

**BOARD FINANCE COMMITTEE MEETING MINUTES
JULY 21, 2008**

Members of the Board Finance Committee met on Monday, July 21, 2008, in the Dining Room of the Education Center, 1516 Sycamore Street, Bethlehem, PA. Mr. McKeon, Chairperson, called the meeting to order at 6:07 p.m. The following school board members were present: Mrs. Michele Cann, Mrs. Judith Dexter, Mrs. Irene Follweiler, Mrs. Loretta Leeson, and Mr. Benjamin Tenaglia. Also in attendance were Dr. Joseph A. Lewis, superintendent of schools; Mr. Stanley J. Majewski, Jr., assistant to the superintendent for finance and administration; Mr. Scott Gilliland, director of facilities and operations; Mr. Les Bear school district financial advisor from Robert W. Baird and Company; members of the press and other interested citizens.

QUOTATIONS FOR THE \$5,800 TO \$15,200 COST CATEGORY – Mr. Majewski stated that there will be an item that will appear on the agenda on the \$5,800 to \$15,200 category and asked if there were any questions. The item is for motor replacement of an air conditioner unit at Northeast Middle School.

Mr. Tenaglia stated that the committee requested that when the administration makes recommendations, not only information on the account to which the funds are to be charged be stated but also the available unrestricted balance remaining for the fiscal year so that the committee will be able to incorporate that change in the recommendation going forward.

Mr. Majewski replied that the administration would be happy to comply and requested clarification as to what type of items.

Mr. Tenaglia replied all items that are asking for requests for expenditures. He would like to see the account that will be charged and what is the remaining unencumbered balance in that account.

Mr. Majewski will make sure that a notation is made as to the account, the budget, the expenditure, and the available amount.

Mrs. Leeson asked why we needed to replace the motor for the air conditioner unit at Northeast when the building was just completed a couple of years ago.

Dr. Lewis replied that he asked the same question and asked Arif to research the problem. Mr. Fazil did and stated that the motor had a three year warranty and it has now been six years.

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Mrs. Leeson stated that it was not a particularly long life.

Dr. Lewis did not disagree with Mrs. Leeson. He thinks it is a short run but we have to accept the fact that it failed.

CHANGE IN MILEAGE REIMBURSEMENT – Mr. Majewski stated that a few months ago the board approved an increase in the reimbursable mileage. In the teachers contract it is stated that the rate that is payable and approved by the IRS on September 1, is the rate that the district would pay.

The IRS has recently increased the increase and the rate now is \$58.5. The July agenda will have an item increasing the reimbursable rate from \$.50.5 to \$.58.5.

APPOINTMENT OF THIRD-PARTY ADMINISTRATOR FOR THE 403 (B) PLAN – A consortium was formed between 21 school districts. The group worked together, came up with a recommendation. The group is recommending a company called TSA Consulting from Florida. This company agreed to waive some of their fees, as well as be very competitive with their per active employee fee. All of the school districts involved will be recommending TSA.

Mr. Majewski would like to do the same. TSA's primary purpose is to ensure compliance with the new IRS regulations as well as work to put together a plan document that would be in compliance with new regulations that become effective January 1, 2009. Once the plan document is in place the next step is to sit down with the unions and agree upon a listing of approved providers. The board will need to approve the listing as well. Group meetings will be held in the fall making employees aware that there will be fewer companies to choose from.

We will go from 45 different companies to about 7. People will need to hear who the new companies are and have an opportunity to be able to shift their funds around. Mr. Majewski would like to contract with TSA to provide these services for the district.

Mr. McKeon asked what the total cost would be.

Mr. Majewski replied that we have approximately 550 employees who are active out of a potential 2,300. The cost would be approximately \$1,100 per month, or \$14,000 per year.

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Mr. McKeon stated that in the PSBA newsletter there was a discussion on the Roth 403(b).

Mr. Majewski stated that the district offers the Roth 403(b) as an option but the district has very few employees taking advantage of it. For the most part employees put into a regular 403(b) retirement account. Very few employees anticipate that they will be paying higher income taxes later and they find that it is less advantageous. There is no participation in the 457 Plan.

