

NO: XVI
Minutes of the
Board of School Directors
DERRY TOWNSHIP SCHOOL DISTRICT
Hershey, PA 17033

March 23, 2009

OPENING ITEMS

1.01 Call to Order

A meeting of the Board of School Directors, Derry Township School District was held on Monday, March 23, 2009, in the District Office Board Room. Mrs. Beulah Chabal, Board President, called the meeting to order at 7:00 p.m.

1.02 Roll Call

Directors Present: Mr. Christopher Barrett
Mrs. Beulah Chabal
Dr. Donna Cronin
Dr. Henry Donahue
Mr. John Gräb
Mr. Alan Malkoff
Mrs. Ellen Sheffey
Mr. Charles Stover

Excused: Dr. William Parrish

Superintendent: Dr. Linda Brewer

Secretary: Mr. Stephen Rineer

Solicitor: Brian Jackson

Student Representative: Kathryn Collier
Andrew Rogers

Press: Mr. Drew I. Weidman THE SUN

Representatives of the Administrative Staff: Mr. Dan Tredinnick, Dr. Bernie Kepler, Dr. Cynthia Goldsworthy, Mr. Al Harding, Mr. Sam Elias, Ms. Lisa Sviben Miller, Ms. Lynn Dell, Ms. Sue King, Ms. Jackie Castleman, Ms. Lori Dixon, Mr. David Lillenstein, and Mr. Ed Consalo.

Representatives of the Staff and Community: Mark Shrift, Ed Uravic, Cathy Ferster, David Twadell, Lou Verdelli, Bunny Hottenstein, Bruce Hancock, Rick Etter, C. Gold, John Dunn.

1.03 Flag Salute

Mr. Barrett led those gathered in the Salute to the American Flag.

REVIEW AND APPROVAL OF MINUTES

2.01 Approval of March 9, 2009 School Board Meeting Minutes

A motion was made by Mr. Barrett and seconded by Mr. Stover to approve the minutes of the March 9, 2009 School Board meeting. All Board members signified by a Yes vote.

MOTION CARRIED

INFORMATION AND PROPOSALS

3.01 Announcement of Executive Session

Mrs. Chabal announced the Board met in executive session prior to the meeting to discuss personnel and labor relations matters.

3.02 Recognition of Citizens (Agenda Items)

Ed Uravic: I'm representing the Derry Township Environmental Advisory Committee and I wanted to take this moment to thank Dr. Brewer, Dr. Kepler, and Mr. Yarian for the District's quick compliance with the new state law to limit unnecessarily idling by trucks and school buses. Of course, in our case, it's school buses. I was very pleased to see that the District was ahead of the game on this one. The Clean Air Board which is helping school Districts in Central Pennsylvania implement the law, was very pleased as well for the quick compliance. I understand there is a policy coming to the Policy Committee and the Board to finish the last act of compliance in this regard. Dr. Kepler and I have been talking and we've had the counsel from the Clean Air Board communicate with the District and it looks like it should be a smooth ride from here. So I anticipate there will continue to be compliance with the new state law which helps reduce pollution in our environment and helps save fuel costs. I would ask the

Board to look favorably upon the policy that's coming your way. Thank you very much.

Mrs. Chabal: Thank you.

3.03 Standing Committee Report

Mrs. Chabal: There was a meeting of the joint Finance and General Services standing committees.

Finance Committee

Mr. Barrett: First to report on the Finance Committee. The committee did meet and I would invite anyone who was there to please just jump in if I miss something germane.

I'd like to give everyone a revenue projection as has been customary in the last set of meetings. Steve was kind enough to give us an update on revenues at this point and time. We're still looking to be about 2% positive variance to budget in actual revenues towards the end of the 2008-2009 fiscal year. However, we still continue to see some deterioration in real estate transfer taxes which has unfortunately been the trend over the last few months. In occupation tax and OPT tax, we're also seeing negative variances.

The positive variances continue to be in real estate taxes and payment in lieu of taxes, which is actually where we're seeing the highest positive variance. We are projecting to be at \$896,000 positive variance in revenue by the end of the year, at the 1.8% to 2% level. Again, thanks to Steve and the administration for their accurate assessment and, of course, the good management of the budget moving forward. We're very fortunate to have that.

We were given a briefing on a number of different items related to staffing in 2008-2009 and some medical expenses as they relate to HESPA and Act 93 in addition to HEA. We discussed the capital improvement maintenance budget projected for 2009-2010 fiscal year. We were given a very preliminary revenue projection for January 2009-2010 related to that budget. Again, we need to see the expense side, but it's just extremely preliminary as of this point.

Also the swaps which have been a point of interest for us over the last few meetings will be discussed this evening. That's upcoming on the menu, so we're happy to see the gentlemen here to give us all the intricacies before we go into that. That was predominately the finance part, but the first part is actually General Services, so I'd like to defer to Mr. Gräb for a better report.

General Services

Mr. Gräb: Thank you Mr. Barrett. The General Services Committee did meet this afternoon at 3:00 p.m. We had a rather long and useful dialogue about the synthetic turf athletic fields project that we have online. We will be voting on that later on this evening at which time I will provide some additional information.

3.04 Presentation – Staffing

Dr. Brewer: Thank you Madam President. Dr. Goldsworthy and Dr. Kepler are passing out four handouts that will be referenced during the powerpoint. Perhaps we can send some around to the audience as well.

On January 12th, we introduced you to preliminary revenue and expenditure projections for the 2009-2010 school year to assist you in determining if a Resolution could be reasonably passed to limit a tax increase to no more than 4.1% as was the state mandate under Act 1. On January 26th, you passed the Resolution and we pledged to work toward an austere budget for the 2009-2010 school year.

We reminded you that the primary is considerably later this year, on May 19th. So that has given us the opportunity to defer this staffing presentation to tonight; rather than the November presentations we have done the last two years.

In two weeks, April 14th, we will present the 2009-2010 Capital Improvement and Maintenance Budget; and then, on April 27th, we will present the proposed budget for the 2009-2010 school year.

It is appropriate, and has been our custom, to start with staffing when launching a discussion about the budget. This slide provides the context as to why. Using the current budget, you can see that overall, combining salaries and benefits, staffing represents 61.6% of the 50.95 million dollar budget.

Further disaggregating this expenditure figure of almost 2/3 of the budget, you can see the salaries of the three personnel groups with which we operate: The professional staff, HEA; the support staff, HESPA, and Act 93, which includes the administrative team and support professionals. By far, the biggest group is the HEA, representing 44.5% of the budget, which includes 32.5% in salary and 12% in benefits. HESPA is next, but not even close to the HEA at 10.3%; and Act 93 is a distant 3rd at 6.8% of budget.

Insurance benefits, by group, are listed by dollar and percentage, as are mandated benefits, which include retirement and social security.

So that's the context for why staffing goes first.

Continuing with context for staffing, enrollment is pivotal. In handouts 1 and 2 you have been provided the historical enrollment for 10 years, ending with the 3rd day enrollment for the 2008-2009 school year (far right). Handout 2 provides projections for 10 years, starting with next year's projection on the far left. The enrollment data were compiled by Vic Evans, who updates the projections for us on a yearly basis.

As you know, our projections did not hold for the current school year in kindergarten. In fact, 47 more children entered kindergarten than the year before; and were considerably higher than our outlier projections for that class. So, in August, 2008, you agreed to add a 13th section of kindergarten to keep class size within our guidelines. We are not sure why this happened. Transfer taxes were above projections for the 1st quarter, so perhaps the inordinate numbers reflected more families with five/six year olds moving into the District. Perhaps due to the deteriorating economy, more families were not choosing private kindergarten; we are not certain.

