

**BETHLEHEM AREA SCHOOL DISTRICT
BOARD HUMAN RESOURCES COMMITTEE MEETING
MINUTES
MONDAY, AUGUST 10, 2009**

Members of the Board Human Resources Committee met on Monday, August 10, 2009, in the Dining Room, at the Education Center. Present were the following school board members: Michele Cann, Judith Dexter, Irene Follweiler, Dr. Craig Haytmanek, Charlene Koch, Eugene McKeon, Rosario Amato, Benjamin Tenaglia. Also in attendance were Director of Student Services Dr. Dean Donaher, Director of Special Education Richard Agretto, Assistant Superintendent for Curriculum and Instruction Mary Katona, Assistant to the Superintendent for Finance and Administration Stanely Majewski, Assistant Superintendent for Human Resources Thomas K. Washington, and Superintendent of Schools Dr. Joseph A. Lewis.

The meeting of the Board Human Resources Committee was called to order by Mrs. Irene Follweiler at 8:29 p.m.

DEBT RESTRUCTURING UPDATE – Mr. Shearer presented a draft of the financial analysis for the Bethlehem Area School District. He stated this analysis is to set the stage, but is not looking for any decisions this evening. If the board is inclined to move forward, then a more detailed financial analysis will be presented at the September Finance Committee Meeting, which will lay out all the fees and costs, and some live resolutions, that would allow the finance team to then start implementing pieces of this plan.

Mr. Shearer briefly reviewed the handout with the board. On Page 1 was a general overview of some of the issues that still remain outstanding with the variable rate bonds and swaps. Currently there are three variable rate debts still outstanding, which are the 2005 bond issue, 2007 bond issue and the Wachovia Bank Loan that was done a few months ago. All those are variable rate transactions. Each of those has two interest rates swaps associated with each one of those. One being a fixed payer where the district synthetically locked in a fixed rate and the other being a constant maturity swap. The 2005 bond issue, which is the one that is being targeted at the moment, has just a little under \$55 million outstanding. The 2007 bond issue has about the same just a little under \$55 million, and the Wachovia loan that was done a few months ago has about \$40 million outstanding. He stated that as of right now when you look at the entire package of the 2005 bond issue and the 2007 bond issue, when you look at the fixed payers swap and the constant maturity swap right now, they are actually doing very well. The total cost of funds is actually at the moment for most of your issues are little under 3%. That is producing about two hundred base points or so of interest rate relief, so those are working very, very well which again is causing your cost of funds to be well under budget at the moment. Unfortunately even though they are performing very well, we still need to do something with the 2005 bond issue, so that is sort of the main purpose why we are here.

Mr. Shearer made reference to Page 3. He stated it was a summary page of the main issue that needs to be addressed. The 2005 bond issue, which is a variable rate bond issue being remarketed by OVC FSA, is the insurance provider and Dexia the liquidity provider. The liquidation expiration date is January 2010, so discussions have started in June, about six months prior, to make sure there is ample time and full disclosure on everything as far as what we are looking to do. This is basically an almost identical set of circumstances that were dealt with regarding the West Cornwall Township Municipal Authority transaction. Where again a decision had to be made before the expiration date. He pointed out the proposed solution on Page 3. He stated that right now obviously the market is very volatile going up and down, municipal rates are up and down, taxable rates, swap rates, and obviously the stock market as well, even though they seem pretty good recently. He said what they are looking to do for this solution is refund those underlying variable rate bonds associated with the 2005 issue by refunding it into two pieces. Mr. Shearer stated they would like to adhere to the same theme that had been discussed quite a few months as far as diversifying the debt portfolio, not putting all your eggs in one basket, and start

spreading the risk. The first piece is to refund the longer half of this transaction. The longer maturity with a new variable rate deal backed by a letter of credit with Wachovia Bank. He stated that this allows the district to not terminate the fixed payer swap portion and not touch the constant maturity swap at this time. The swaps will be left outstanding at the moment because at this moment they are working very well and will be dealt with at a later time. The proposed plan is to issue approximately \$30 million or so of new variable rate bonds backed by Wachovia Bank. Mr. Shearer indicated there has been many discussions with the bank, but has not yet received a formal commitment. Wachovia has given verbal commitments that they are willing and able to provide this letter of credit to go forward with this once he gives them some sort of set date that the board will vote on then he will get a formal commitment from them. He suggested again to leave the constant maturity swaps outstanding.

Mr. Shearer stated this variable rate piece would probably be done through the Bethlehem Area School District authority. By doing it through an authority, the school district is actually going to get a little bit more state reimbursement, which is obviously a good thing so there is no additional cost. He stated that they would need to work with the district's bond counsel on setting up potential meeting dates and times if the district chooses to go forward with that option.

Mr. Shearer directed the board to the next point underneath where we refund the remaining portion of the 2005 bonds i.e. the shorter maturities with a fixed rate bond issue, and that bond issue would be roughly \$30 million. The related piece of the fixed payer swap would be terminated and the constant maturity swap will be left outstanding. Right now the shorter the interest rate swap, the better determination bond when you compare the new fixed rate bond issue that you are going to be issuing versus the termination amount. The weighted average life of the West Cornwall transaction was about nine years, so that was a pretty efficient deal to be terminating and issuing a new bond. The weighted average life of the portion that we are looking to do here is fourteen years, which obviously is longer but it is still within a good range that we are targeting for other clients as well. He repeated that this is a two-piece transaction. All done basically simultaneously to avoid having too many meetings, but the main goal here is to look at terminating a portion of the swaps to eliminate and mitigate some of the risks and a refund on some of the variable rate deals that you have out there. He gave the board an idea, so far \$75 million have been terminated of swaps and the district has been refunded about \$115 million of what he calls the broken variable rate bonds.

Mr. Shearer added that there is still more work to be done but achieving our goals slowly, not jumping into any one product with any one idea, and short spread the risk is why we have this plan laid out.

Mrs. Cann had two questions for Mr. Shearer. She wanted to know if there is a termination fee for constant maturity swaps. Mr. Shearer replied that in any swap you could either receive money when you terminate or pay money. Mrs. Cann asked since the swaps are working does that mean we would get money if we terminate it now. Mr. Shearer answered that right now the actual values of the constant maturity swap regarding a termination value or market value, as of today for the first time in a while, are actually positive but not a whole lot. However, the better news is the cash flow that they are providing is much, much greater than the termination values right now. Technically right now you could get out of those right at the moment for almost a break-even amount, but he thinks the benefit that they are providing of almost two hundred basis points, when you take two hundred basis points on top of roughly \$150 million, is a lot of money. It is about \$3 million dollars for fiscal year assuming it stays the way it is.

Mr. Shearer added that there is no guarantee they are going to keep cash flowing as well as they are, but at least at the moment they are, and as long as we stay in the steep yield curve environment meaning real low-short-term rates and longer-higher rates, we are going to see that continue at least for a little while. Again we will at some point because we are constantly watching to see if it makes sense to terminate. Mrs. Cann asked about the terms of catching it right before it gets to the point where we do not have to

pay out to terminate. Mr. Shearer replied that it just turned positive basically in the past week; they have been running negative for quite a while. If you remember back months ago, we talked about suspending them at that point. You could suspend them for one, two or three years, and you could receive a substantial amount of money, but even at that time flat-out terminating them was not advisable since they were substantially negative by millions and millions of dollars. At some point in time once we get through these other issues, I think it will be very worthwhile to consider a resolution to terminate those at some point. I think that is worth further discussions at future meetings as far as what potential targets may be. We are in fiscal year as far as how much cash flow they are providing versus the budget.

Mrs. Cann said the reason it worries her is that it sounds like in the past there was a benefit and so that is why they were done but when they were no longer a benefit they were a real bad deal. It seems like we are repeating that same pattern. We are keeping them because they are working but eventually they will not be working and then it is going to be a big problem. Mr. Shearer stated the goal is to do something with a portion of them prior to them not working again. That is why we have to make a decision here, but I think right now from a budget prospect the cash flow relief is providing a better benefit than eliminating those risks. Mrs. Cann is bothered by the thought that it outweighs terminating it until it does not work any more. She stated here we are changing to fixed rates so that we do not feel like we are gambling any more, but we are still gambling with that one because of the constant maturity swap. Mr. Shearer said yes part of the resolution if you want to move forward with it in September, we could add a section in there about terminating the constant maturity swap related to this particular issue, and we can talk more about your September finance meeting if you would like to do that. Mrs. Cann said she would like to at least hear more about it. She also asked about the 2005 bond issue – it is about \$55 million, these two add up to \$59 million, so is the difference the fees? Mrs. Shearer replied it is fees and termination amounts.

Mr. Majewski added that the interest right now is trying to restructure our debt in a matter that makes more sense for this type of economic environment. The concern that we have is that it takes time, and it makes sense and understands Mrs. Cann's concern that it is very new, it is like a new wound that is still there and you feel it. We will continue to monitor constant maturity swaps even though they are doing very well; however, it does not make good business sense for us right now to terminate them but what you are hearing is that it is producing considerable cash flow. Now do we see anything in the market that is going to really push this from where it is at, no, but do we look long term and say this is where we let it go, no, we are not saying that either. We are asking you to continue working like we are right now on a plan to be able to restructure the debt, do what we need to do at the time that makes sense, continue having these discussions and as other opportunity present themselves be able to take a look at continuing part of the process. We are trying to maintain the structures that are working well right now and keeping an eye on opportunities to be able to restructure the remainder of the debt when it makes more sense for us. Mr. Majewski expressed Mrs. Cann's concern to Mr. Shearer and asked that if we want to get out of these swaps without paying a penalty we are going to have to do it while they are working for us because that is the only time it would be a positive cash flow. The only time we get money for terminating a swap is when they are helping us. Mr. Shearer responded most of the time and added that a couple months ago they were working for you, but the market value was substantially negative. Mr. Shearer also added that you are in the right ball park, but it is not just cut and dry there is a lot more that goes into it that dictates how well is cash flowing monthly versus how much it is worth in the market at that time. He stated it is worth the discussion if you want to move it to your next finance meeting in September to look at adding that in the resolution related to the constant maturity swap for this 2005 bond issue.

