdown	Travelers	10,130	Covers boilers & machinery; includes inspections
School Leaders Legal Liability	CM Regent (PSBA)	84,237	\$1M limit; \$75k SIR
Cyber Liability	ACE American	23,327	\$1M limit; \$25k SIR; covers cyber breach, extortion & 3PL
Workers Compensation	CM Regent (PSBA)	599,600	Debit Experience Mod Factor = 1.277 (increasing)
<b>TOTAL</b>		<b>\$1,120,278</b>	

# May 30 Board Agenda Items



**COUNCIL ROCK**  
SCHOOL DISTRICT

# Food Service Management Co. Contract

- Highly regulated, PDE-required RFP process
- RFP Details
  - One-Year Contract with Four (4) Option Years
  - Opened on April 11, 2019

Evaluation Criteria	Weight
Cost	30
Service Capability	15
Financial Conditions, etc.	10
Accounting & Reporting	5
Personnel Management	15
Experience/References	10
Promotion of SFSP	5
Involvement of Staff & Students	5
Guarantee	5
<b>TOTAL</b>	<b>100</b>



# FSMC RFP Evaluation

Criteria	Chartwells	Metz
<b>Cost</b>	Total Fees = \$244,807 Rebates = \$310,631 Net Cost = \$3.447m	Total Fees = \$120,000 Rebates = \$31,140 Net Cost = \$3.591m
<b>Financial Conditions, etc.</b>	Largest food service company in the world	
<b>Experience/References</b>	Significant experience in CR	Serves smaller districts, mostly in western PA
<b>Guarantee</b>	\$235,311 per year	\$175,000 per year

**RECOMMENDATION: Approve contract with Chartwells**



**COUNCIL ROCK**  
SCHOOL DISTRICT

# Other Agenda Items

- Approve Contract with ALC for supplemental transportation
- Approve Bids
  - Physical Education
  - Library & Classroom Technology
  - Musical Instruments



# 2019-2020 Final Budget



**COUNCIL ROCK**  
SCHOOL DISTRICT

# 2019-2020 Final Budget Options

## Option #1

- 2.18% Real Estate Tax Increase
- Use of \$400,000 of Educational Priorities Fund Balance
- Does NOT include elementary tech specialists

Revenue	\$241,948,070
Expenditures	(246,148,070)
Ed Priorities Fund Balance	<u>400,000</u>
(Deficit)/Surplus	<u>\$(3,800,000)</u>

## Option #2

- 2.3% Real Estate Tax Increase
- Use of \$400,000 of Educational Priorities Fund Balance
- Includes two elementary tech specialists

Revenue	\$242,161,119
Expenditures	(246,334,292)
Ed Priorities Fund Balance	<u>400,000</u>
(Deficit)/Surplus	<u>\$(3,773,173)</u>

# Adjustments to Final Budget-Option #1

<b>First Draft, Revenues</b>		<b>\$242,379,108</b>
FICA Reimbursement		-\$44,080
PSERS Reimbursement		-\$197,444
<b>Proposed Final Budget</b>		<b>\$242,137,584</b>
Adjust tax increase to 2.18%		-\$189,514
<b>Final Budget</b>		<b>\$241,948,070</b>

<b>First Draft, Expenditures</b>		<b>\$249,189,006</b>
CREA Retirements (21)		-\$1,577,859
0.6 FTE for ELD		-\$48,445
+0.4 for HS Staffing		\$26,169
Transportation Dept. Reorg		-\$44,603
Department Reductions:		
Technology		-\$597,000
Operations		-\$171,650
Teaching & Learning		-\$516,610
MBIT Tuition Reduction		-\$23,046
Upenn GSE Mental Health Consortium		\$25,000
<b>Proposed Final Budget</b>		<b>\$246,260,962</b>
Department Reductions:		
Food Service		-\$75,000
Business		-\$10,000
Building Allocation		-\$21,892
Athletics		-\$6,000
<b>Final Budget</b>		<b>\$246,148,070</b>

# Adjustments to Final Budget-Option #2

<b>First Draft, Revenues</b>		<b>\$242,379,108</b>
FICA Reimbursement		-\$44,080
PSERS Reimbursement		-\$197,444
<b>Proposed Final Budget</b>		<b>\$242,137,584</b>
State Share-Elem Tech Specialists		\$23,535
<b>Final Budget</b>		<b>\$242,161,119</b>

<b>First Draft, Expenditures</b>		<b>\$249,189,006</b>
CREA Retirements (21)		-\$1,577,859
0.6 FTE for ELD		-\$48,445
+0.4 for HS Staffing		\$26,169
Transportation Dept. Reorg		-\$44,603
Department Reductions:		
Technology		-\$597,000
Operations		-\$171,650
Teaching & Learning		-\$516,610
MBIT Tuition Reduction		-\$23,046
Upenn GSE Mental Health Consortium		\$25,000
<b>Proposed Final Budget</b>		<b>\$246,260,962</b>
Department Reductions:		
Food Service		-\$75,000
Business		-\$10,000
Building Allocation		-\$21,892
Athletics		-\$6,000
Add 2.0 FTE-Elementary Tech Specialists		\$186,222
<b>Final Budget</b>		<b>\$246,334,292</b>