We will be watching enrollment closely; and we are budgeting for the 13th section of kindergarten; but we will not fill the position until mid-summer when we are more certain of kindergarten numbers.

In addition, we cannot be certain if the 1st grade projection of 293 students will hold. Did students that normally register for 1st grade come to us in kindergarten? If so, we may not have 293 students; but if the trend holds true, we will. So, again, though we are considering an additional 1st grade classroom; we will not make that decision until mid-July.

We are also watching 5th grade, where 283 students are projected for next year. If that projection holds, we will have 25-26 students in each class, which is slightly above our guidelines.

Another factor that we are watching closely is the fact that approximately 250 students that live in our District attend private and parochial schools. Will the unprecedented economic conditions cause more parents to enroll their children in our public schools? We are going to need to closely monitor enrollment due to these factors. We're simply not certain at this point.

Here you see our guidelines for class size. I want to point out that these are guidelines; not policy. But our goals are to maintain quality programs and respond to the consequences of growth. Obviously, controlling class size is important in maintaining quality programs and in fostering differentiated instruction for students.

Handout 3 depicts the class sizes based on the enrollment projections from Handout 2. You will see that with 13 sections of kindergarten we are currently projecting 17 students per classroom; however, if we decide to have 12 sections,

with the current enrollment, we would have 18.42 students, which means the majority of classrooms would have 18 students and a few would have 19 in the classroom. Both projections (12 or 13 sections) are within our guidelines.

Now look at 1st grade. Under current projections, if we have 14 classrooms next year the class size average will be 20.93 students; and if we maintain the current 13 sections, the average class size will be 22.54, which is slightly above our guidelines of 22 or less.

Another consideration is 5th grade. With 11 classrooms, the projection is at 25.73 students per classroom, which means that the majority of classrooms will have 26 students, and a few will have 25. With a guideline of 25 or less, we are in danger of not meeting our goal.

Our staffing recommendations, given these enrollment projections are to fund a 13th section of kindergarten and one other elementary position (either 1st or 5th grade); but not hire for the 1.5 positions until mid-summer so that we can carefully and concisely monitor enrollment.

In addition, I want to mention that we recommend that we continue to fund several positions through the existing grants, which we are being told will remain intact.

Those positions are listed and they represent significant dollars, in excess of \$300,000. Under the Federal government's stimulus plan, we will not receive additional dollars for Title I or II, which is a frustration. Most of our neighboring school districts are receiving additional Title funds, but we aren't.

We want to keep these positions at "eye level" because they are necessary, pivotal positions and we would need to fund them through the General Fund, should the grants not materialize at some later year.

Dr. Donahue: Excuse me Lin. Can I ask a question? You budgeted the extra kindergarten teacher and you budgeted just a half?

Dr. Brewer: The half is the kindergarten because that's the 13th section.

Dr. Donahue: Okay. And then either a 1st or 5th grade teacher depending on what things look like?

Dr. Brewer: That's right.

Dr. Donahue: The literacy coaches, they are not budgeted yet, is that correct?

Dr. Brewer: They are budgeted. The revenue for them is budgeted as well with the grants.

Dr. Donahue: Thank you.

Dr. Brewer: Those are the existing grants. I want to tell you that there are some “unknowns” even at this late date as we bring you the staffing budget. First, this year’s retirees do not need to declare themselves until April 1st; but we do have fairly good information that would indicate we can expect 8 retirements. If that proves to be true, in the first year (2009-2010), we will save about \$94,000 if we replace the position at bachelor step 3. If we replace at bachelor step 1, we will save even more money. The next year (2010-2011), we increase the savings from these retirees to \$300,000. The reason for the difference is because of the retirement incentives that are paid to retirees in the first year.

Another unknown is the HEA contract. We are currently in negotiations. The contract expires this year on June 30th.

Finally, we have budget numbers from the state. All indications are that the state budget process is far from being settled. For example, I received a letter from Senator Piccola, who is the Senate Education Chair, stating that a very cautious approach to preparing the budget should be taken due to the depth of the state’s budget shortfall. Piccola states that until the 2009-2010 state budget is signed into law (and I quote) *“there is no guaranteed level of funding for school districts.”* I received a similar letter from the Democratic leader, Robert Mellow, he states the following: *“It is important that school District officials do not rush into budget preparation without a firm understanding that the state fiscal situation is fluid, and likely to remain so until a final agreement is negotiated. Therefore, although I recognize your own deadline pressures, I urge you to be cautious and flexible.”*

Now the good news is that we only receive small portion of our budget from the state at about 14% and almost nothing from the federal government. So we are not quite as tied to those budget projections as our neighbors would be.

Here is what we do know: HESPA and Act 93 contracts are in operation and costs can be estimated. We have been given the numbers for the entitlement stimulus dollars and we know that we are scheduled to receive \$543,600 in special education dollars (IDEA) and \$153,012 in additional basic education funds. However, we haven’t been told how to interpret that, if it is able to supplant, for example, some existing budget dollars.

Though we are not getting additional Title I and II dollars, the amounts for next year have been announced. Finally, we know what the retirement contribution rate should be for next year; and in fact, we are budgeting 7.13% rather than the 4.86% the state is placing in the budget because, once again, the state is seriously under-funding the retirement system. As you know, we have a retirement stabilization fund where the difference has been and will be banked for when inevitably that goes up in contribution.

To summarize, our staffing recommendations for the 2009-2010 school are very austere, as listed. With retirements factored in, these staffing recommendations represent no increase in expenditures or at most less than \$10,000 increase in expenditures and that's replacing all of those positions at a bachelor 3 which is probably not what would happen. It has been a challenge to arrive at this bottom line. My colleagues, who are present tonight, can attest to the difficult, time-consuming, crucial conversations in which we engaged to get to this point. It was not easy. So, I need to add a single slide that outlines positions we think we need, but are being deferred until the 2010-2011 budget process.

This slide shows you positions that will be considerations for next year. I would like to point out that if we would decide to institute a two-tiered bus system, the cost of the 5 drivers would be offset by the decreased mileage. It would be revenue neutral. If we continue the three-tiered system, we will hire 1 bus driver for one additional run; but with a total cost of \$103,947, and retirement offsets of \$94,000 we are within \$9,950 of current budget, and that assumes replacements at step 3.

But, I would like you to keep in mind that the need for an additional middle school learning support teacher, middle school counselor, high school instructional technology support teacher, which would be partly business, is needed, as well as a carpenter.

We will also be exploring joining the IU consortium for some online course offerings that you will see in the catalog for the 2010-2011 school year, and that will have budget implications as well.

The final Handout (4) shows the costs associated with staffing requests for 2009-2010 and 2010-2011.

I will be happy to answer your questions and my colleagues are here to do so as well.

Dr. Donahue: Thanks, Lin. Could you give me an idea when you say middle school learning support person, how many of those, if any, do we have now?

Dr. Brewer: I'd rather have Lynn answer that.

Lynn Dell: We have four learning support teachers and one emotional support teacher that are serving students that are either included or receiving some range of regular education at this time.

Dr. Donahue: What about the guidance counselors and language teachers? I'm just trying to get a rough idea of what the percentage it is.

Dr. Brewer: Sue, how about you speak for the guidance counselors and Bernie for the ELL teachers.

Dr. Kepler: To speak to the English limited language teacher. We currently employ one professional staff member servicing 39 students with limited English needs and have assigned one parent professional to support that program as well.

Sue King: As far as guidance counselors, we have 2 guidance counselors at the middle school, so right now that's 2 guidance counselors for a little over 850 students.