Mrs. Follweiler also agrees with Mrs. Cann about adding new. Mr. Shearer stated it is not additional variable rate; you are just not eliminating all of it. Of that \$55 million deal, roughly you are eliminating say half of that variable rate but you are replacing the other half with a better variable rate. Mrs. Follweiler said it is better today, but Mrs. Cann's point when the prior board started all this it was fine. We are very skittish for the future.

Dr. Lewis asked Mr. Shearer to clarify the state aide with this shift as well, which he did not know if the board picked up on. Mr. Shearer said right now on this variable rate transaction on the 2005 bond issue, you are getting reimbursed on the variable rate, which is 1½ percent. If it is done through an authority, then you are getting paid on basically the all-end-rate which would be 3.9% plus all of the other stuff let us just say about 5%. So right now you are only getting reimbursed on a point and a half it would increase to basically your full payment so obviously that is a substantial amount of money on a fiscal year basis. That is another reason why we created that a few months ago to be able to do this when the time warranted. Does not make sense to do the fixed rate bond piece through that because either way you are going to be getting reimbursement full payment but it does make sense to do any new variable rate transaction through that.

We jump to the very last page as far as next steps. In the interim continue to dialogue with the business office on different ideas, but I do not have a date. May I propose we come back September 8th with a draft of resolutions and more detailed numbers such as what is included in here with all the fees broken out, on this handout they are lumped sum, go through the discussion again and then assuming everyone wants to move forward you can put it on your September 21st agenda and at that point in time to adopt the resolutions to move forward with any deal with this plan.

Mr. Tenaglia stated the last bullet point on the next steps in parenthesis at the end might be an issue. Mr. Shearer said that it is to get credit approval for the variable rate deal. We have had great discussions so far and they are expressing their willingness to entertain this letter of credit. Mr. Tenaglia asked what is the difference in maybe in interest. Is there something in your discussion that you can assure that has been raised as a caution on your behalf. Mr. Shearer stated not at all. It is just his pessimism. Nothing has been mentioned in any of the phone calls with various representatives of Wachovia that would be a red flag, but it is just we have been through this drill a lot of times with a lot of other issues around the country but we have not had nothing come up yet from Wachovia related to this piece.

Mrs. Dexter commented that she hears what he is recommending to the board that we continue on with the constant maturity swaps and she thinks Mr. Shearer understands that it is very important to convert the debt if possible to fixed rate. She asked Mr. Shearer to help her understand why, she knows right now it is at our benefit, but wants to understand it a little bit more about why we should take his advice and continue with the constant maturity swap. Mr. Shearer replied that the key right now is number one they have just become positive, again in this past week, and they are cash flowing very well over two hundred basis points of positive cash flow. Mrs. Dexter said I guess the point is right now having the positive benefit we talked about back in November. Mr. Shearer said the suspensions were positives, but they were only two-year suspension. The full termination was still substantially negative. Mrs. Dexter said that the issue is what we are doing today, Friday, or a month from now. Why is this a risk that we should take because a prior board made decisions, and I was part of one of them to take risks but I really want to know why we should do this? Not just what is happening today, what is in our district's interest. Mr. Shearer stated part of this is dialogue that we are having right now as far as what risks you are comfortable with. We still have quite a few clients that are in these constant maturity swaps and are doing very well cash flow wise. We basically have the authorization that once things do move in a different direction where termination values start going south and cash flows start going south is when we are able to terminate instantaneously. Again no one today should profess themselves as market timers or truly being able to predict the market but from our best available information we have, I think some of the events we are going to hear about in the next few days, federal reserve meeting and what their outlook is, I think will also shed a little more light on this. At the moment, I think we are hearing a lot more consensus that we are probably going to be entering into an even steeper yield curve environment. Meaning probably short term rates staying where they are. I mean the feds may jump them up a little bit, but probably staying pretty low which right now they are between basically zero and a quarter of a percent. Depending on what the feds says here in the next two days as they meet, there seems to be a lot

of discussion about taxable rates meaning treasury rates and LIBOR rates which dictate these swap values to go up. One of the key things that we do not know yet and we are going to hear about soon is that back in the Spring when the fed announced that they were going to be doing this treasury buy back program to help keep mortgages down that had a shelf life to it for roughly about six months or so and that is coming to an end. The treasury is buying all these security back to try to keep the treasury rates low so that people could go out and get lower mortgages and have other spin offs impacts as well. Well while there is some debate whether or not it will work and to what extent and everything else, I think the feds will say it did work, others will say it worked but not to the extent the feds wanted to but again that is coming to an end. Again no one knows for sure if we are not going to see these treasury rates go up, which will help not only the termination value of your fixed payers but will also help the cash flow and the termination value of your constant maturity swaps.

Mr. Shearer added we are eliminating risk little by little here. We do not want to put all our eggs in one basket but at the moment we are trying to get the best of both worlds with your constant maturity swaps. It just takes very active monitoring, which we are doing on a daily basis. This is why I do not want to put too much stuff in front of the board; too many resolutions that just get to be too much and decisions cannot be made. I want to keep things manageable to first handle the problem at hand, which is this liquidity that expires, but I think it is very important that we do get these resolutions in the minutes to pull the trigger on these constant maturity swaps if and when they hit their respective targets.

Mrs. Dexter asked given what you do know of the history of our district if we were not in these constant maturity swaps at all, would you be proposing those now? Mr. Shearer asked if BASD had no prior experience with any swaps. Mrs. Dexter said no, given the history that we have had if we did not have constant maturity swaps would you be coming today and saying I have a plan for you that is in your district's interest and here it is. Mr. Shearer replied, today I would not be proposing doing any kind of constant maturity swap only because to put one on does not make economic sense today because just the price to enter into one of them is not good. Mrs. Dexter said, so now that we paid that entrance fee you are saying that we should just stick with it and get the benefits? Mr. Shearer replied, well you did pay an entrance fee obviously to get into these things but again they are on the books right now and they are working very well. I think at the moment we should just be in the very active monitoring stages of these with the ability very soon to pull the trigger on all of them or a portion of them to terminate. I would not be sitting here even if you never even did a constant maturity swap, if you were a brand new school district that never did a swap, I would not be coming to you today to be looking at a constant maturity swap just because from a pricing prospective they do not make sense to enter into today. They only make sense to enter into when you are a flat yield curve environment or a negatively slope yield curve environment obviously today we are opposite of that. We are incurring cost to terminate the one swap to do this. I mean right now the 2005 fixed payer swap the total value \$6.5 million to terminate the portion we are looking at is little under \$3 million so at the moment we are talking about a sizeable termination amount, and there is still a lot of educated opinions out there that are still thinking those rates are going to be going up which will make these terminations even better for the school district and the cash flow. So again, that is why little by little we are making very good progress in eliminating these risks. Remember you put a lot of this stuff on pretty suddenly and so now lets start shedding it off. We do not want to put all of our eggs in one basket as far as the product and as far as timing. I think this achieves that, and we seriously need to look at those constant maturity swap resolutions. He asked Mrs. Dexter if he answered her question. She replied yes she thinks so, and it has nothing to do with the entrance fee and why we should stay in them instead of getting out. Mrs. Dexter said I guess what I am trying to say is that our board has expressed overall that we want to get out of the mist, so it was hard for me to grasp that here is an opportunity where we have to do it to eliminate as much of it as possible and understand what he is saying is getting there but it is slow and my question really was why are we not getting there faster. If we have to do something right now, what may it take, but I do understand what you are saying now – we paid

the entrance fee, it is working for us right now, but we would not be making the same decision if we had to begin it at this time.

Mr. Shearer said he wrestled a lot with the district budget. I need a little bit of direction from you as far as where you put a little more priority. I am trying to accomplish all the goals, which sometimes is very hard to do. Do you want to make sure you are staying within your budget or better, or do you want to be eliminating risk and so my approach is well let us do both? Mrs. Dexter stated he missed the first part of our meeting. We have to make more cuts. Mr. Shearer then stated that helps me understand where you are coming from.

Mrs. Cann asked since we do have to pay to eliminate the fixed payer swap, we could get positive cash flow from eliminating this constant maturity swap. Could they counter balance that we have to borrow less and that would lessen that service? Mr. Shearer answered that right now the value of this constant maturity swap based on close of business day Friday is basically, for this particular one, is break even. What my sheet is showing is that it has a positive value of basically \$111 thousand when you factor out some of the fees involved in terminating that is basically down to zero. Right now the actual mid-market value is a positive \$31 thousand, but if you actually go to terminate and you factor in the fees is probably a negative \$100 thousand. Mrs. Cann asked so this constant maturity swap does not get us any money. Mr. Shearer said it gets you break even right now. Last week it was negative, next week or tomorrow who knows. We discussed numerous times suspending them but all that did was give you immediate cash flow, but it still kept the risk out there.

Mr. McKeon stated we want to address the expiring liquidity issue first. We all kind of agreed that is why we wanted to approach that before not even envisioning the market change the way it has. If I look at Mr. Shearer's document, right now constant maturity swap is providing us about 2.2% positive and reducing the overall debt expense to the district. I hear that the treasury is going to auction \$75 billion worth of something on Wednesday. Mr. Shearer said yes Wednesday at 1:00 p.m. and lately their auctions are going pretty well. They were actually surprised on how well they have been going. He thinks what is going to dictate the market the most is what kind of statement they make regarding the treasury-buy-back program and are they going to start by putting the treasuries back out on the market. They can flood the market with a quarter of a trillion dollars or so in treasury which what that is going to do is drive long-term rates straight up very, very quickly which in some ways is very good for you because it will lower your termination values and increase your cash flows on your constant maturity swaps. He thinks that is what everyone is waiting to see this week to see what kind of indication we get.