FINANCIAL ADVISOR UPDATE – Mr. Majewski stated that he has been informed that the company of Ferris, Baker, Watts is no longer in existence. They have been bought out or merged with another company. Mr. Les Bear is no longer with Ferris, Baker, Watts. Mr. Majewski asked for Les Bear to explain what has occurred with the company.

Mr. Bear stated that he has served the district for a number of years; there is constant change in his type of industry. The shareholders of Ferris, Baker, Watts decided on June 20, 2008 to sell the firm. His group decided to go with Robert W. Baird to provide the best service. This firm is 2 _ times the size of Ferris, Baker, Watts and has 5 times the capital as Ferris, Baker, Watts. This firm is financially solid; it operates throughout the entire country with offices in Europe and Asia.

He presented a summary sheet giving a history of the firm and reported how this will affect the Bethlehem School District. Mr. Bear believes this firm will provide the district with superior service, a firm which will sharpen their pencil and provide the district with substantial savings as we go forward. The remarketing that we currently have is done every week at 4:15 p.m. on Wednesday. The current agreement indicates that if you want to change the remarketing agent you would need to give 45 day notice to the current remarketing agent, the firm that bought Ferris, Baker, Watts is RBC. They are your current remarketing agent, by contract. If the board wishes to make a change they must give notice to RBC within a 45 day period.

Mr. Majewski stated that no one from RBC has contacted him in any way. If it wasn't for the information received from Mr. Bear he would not have any contact from RBC.

Mrs. Leeson stated she received information from RBC which she has shared with the administration and the board tonight. She recommends that RBC is asked to come in and give a presentation, as well as any other group.

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Mr. Tenaglia asked if this is a recommendation coming from the administration.

Dr. Lewis replied that he had a conversation with Mrs. Cann and Mrs. Dexter over the last few days. This is not as simple as comparing rates. There is a level of integrity you expect in financial transactions. You need to put that integrity into the equation. He stated he has known Les Bear for over thirty years. We need to be cautious before moving forward. You have to measure the qualitative piece of someone watching the purse every single week. He has had some advisors overtime that haven't done that. Then all of a sudden it's "why are we in this situation?"

Mr. Tenaglia stated the relationship with the financial advisors is with the firm and not the individual. Previously we were with Ferris Baker which has now been acquired by RBC. Is the administration recommending that we shift financial advisors from RBC to Baird?

Dr. Lewis replied the answer is yes. This is not the first shift. Les was previously with Arthurs LeStrange. We are not recommending that a Resolution is put on the board. That is what our preference is. However, you are the board and if you direct us to set up some type of open review for financial advisors that is what we will do. My preference would be to stay with Les Bear and Baird.

Mr. Majewski stated that relationships are important. He is in contact with Les or someone from his firm several times every week to monitor the activity with our funds.

He is very disturbed by the fact that he has yet to receive a phone call from someone with the new firm. He does try to monitor the funds and likes to work with someone who cares where we are and what we need. He feels if we have a relationship with them he will be very cautious. They haven't proven to him that they are concerned about where we are and what is important to us. What is important is the response from the company. Not only should we look at what we are being charged but what professional services come along with the dollars and cents.

Mr. Tenaglia stated that in the budget process one of the cost savings to the district was a reduction in the remarketing fee. His question is was that solely verbal between Stan and Les or is Ferris on notice that we were expecting a reduction in remarketing fees?

Mr. Majewski replied that he would have to have brought an amendment to our agreement. That was not done. There is no agreement anywhere right now to reduce that fee.

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Mr. Bear commented that he is now in a position to make that happen.

Mrs. Cann stated that our board has a duty to do its homework. She understands how important integrity is. She feels that it is the board's duty to do some diligence work.

Mrs. Dexter said she was very interested in the fact that Mr. Majewski did not receive a phone call from RBC and asked if Mr. Majewski had called them.

Mr. Majewski replied that he is not sure who to call or what telephone number. He stated that you would think a company would be quite interested in contacting us to let us know what is going on and say "I'm your contact person."

Mrs. Dexter stated that while she is sympathetic to the fact that no one contacted Stan. She stated that she is in the same situation as Stan and wants to know that our business at BASD is being taken care of and Stan is the guy. She wants to know what Stan is doing to find out what RBC is doing on our behalf.

Mr. Majewski replied it wasn't until this evening that he received anything in the form of a letter that has a persons name on it and possible contact information from Mrs. Leeson for him to make a contact.