Dr. Donahue: If I might, one other question. Back to the second and fifth grade, what was the rationale behind not projecting to hire a second and fifth grade instead of just one or the other. It sounds like you're trying to see where it's going to go.

Dr. Brewer: 1st and 5th.

Dr. Donahue: 1st and 5th, sorry.

Dr. Brewer: Not only watching enrollment, but if we would have one more additional teacher then there would be many fiscal considerations because we would have to hire more support staff, music, art, gym, phys ed. In other words, when you get to a critical mass of additional classrooms, you need more of the art, music, gym, library and we are not prepared to do that.

Dr. Donahue: So when you hire an extra teacher, that infers that there are more students and those additional students require more of everything else.

Dr. Brewer: Yes. And we can handle one, but we can't handle two.

Dr. Donahue: So, you have maybe rough or maybe exact figures of your ratio to music teachers to other teachers, etc.

Dr. Brewer: Yes.

Dr. Donahue: Okay, thanks.

Dr. Cronin: Follow up to that. First of all, I understand why we have our classroom sizes guidelines, because that gives us more flexibility. As a Board member and parent, I would like us to, in practice, use that as a policy even though it's not a written policy. I really think it's important for us to stick to those guidelines as much as possible. That being said, has it been considered and I guess this would be a question for Lori, with regard to the 4th and 5th grade. Currently, for next year, if there were 12 sections of 4th grade, the average would

be 21.3, 11 sections of 5th grade, 25.7 is the average. If we flipped a teacher, now I've noticed that there are ramifications, but just simple math. If we flip those, the fourth grade with only 11 sections because there is smaller enrollment would have an average of 23.2 and the 5th grade with 12 sections would have an average of 23.5. so they would both be under the 25. Is that something that can be part of the dialogue or is there some other strange ramifications.

Lori Dixon: We currently have 13 sections of 3rd grade that already going to be funneled into 12 sections of 4th grade so those extra 27 kids are already spread out across 12 sections. The proposal you just mentioned would take basically 50 kids and spread them out across fewer sections.

Dr. Cronin: So you're assuming then that are projections are not correct?

Lori Dixon: I'm just thinking that the current numbers that are sitting in 3rd grade now, those 13 sections will already be funneling into one less section in 4th grade.

Dr. Cronin: Well, I guess the important thing is that from 3rd grade, your goal is 22 or less and in 3rd grade in 13 sections, there is only 20 on average. When they go to 4th grade, you're allowed to go to 25 or less, so we're anticipating losing 8 kids on this projection and you're saying if we don't lose those kids, then the numbers that I gave as being a 23 average might not really pan out.

Dr. Brewer: No. We're not projecting. If you look at handout 1 to handout 2, the projections go up. For example, in 4th grade right now is 269 and what will be in 5th grade next year is projected to be 283.

Dr. Cronin: Right. So the 3rd to 4th grade is projected to go downward. Any rhyme or reason to that? Currently we're at 264 we're projecting 256?

Dr. Kepler: I can answer. I'm the one that put the numbers together. The 2008-2009 column reflects actual numbers when this document was put together. The 2009-2010 were specific numbers provided through the District's enrollment study and it was done outside of the District's administration. So I certainly understand the question of why would we be losing 8 students and it's truly arbitrary. We wouldn't know that.

Dr. Brewer: It's something that we're going to have to watch very closely and I am sure we'll be coming to you, probably the first meeting in August looking at exactly what is there and what we need to do. One of the things we did last year was brought in a half position that was not budgeted, and we were in a situation fiscally where we could adjust. I'm not sure that we would be in that position next year because of the economy.

Dr. Cronin: Another follow up question. Are all of our reading and math coaches or specialists funded by grants? Every single one? All our literacy coaches?

Dr. Brewer: Yes.

Dr. Cronin: Thank you.

Mr. Barrett: Thank you Madam President. Thanks Dr. Brewer for putting this together and for running through it with us and the Finance Committee. One quick point. I'm not sure if everybody has handout 4. When you look at the projected positions, just a point of information regarding compensation and benefits. The benefits I'm assuming Steve is just strictly medical, correct?

Dr. Brewer: No, that would be everything.

Mr. Barrett: Okay. Does that include federal taxes?

Dr. Brewer: Social Security, retirement, major medical.

Mr. Rineer: It would not reflect, because it's revenue, but it would not reflect the state's offsetting contribution to half the social security and half the retirement. With regard to retirement, it would be half of what the actual PSERS rate is, not what we're budgeting.

Mr. Barrett: So that's not our complete costs and the benefits, correct?

Mr. Rineer: That's correct.

Dr. Brewer: That's not true, these are complete costs.

Mr. Rineer: Well, the complete costs, but if you're talking about net costs, there will be a small offset for the social security contributions.

Dr. Brewer: In other words, we're budgeting 7.13 for retirement, the state's budgeting 4.86 of which we get half of that back.

Mr. Barrett: Right. My only point to even bring it up, I'm sorry, maybe I should get to where I'm going. The only point in trying to bring it up is that the benefits are 50% of the cost of salary. I just want to be very cautious as we keep adding human resources and I know we have retirements and offsetting savings payroll dollars there. We had discussions in the Finance Committee, we need to be very careful about how we're making these priorities as we go forward with personnel. As we've seen 61% of the budget is based upon that and that's pretty much locked in. I know we have guidelines concerning class sizes which is great, and that's what we should be doing, but we should be looking at priorities as we move forward. We saw it coming with the no personnel budget which I think is great

and I really appreciate it, but we're obviously not disintegrating, so this is prioritizing here and we're constantly looking at the revenue side and pushing the revenue, but I think this is a way we could look at the expense side too as we go forward. I'm hoping that the Finance Committee can take those priorities to the Board as we move forward.

Mrs. Chabal: Thank you very much.

UNFINISHED BUSINESS

4.01 Unfinished Business

Mr. Gräb: Thank you Madam President. At one of the earlier Board meetings, I had given a presentation as to the District's capital outlay to the Dauphin County Technical School. It was suggested at the time by one of the constituents in the community that perhaps, since we have such a huge outlay, would it be possible for students at the Milton Hershey School to attend the Dauphin County Technical School. I checked with Kevin Lacey who is the Director of the Technical School and he would be amenable to that. I talked to the Solicitor and there are no legal restrictions. However, the student from Milton Hershey School would be assessed a tuition fee which is approximately \$15,950 a year. I have a follow up meeting with the Vice President from Milton Hershey School as to whether or not they would be amenable to sending a student to the Technical School at that cost. I just wanted to update the community since that question was raised here. Thank you.

Mrs. Chabal: Thank you very much. I remember when that was raised. Thank you, John, for following through on that.

NEW BUSINESS

5.01 Approval of Finance Report for February 2009

1.	The Treasurer's Report for the month ending February 28, 2009 was summarized as follows:	
	• General Fund Revenues	\$1,219,576
	• General Fund Expenditures	3,335,505
	• Balance of Cash Plus Investments	23,088,918

	(Includes \$3,962,515 Capital Reserve)	
2.	The listed schedule of investment transactions for the period beginning February 1, 2009 through February 28, 2009 had total interest earnings of \$38,619 comprised of the following:	
	• General Fund	\$353
	• Money Market	36,618
	• Certificates of Deposit	1,346
	• PA School District Liquid Asset Fund	0
	• PA Local Government Investment Trust	2
	The average interest rate for February 2009 was 2.33%	
3.	The February 2009 expenditures for the paid bills for all funds totaled \$1,853,426 excluding net payroll, retirement contributions, and debt service.	
4.	The March 2009 expenditures for the unpaid bills for all funds totaled \$681,530.	
5.	The estimated expenditures of the General Fund for the month of March 2009 were in the following amounts:	
	• Operating Expenses	\$900,000
	• Utilities	127,500
	• Net Payroll (3 pays)	1,257,000
	• Employer Provided Insurance	324,900
	• Payroll Deductions	628,000
	• Employer Payroll Taxes (FICA/RET)	394,000

	• Debt Service	<u>429,206</u>
	Total Estimated Expenditures	\$4,060,606

Mr. Barrett moved the Board approve the request and was seconded by Mr. Malkoff.