Mrs. Follweiler asked if what he is looking for is the consensus of the board on adding to our Finance meeting in September a resolution to recommend what we discussed here tonight. So my concern now is that it is too far away if so much can happen this week what advantages or disadvantages does the district have to not giving you any resolution in September. Mr. Majewski said between now and Monday we do not have a team in place to be able to write the resolution.

Mr. Shearer stated that Wachovia is going to need definitely more than a week to give us the final commitments. Bond counsel is going to take a little bit of time to draft up the documents, and we are also going to need if you go ahead with this plan we are going to need to discuss and decide which firm or firms are going to be the underwriters for the fix rate bond issue piece. There are some pieces we do not want to rush anything, but we want to be proceeding as quickly but as comfortable as we can.

Mrs. Follweiler took a consensus of the board putting it on the September meeting. All board members agreed. Mr. Shearer stated if they see anything between now and then that goes one way or another obviously they will be in contact and if you have other meetings between now and then maybe it is not for

an action item, but we can come in and talk to you and tell you how things look. If we are on schedule or we are not, let us try to expedite. Mrs. Follweiler knows that she feels more comfortable and hears that from the others to discuss more when we do go over it.

Mrs. Follweiler took a consensus of the board and this item will be put on the September Finance Committee Meeting for further review on September 8, 2009.

OPEN FORUM DISCUSSION WHICH WAS SUSPENDED FROM THE CURRICULUM

MEETING – Mrs. Follweiler stated the meeting was moving along to the open forum discussion that was suspended from the Curriculum and Instruction Committee Meeting. Dr. Lewis has a presentation information on the budget or lack there of from the state and the impact it will have on the district.

Dr. Lewis stated we have a limited number of extra copies to be handed out. He began by noting that the board gave the administration charge to examine a series of areas that are not mandated by the state for any school system and that is where he began reviewing. These are not new items for discussion they have been on prior sheets for discussion, review, and consideration, but the charge was to give more detail to give break out information and in some cases give actual positions. As best we can identify them is by people, but we wanted to note to everybody just because a name appears next to a position that does not mean that that individual is the focus of the reduction it means the position is the focus. I must say that the majority of these reductions involve staff. This is very difficult to review. I think we had a hearty discussion as I said earlier. Cabinet has been working on this the last two work days and culminated about 5:00 p.m. with our getting the final documents together. The other piece I want to note and note clearly to everyone, the numbers from one calculation do not reconcile, and I repeat do not reconcile with the summary sheet that is predicated on a mean salary as oppose to an actual salary. So please do not point out to us that are our numbers do not add up. In doing any kind of budget reduction process, you need to have a range. A range of potential reductions that will invariable finalize as you checkerboard.

What I mean by checkerboarding is we will sit down with various unions, not just the teachers' union but other unions where even new hires that are not technically members of a union have been listed on agendas and in some cases approved but have not yet stepped foot in a Bethlehem Area education classroom or building. Those individuals have been told throughout the interview process, early Induction that these positions and their appointments are predicated on the budget supporting their hires. We made that empirically clear to all candidates. This has been going on the last several months as we anticipated that there could be a possible reduction in force.

Dr. Lewis said I also point to page one there is a key on the left hand side, the purpose of the key is (goes A through L) not a priority order within the ranks. The purpose of the key is where it is highlighted there is an additional break out information. Now for example item A as listed there as Human Resources – there is no need for additional break out in giving you additional paper – that is salary, benefit, everything in terms of FICA, PSERS contributions that contribute to that position that we will not fill. So where it is not highlighted on the left hand column, there is no need for detail because it is a singular position or two positions that have been flushed out by Mr. Majewski in terms of what the benefits are, what the PSERS contribution, with the FICA contribution is for those individuals. Where it is highlighted there will be (towards the back) additional documents that we will go over that the board requested. What would the program cost? There is also a series of pages that are numbered so we can reference them.

Page two, several board members said could you put these cuts together in a sheet not necessarily prioritized and again this is predicated not on actual salaries but on mean salaries. The reason that is difficult is somebody who might be making \$60,000 as an instructor now might bump somebody who is making \$45,000. So you cannot say that you are simply moving that position from that program,

therefore, you have a \$65,000 savings. The board requested what were the actual salaries, what were actual costs to run the program.

On page three, what you see here are the offsets. With many of our programs, the state and the federal government, programs such as Title I or Title II provide additional funding. Those are not offsets to the general operating budget, so we have listed all of those. Mrs. Cintron's department developed this particular page. The purpose is to show you what those offsets are. Keeping in my mind that some of those offsets do not apply to salary reduction, but apply to project 720 for example or other cost of operation within a building within a program.

Page four, several board members said could you tell us what the actual programs cost per student for the Regional Academic Standards Academy (RASA). Mr. Majewski developed this sheet. If you look at the bottom number which I think is the one of most interest, it cost about \$16,247.00 to educate a RASA student likewise on page five, you look at the bottom number again the number of interest what is the cost to educate a Career Academy student. That cost averages out about \$15,000.00. These are not special needs kids, but they are kids that have exceptional cost. Smaller class sizes, higher technology, lower ratio of counselors, and family development specialists. So those costs are higher. Additionally, we were asked to answer a series of questions, we tried to minimize the narrative but again what happens what are the consequences, are there substitutes for some of these programs, how will we manage some of these students. For example, if an academy was closed and those students matriculate back to their original catchment school, are the principals able to assimilate them into their schedule. Is there a need for additional staff? What we feel that at Dr. Persing's meetings with several of the principals have indicated almost 90% of these assimilations will occur at no cost. In other words, seats are available, and we can obviously look toward a greater need for counseling services. Will there be a discipline impact, pages six and seven basically give notes in response to questions such as consequences and substitutions.

Page eight, talks about math specialists. There seems to be some question about how specialists work. There are currently 3.6 math specialists in the district. Title I monies pay for 1.6 of those, so two of those are in the priority listing that we will go over in a moment; however, this documentation points to what math specialists do within the district. Then you get into the addendums which I want you to hold in advance as we go through the first page which is the priority listing that Cabinet separated on for many hours. Item one human resources director is really a non-arguable point, we have decided we can simulate those responsibilities and have already done so in a sense. The savings that comes is listed as \$105,000.00. Letter B is Career Academy; the closing of the Career Academy is not something that I personally advocate. I think it would be a greater injustice to open schools with the Career Academy in place and then shut it down September, October, or whenever. Displacing students, staff and literally disrupting the district where those staff would move into through the checkerboarding process. For those of you who might not understand words like checkerboarding, what happens with checkerboarding is we sit down with the unions, in this case the teachers' union, we look at seniority, certifications, we look at available positions, and it is first in first out. Temporary professional employees and long-term substitutes are the first to go then you look at your professional employees. Any reduction in force follows those patterns. We typically have lengthy meetings with the BEA. We come to an agreement on the status of individuals and that is how the process occurs. In the Career Academy in Addendum B, you will see the positions for the most part would be attrition-managed positions. There is an administrator, that administrator has been an administrator longer than other administrators that have come onboard in the last couple of years, so that would also be a checkerboarded position in a sense. There are not the same warranties in principals' Act 93 contract that there are in the teachers' contract, but we would need to be looking at moving that and that has been asked by the board. We have looked at that position as well.

There is a Spanish and English certified teacher, teachers certified in business, social studies, biology, general science, math, and special education. Those teachers for the most part depending on their

seniority date would generally move back into other positions for which they are certified if not open by attrition there would be a bumping process. The guidance position is tentatively vacant obviously it would remain vacant. A .4 custodian, a full-time teacher assistant, a secretary, and then you see all the other costs associated with teachers, FICA, and health care. You also see an alternative education grant offset. That is because we would not get that money from the state, so those dollars would come off the amount. Now that translates to about half a million dollar reduction. If you go to the next item, special education secretary, Mr. Agretto has consolidated again in his department the position is currently vacant, we would not fill it. Driver Education this is the theory portion. Currently that teacher is certified in another area that again would checkerboard out if the board elected. Those are priority one recommendations. Rifle and middle school soccer would be also looked at, and again as we answered the substitute questions you do have talent programs, you do have shooting clubs, they are not perfect, but there is an opportunity for those individuals to still be involved in their sport. If you go down to the bottom of column, one that amount represents \$762,000 in reduction.

Dr. Lewis said that Mr. Amato eluded to what would happen if there were steep cuts, well today we also heard from our friends in the governor's office that he is steady fast holding to the \$3 million dollar level, which is what Mr. Majewski used in his calculations in the budget; however, I cannot see a budget coming out without a compromise from the governor's office in some way and we feel that, at the very least, we would see at least three quarters to at least a million dollars just in sort of a good faith offering on the part of the governor. I wish I could make it a more exact science but that is why we stopped at that point at priority one. Now go to priority two, and again the board has the prerogative to make a two a one these are just administration recommendations we will take our direction from this board as always. It pains me to say this that SPARK transportation, although a good point was made in Cabinet today if we are looking at adjusting Reading Recovery®, we need to ask parents to transport their kids to a non-mandated program. We need to look at other options, at helping them coordinate car pools. We need to look as Dr. Donaher pointed out, at possible options of involving our service clubs and our Bethlehem community consortium that has been very active. In other groups they may have vans to be able to transport; we can no longer afford to transport. Maybe in our heist we should have made that a priority one, but again that is an option. There is no detail on that. It is plain and simple it is about \$80,000 to \$85,000 depending on how those runs shake out and depending on what children sign up for that program. We took the low ball so as to not overestimate it. Letter G, there is a detailed page it runs three pages long. If you go to the second page you start to see what positions again had a .5 value because most if not all but three of our Reading Recovery® personnel are .5 two are .3, one is a 1.0. Again, these will be the people who would matriculate out of the Reading Recovery® into another assignment if indeed they were here longer than other individuals in their certified area. If you see to the far right, you will see the half of FTE value and you will see actual cost; however, as you come over to this sheet (that is why I say these do not reconcile exactly) we did not calculate FICA and PSERS in here due to limitations of time, but that number would be closer to the \$400,000 to \$435,000 we estimate. Again, I know these are not hard numbers they cannot be until we see what comes out of the other end of the checkerboarding. We are proposing not reducing reading intervention; we are proposing continuing with our effort to go three to one and five to one. This is a hard call. One to one in its current state is first grade only. We noted success in our reading program and Mrs. Katona pointed that out that in all instances the one elementary we have seen our reading scores improve. Which means are modest cuts previously in Reading Recovery® have not seen a negative impact. While we would like to afford this, it is a very, very expensive program, and we believe we can provide reading intervention support in a three to one and five to one ratio that will maintain the levels necessary. Next Item H, IST – It has been around for fifteen years. I remember as a principal and assistant superintendent having to manage it. Rather nebulous program at first, and I think it sort of morphed into a very successful program geared to keeping kids out of special education. It was designed to help teachers teach kids with difficult liabilities and disabilities deficit in certain assets and to help teacher craft instruction for those kids; however, with the onset RTI greater involvement of counselors and principals, we feel that we can put it in the second category, which