Mrs. Leeson stated that it is her understanding that people are trying to call Stan and are not getting return phone calls.

Mr. Majewski stated he has never been contacted by RBC they are lying. He stated that they are lying and he will say it to their face. No one, not ever has contacted him.

Mrs. Dexter stated that she received a letter from a representative of RBC and so did Mrs. Leeson.

Mr. McKeon stated that he did also and gave a copy to Mr. Tenaglia.

Mrs. Dexter feels that the best practice would be for RBC to develop a reorganization plan and make contacts, but the board relies on Mr. Majewski to make sure that the business of BASD is being taken care of. Even if the best practice hasn't happened the next best thing is for us to make the contact. She would like Mr. Majewski to make the contact as she feels that no decision will be made this evening and she wants to ensure that our remarketing is being taken care of that if any information is needed from us that is taken care of.

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One of the points that Mr. Tenaglia made is what does RBC intend with respect to the fees if we decide to stay with them. Will they honor the numbers that we had previously with Mr. Bear or not? Another question is, putting aside the relationship and the trust and the preference that Stan has for Mr. Bear, is if this board decides it wants to open up the process and look at the possibility of having a financial advisor that might not be Baird, what do you see as your role in the selection process or the generation of information about other firms. Will he be able to do it?

Mr. Majewski responded that he will put the record straight. He is employed by the Bethlehem Area School District, he is directed by the superintendent who takes direction from the board, he has no relationship with anyone else. If the board directed him to go out and seek competitive quotations or bids he would do it to the best of his ability in a professional manner and make a recommendation based upon the information he receives. He would do his job and do it well as he always has.

Mrs. Follweiler stated that we need to look at all aspects, relationships, dollars, cents. It does concern her that there was not a letter sent to all clients from RBC. You would think a general letter would have come to the district as well. She has concerns regarding the several moves that Mr. Bear has made in the past. She is concerned about following someone from firm to firm. The presentation given just about a month ago explaining the remarketing fees, Ferris, Baker, Watts was a remarkable company. Now, Baird is a wonderful company. This is her concern. We need to do our homework and find out what is best for the district.

Dr. Lewis agreed with the concerns and was surprised that Mr. Majewski had not received any information from RBC. He does not want this to be a process that has a competitive position. Much discussion followed regarding the contact from RBC. He feels that we need much more information. He suggests that the decision should weigh heavily on Mr. Majewski's experience. Mr. Majewski has steered this district's course for a great many years with success on the borrowing end.

Much more discussion on the process of choosing a financial advisor followed.

Mr. Majewski and Dr. Lewis suggested presentations as opposed to an RFP. Several companies should be contacted and interviews held.

Dr. Lewis suggested extensive references should be provided as well as performance evaluations on what dollar values they have handled in terms of issuances and their success in managing those rates.

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Mr. McKeon feels that RBC should come in and discuss what they are going to do for us as the incumbent. It does not necessarily mean it is going to be RBC. We need to know that they have picked up the ball for the district. We have to look at a lot of things, not just the black and white numbers. After the meeting with RBC we can decide.

Mrs. Leeson feels that Mr. Majewski's idea of getting everyone together is a good idea. Mrs. Leeson would like to have them on the next finance committee meeting.

Mr. Tenaglia stated that after we meet with RBC we should decide whether we stay with them or put the financial advisor out for bid. Then we need to sit down and draw up the criteria as to who is going to be eligible for consideration.

Mrs. Leeson likes the idea of a panel. She would like Stan to put together a group that the committee can review.

Mrs. Cann agrees that RBC should come in and advise what they are doing for us now.

Mr. Majewski stated bringing in RBC in August is too much time. He would like to communicate with them and ask for written information to provide to the committee, hopefully in time for Friday's mailing, so the committee can review what they say.

Mrs. Follweiler stated that if the information is received and they would like to introduce themselves they could come to the meeting on July 28, 2008.

The action plan as a result of this discussion is that Mr. Majewski will contact the individual who signed the letter sent to Mrs. Leeson, Henry Sallusti, Mr. Majewski will request him to provide, in writing, the services that RBC will be providing the district in order to take care of the remarketing of our outstanding issues. He will ask him to have it to us in time for the Friday mailing. In addition, we need to sit down and develop criteria which will be used in order to create some type of interview process with the ultimate goal to select the company that will be responsible for the remarketing of our issues. That is his understanding of what actions are to be taken. Any changes could not take place until 45 days after the September 22, 2008 Board Meeting.