Roll Call Vote:

Barrett – Yes

Donahue – Yes

Parrish – Absent

Chabal – Yes

Gräb – Yes

Sheffey – Yes

Cronin –Yes

Malkoff – Yes

Stover - Yes

8 Yes, 1 Absent

MOTION CARRIED

5.02 Budget Transfers

Section 687 (d) of the Public School Code provides: The Board of School Directors shall have the power to authorize the transfer of any unencumbered balance, or any portion thereof, from one class of expenditures or item, to another, but such action shall be taken only during the last nine (9) months of the Fiscal Year."

The Administration recommended the Board authorize the March 2009 budget transfers.

Mr. Malkoff moved the Board approve the request and was seconded by Mrs. Sheffey.

Roll Call Vote:

Barrett – Yes

Donahue – Yes

Parrish – Absent

Chabal – Yes

Gräb – Yes

Sheffey – Yes

Cronin –Yes

Malkoff – Yes

Stover - Yes

8 Yes, 1 Absent

MOTION CARRIED

5.03 Authorization to Proceed with the Issuance of Interest Rate Management Plan (SWAP) 2009

Mr. Rineer: We have a number of guests here to present some information about the swaps. Mr. Verdelli from RBC Capital Markets will speak first. We

also have Scott Shearer from PFM, who is the swap advisor, and we have Mr. David Twaddell from Rhodes & Sinon, the bond counsel to talk about swaps.

Lou Verdelli: I'll make sure my comments are brief, especially because all of you have had a great deal of patience over the last two months as we've already endured about 8 hours of discussion with me about this transaction and the mechanics of it, the potential benefit, and the opportunity that we find in the markets right now. I'll be brief and just give you a quick update and then turn it over to the other two gentlemen because they have a major role to play in completing the team that you need of 3 parties to complete this transaction and they have some documents to review with you to talk about their role in the transaction and the different mechanics that they're responsible for.

Overall, the opportunity continues to be good for the basis swap. We do see the market moving quickly up and down. Last week, when the federal government came out with their major announcement on Wednesday of a plan to try and bring down long term interest rates by buying long term US Treasuries, \$300 billion dollars worth, that was considered the real hammer that they had. Many people hoped they were going to bring that out sooner and we saw a dramatic drop in interest rates last Wednesday. Obviously, today we had some renewed confidence in the stock market with that market up close to 500, so the markets are moving pretty quickly and the pricing is so sensitive and moving quickly as well, but the opportunity is still there for this transaction. We still think it's a great opportunity for the District to pursue.

Over the last two weeks since I was here, all three of our firms and the District have been doing a lot of the background work to prepare the documents you have before you, including the credit approvals that need to be put in place before we can actually execute the transaction. If you decide to approve this transaction tonight, we would plan to actually do the pricing where we lock in the formulas over the course of the next couple of days once all the final sign offs are in hand. I understand the Resolution was authorized. The business manager and the treasurer will be on that phone call in order for the official execution of the transaction and the pricing to be locked in.

That's the brief update. I'll turn things over first to Scott Shearer from PFM who is going to review the interest rate management plan and then David Twaddell from Rhodes & Sinon is going to review the Resolution that authorizes all this.

Just before I do that, I know the question had come up a couple of weeks ago about what the costs were going to be for these additional services. I had given you the estimate that it was going to be around \$100,000 based on transactions that I see around the state for the roles that their firms are playing. Based upon aggressive proposals and some further negotiation by the administration, these fees are just under \$60,000, which I can certainly tell you for a transaction of this size anywhere that I've been involved around the state is the lowest that I've

seen. We have been able to bring those costs down substantially based upon that first budget estimate that I gave you a couple weeks ago.

Mr. Shearer: Good evening. I am Scott Shearer with Public Financial Management. First I wanted to thank you for allowing PFM to serve as swap advisor on this transaction. Because of what I understand were some long and extensive meetings that Mr. Verdelli had gone through with the Board over the past several meetings, I didn't want to take a lot of time to discuss this unless you have any specific questions. What I wanted to do briefly, it's actually part of Mr. Twaddell's very thick Resolution, but I also handed out as a separate attachment the Interest Rate Management Plan which at the top says Derry Township School District, Interest Rate Management Plan. At the top left hand corner in red it has DRAFT as of today's Board meeting. I wanted to briefly go through this handout and hit on a couple of points as far as the structure, who the parties are that are involved, and again reiterate the fees that the District will be paying if you act on this tonight to move ahead and a few of the risks that are involved as far as the major risks and ways to quantify them and also look at the ways to mitigate these risks going forward that we'll recommend to the District.

This handout is about 28 pages. The first two pages are basically an explanation of what this document is. The first page reiterates that by law you need to have an independent swap advisor to look at this transaction, work with the team to prepare this document, and ultimately effectuate the pricing with your swap counterparty if you choose to go forward with it. Obviously, we are a qualified independent swap advisor. We've done many throughout the state and throughout the nation. The next paragraphs describes the way we're separating this transaction. One thing that I think may be slightly different from the discussions that you had with Mr. Verdelli is we're actually breaking this up into two respective swaps and I'll go into why we're doing that. Basically, it just has to do with payment dates. You're not adding any additional risk, you're not adding any amount, but for documentation purposes we're separating it into two different transactions. So, if you see in the 3rd paragraph that the first swap is \$17.9 million. This is the larger one obviously. The total amount when you combine both of them is about \$25 million. This is one that's attached to the 2005 bonds, the 2006, 2006A and the 2004A notes described in the 3rd paragraph. The paragraph below discusses the second swap which is obviously a smaller amount, \$7.1 million and this one basically is related to the 2008 bonds only. Again, we just have to do that for payment date purposes. The 2008 bonds have a different payment date structure as do other transactions so that's why for cash flow purposes, we needed to separate them. Again, it's not costing any additional money or any additional fees to do this. It's not adding any additional risk, it's just something that, as we dove into details, we had to do.

The 5th paragraph on the first page talks about the swap counterparty, Royal Bank of Canada. The one thing that we stress when doing these kinds of transactions is to use a higher rated swap counterparty and in this case, Royal

Bank of Canada is rated the highest from Moody's – a AAA. This is a way to mitigate some of the risks as far as using a highly rated entity.

Page 3 and 4 look identical, but by law we have to include this as far your current estimated debt service. On page 3 is all the outstanding debt, both principle and interest that the District pays. Columns 2 through 4 are what's called your incidental debt and then columns 5 through 10 are your general obligation bond issues and column 11 is your estimated annual debt service both principle and interest. Just to reiterate what was said on page 1, we're looking at columns 6, 7, 8, 9, and 10 as far as what we're relating both of these interest rates swaps to.

Page 4 looks identical. This is debt service based on maximum rates and right now all the District's outstanding debt is in a fixed rate mode so that's why all those payments look identical in the prior page. If you would have some variable rate debt, this schedule would look different.

On page 6 is a schedule of the fees paid to the third party and the professional involved which would be PFM as swap advisor. Those fees are \$32,000, Rhodes & Sinon, as swap counsel \$25,000 in fees and Solicitor's fee is \$2,500. I'll reiterate what Mr. Verdelli said. These are probably about half of where we see these fees for other similar sized transactions with similar kinds of risk and work involved.