it certainly means viable should the state budget not sustain us that a reduction occurs. Again, you won't see a dollar per dollar reconciliation because these are the current values of those people. You may see some folks at a high-end salary or you may see a few people at a lower salary on the scale; and therefore, when you use the mean calculation and add FICA, PSERS, and health care you will see a larger number. Again, the IST is valued somewhere about a half a million dollars in what it is costing us to run that program. Home School Visitors are part of our Special Education staff. They are the first line of contact with parents requesting an evaluation for the purposes of identifying their child. They are data collectors. We recommended one reduction on the priority two and one reduction if we have to go deeper in priority three, and I want to explain why. One of these folks is bilingual and delivers very significant information to our Spanish speaking families who really need to be educated on the whole IEP process, the evaluation process, their rights, and we would like to maintain that if at all possible. Elementary Guidance – This is also broken between two categories. We did this because we are trying to minimize the impact. We do enjoy a very good guidance ratio in a one to one building ratio with our elementary counselors. We could see massaging that bit in our smaller schools, which would be a reduction of three guidance counselors. That is why you see the three in priority three and those numbers are also equivocated to include a FICA, PSERS, and health care on page one, and you will see what those positions are generally costing us. Math Support – while we have 1.6 under Title, those individuals are spread out amongst a number of schools. As are these people, they are trying to maintain our entire elementary contingent. Their role is detailed in one of the information sheets you have. We would suggest again consideration if need be at priority three for one and priority four for the other. Lastly, Regional Academic Standards Academy – Again it pains us to even have this on the list. It is a successful academy. Some of the consequences we feel would have an impact on future special education identifications if we did not maintain this program. We feel that we would see an impact on dropout rate and graduation rate down the line. We certainly feel that we would see a discipline impact on these youngsters as they do learn a behavioral component in that program. It has a very strong guidance/family development piece. If any of our programs have yielded measurable results, this one has. You have heard the testimonials. I do not think you need to hear them again. We placed it in category four because, as Mr. Amato pointed out, if we get the worst case cut at the state level, you need to get upwards toward \$3 to \$3.5 million dollars in reductions. Again that offset does not reconcile from one to the other as we given you a mean average rather average salaries on page one and the actual salaries on the addendum as the board asked for what are those costs in reality. That concludes the presentation of the information. What we would like to do is answer questions and then as Mr. McKeon pointed out we would like to get consensus on beginning on certainly in priority one and possibly priority two, formulating how those would roll out with specifics.

Questions from the Board:

Mrs. Cann asked for clarification under Reading Recovery®. What is being eliminated? The program that I know it is costly, or is it positions. I do not understand what is happening there. Dr. Lewis answered there will be a reduction of six positions. Those individuals will hopefully attrition in. In some cases, if they are really, really new they may lose a position. Remaining reading staff will be redesigned to three to one and five to one ratio to support all students who need reading support. Dr. Lewis said we will not do behind the glass, will not do four students to one teacher as a full-time assignment each semester. Mrs. Cann asked about the guidance counselors in elementary schools. If schools share a guidance counselor, after priority number three, how many guidance will be left and under priority four is it zero? Dr. Lewis said no. Mrs. Cann stated you did say under priority three it is three guidance counselors eliminated. I did not know how many would be left. Mr. Washington said there are 18 counselors, and you are looking to reduce three and then three. Dr. Lewis gave an example that Thomas Jefferson and William Penn might share a guidance counselor. Mrs. Cann stated there would be twelve left to share among the schools.

Mrs. Follweiler stated as she understands it school opens in two weeks, we have no budget from the state, it is difficult to make decisions with what Cabinet and administration have come up with. There are no

other areas that you recommend could take the place of any of this. Is that correct? Dr. Lewis replied I think we have done what we can do. If there are other areas, they have not been brought to our attention. Mrs. Follweiler said a member of the community earlier brought up looking at benefit cost of course that is contractual. I understand as the administration or board we cannot make any kind of decision on or even discuss that because it is contractual. Dr. Lewis agreed and confirmed with Ms. Vitalos. You the board cannot tell the teachers you are not going to have this covered. You are contractually obligated the only way those discussions can take place in earnest is from the employees to us. Mrs. Follweiler stated essentially before school can open we do not have the finance to fund our current budget. Dr. Lewis stated we do not have direction from the state what their portion will be and with that being a moving target, Mr. Majewski cannot answer that question nor can I. We just know that if it is less than \$300 million that he is holding out for, we could see \$1 million short, we could see \$2.5 short, we do not know. So we need to be prepared, we think of the worse case compromise \$2 million priority one and two will pretty much cover.

Mrs. Koch commented that at the community college recently they were talking about this very thing because they are having problems with the state as well. One of the things they were saying to us was that right now they believe very strongly that this whole budget impasse can go on for at least another six months.

Mr. McKeon asked if at the end of August the district would begin to get the tax cash flow. Mr. Majewski answered we are getting some of our tax cash flow coming in at the end of July the majority will arrive in August. Mr. McKeon stated the trans loan might not be paid off when we would have liked to have paid it off because of the uncertainty of the budget. Mr. Majewski added like last year it is paid off by the end of September, however, with the budget concerns that we have right now it is more likely we will pay it off by the end of December.

Mr. McKeon asked how much did we forecast receiving from the state in basic education. Dr. Lewis answered \$27 million. Mr. McKeon asked if the \$27 million was based on 418. Dr. Lewis answered that it was forecasted based on the \$27 million. Mr. McKeon said I mean Governor Rendell 418. Dr. Lewis said the current budget the board passed was on the \$300 million. Mr. Majewski said we should be able to if they pass the \$300 million, our budget will be covered. Mrs. Follweiler made it clear to the audience that the budget was based on \$300 million going towards education and our portion of that based in our budget was \$27 million. Dr. Lewis said let us back up the increased education to the basic subsidy line was proposed to be \$300 million. Our total calculation on the basic subsidy line was about \$27 million, so if the governor got his original proposal we would have more than \$27 million. He did not and if the senate bill 850 in its version went through that \$300 million was gone, which created a \$5.1 million roughly short fall. Where we are now is, if the \$300 million holds, our budget according to the way Mr. Majewski constructed the revenue side, would be fully funded; however, what we have all talked about is you still have the deficit looming which is why we have priority one here. We do not like it but it would be relatively imprudent in our part to not begin to cut regardless of where the state budget ends up because you need to repair your deficit, and I stress the deficit was not created as some of our good senators suggest by want and spending. We under spent the budget this year. The deficit was created by weakening revenues across the board.

Mr. Amato stated so what we are saying is that the best we could look at however they pass... somewhere around 60%. You are looking at \$3 to \$3.5 million that we cannot start the school year with in place. That's the facts. We should not start the school year. You have to make \$3 to \$3.5 million dollars worth of cuts before we start school because, again this was discussed at the community college, we would get 60% of what they plan on. We talked about that internally here, so what it boils down to is we cannot start the school year without cutting \$3 to \$3.5 million dollars. If we do it is a crapshoot. Dr. Lewis said I guess you are right, but with RASA if you directed us to go all the way down to K I say so be it. Mr. Amato replied nobody wants to but with the cards on the table, we are going to have a short fall of \$3 to

\$4 million dollars. Dr. Lewis said I know your decision is a difficult one but you need to direct us, if your deficit from the state funding is \$3.5 million dollars and you choose to continue RASA you could go to your contingency to do so. I guess it is a philosophic decision as well as an economic decision only you all can make it. Mrs. Follweiler stated before we can start the school year, we need \$3.5 million removed. We just said there are no other options other than what is on this list. We do not have the money, so our other option is to start the school year with some or all of the items on this list then we run out of money in April and the budget did not pass, what do we as a board or as a district then do? We cannot borrow more money. Dr. Lewis replied that is why I believe we are recommending minimally that you set us in motion on priority list one and two. You have until next Monday. I mean you can go the rest of the way (priority list) it is your call. Mr. Amato stated if you look, we should put in motion what has to be put in motion that is going to affect the students and teachers because we cannot start the year with them in place. I do not know what these Home School Visitors and you got with guidance in elementary. You split that up in two. Maybe you get away with leaving that in, but the others that have big programs that have teachers, students involved, they should be placed. We should deal with them as not having the money so that we can put them in the positions where they need to be with students and put the staffing in place. If we do this at the last minute, there is going to be hell. Mr. McKeon agrees with Mr. Amato. The only thing that does not require an immediate time line is the rifle and soccer, because that is one we can make that call up until probably October on the rifle team and middle school soccer is played in Spring and by then we might have a state budget, but that is not to say come next year we are not talking about it again. That to me is the only line that does not impact teachers and education right now. We owe it to them to notify the teachers as soon as possible so they can start their checkerboarding or bumping process. No different if we were talking in terms of SPARK. It is not on here, but if it were and we were discontinuing that program, notifying the parents so they would have enough time which they would not have at this point to go find an alternative education program for their children as oppose to us picking up that tab.