The committee concurred with the action plan as stated by Mr. Majewski.

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CONSOLIDATION OF TAX COLLECTION – Mr. Majewski referred to the recently enacted legislation consolidating tax collection services. He has received a bill analysis which the committee received on Wednesday. Right now there is not much that needs to be done; however, the legislation is moving us in the direction of county-wide Earned Income Tax collection. By July 1, 2009, there will be a representative the board will need to appoint since we do have Earned Income Tax. There will be a county-wide committee that will be established by November 15, 2009. The purpose of the committee will be to determine a county-wide tax collector. This needs to be in place by November 1, 2011. The first year of collection will be 2012. More information will be provided at later meetings. We would line up with the majority of residents which lives in Northampton County.

Mr. Tenaglia asked if we would still have two tax collectors.

Mr. Majewski stated that every taxing body has the ability to select who they choose as their Earned Income Tax collector. That has now changed as a result of this legislature and there will now be one identified collector per county.

BROUGHAL PROJECT COST REDUCTIONS – Dr. Lewis referred the committee to his memorandum sent in June.

Mrs. Dexter stated there was one document which listed the amount that would be returned but did not list what the amount we spent was. She would like to know if the numbers were low as compared to what was allocated. It states delete Terrazzo floor, is that part of the original specs or is that part of an alternate bid.

Dr. Lewis stated that all the bids were approved by the board. There are no outstanding items in either the general or the sub-contracts. He asked Mr. Fazil to respond to Mrs. Dexter's question.

Mr. Fazil responded that this return is substantial less. It is his understanding that the committee wanted a general understanding of what areas he thought, at this stage of the game, we might be able to consider. He just gave a ball-park estimate of what the numbers are. He did not go to the extent of researching detail by detail.

Mrs. Dexter asked if the item was not deleted, it was a go ahead?

Dr. Lewis replied that she was correct.

Discussion followed regarding various changes to the Broughal Project list.

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Mrs. Leeson stated that some things would be difficult to change, some would be easier. She referred to the use of sod vs. planted grass with seed. It is only \$20,000.

Mr. McKeon, stated that time was an issue with that. It would take 3 years after planting before the field could be used.

Mr. Fazil stated if we delete now, we will lose money if we hold off for two or three years.

Mrs. Leeson stated that the extras are very nice but they are extras right now. She asked if the funding for the greenhouse has been received.

Dr. Lewis stated that the monies will be received over a period of six years, beginning December, 2008.

Mrs. Follweiler asked when the demolition is scheduled to happen. When do we actually need to spend this money? Is it all in this fiscal year's budget? She asked when the actual financing would hit the budget.

Mr. Majewski replied it would first hit the school district's budget during the 2010-2011 budget.

Dr. Lewis reminded the committee that major changes are required to go through PDE. Making changes does not come without residual effects.

Mr. Fazil stated this was brought up before, and site plans were shown to the committee. These changes could be for six months, but not a forever situation. He reminded the committee of the increase in prices and changes made now will cost much more in a few years.

Mr. McKeon asked if the demolition is part of the project cost. He was told that it was.

Mrs. Cann stated that even if we saved \$20,000 we would spend \$15,000.

Mrs. Dexter questioned the auction on surplus items. Has anyone gone through the inventory to see if there is anything the district could use?

Mr. Gilliland replied that the auction inventory has been reviewed twice. All administrators have been given the opportunity to look at the items to see if they could use them in some way.

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Mrs. Dexter wanted to make sure that there were no items that were useable. Mr. Gilliland assured her that that was the case.

COURTESY OF THE FLOOR – Mr. Stephen Antalics 757 Ridge Street, Bethlehem, PA. asked if Mr. Bear's company derives a commission for what he is doing for the district. He was told yes. He feels that there is a conflict, a serious problem. We are dealing with people who tell us what to do and earn a commission from it. Whose interest are basically at heart? Their welfare or the district? He went on to say that we should go with a financial advisor who does not receive a commission. He suggests canceling agreements with everybody and contact consultants who can advise the district who to go to.