The rest of this document gets into a lot of schedules we have to supply by law. I think a lot of these are repetitive of what you've seen over the past several meetings. On page 7 at the top is labeled Schedule 4(a). This is what we look at for the first swap, the one that's roughly 18 million and then we have to put in what we estimate for future tax cash flows based on historical averages of SIFMA and 75% of the three month Libor plus some margin. Ultimately on the right hand side of column 10 is where you see the negative numbers. That actually means the net benefit. So again, in the first years, your average based on these historical averages is about \$170,000, the benefit for this swap and then it starts to taper off as the principal pays down for a total estimated payout of roughly \$1.7 million that the District would receive if things held to their historical averages.

On page 8, we included what the actual rates were as of last week. Page 7 is based on historical averages of SIFMA and Libor. Page 8, as of last week, the rates look a lot lower but the overall impact in column 10 looks pretty much identical where, again, that's based on the relationships between SIFMA and short term Libor as of last week. I just put that in there for your reference.

On page 9 we have to, by law, put in what the maximum rates are going to be.

Page 10 is back to that estimated scheduled payment for the smaller loan.

For the year, in column 2 at the \$7.1 million, and based on a historical average of the SIFMA and Libor, you see over in column 10 that totals to just a little over \$800,000 that, given historical relationships, that's what the District would receive over time. In the beginning on an annual basis, that may total a little under \$70,000. When you look at the two swaps, the \$17 million roughly and the \$7 million and you look at the combined potential benefit based on historical averages and actual today's numbers, you're looking at around a quarter of a million dollars or so of potential net benefit on an annual basis.

Page 13 outlines the main risks involved in this transaction: termination risk, basis risk, tax risk and counter party credit risk. The termination risk is basically the risk that for some reason you may have to terminate this or the swap counterparty may have to terminate and, basically, that's a result of substantial credit rating deterioration of the District. This actually changed slightly where in the second row it says Risk Analysis and refers to rating thresholds. Just today, we were fine tuning some of the documents and the way this works is basically if the District dropped from its current very good credit rating of AA2 down to a BAA1, that would cause the termination. The District would have to drop about 5 notches before that would happen, so again obviously that's something that we'd be watching very closely, but that provision is actually a little bit better than we've seen on some of the other transactions that we were looking at.

As far as the mitigation on the far right hand column, the key thing is good financial management, keeping the healthy credit rating of the District. One thing that we stress is continuous monitoring of this transaction. This is not a traditional bond issue where you issue it on day 1 and you really don't need to think about it for maybe 5 years until it becomes refundable and then you're presented with an opportunity to refund it. This is something that will need ongoing management, ongoing monitoring, and ongoing reporting. This is something that will also need to be disclosed in your financials going forward as well. That's something that we would do along with your swap counterparty to watch this very closely.

As far as basis risk and tax risk, they are similar in that tax risk is a component of basis risk. This is basically what's making this transaction worthwhile right now to be considering and locking in the pricing if you want to move ahead with the Resolution. What both of those are, for different reasons, is the potential for mismatch between what you'd be receiving from RBC being that 75% of 3 month Libor plus a margin versus what you'd be paying being SIFMA and that tax exempt index. No one knows going forward how those relationships will be. We know a lot based on historical averages and where they are today, but the key thing that we would recommend over on the far right hand side is to establish what we'll call a rate stabilization and improvement fund and set that aside as a separate account. We know especially if you do go forward with this right off the bat, there will be positive cash flows. You put those monies in a separate fund designated for swap contingency or you can call it rate stabilization fund just to

account for maybe 3 years from now, we might have a time period where there may be some money that the District may have to pay out. Again no one knows when you go back in time and I'm sure some of the charts and tables that you saw, in no given year would you actually have to pay out money during that full year, now there may be a week or two period where that could happen but over the past 10 years or so there might have been a half dozen weeks or so where that happened, but again over all for a given year, we have not seen that. But we'd recommend doing that. Going forward, your rating agencies will look at that favorably. You can say, the District has this interest rate swap outstanding and we are putting money aside that we are collecting in this rate stabilization fund so that will go over well. Maybe something to consider along with that maybe at some point and time, it maybe worthwhile for the District to adopt a debt/swap policy. When you go to a credit rating, you can tell Moody's that – yes, we have this rate stabilization fund and we also have this debt or annual swap policy in place that looks at different risks and how much exposure we want to have so on and so forth. Again, the rating agencies look favorably. So we'll work with your business office on those going forward too if you desire to.

Lastly, counter party credit risk. That's the risk of RBC World Bank of Canada defaulting or not making their payments and basically on the right hand side the one main way to mitigate that is to use one with a very high credit rating. The state actually in their legislations says you should use a counter party with A rating, we actually go a step further and say you should only use counterparties with a AA rated institution or better, so PFM in general likes to take that extra step to mitigate that.

On Page 14 I would like to give you an idea of this table. By law, we have to include these in this fashion. They get a little cumbersome to review, but just to give you an idea. We have to quantify values at various levels, various economic conditions when you're looking at the tax exempt and taxable ratios. This is just based on the \$17 million. When you look in what's called the 92.2 percentile, you see all zeros in that column. That is basically the ratios right now. Let's say we go forward, that's one thing we'd be looking at. That is where based on your weighted average life of your transaction and some other factors, if the long term tax exempt and taxable ratios stayed where they were through 2023 and you wanted to terminate, this is what you'd receive or what you'd owe. So, in that 92 percentile, you wouldn't receive anything and you wouldn't pay anything if you wanted to terminate in those years going out. If ratios got back down to close to where they are historically, historical averages is actually close to like 73 or 74%. But this is basically saying on this 17 million dollar piece that if, let's just say November 15, 2011, ratios went back down to where we expect them, you would be able to terminate and receive about \$580,000 by doing that. That's, again, something we're going to be watching very closely to let you know that if these conditions exist that it may be worthwhile to look at, and at that point the decision is going to be, do you want to continue to receive the positive cash flows or would you like to terminate and receive some kind of benefit. There will then be

analysis to look at some of the break evens and what you'd be most comfortable with.

Now let's look at it on the flip side. Let's just say the ratios went even higher for some reason and 2 years from now, say November 15, 2011 you needed to terminate for some reason. That's would be approximately \$71,000 dollars based on this example. It's based on where these ratios fall, something we'd be watching closely and then keeping everyone up to date, but again we have to show that.

Page 15 is just another way of showing cash flow. Pages 16 to 18 basically look at the same exact termination tables and matrix for the smaller piece, the \$7.1 million and then the rest of the schedules look at combining both the swap and the bond.

I'd be more than happy to answer any questions you may have with the structure. In the beginning when we were first retained, we did work with your business office on looking at the proper structure from this to go with. I know in the beginning, there were discussions about two different types of ways to structure this and then ultimately we chose to do more with this hybrid which takes advantage of high rate environment, low rate environment and the best of both worlds. A little bit more on the conservative side which is one I understand the nature of the Board to be as far as these kinds of transactions, so we worked with Mr. Rineer on that and picked the structure before you here this evening.

If there are no question with the numbers, I will turn it over to Mr. Twaddell to review the Resolution.

Mrs. Chabal: Do we have any questions for Scott before we move on? Okay, thank you.