Mrs. Cann commented on the rifle and soccer cuts. I do not have a problem with reducing the sports budget by \$32 thousand if you say we need to cut sports, but do not agree with it not being a shared percentage of the various sports budget. I do not understand why one or two would be cut 100% and others by a smaller percent. So the \$32 thousand can stay in there, but I rather see a portion and just not 100% of a program. The whole program should be treated equally so all the sports should be treated equally. Mr. Amato said that is easier said than done. It does not make any sense you weaken everything else. You want to keep in place what is strong for you. The weak programs would have to go. You want to keep in place the strong programs that are doing well for you.

Mrs. Cann stated that SPARK transportation should wait until January to give parents a chance to figure out transportation. Dr. Lewis said you have to adjust that one by half. I think SPARK needs to do what it needs to do. One point that was brought up was that we are cutting into academic programs. This is transportation we need to find a different way to get the kids to SPARK.

Mrs. Dexter asked you have Reading Recovery® on here \$435 thousand, but we are still going to provide reading support to those students so is this a net reduction or is this just take out Reading Recovery®? Are we going to still need reading teachers? Dr. Lewis replied yes this is a reduction of six FTEs. Right now there are 13.6 FTEs, so we would be reducing by about 40% and going to 3:1 and 5:1. This is the net. Mrs. Dexter commented months ago when we spoke about Title I stimulus money coming to us and that we could only use it for SPARK. Dr. Lewis said yes a certain amount of that could be used for SPARK.

Dr. Lewis believes the Title I was \$1.9 million dollars. Mr. Majewski said with the Title I money we had covered everything but transportation. Dr. Lewis stated that the secretary gave us permission to use

approximately \$900,000 for instructional side of SPARK. SPARK's only cost to the district is transportation. Mrs. Dexter asked if we decide that another program or programs would survive but not SPARK, what would happen to that stimulus money. Dr. Lewis said either the district would need to start new programs or return the funds. Mrs. Cintron confirmed Dr. Lewis's statement.

Mrs. Koch was wondering since she read the article about the charter schools. Is the district going to end up paying a lot more money than anticipated with the charter schools this year? Mr. Majewski replied there will be some growth anticipated but not unusual growth. Mrs. Follweiler asked if there was a flat rate per student that goes to the charter schools? Mr. Majewski answered there is a flat rate by school district. Dr. Lewis added it is what each school district's per student flat rate is. Mrs. Follweiler stated we have in the packet here the rate per student for RASA and for the Career Academy, but we do not have the standard for the district. Mr. Majewski answered that the standard for the district tuition rate is \$7,987.75 for elementary tuition and \$8,912.01 for secondary tuition. Mrs. Follweiler stated that essentially the programs that we are talking about are double the per student rate than the standard rate. It is half of the rate, so the cost of student goes down. What we are paying to the charter school is \$7,900. Mr. Majewski said there is a different calculation for charter school tuition rate. They get paid approximately \$8,300.00 right now for a regular education student and about \$15,000 for special needs students. Mr. McKeon stated I still think we should not be waiting until Monday and give Dr. Lewis direction tonight, so he can start whatever process he has to do between the administration and the BEA because we are not talking in terms of voting the budget – that has already been voted on. This is just proposed cuts to the approved budget. Dr. Lewis added that we have also met with principals, and we have a break out where these students go and we need to get to them with some definite answers for example the amount of students returning to their buildings, so those students can be scheduled accordingly. The administrators cannot do their analysis unless we begin that process. Mrs. Follweiler agrees that nobody disagrees that this is terrible, we knew what our financial status is, and we knew what the taxpayers could withstand. This is the solution that is being presented to us and so you are looking for direction from us. Mr. Amato asked Mr. Majewski if he sees next year being any better. Mr. Majewski stated in years pass what we put in our budget pretty well paid through the year. Does not look like we are going to get that. Next year maybe the environment will be a little bit different. What year does PSERS go sky high? 2013 – we have to look forward to that.

Mr. Majweski commented – do we expect things to improve next year? I am hoping that it will be more stable next year, but that does not mean improve. I do not think anybody is looking for us to improve. We still have fairly high unemployment rates, business are not hiring and still concern about making money, and therefore cutting back and not hiring new people. There is not a lot of incentive for them to be hiring so we have a lot of status quo. I am expecting the next couple of years to be the same way, where you may not be as concerned about declines but are not really looking for extraordinary growth in our budget. We are hoping maybe we will see some growth at some point in the Sands in that area, property values at best. We are still watching that very closely to see how that is going to occur. Mr. Amato said forget about the long-term home equity loans because next year we will be confronted with the same thing. The environment will probably be the same way and if we do not get rid of this \$3.5 million now we will be looking at doing this next year. Mr. Majewski added if anything it might be more difficult in order to looking into the next year. Looking at the governor's budget is highly unlikely we will see what we thought we were. In other words, they do not have the money for it either. Best case is we are looking at getting about 60% of the \$5 million we were hoping to get between the stimulus and the governor's budget, which means a \$2 million dollar cut. I think that is a fairly certain amount that you will be going to be seeing a \$2 million dollar cut. If you take a look at the chart you have priority 1, 2, and 3 come in to about \$2 million dollars. That is where I think we will be going if we do not do that now. We start spending money on some of the programs, we get half way through the year now, and we still have \$2

million dollars we need to cut which you have less time to do. You will have less people who will be affected if we can make the cuts now instead of delaying it and trying to do it later because the same dollars will need to be cut, but we will have less time to make it up so that means more students will be hurt by it.

Mr. McKeon stated I am most disappointed in myself because when the budget was put together with the 5% increase I thought that was extremely generous and then when Governor Rendell came through with 9% I wanted a sample of the tea that he was sipping out of. What I should have done was vocalized more about let us stay with the 5% and if the 9% comes through great if it does not come through at least we built the budget based on the 5%. If we cannot get it one way, we are going to have to upset the public. My thought process was raising the tax. If we raise the millage, if we have a budget cut coming out of Harrisburg at least we will be able to absorb that with the higher millage rate, but if we did not, as I made that one gesture, half of that upper deck at East Hills was going and I did not know anything – it made no sense. I thought 5% was more than enough at this point. The administration may not have agreed with it, but that was my thought process and I did not vocalize it.

Mrs. Follweiler stated I kind of wish we pushed for the referendum because we would have truly known how the entire community felt and as a community member mentioned earlier they would be happy to pay more. Some people would be happy to pay more to have some of these programs that we are now talking about cutting, but without going through referendum we have to trust our own judgment now on the facts that we have been given and what we have which is not much of a choice.

Mr. Tenaglia stated I think we need to move on and decide what we are going to do here. Mrs. Koch also commented that as far as putting it on referendum, I think it was kind of tried out in New Jersey and they had several school districts where buildings were falling down on their ears and people still will not pass a referendum.

Mrs. Dexter had a couple things. First of all I had asked for information about the impact on reducing guidance, and I did not see anything in the document. Dr. Lewis had an answer for her. What services would be impacted if you reduce three; you reduce 20% service to your elementary schools. If you reduce six guidance counselors, you reduce about 40% service in the area of family counseling, family issues for children, bullying issues, those of kinds of matters that elementary counselors most often deal with. Also providing service agency connections for kids. You asked who would do that – would secretaries be providing that – highly unlikely that they would be. We would see an impact in part of your question was anti-bullying as counselors do tremendous amount of counseling and referring sort of speak in those areas as well. So the redistribution would impact respectively 20% and 40% depending on the numbers. Mrs. Dexter asked if we would be able to use the family centers that we have in some schools, so for example, if a student needs guidance, would we be able to send him/her to a family center. Dr. Lewis replied well the family centers might have social service connections, but they would not have professional counselors with the background in counseling. We only have a handful of schools with the family center concept, so it could pick up a little bit of that service center need but not the counseling need. Mrs. Dexter asked if we did all of the reductions on the list for guidance will we still have guidance covered for every one of our elementary schools. Dr. Lewis answered yes. It would be a higher ratio. Mrs. Dexter asked what the ratio numbers were.

Mrs. Dexter agrees with Mrs. Cann we should not just target rifle and soccer at the athletics. She does not think athletics should be saved from cuts and realizes cuts have been made, but so did other academic programs. She thinks rather than cut out any entire sports, the cuts should go across the budget for all the others. We have some sports that are practically funded and others to be eliminated that will impact certain kids. I do not feel comfortable with that. I see in math support you have one number three and one in number four. What would we be able to do with the math support person that is saved and why is that

important. Dr. Lewis said I talked about that today with Mrs. Katona and Julie victory. If we only went to one math support and had the 1.6 from the title funds, what would happen? Mrs. Victory stated right now my math support people each have ten buildings that they support. What can I do with one instead two? Actually what I would probably do is only do it at the elementary level.

Mrs. Dexter wanted to know if we eliminate a program such as RASA, it seems to me that we would be affecting some of our elementary schools in much larger ways than others. So for example if we are going to push out kids back to Donegan or Marvine, has that been considered? I did not get the list as I had asked for. Dr. Lewis said yes I apologize we were still working on these calculations at 5:15 p.m. We do have it, and I did speak to Ms. Moran late in the day to confirm these numbers I can read them to you. RASA would redistribute district-wide 24 fourth graders, 54 fifth graders, and 27 sixth graders in the following realignment. Donegan would receive 4 at fourth grade and 11 at fifth grade – we have a mild concern there. Marvine would receive 4 at fourth grade and 8 in fifth grade – we feel we can incorporate there. Fountain Hill would receive 7 fourth graders and 8 in fifth grade – can be managed. Clearview would receive 6 at fourth grade and 8 at fifth grade. Broughal would receive 9 students and Northeast would get 11 students. Both principals have met with us and feel they could simulate those students. The Career Academy redistribution would be 31 to LHS – 3 at grade nine, 9 at tenth grade, 11 at eleventh grade, and 8 at twelfth grade. Some mild discomfort the 11 at the eleventh grade, but Mrs. Durante felt we could incorporate. FHS would have 2 in ninth grade, 3 in tenth grade, 8 at eleventh grade, and 7 at twelfth grade.