OPEN FORUM – Mrs. Leeson would like to get the support of the committee to ask the Solicitor to write a financial policy stating that the administration would not be able to exceed the budget without coming to the board and asking for a two-thirds vote, so that the board would be informed, and take action if we were going to overspend our budget.

Mrs. Dexter stated that she would support that type of action and would ask that the Solicitor draft something for our consideration and placed on another Finance Committee Meeting Agenda.

Mr. McKeon asked for objections or comments with regard to this policy.

Dr. Lewis asked if we are suggesting that the information given by Mr. Majewski every month is not adequate to fulfill that requirement.

Mrs. Leeson replied that we are getting a lot more information, she thinks it is wonderful. This would be a failsafe that if we intended to overspend the budget the board would be taking an action and it would be a two-thirds vote action, to overspend the budget. There would be consideration and certainly a great deal of knowledge. She went on to say that we overspent the budget for three years and the board was not apprised. This past year we were apprised but fairly late in the ballgame. We overspent by \$5.8 million dollars and the board didn't get the total figure until January. We were told the budget is just a guideline. It is not a guideline. This is the budget that we have set and this is the budget we want to stay within and we do not want to be in this kind of financial situation again. She thinks safeguards are necessary to make sure we are not going to be in that type of position again.

Mr. Tenaglia stated he feels that this requires more discussion. He asked if Mrs. Leeson was talking about expenditures beyond what was budgeted for. You could still find yourself in a deficit situation and still be right on line with all your budgeted expenditures.

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Mrs. Leeson wants this policy so that we would not exceed the amount of the budget passed in our expenditures. It does not address the revenue side and the revenue side can get us into trouble, but she suggests when we pass the budget as a board, and we have gone through and decided that these are the expenditures we are going to make.

Mr. Majewski stated that there are a couple of things for clarity. There is confusion about the difference between deficit spending and exceeding the budget. There was one year where expenditures exceeded the budget. The other two prior to that, we had deficit spending, but we also budgeted deficit spending so that is different. If you are going to write a policy you need to make sure you know what you are writing a policy for, is it to not exceed the budget, or is it deficit spending. They are two different items. If you have a policy about deficit spending, it is passing a policy saying you will never use fund balance to balance a budget.

Mrs. Leeson replied that what she is suggesting, if we allocate money, for example \$2 million dollars from the fund balance to balance the budget, that is part of our budget process. When we say we are going to use that it becomes part of our budget numbers, it does not mean we will go to \$5 million dollars. She asked if anyone had objection to asking Attorney Spry to write something and then the committee will discuss it.

Mrs. Follweiler stated she thinks it should be discussed first. How can we clearly give the solicitor direction on what the policy wants to be if we don't have more discussion first? She stated that she believes Mrs. Leeson wants the policy to state that the board approve by a two-thirds vote any overspending of the budget.

Mrs. Leeson responded yes, but it should be clarified to what number we are talking about as Mr. Majewski pointed out. To her the number is the bottom line number that we agree to on the budget.

More discussion followed on what the policy should include.

Mr. Majewski indicated that the solicitor is going to need more direction. If the policy is not to exceed the budget and if the board does not vote by two-thirds vote to exceed, than what happens to the district. Does it shut down? The solicitor will need more direction from the board. It will probably be on going dialogue.

Mrs. Follweiler stated that she does not have a problem having the solicitor put something in writing to start the discussions. There are a lot of steps, and the two things we put in place which is Stan reporting line item by line item, and as it was pointed out tonight, every time something comes up in our packet, to reference exactly what budget impact this is going to have.

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Those two things are the slap in the face that was missing two years ago and this will, put a safeguard, she feels that the policy will be amended a lot due to different situations coming up. It will be difficult to pinpoint what is exactly overspending. Are we going to shut down every year on June 30, because there is no budget?

Dr. Lewis stated to his recollection we have never had a quote for facility repair that wasn't within Mr. Gilliland's department budget. While we have no problem providing the information as requested, putting down the account that money is drawn from, and the remaining balance, he feels that we become reactionary. This budget year is a difficult process because we were hit with some extraordinary costs.

He would like the public to know that there was not reckless spending, and the comments that three years we were in deficit spending implies that no one was watching the cookie jar, and that is the furthest thing from the truth. We have explained time and time again some of those extraordinary hits, healthcare, utilities, fuel. We have committed to righting this problem by tightening every expenditure in this district down, as tightly as we can. We all know the seriousness of this.