David Twaddell : Good evening. My name is David Twaddell from the law firm of Rhodes & Sinon. You are accustomed to seeing my partner, Dick Wood who is absent this week, so I am here in his stead. We, of course, have served the District for many years as bond counsel. As you're aware, the Local Government Rule of Debt Act under which the District incurs debt was amended in 2003 to permit school districts and local governments to enter into interest rate management agreements for the purpose of managing interest rate risk if you have variable rate debt or interest rate costs, which is really what the intended purpose of this agreement would be, essentially to produce an additional source of revenue for you to use to manage your interest rate expense. That's the reason that, under state law, we have to identify debt of the District to which these contracts would relate so that it could be determined which debt it is your managing by these contracts. Also state law provides that you must adopt an interest rate management quorum. Many times you enter into a Interest Rate Management Agreement, that's the document that Mr. Shearer from PFM has

just reviewed with you. The purpose of that agreement is somewhat like an investment policy, to try and set forth the nature of the transaction and to look at the risks that will hold for the transaction, the extent of those risks, and to quantify them. Those are the tables that he's just reviewed with you and to look at ways of mitigating or lessening those risks or managing those risks. Finally, as an independent financial advisor to the District, PFM would be, required by law frankly, to deliver an opinion of the transactions executed as of the date of the pricing and to determine whether the contracts are in the best financial interest of the District. That's another safeguard imposed by law – to have the service of an independent financial advisor who looks at the pricing. Mr. Verdelli of course and Royal Bank of Canada are loyal friends of the District that they are here frankly selling a product and one of the purposes for engaging PFM is that you have an independent professional financial advisor who will be looking at the pricing that's proposed at the time the contract is executed to ensure that it is within the market, which we will.

In order to move forward it be appropriate for the District to consider and act on the Resolution which we have distributed. Much like our bond Resolutions it begins with a Preamble or caption which summarizes the contents of the Resolution. It is cited in the Resolution, the outstanding debt that the District has incurred and that it seeks to manage interest rate costs by entering into interest rate management agreements. Like Mr. Shearer indicated, we have broken them out to recognize that they would be two interest rate management agreements, both identical in nature, just relating to the different debts they are managing. We have identified them here as the 2009 1 Basis Swap and 2000 2 Basis swap, that would relate to the 2009 and 2000A designations in the interest rate management agreement. It identified PFM as the financial advisor for the transaction. It indicates that you're interested in entering into interest rate management agreements.

In section 1, beginning on page 8, you're approving the appointment of a financial advisor, debt service independent financial advisor under the Debt Act to review the plan and to give the necessary opinions with respect to its qualification under the Local Government of Debt Act. You are approving the form of the Interest Rate Management Plan. The first exhibit is the same Interest Rate Management Plan which Mr. Shearer has just reviewed with you. It sets forth risks and potential costs and so forth and the ways that the District can mitigate those risks. You would be determining that the interest rate management agreements would be substantiated in the form attached. These contracts are in large part governed by the International Swap Dealers Association where there is a master agreement which is a never changing form agreement. Behind that agreement is the supplement to the agreement which elects certain definitions that will be used out of the master's agreement. Finally, more to the point, behind that are the two draft confirmations which set up the real detail of the transaction which the District is entering into here between Royal Bank of Canada. The District agrees that it will make a variable rate

payment to the Royal Bank of Canada based on a tax exempt interest index and the Royal Bank of Canada will be making a variable payment to the District based on the taxable interest index. Those indices, as you have heard from Mr. Verdelli over the last several weeks, have for several months perhaps as a result of financial turmoil, gotten very far apart of where they traditionally are and that has created an opportunity to enter into that kind of an agreement where the expectation of your financial advisor and Royal Bank of Canada set forth for the foreseeable future as those rates either stay the same or begin to move back to their historical levels should result in a net payment to the District. There's a risk that we could have the same kind of financial turmoil that we've had. It's conceivable that the indices relationships could be flipped and that's been set forth again in the quantifying interest rate management agreement. I think you heard about this from Mr. Verdelli and Mr. Shearer that while that has happened, on a historical basis, the instances has been fairly rare, so the judgment you are making should you elect to proceed lead to the judgment that history is more likely to return to more typical levels which would result in the District generally receiving a net benefit from the contract and if you were to terminate it, be in a position to actually in a sense sell it back to the provider at a profit.

The balance of the Resolution much like a debt Resolution authorizes the final execution and delivery of the terms. The pricing, unlike our typical bond issue where we have a fixed scale of interest rates on the night of the bond sale, that final pricing occurs in a real time negotiations with the provider on the date that the transaction closes. We need to finalize of these materials in order to put the District in a position to do that, but the proposition under this Resolution is that the District would authorize essentially a parameter target and then authorize the business manager and treasurer of the Board to be on that call to make sure that the terms are acceptable, of course, with the advice of your independent financial advisor, Solicitor, and bond counsel that the terms are within the terms approved.

Section 6 of Resolution basically sets up what those parameters are, that you would be authorizing various parties to approve the transaction as long as the final interest rate to be received by the District would be not less than 75% of the 3 month Libor rate plus 45 basis points and that from my conversations with PFM and Royal Bank of Canada, they reflect a pricing point, if you will, that's consistent with the presentations that you received at 45 basis points is actually, fairly, well below by probably 10 basis points where I think the market is today, so there's some margin of error priced in. But if you could price at that level, you'd have a transaction substantially as it's been described to you and that being the case the transaction would proceed based on the consent of your business manager and treasurer.

The balance of this Resolution simply authorizes the appropriate filings and advertisements as required by the local government rule of debt act with the department of community and economic development. They are now required by

law to approve the transaction, but we do need to make the filing with them which will be on your behalf.

I'd be happy to answer any questions you may have about the legal action part of it.

Dr. Brewer: Lou, we talked about 75% of Libor and 54 basis points. Now you're saying 45?

Mr. Shearer: Just to clarify that point a little bit, as I'm sure Mr. Verdelli mentioned over the past meetings. That number is obviously fluctuating based on market conditions. We chose to put in 45 basis points in the Resolution this evening. Basically that is our feeling based on the structure of this transaction, based on the market that we're in and when I say structure of the transaction, I mean not only the amount over the average life as well as the type of transaction we're doing meaning the 75% plus a margin. When you look at the average margin from mid to late December until now, it is at 45 basis points. That was our rationale choosing 45 because historically over the past 3 months or so, that's where we are. From the news last week, when we saw rates substantially drop from the announcement last Wednesday that Mr. Verdelli mentioned where they talked about buying back \$300 billion dollars worth of treasury securities, we saw these margins start to drop because again some of the earlier meetings showed 54 basis points. This also holds true with what our recommendation was as far as the structure meaning instead of doing 92% of the 3 month Libor, we're at 67% plus a larger margin. This was kind of the hybrid down the middle. A little more conservative.

Mr. Barrett: So you're advising 45 based on our conservative stand. Is that what you're saying?

Mr. Shearer: I'm advising to set the threshold at 45 basis points. If we did the transaction today, actually effectuated it today, the pricing on the larger one would have been about 49 basis points margin and the basis point margin on the smaller one would have been about 55. Again, we saw that pretty sizeable drop from last week to base it on. Now if you were doing for the other version which was full ratio, that 92%, again that has a little more risk involved and you see some more volatility sometimes, that actual pricing stayed the same because it's based on the overall rate level. It sort of goes with the recommendation of what you're saying as far as the hybrid, not too risky, not ultra conservative. That's where the pricing is as of today. It is our recommendation to stay the course with that (1) for overall structure and (2) with setting that threshold. Just like the District has in the past as far as refunding savings when you're looking at traditional bond issues instead of threshold and then you work toward that target. That was rationale for putting 45.

Mr. Barrett: Based on you being our financial advisor and I just want to get you on the record, are you advising us to go with this transaction based upon the information that you have available to you?

Mr. Shearer: Yes.