Dr. Lewis made a request for them to look at 40% to 60% funding level, so we are clear it would be 60% of \$5 million, which was the anticipated amount combine stimulus and basic education subsidy. The short fall would be 40% of the \$5 million as he pointed out we are at about \$2 million, that is what Dr. Persing is hearing and that is what I'm hearing in the hastings, that is what Dr. Scott is hearing about a 60% of the governor's increase. If you look at priority 1, 2, and 3 that gets you slightly over that amount at \$2.2 million. You still have some wiggle room if you want to talk about any of these smaller pieces you have about a quarter million dollars there. The administration has had direction on priority 1, 2, and 3. We feel relatively secure; we would still be able to manage at the \$2 million contingency. We would begin work in earnest tomorrow morning. Mrs. Dexter said she did not hear what he had said. Dr. Lewis repeated that they would begin work in earnest tomorrow morning. She heard that part, beginning with the administration... Dr. Lewis repeated if we took priority 1, 2, and 3, we would have about a quarter of a million dollars over what we anticipate the compromise will be. So you could still go back come Monday message this even more in a small way of up to a quarter million. I gave as an example home school visitor who is bilingual where we have in our estimation a high need which is why we put that position in priority three, but again that is your call. At \$2.2 million we feel confident. Mr. Majewski, Cabinet and that we would be within the compromise that we anticipate.

Mrs. Koch stated if we were to do the three, one concern that I would be massaging here is the SPARK transportation because I believe that hits a particular income group in our school district. A group of people who might not be able to get that transportation, some of them would but I think a lot of them would be hurt by it. Dr. Lewis said again we would take our direction at the will of the board. If you said take everything but letter F then you would have about roughly \$2.140 million that you need to come to grips with that as a board. Those are our recommendations. We are saying if you move on 1, 2, 3 or some combination thereof, we believe you are in a safe zone.

Mrs. Follweiler stated they needed to move as the hour is getting late. Courtesy of the Floor was suspended to have this discussion if it is the will of the board that we have Courtesy of the Floor at this time to get the input for our consensus. Mr. Amato stated that we can have courtesy of the floor but does not know what good it is going to do. There is a number there that has to be cut. It is \$2.2 million is what

they are saying, and however, the administration wants to cut the cheese out of these four areas, we need to absorb them.

COURTESY OF THE FLOOR – William Burkhardt, 428 2nd Avenue, Bethlehem. I had sat back there and listened to this, and I am absolutely agassed. I cannot believe that we are going to cut programs directly impacting kids, and we are not talking about cutting specifically the department of instruction that is at the Ed Center. BASD over the years has had departments of instruction in good times and has eliminated them in bad times. I do not understand why there are no cuts in technology. We have greatly increased technology staff over the last few years. Certainly it is wonderful when we can have it, but when we cannot I cannot imagine that we are cutting some of the things we are cutting here. I do not understand why we are not looking at other areas that have increased their staff over the last few years. I will not go into the departments directly but you certainly could ask for an update on say five years and look at a department and see what their staff is now compared to what it was five years ago. This process has absolutely just amazed me. This administration obviously has set its priorities. I am hopeful that the board will say that they need to look at some additional priorities before they make these final decisions. Thank you very much.

Jim Laberti, 5015 Long Drive, Bethlehem. What I have asked the board to do, and I know that there was discussion about the comments I made earlier about before we would cut any programs or lay off any teachers that we would look at another option which is to engage with the teachers' union about employee benefits. I understand that the board cannot formally direct that, but I would ask is that before we take any action that there is just a point that the administration sits down with the teachers' union and just decide if that is an area that they want to pursue or not. So at the next board meeting, we find out was that pursued or not and understand that before you take whatever options you are going to go forward with. If you look at the detail here, if you go for all four it looks like full-time equivalency of about fifty teachers being laid off. That is how I read this. If you go through one through three, that is still about thirty teachers being laid off. So I would think that it would be something that somebody would want to talk about and pursue before you go down this path. I think that is a reasonable request in asking them to do that. I have another comment on what was talked about earlier this evening – the debt restructuring. I think one of the things that did not come out of the discussion was, I think a number of the board members was asking questions about this, that is looking at individual assets transactions that is fine, but it does not give you the full picture so when you are talking to financial advisors I would ask the financial advisor to present the portfolio with the assets and what do these actions mean. Many board members are asking we want to move to a less risky position, how do you do that, a financial advisor should sit down with their client and say what are your goals, what is your risk tolerance and before you talk about specific assets, that should be mapped out in summary. So you know when you are taking step by step what does it do to your total portfolio and assets that was not discussed tonight. Sometimes looking at the individuals you miss the whole forest for looking at the trees. I would ask that the beginning and the end that the financial advisor talk about in summary and talk about what these actions are doing to the portfolio of assets and any risk profile and that was not discussed tonight. I think that is what a number of the board members were asking for but it was not addressed.

Mrs. Follweiler took a consensus of the board regarding lowering the budget and by an amount if anyone wishes to say so. Dr. Lewis just wanted to make public that we have cut the Curriculum and Instruction Office to three people and continue to reduce in areas. We are in a different world today with AYP and accountability issues and the last thing I want to see in my exit is the absence of a curriculum and instruction department. I think it would be a critical error. I do not disagree with Mr. Burkhardt that we have had multiple designs here over the past 25 years and yes when times were better we were able to flush that department out with supervisors and reading, ELA, math, science, and other supports in reading and math across the district. We have continually cut those positions. We are down to one combined ELA/Reading position, and we have no science at this time – we have relegated that out to principals. We

do have a math coordinator, and we still have an assistant for curriculum and instruction that has been long standing in this district so technically in a professional category we have two people. I just wanted the board to know that. We have reduced that area right along.

Consensus takes place:

Mr. McKeon: 1, 2, 3

Mrs. Cann: I do not actually even feel like we are making decisions here. We are just acknowledging reality. This state has taken it out of our hands, the lack of funding means we have to have cuts and the state's prescription on what is mandated or not, tells us exactly what those cuts should be. I appreciate the comments about looking for other cuts and talking to the union, but given that we also have a large deficit even all risk is not sustainable budget so I'll take all of these. The only thing I would like to see change is the athletic department to share the burden and where SPARK transportation maybe at least give maybe four weeks because it could be really tough to find rides.

Mr. Amato: All amount at least \$2.2 million if we get the 60% from state.

Mrs. Koch: 1, 2, 3 but do not eliminate transportation part for SPARK

Mrs. Dexter: I feel that this is improper that we are even doing this because we have not really been provided notice. I think we should have done this months ago when we funded the budget. I would have voted for a larger tax increase than what we did in order to protect some of these programs. That we did not, we should have had then a hit list that would be decided on a basis of contemplated decision making that is not present now. I wrote for information; we got some of it handed to us tonight and some not yet, so I do not think that we ought to be making these decisions tonight. You do not have my consensus to make all of these cuts. Dr. Lewis asked what information if I may respectfully ask do you not have? Mrs. Dexter said new hires this year. How many people have we hired? Dr. Lewis answered fourteen. Mrs. Dexter stated well I am not going to go through all this right now. This is not the way we ought to be doing it coming in here and making \$4 million dollars in cuts in the next twenty minutes. It is just not the way you do things. Dr. Lewis stated you emailed me, you expect that information to be at your fingertips. I think you need to be reasonable too. You emailed me at 2:40 p.m. today, with ten questions. Mrs. Dexter said I have 12:40 p.m., but nevertheless when we are doing these kinds of cuts that have such a dramatic impact on students, we ought to be doing this in a contemplated way without just simply saying these are the ones that are good to go. Now I sat here and looked through the budget, while you were going on, and I picked out everything that would be my priority if we had to cut that much money. Dr. Lewis said I asked the board for those suggestions. Mrs. Dexter said those are not on the list. We ought to be taking information from the public and thinking it all through. One of the things I asked in here is if we have new hires that have not even stepped foot in class but are certified in areas such as math and science which has been very difficult for us to recruit. Would they be coming first before other people? I do not even know how we would be doing this. I do realize what we are doing is going to have an educational impact not just on people that are in the programs that we might cut, but on the students who are in programs that we are not thinking about cutting such as the high school classes, such as schools that are going to be taking back the number of students that are really not academically there with the classes. At RASA, we have students who are two, three years behind and now you are going to put them back in the classes. Four more of those students, they will have an impact on other students. We are blinding ourselves if we think it will not. So if we have to look at what we are doing academically not just this small in flow of students that will be impacted, it will be every classroom where students are placed back in the classes that we have already said probably do not belong there because of academic reasons, emotional reasons so on. We have football programs that are certainly well funded well stocked. We have sometimes 90 students suited up and sitting on the sidelines. I love football; I'm at every game. What we need to do is look at these cuts in a contemplated way and not here is ten pieces of paper let us go at it the next 20 minutes. You do not have my consensus.

Dr. Lewis stated excuse me, I know you are trying to get a consensus. I gave the board a precursor, and I believe Mrs. Leeson took a copy for you. You were unavailable last week at the meeting.

This goldenrod sheet had all of these items. I was asked by Mrs. Leeson to develop this. I am only doing what I am told. I am sorry if you do not feel there was not enough contemplated time. I do not disagree. I want somebody to tell us what to reduce. If you want to take football and reduce it, put it out to the board. If the board supports that, that is what will be reduced. I think you need to be fair with this administration. This administration has worked to identify those programs that we were asked to identify. I am not comfortable with these cuts. I do not know what else to say. It pains me; I'm sick to my stomach. I do not want to reduce this district to not having quality programs. I am sick and tired of this state telling us we must do this and that and not funding or pulling the funding out from under us. This body should be screaming at Senator Boscolla's office or Senator Brown's office that is where the complaints should be leveled.

Mr. Tenaglia: I agree with the superintendent that this is a lot about being forced here because of situations that take place in Harrisburg. I have a different priority list. First of all A that is a given. I mean I do not think you need board approval for that. Yes to B, C, F, G, J, and L. No to D, E, H, I K.