His point is let's not over react. Just know that be prepared if we get some kind extenuating circumstance, some kind of catastrophic issue, a roof caving in, something like that, you don't want to shut the place down because you can not get six people to move on going to a short term note.

Mrs. Dexter stated generally, policies are submitted to the board by the administration for their consideration. This is just an idea at this time. That is all that is being proposed at this time. When we consider policies we usually have two readings, this one might require three. We have board members who aren't here for input, let's have the solicitor write something up. We are trying to be, as a board, as fiscally responsible as we can be, overseeing the budget of funds that are allocated for the education of the Bethlehem School District. This board was surprised to find the extent of the budget problems that we had. Everyone needs to tighten their belts.

Dr. Lewis stated that we will participate in any way we can help.

Mr. McKeon stated that he has two items for open forum. One was stadium use. Was there a camp run for young children for football at the stadium. Was there a signed agreement for that, did we charge the individual rent. The other, someone contacted him to ask why the stadium lights were on one week night for apparently was football teams doing something. If the lights are on for a passing camp, that should not happen.

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He has no objection to the facility being used, his concern is that if someone utilized it for their own profit, we should have charged for the use, and if another piece of the district was using the lights in the summer when we are basically out of school, he has an issue of the utility use.

Mr. Majewski stated he would take a look at the use of the lights. As far as camps, they are expected to complete leases and they are being charged. In one case they turned on the air conditioning and Mr. Majewski had them turn it off because they were not being charged enough to pay for the air conditioning. We are monitoring these leases.

Mrs. Follweiler asked about the Clinton campaign bill. Have we gotten money for that?

Mr. Majewski replied that we have not. The information he received from the state representative said she threw it over to the Clinton campaign. He has not heard any more. In spite of his efforts, it does not appear that anyone is following up to get us reimbursement. The state contact that he had is claiming that she cannot get reimbursement for the invoice that was submitted.

Mrs. Follweiler stated that we can not afford to eat that money. Hotel Bethlehem was paid in advance. She asked if we need to amend our policy for payment terms and signed leases before allowing them use of the facility. Discussion followed. How can we avoid getting burned again?

Mr. Majewski responded that we get paid for our leases. This is a unique situation. We do not have a problem. There is an estimate that is created, we ask for a check, and then there is a final reconciliation. We do not have a problem with collection of our lease policy. We have a problem with the collection of that one.

Mrs. Follweiler asked if everyone who normally rents facilities is paying in a timely fashion. She was told yes.

Dr. Lewis stated that we will continue to press the issue.

Mrs. Leeson, asked about information on Reading Recovery updated changes and when would the committee receive the information.

Dr. Lewis replied that Mrs. Katona was away this week; he presumes it should be in the packet next week for Friday of next week.

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Mrs. Leeson stated she has spoken to Councilwoman Jean Belinski regarding the installation of a Cell tower. Should we be concerned?

Dr. Lewis presented a handout he received from the City with regard to the installation of a cell tower. Mr. Fazil and Mr. Gilliland went to the site today to review it. The tower is approximately 525 feet from Clearview Elementary School. It is also near some recreational spaces. He has a draft from Mr. Gilliland to the city stating that we have no problem with location; however, we are requesting that the city obtain any pertinent data with regard to any adverse health effect associated with being in close proximity to cell towers. There is research all over, and this would put us on record as saying from a cosmetic point of view it does nothing negative to the Clearview site.

Mrs. Leeson stated that she has heard that California has banned these towers from being in close proximity of schools because of their emissions, and other communities have raised serious concerns about them. Her opinion is we do research on our own and have a response that would be in the best interest of our students.

Mr. McKeon stated that we just received this.

Mrs. Leeson stated that we should do our own research.

Discussion followed regarding the pros and cons if the district gives its approval to the city.

Dr. Lewis directed Mr. Gilliland to contact the city and advise them that we are looking into this matter, that we have some concerns, and will do some further research. We will get back to them with our decision at a later date.

Mrs. Dexter asked if the district has a catastrophic policy.