Mr. Barrett: You are advising that?

Mr. Shearer: Yes.

Mr. Barrett: Then if I can ask you a question just to confine your opinion to a legal standpoint, in this Resolution, although some of it does look pretty standard because it relates to bonds, is this standard language for this type of transaction and is there anything within this Resolution that you found in your legal opinion would put the District at risk?

Mr. Twaddell: There's nothing special about the Resolution. The Resolution really just authorizes you to enter in to the Interest Rate Management Plan and agreement which you've heard described. I would certainly give you my opinion that the Resolution follows the statutory requirements to enable you to do that and meets the statutory requirements in terms of what the District is responsible to do before entering into a transaction of this type which includes the actions that you've taken before tonight to review the financial terms of the transaction, to determine who you're going to enter into that transaction with in terms of credit worthiness and to set minimum rating criteria for that party. All of those are things that are set forth in these amendments to the local government unit debt act that a school District of the local government must do before entering into the transaction, so I think the short answer to your question is yes.

Mr. Barrett: Thank you sir.

Lou Verdelli: I think it's helpful to understand that just like Scott mentioned, when we show you a refinancing transaction and there's \$200,000 of savings the night I'm here, we typically say let's set a target of \$175,000 that that's well above the normal benchmark that you have and it gives us a little bit of flexibility to continue that at \$175,000 that's still a good deal and to put it in the magnitude by that number of basis points is about maybe 10 basis points less than what we've been talking about. If it actually came in at that, the projected benefit over the life is a difference of about \$2.2 million verses \$2.1 over the entire life of the transaction so those basis points over the life end of being very small amounts, but what we didn't want to happen was because with all of these and we set these planners like that all the time, if we told you to set it at plus 52 basis points for instance on the one transaction, which would be kind of right on where it's at and we get everything ready to go and we have everybody on line and we're at 51 basis points, we wouldn't be able to accept that transaction. But we could go to 50 and we could never see it again and that would have been the difference

after you settle for 2.1 million over the life versus you hope to get 2.2 and have it just continue to go away. So we always set those a little bit lower than where the market is and at that number which Mr. Twadell had consulted with PFM and they then called me and said that number is pretty safe at this point don't you think based on where the pricing is, we should be able to do better than that, but yes, it is a floor that if it continued to go lower, we would be on hold until it actually improved.

Mr. Barrett: Thank you for bringing us this product in order to save dollars right now in the environment we're in. It's just a great thing, so we appreciate that very much. I know we had an extended conversation on it at the last meeting where the Board and Finance Committee recommended it. Thank you to you gentlemen very much.

Mr. Shearer: Any other questions about the Resolution?

Dr. Cronin: I think it's more about the mechanics. How are the swap payments done? Semi annually, weekly, monthly?

Mr. Barrett: Semi annually.

Dr. Cronin: What would your recommendation be for our contingency fund. How much should we be stockpiling in case the spread goes negative?

Mr. Shearer: That's also something we'd like to work with the business office on going forward as well as monitor. I would say initially for the first year all positive cash flows I think I'd put in and then reevaluate at the end of the 2009-2010 year and see how much money is in there. That could also be part of the swap policy that if the Board would want to entertain going forward you could maybe put in a threshold that you maintain a rate stabilization improvement fund at a balance not to be below \$200,000 and any additional money earned above there would then be directed to the general fund or whatever the case may be. I think for the first year I would direct all money there.

Dr. Cronin: The final question which might be for the finance group is theoretically if we do this and the first year's money goes into the contingency fund, in subsequent years we may average about \$150 to \$75K a year over 15 years. Where do we foresee that money going? Is it going to go into general operating because we're not confirmed that we're going to have it, does it automatically have to go to just into a capital fund but not actually in our operating expenses. How much can we put into our comp budget?

Mr. Barrett: I think that's kind of been really what our, I don't to say the word policy. One time's fine, but we have reserved those funds and I think it's probably prudent to work at tallying the 5 year capital plan. I think it's a good idea to reserve that. What I'd like to make part of the motion that we could have

the rate stabilization as a part of this if it doesn't muck up the whole thing so we have that.

Dr. Brewer: We thought we would bring that to you next time after we do the transaction and I agree that no matter much money we receive, it's still one time money. It's not reoccurring revenues and therefore it should be deposited to reserve and for capital projects. Our hope would be that it could go toward building projects or to fully fund the capital, but it should not go into general.

Mr. Barrett: No, because that's when you get into that deficit spending and I don't think we should do that.

Mrs. Chabal: Any other questions?

Mrs. Chabal: Thank you gentlemen very much and just once again, it's our understanding that our Finance Committee has confidence in this.

Dr. Donahue: I actually do have a question. So as a matter of process, is this officially recommended that we go forward with this by the Finance Committee?

Mr. Barrett: Yes.

Dr. Brewer: I don't know if that was 100%, but the majority.

Mrs. Chabal: I just wanted to make sure that before we move forward if there were any questions or anything you want to ask for the Finance Committee, anything you want to ask of the gentlemen who are sitting in front of us before we do this.

Mrs. Chabal: Okay. Authorization to Proceed with the Issuance of Interest Rate Management Plan (SWAP) 2009, Mr. Rineer.

Mr. Rineer: The Derry Township Board of School Directors hereby authorizes entering into two Basis Swaps with The Royal Bank of Canada pursuant to a Resolution presented to this Board to which is attached an Interest Rate Management Plan prepared by the District's independent financial advisor Public Financial Management.

Mr. Gräb moved the Board approve the request and was seconded by Barrett.

Mrs. Sheffey: I want to thank Lou for bringing this opportunity to the Board. I do think we have to look for alternate revenue sources, but for me personally the chaos that has created this opportunity is the exact reason why I'm not comfortable supporting it, but I do realize that my colleagues do have a great level of comfort with it and I'm sure we'll be moving forward.

Mrs. Chabal: Any other comments?

Dr. Cronin: I would like to add something. My comfort level is probably similar to Ellen's. I think it's a great opportunity, but obviously I'm concerned because there's a little bit of risk involved. One thing that I would like for us to discuss moving forward is since we know this is only going to the capital fund that when we look at some of the other areas of income that we are not always sure of and we put aside and they end up going to the capital fund, we can start thinking about what can be more conservative the other way and start putting things in the actual operating fund so that we do actually see relief to the taxpayers and not always having things that can only go into the capital fund which is important, but if this is going to capital fund maybe there's other areas that we can start looking at to make sure that our operating budget is getting some help which would more directly benefit taxpayers.

Mr. Barrett: That's a good point, but you're borrowing less because you have capital reserves you're essentially doing the same thing.

Mr. Stover: This will be coming out of the operating budget. Essentially, it's doing that.

Dr. Cronin: Right, it's shifting. I totally understand that it's shifting. I just want us to be more conservative in the shifting now that we have this as added income to capital budget.

Mr. Barrett: Right, but I think it's kind of like an evolution because we never even had a capital budget, so now we do so instead of saying, we need truck, go get it. Now, at least we have a plan.

Mrs. Chabal: Any further comments?

Roll Call Vote:

Barrett – Yes

Donahue – Yes

Parrish – Absent

Chabal – Yes

Gräb – Yes

Sheffey – No

Cronin – Yes

Malkoff – Yes

Stover - Yes

7 Yes, 1 No, 1 Absent

MOTION CARRIED

5.04 Requests for Payment - Construction Projects

The Administration recommended the approval of the following invoices as reviewed and approved by Mr. Consalo:

	Elementary School HVAC Improvements:	
1.	Trane, Inc. (HVAC Contractor) Application No. 10	\$45,000.00
	Multi-Purpose Practice/Playing Fields:	
	Advertising of Bid:	
2.	Lebanon Daily News	1,389.60
3.	Lancaster Newspapers	1,792.34
4.	Patriot News	1,232.69

Mr. Stover moved the Board approve the request and was seconded by Mr. Barrett.