Dr. Haytmanek: Number one we are not making any decisions tonight, but you are getting a consensus here I think that is perfectly reasonable. I think Dr. Lewis's point is very well taken. We have asked him for the information and it has been handed to us. I do not know how we could get it better than that. I hate to see a decrease or eliminate programs that affect the kids. That has been my position for the past eight years here on the board, but I think we have to look at A, B, and C here or 1, 2, and 3.

Mr. Follweiler: I believe, Dr. Haytmanek, we do not have to vote on this, because we have already passed the budget and administration just needs a consensus from us on how we feel. I mean my feeling is that I want to tell Dr. Lewis that we need to find \$3.5 million out of the budget, and if this is as I have understood through our conversation tonight, this is it. The other suggestions that have been made by the community or the board may not be as viable as these. This is what I am hearing from administration. My direction to administration would be \$3.5 million. I do not believe we actually have to take a vote on programs.

Dr. Lewis – The administration cannot reduce force. The board hires and fires. You reduce force. I get to recommend, we do not fill a position; you need to decide. We do not. Mrs. Follweiler asked so we do have to vote on it Monday night. Dr. Lewis replied well you need to formalize it. If you do not give us direction tonight, which you fail to do is give notice to certain individuals, that you do not give Mr. Washington an opportunity to work with Mrs. Vitalos to create a checkerboarding that is fair and announced in a timely way so that they are not showing up here for work. To not give us direction tonight is to simply say you are in limbo.

Mrs. Cann – I was going to suggest if you could possibly wait until Monday and as a compromise to our people that really have more time so that it is not so uncomfortable. Mrs. Leeson is not here either, but if you think it is going to make things clear or if it is going to make things worse.

Mr. McKeon – Somebody better start to show some (cojones) here because the issue is if we wait seven days until next Monday, that gives Mr. Washington – he has people coming in the door in ten days actually not even ten days another seven days. Dr. Lewis said the 19th of August. Mr. McKeon stated whatever cuts need to be made make them now so they can start the ball rolling. I do not want to be the bad guy in this whole situation, but it is fiscal reality and if we sit and debate, we will debate this until after their budget gets settled.

Mrs. Follweiler reviewed the consensus. Mr. Tenaglia changed his vote to all four.

Mrs. Follweiler: Dr. Lewis I think you have direction, and it is a very difficult and trying time but reality.

We had four to do \$3.5 million or all four, which would be the majority. Two for three and two with alternate suggestions and one was no.

Mrs. Follweiler also polled the board for any modifications. No modifications.

DISCUSSION OF ATHLETIC DIRECTORS TEACHING ONE CLASS PER SEMESTER – Dr. Donaher said that at the last meeting the board had asked for more information to discuss the process or the opportunity or desire perhaps to have the athletics directors at Liberty and Freedom High School to return to the classroom for one course per semester. A memo to Dr. Lewis, which I believe he forwarded it to the board, listing some concerns I have with that possibility. Just briefly in this 2009-2010 budget the athletic department did offer major cuts in effort to reduce the burden on the taxpayers. Those reductions did touch many areas within the department specifically and most notably the elimination of the middle school coordinator of intramural and athletics. That responsibility and responsibilities that person did now fall directly on the high school athletic directors. Two of the four middle school supervisors have since resigned, and they had to be replaced with new people, which will fall directly on Mr. Harris because he is responsible for Broughal and East Hills. The two at NI and NE still remain. The responsibility of coordinating and cancellations and other activities within the school day really fall to them and would increase their burden greatly.

In prior years, when athletic directors did teach class, they missed as many as 40 days of instruction due to required league meetings, district meetings. To my knowledge there is only one school in the Lehigh Valley Conference and one school in the Colonial League in which the athletic director teaches even one class and that is at the request of the athletic director to do that. Mr. Senneca is certified in health and physical education. Mr. Harris is certified in elementary and middle school technology. Those would require, if that were to happen, scheduling responsibilities and the days set so that they could meet those requirements. A job description was attached to the memo to get an idea of what they do on a daily basis. Also included information relative of the elimination of the assistant high school directors this year in the budget. We feel that saved the district approximately \$10,500.00 by now providing game directors at the discretion of the athletic director to cover specific time events that they have. That is much more focused and much more limited in the amount of time they are going to have that they will not have to be there. They have calculated about over 800 hours of time that is needed to cover the high school athletic events and of that approximately 250 hours will be covered by these game directors the rest of that time will need to be covered by high school athletic director as the game supervisor. There is more information on there for you to see. Based upon that information, there is also high school athletic director's job description and also a list of about 26 other duties that they are responsible for.

I would strongly urge the board not to make the decision to place them back into the classroom for this period given the fact that their responsibilities have increased dramatically with this budget and continue to work with the reduction in funding for the athletic department to monitor those costs even more closely than they have in the past based upon the fact that they have less support at the middle school level and at their own high school levels.

Mr. Amato asked if we could even put athletic directors back in the classroom. Are they members of the BEA? Is this a negotiated position in place with the BEA? Does the job description include teaching? Does not that have to be negotiated with the BEA to put them back in the classroom? It is a negotiated item. We need to discuss this with the BEA. There is no way they can perform these duties and be in classrooms due to mandatory meetings if not get fined. Either pay the fine or get a sub.

Dr. Donaher replied yes it is. The information I received is that the board could make that decision, but then it would be up to the athletic directors if they accept it. The information I received through the ADs and their discussions with the union leadership is that it is the board's choice to place them into the

classroom as a teaching part of their program, however, they reserve the right then since that is a change in working conditions to then request that they be put back in the classroom full time and they would not have those duties as athletic directors. Mr. Washington added that we would have to negotiate it. Mrs. Vitalos stated it is the BEA's position after consulting with PSEA that they are free to resign their stipend and request to go back to full-time teaching assignments.

Mr. McKeon requested that this continue to be discussed at the next available time.

Dr. Donaher wanted to address the question Mr. McKeon had about a foot print and what I am understanding from the ADs is the way they want to use these game managers or game directors is not necessarily four or five hours. The example that was given to me is if you have a whole basketball game and the freshman game starts at 4:00 p.m., the JD game starts at 6:00 p.m., and the varsity game starts at 7:30 p.m., it may be the desire of the AD to say to the game director, I need you to work from 4:00 to 5:30 p.m. tonight I am going to run home get dinner and I'll be back at 5:30 p.m. and I will work from 5:30 p.m. to the end of the varsity game at 10:00 p.m. That would be an hour and half that they would use that person. They have about 250 hours to do that with. If they want to start it an hour and half two hours two and half hours at a time, or six hours in one night and that is using up a lot of chips at one time – that is being left up to their discretion. They have hours they can use in exchange for having that exchange for the assistant athletic directors which was noted that there were times when they were both there at the same time and it seemed overkill, so this way they are trying to reduce that so there is not double coverage unless indeed it is a game such as Freedom/Liberty where there is going to be a large crowd and there would be a need and the AD would say I need a game director here also if that is the situation. I do not think there is not going to be definitive amount of time per say perhaps for maybe a situation where in the fall we have an event in the stadium and you have an event at Freedom High School and you want to have coverage at both. Mr. Harris may need to ask someone to go over and at the beginning of a field hockey game that may start at 6:00 p.m. while he is finishing up a volleyball game that may go until 6:30 or 7:00 p.m. and then that person will stay from 6:00 p.m. to 7:00 p.m. Then he will come over at 7:00 p.m. and do the rest of the evening or vice versa. I think that is the flexibility they anticipated having game directors rather than the assistant athletic director while also reducing the budget by about \$10,500.00.

Mr. McKeon understands Dr. Donaher's logic but totally disagrees with it because the days that Mr. Senneca is home or away what he would cover an one and half I realize he has someone coming in at \$32.00 an hour. So his hour and a half or three hours whatever it is on a given night is not being supplementing by somebody having to come in and working at \$32.00 an hour. Mr. Tenaglia said that is the amount but I have also seen it at \$32.04.

Mr. Amato added while Mr. Senneca is coaching he does not need a vma. He is coaching, and he is there and taking care of his duties. It is only on the away game you have to cover.

Mrs. Follweiler asked do you want to continue this discussion on this subject this evening or leaving things status quo at this time.

Mrs. Dexter: The only meaningful way we can make a decision on this is to list it for Monday's agenda and then decide on it. She proposes that it is put on Monday's agenda.

Mr. McKeon: If we opt this way for this year, you will have no ADs for the start of school, which means you have to advertise for ADs which I do not know that you are going to get it out of teaching. Just bear in mind, you are going to have this huge void from all the meetings and everything else. I think personally it should be discussed on a forward basis not this current year.

Mrs. Follweiler asked so you would not like to see it on Monday's agenda.

Mrs. Cann: It makes sense what Mr. McKeon is saying. I do not want the ADs to teach a class any ways.

Mr. Amato: No

Dr. Haytmanek said I understand the logic of it, but I do not think that at this late date two weeks before school is opening we open this can of worms. So I say no.

Mrs. Follweiler: I would have been fine, but the Nos have it. So we will not be putting this on Monday's agenda, and we will move forward into the school year with the status quo.

This will not be placed on Monday night's agenda.

BOARD POLICY 707 – LEASING OF FACILITIES DISCUSSION – FIRST READ – Mr.

Washington said you have the policy in front of you with some language modifications due to some conversations with the board. Dr. Donaher, Dr. Lewis, and Scott Gilliland, and a few people have worked on the language, so we wanted to bring that to your attention. The first is on page three at the top where it talks about non-profit organizations. There are also some changes to classes and the introduction of Class 4 as well.

Dr. Donaher stated also that we would include on page four at the top a specific camp application that would be completed for all sport activity base camps. It is something that we have had in the past. We would like to resurrect that process where anyone who would be interested in conducting a camp would complete an application prior to the lease agreement being completed so we have a better understanding of what was being asked for.