Mr. Majewski replied that it does not. We had up until last year. After Mr. Majewski did a cost analysis of the catastrophic, the number of claims, and found out that it was far more expensive to incur the cost of the policy then to self-insure. For the last five years we have paid approximately \$1,000,000 in premiums for the catastrophic. As a result of the discounts we have we only had one claim that had gone over and we were charged \$15,000. It did not make financial sense to continue the policy.

Mrs. Dexter asked if even with the rising of health costs that were added to the budget the catastrophic would not have helped?

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Mr. Majewski replied it helps by a tenth of a mill not having that policy.

Mrs. Dexter asked what did the Clinton campaign agree to pay, and with whom did they agree?

Dr. Lewis replied that this came down through the governor's and the mayor's office. They agreed to pay reasonable expenses to stage a rally at Liberty High School.

When Dr. Lewis and the mayor went to Harrisburg a month ago he asked the mayor to call at that point in time and he did. They contacted Mr. Majewski by cell phone and made direct connection to the state coordinator for the Clinton campaign who, by the way, obviously does not have a job any more.

More discussion followed regarding the bill for the Clinton rally.

Mrs. Dexter questioned whether we are ever going to collect \$15,000 and is it reasonable for us to expect that if there was no written agreement listing the charges of \$9 or \$10 thousand dollars for the startup of the chiller. That might be something no one would realize, most schools would have their air conditioning ready to run.

Dr. Lewis stated that Mr. Gilliland spoke to their front people and told them.

Mr. Gilliland stated he told them it would be costly to start the chiller up. The response was that Mrs. Clinton needed air conditioning.

Mrs. Dexter stated we need to look at if the bill is reasonable, if they have defended paying it because they did not know what the charges would be. Maybe they just did not get to it.

Mr. McKeon stated that he is curious if the other school districts were reimbursed. According to an article in the Morning Call, six or seven different types of institutions were cited as being on the hook.

Mrs. Dexter stated we expected to be reimbursed for the use of the facility because we have a policy about that and a fee schedule. The other costs in the bill for tee shirts, teacher overtime, she is not sure about those. Mrs. Dexter stated that she saw with her own eyes how much work was involved. The question she has is did we ever communicate what the costs might be? Maybe in Bethlehem because of our status with construction, the costs were higher than what reasonable might be for somewhere else that is ready to go, just flip the switches on and open the doors.

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Mr. Tenaglia stated that he thinks it is unfair to shift the responsible back to the board because he was specifically told that it would be at no cost to the district. There was an email that came to the board to that effect. It is not a question about did we agree to turn the chiller on or off. We were told at the time that approval was given for use of the facilities that there would be no cost to the district. This is not the fault of the school board that we have not been paid.

Mrs. Dexter asked if a resolution from the board was needed to pursue collection.

Dr. Lewis stated that we can do that administratively. He feels that there should be direct conversations with the Mayor and Governor's office. Should we try that first? He has not spoken with anyone in the Governor's office.

Mr. Majewski asked for clarification of pursue. Do you mean through legal means?

Mrs. Leeson asked to have an update on the status of the bill at each finance meeting so the board is aware of what is happening.

Dr. Lewis advised the committee that the second SRO at Liberty High School grant was awarded to the district and the city. The board has to approve the acceptance of all grants and there will be a resolution to that effect. It is 100 percent paid for the upcoming budget year. It is like every other supplemental grant, there is a declining value. It would cost us 25 percent the second year, 50 percent the third, and so on. Typically, we then enter into an arrangement. We negotiate with the city and it becomes a 50-50 arrangement. The rationale for the request was 3,100 students on one campus with four buildings, it is literally comparable to a college campus and to have one SRO is not good.

Mrs. Leeson stated that her understanding is when we get to the 100% we will be paying ten months of the salary and the city the other two.

Dr. Lewis stated you also have the option to do away with the SRO when the grant expires. It is your decision.

Discussion occurred regarding the selection of a Resource Officer, and the possibility of hiring an off-duty police officer to fill in for the days the Resource Officer is in court.

There was also discussion with regard to hiring a retired police officer after grants have expired.

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A resolution authorizing the acceptance of the grant for the second SRO at Liberty High School will appear on the July 28, 2008, Regular Board Agenda.

Mr. McKeon adjourned the meeting at 8:25 p.m.

Minutes prepared by:
Adele Embardino, Confidential Secretary to the Assistant to the Superintendent for
Finance and Administration