Dr. Lewis added that class three was in existence, however, we moved the other class three to class four. Class three I think we talked about other schools such as Beca, school districts, PIAA district or state competitions. Mr. Majewski outlined the flat fees that were customarily charging now in the piece structure. The camp application that Dr. Donaher referred to; record keeping requirement that a single database be maintained on all leases and a monthly report to the superintendent and board; site manager all events require site manager and be charged the fee listed under the rental charges and site manager may not be a participant in the lease activity, superintendent or designee shall develop and maintain a current job description for that position. The board directors shall receive a monthly report on all leases by facility, location, organization, and estimated fees. This is the first read and we would like you to go through it. We think we captured everything that was on the list that you reviewed previously. Cabinet had a chance to look at it, and we present it to you for discussion.

Mrs. Cann asked what is the difference between class three and class four as far as payments of what the pay goes. Dr. Lewis replied that class three still may have a lease fee that is fixed or as class four shall not charge an admission fee. Class three would be permitted to. Class three only represents only schools, interscholastic, state competitions, district competitions, PIAA school districts that are interscholastic in nature. All other organizations could be other events, etc. Mrs. Cann asked so class four pays the fees that are on the schedule; class three pays a fee determined by the flat fee. Dr. Lewis answered it is also on the schedule, but it is a flat fee. Mrs. Cann stated all of these fees are flat fees so it just means it is a different flat fee. Booster clubs get their nonprofit status then they are class two. Dr. Donaher directed Mrs. Cann to the top of page three where it says nonprofit status for class two must be verified. Mrs. Cann asked lastly if we say anybody that charges admission cannot participate in fees is not considered admission I assume. Dr. Lewis answered correct. We also put on page three – payment of the specified rental fee, in advance; no exceptions.

Mrs. Dexter suggested I think they need to define schools for class three. If you do not define, we would be subject to do more interpretation problems. Dr. Lewis suggested putting in elementary, middle, and secondary schools. Does that work? Pencil in the elementary or secondary schools.

REVISION TO BOARD POLICY 815 – ACCEPTABLE USE POLICY – SECOND READING –

Mr. Washington presented Policy 815 for the second reading. The policy was brought back to the board with minor changes to page six. It referred to electronic emails and basically read when emails are used to discuss a student issue we wanted the student's name removed and just the initials, however, there were scenarios that were presented to us where teachers had to use a full name, so what we revised it to say that if the student's name and the information falls under the HPEA or the FERPA or privacy act rules or laws, then we want just the initials used. Our concern was with emails and the way they get forward and things of that nature you never know how people get information so our concern was we wanted to clarify that and the language for the policy.

Dr. Lewis also added that the policy was forwarded to Don Spry. Mr. Arbushites has worked on a guideline, and Mr. Spray called me back late this afternoon to say it was well done so we will also be sharing that with the board as we want the board cognizant of this as you receive information and complaints about specific students that you are cautious if it falls into one of HIPPA/FERPA categories that you also use initials to protect yourself. We will share that with our administrators and supervisors at our upcoming meeting and share it with the board now that I received it back from review by our solicitor.

Mrs. Follweiler polled the board on anyone against having it on Monday's agenda.

The second and maybe final reading will be placed on June 22, 2009, Regular Board Meeting agenda.

COURTESY OF THE FLOOR – Phil Richardson, 2231 Easton Avenue, Bethlehem. I know you asked Mr. Majewski about collecting money from the campaign. I also gave you another one you need to collect because you just had 2008 kicking camp. They left the city of Bethlehem with \$17,000.00 in their pockets, and you never even sent an invoice to them, but you did a double tap because not only did you collect your \$1,000.00 although it should have been \$4,000.00, somehow they paid Mr. Senneca and Mr. Romig who worked some of the hours that they worked. That made it to payroll, so you paid them over \$500.00 and you lost \$1,000.00, so you are out \$1,500.00 right now. Second thing is and I do not know if you came up with the definition for site manager and I am not sure who picks it, who gets to pick the site manager? I gave you records there on all the events held at LHS in a school district stadium. Out of your 1,000 teachers in the school district, you only have five people capable of working as a site manager. Is that the only number of people that work there out of 170 hours, two guys worked over 130 of them? You can look it up Mr. Senneca worked 78 hours and that was last school year at \$32.04 per hour. I think that is a nice lucrative amount maybe other teachers would like to get a share of the pie instead of two guys getting 130 of the 170 hours. You also have a game manager coming up shortly I do not know what the qualifications are for that, but maybe you should be meeting with some educators and find out who picks it and what the qualifications are to work it. Are you going to have that same group of people working it and I think that would help? You mentioned two weeks ago the athletic director was so busy, but he found time to work 78 other hours as site manager. So I guess what I am asking is, you have policy and the school boards previously worked hard nobody wanted to follow it, I guess there are no consequences, I have no idea, but if there are going to be consequences with this new one, are people going to follow it? This last one kicking camp there was a \$30 per hour stadium charge. Guess where that number came from, but that is what was in there. It just goes on and on and on. I did seven per seven. You have auditors come in maybe you ought ask them to check all your events because you are not getting paid for what you are supposed to get paid, and you are eliminating sports. You could have probably paid for the soccer

and the rifle with the money you just lost from just those seven camps that I found. You decide what you want to do, but I am just telling you. Is there going to be a posting on what the fee schedule is for the 707? Mrs. Follweiler answered yes the 707 fee schedule 707A or something like that is called.

Carole Schachter, RASA teacher. Forgive me I do not mean to be disrespectful or ignorant. I want to understand how committees and forum meetings work. The decision as you went around and made a consensus tonight. What I need to understand for myself is does that mean that is an absolute decision or it is being made on Monday, since other things from the committee fell to the board meeting Monday night. I just want to understand. I am not questioning your decision. I want clarification for myself personally. Does that mean that is done and you have made a decision? Mrs. Follweiler replied that this was the discussion we were actually having amongst ourselves, and I do believe that we need the solicitor because our consensus is that is how we feel. We did not vote. Dr. Lewis stated you do need to have a resolution. Ms. Schachter stated that is why I am asking. That was my assumption does that mean that I am still in limbo until Monday. Mr. Amato replied no, the board directed the administration to go ahead with the \$3.5 million dollars in cuts. Taking it out of what he presented, so that the administration can get this in place so that you are not in limbo. Dr. Lewis stated we are required though to bring a resolution to the board. Mrs. Follweiler said we essentially gave him our go ahead to make the resolution for us to vote on Monday night. Ms. Schachter said forgive me in case you did not realize for us, from our standpoint listening, as you went around it was very confusing.

OPEN FORUM – Mrs. Follweiler wanted to follow up quickly with Dr. Lewis regarding the issue that we did discuss about policy 707. I agree and I believe what we just discussed in this change to the policy is that there will be full reporting and I agree with the community that we have seen abuses of the policy. I will use the example from tonight of the campaign that rented and never paid. We do have to find a way ensure the policy is followed. I do not know what the balance is but at a later date we can certainly continue that discussion.

Mrs. Dexter had two things for open forum. One is that this board had a meeting June 1st to discuss the community input to hear the community input on the search of the interim superintendent and at that meeting it is my recollection that we agreed to have a website updated on a regular basis and that we agreed to form an email where people could communicate with people who had a special interest in selection of the superintendent and at least let them know that the website had been updated. I would like to request that the minutes of that particular meeting and agenda on Monday night's meeting, so that we can approve the minutes and if there are consensus of the board place those minutes on the board place those minutes on the website as we agreed to do.

Mrs. Follweiler polled the board on putting the minutes from the June 1 meeting on Monday night's agenda for approval. EM: yes, MC yes and also that the email list – that when we do add something to the website regarding the superintendent selection process that an email list goes out to that group that it has been updated. Mr. Majewski stated it has been set up I just have been waiting for direction. Mrs. Follweiler said that is a second consensus both Mrs. Cann can we add board names to that email list because then we know when it went out and all. Mrs. Follweiler copy to the board. RA: yes, CK: yes, JD, yes, BT: yes, CH yes, IF: yes. So direction is to have minutes from the June 1st public meeting that we had and also go ahead with any notification of additional meetings or any information related to the superintendent search made public through the email along with papers and other venues.

Mrs. Dexter stated I had a recent issue with a banker who had wanted to have a meeting with the business office to discuss a cost saving measure of \$120,000.00 to \$150,000.00 a year. Has that meeting occurred?

Mr. Majewski said yes and in fact I reported back twice to the board on just that issue. Mrs. Dexter asked if that was last week? Mr. Majewski confirmed it was last week and believes prior to that there was

another meeting. There was a meeting we met with other banks as well. We provided them individual list of vendors. It is being worked on to refine what the savings may be and we continuing going forward with this discussion. Very interesting proposal on five years only one other bank that could get close matching, so we have done some due diligence with it and moving forward. Just waiting for more information from Commerce Bank. Mrs. Dexter asked when can we expect to hear back. Mr. Majewski answered as soon as I can get some things, like I said, I have already reported twice with updates, but what I am waiting on is going through the banker's list to get some information from them, continue working. We are on a regular contact with these folks trying to get this proposal. Mrs. Dexter apologized if she has missed the regular updates. I was not at the meeting last week. I was out of the country. My thinking is on that cost saving measure if we could even save at the low end what was estimated was \$120,000.00 that is still a substantial monthly income, so in my view that would be a high priority item to let us look at how we can save \$10 to \$12,000.00 a month. If it something we can do to celebrate that I would like to see. Mr. Majewski said I actually agree with you. There is different ways to be able to approach this. I do tend to think that is optimistic to get that type of money back every month; however, my opinion is might be \$10,000 even \$20,000.00 a year back is more than what we had before, so that is why we are looking forward. I see some value in trying to develop a proposal even with this bank or someone else who has the best type of relationship. I do not see a downside to it.

Irene Follweiler adjourned the meeting at 11:20 p.m.

Minutes prepared by: _____
Nitza S. Yerger, Confidential Secretary to the Assistant Superintendent for Human Resources