Roll Call Vote:

Barrett – Yes

Chabal – Yes

Cronin – Yes

Donahue – Yes

Gräb – Yes

Malkoff – Yes

Parrish – Absent

Sheffey – Yes

Stover - Yes

8 Yes, 1 Absent

MOTION CARRIED

5.05 Approval of Release of Deed Restrictions

The Administration recommended the Board approve the release of all of the deed restrictions it may possess relating to land in Derry Township on the north side of Chocolate Avenue between Park Avenue and Mill Road pursuant to all of the terms and conditions set forth in a Title Affidavit and Agreement Regarding Easements and Restrictions that have been reviewed and approved by special counsel for the School District.

And, the Administration further recommended the Board President be authorized, on behalf of the School District, to execute and deliver the Title Affidavit on such terms as counsel may direct and oversee.

Mr. Malkoff moved the Board approve the request and was seconded by Mr. Barrett.

Mr. Gräb: Could we have perhaps Dr. Brewer amplify this a little bit for the benefit of the public?

Dr. Brewer: This is the land where the Hershey Museum has been constructed and Mr. Milton Hershey in his wisdom gave the District certain areas that we can oversee to make sure that the land mostly around Granada in the downtown area is used properly, not for slaughter houses and such.

Mr. Barrett: We had what we leased here for us?

Dr. Brewer: No. This is a singular.

Mr. Barrett: Okay.

Roll Call Vote:

Barrett – Yes

Donahue – Yes

Parrish – Absent

Chabal – Yes

Gräb – Yes

Sheffey – Yes

Cronin –Yes

Malkoff – Yes

Stover - Yes

8 Yes, 1 Absent

MOTION CARRIED

5.06 Approval of 2009-2010 Capital Area Intermediate Unit General Operating Budget

The Administration recommended the approval of the 2009-2010 Capital Area Intermediate Unit General Operating Budget. Derry Township School District's contribution to the General Operating Budget is \$49,060.94.

Mrs. Sheffey moved the Board approve the request and was seconded by Dr. Cronin.

Mrs. Sheffey: I highly recommended assuming it still holds.

Mrs. Chabal: Yes, it does.

Mrs. Sheffey: Thank you very much.

Roll Call Vote:

Barrett – Yes

Donahue – Yes

Parrish – Absent

Chabal – Yes

Gräb – Yes

Sheffey – Yes

Cronin –Yes

Malkoff – Yes

Stover - Yes

8 Yes, 1 Absent

MOTION CARRIED

5.07 Approval of Overnight Field Trip/Excursion - Hershey Powerlifting - Killeen, Texas

<i>Group:</i>	Hershey Powerlifting
<i>Destination:</i>	Killeen, Texas
<i>Purpose:</i>	High School Nationals - Powerlifting
<i>From:</i>	April 3, 2009
<i>Until:</i>	April 6, 2009
<i>Trip Leader:</i>	Troy Smith

The District reserves the right to cancel the excursion based on events that could pose a heightened safety or security risk.

Mr. Barrett moved the Board approve the request and was seconded by Mr. Malkoff.

Mrs. Chabal: I believe that I read that there is neutral expenditures on the part of the school District, Dr. Kepler do you care to expound on that please?

Dr. Kepler: That is correct. Both excursions under 5.07 and 5.08 tonight are budget neutral for the school District.

Roll Call Vote:

Barrett – Yes

Donahue – Yes

Parrish – Absent

Chabal – Yes

Gräb – Yes

Sheffey – Yes

Cronin –Yes

Malkoff – Yes

Stover - Yes

8 Yes, 1 Absent

MOTION CARRIED

5.08 Approval of Overnight Field Trip/Excursion - Hershey Varsity Football

<i>Group:</i>	Hershey Varsity Football
<i>Destination:</i>	The Woodlands, Texas
<i>Purpose:</i>	7 on 7 and Lineman Challenge
<i>From:</i>	June 11, 2009
<i>Until:</i>	June 14, 2009
<i>Trip Leader:</i>	Robert May, Dan Hugendubler

The District reserves the right to cancel the excursion based on events that could pose a heightened safety or security risk.

Mr. Barrett moved the Board approve the request and was seconded by Mr. Gräb.

Mrs. Chabal: Once again, I believe this is a neutral expenditure. Thank you very much.

Roll Call Vote:

Barrett – Yes

Chabal – Yes

Cronin –Yes

Donahue – Yes

Gräb – Yes

Malkoff – Yes

Parrish – Absent

Sheffey – Yes

Stover - Yes

8 Yes, 1 Absent

MOTION CARRIED

5.09 Approval of Policies: 113 Special Education, 113.2 Positive Behavior Supports, 113.3 IEE, 209 Health Examinations, 247 Hazing, 248 Unlawful Harassment, 249 Cyber Bullying, 916 Volunteer

The Administration recommended the approval of the following policies of the Derry Township School District Policy Manual which have been on public review for thirty days in the Hershey Public Library, Derry Township Tax Office, Derry Township Municipal Office, Hershey High School Library, and the District Office:

- 113 Special Education
- 113.2 Positive Behavior Supports (revised)
- 113.3 IEE (revised)
- 209 Health Examinations
- 247 Hazing
- 248 Unlawful Harassment
- 249 Cyber Bullying (revised)
- 916 Volunteer

Mrs. Sheffey moved the Board approve the request and was seconded by Dr. Cronin.

Mrs. Sheffey: I just had a question for Dr. Kepler and I should have asked you before the meeting, have you received anything back from the community on these policies?

Dr. Kepler: No, we have not.

Mrs. Sheffey: Okay.

Dr. Cronin: I also have a comment. I'm not sure what is planned, but Dan is here, given the heightened awareness of the Community Task Force and all of the civility training, etc. I would love to see the Cyber Bullying and Harassment somewhere on the website so people can see them and bring them to the heightened awareness since it's consistent with what we've been doing with Task Force. One of the lectures that Dr. Peterson gave a couple weeks ago really talked about cyber bullying so I think it's good for people to see the policy, rather than having to go looking to the manual or on the website, to have it someplace closer for a little while to see them. Just an idea.

Dan Tredinnick: I can certainly do that.

Mrs. Chabal: Thank you.

Roll Call Vote:

Barrett – Yes

Chabal – Yes

Cronin – Yes

Donahue – Yes

Gräb – Yes

Malkoff – Yes

Parrish – Absent

Sheffey – Yes

Stover - Yes

8 Yes, 1 Absent

MOTION CARRIED

5.10 Requests for the Use of School Facilities

The Administration recommended the approval of the Requests for the Use of Facilities:

<i>Group:</i>	Harrisburg Bicycle Club/PA State Police Academy
<i>Date/Time:</i>	April 23 - 24, 2009 3:00 p.m. - 11:00 p.m.
	April 25, 2009 6:00 a.m. - 5:00 p.m.
<i>Requested Facility:</i>	Middle School LGI, Parking Lot outside front of Middle School, Bathrooms
<i>Event:</i>	5th Annual PA State Police Benefit Bicycle Ride
<i>Fee:</i>	As per Lease Agreement

<i>Group:</i>	Hershey Youth Football Association
<i>Date/Time:</i>	May 26, 27, 28, 29, 2009

	3:30 p.m. - 5:30 p.m.
	June 4, 2009 4:30 p.m. - 7:30 p.m.
<i>Requested Facility:</i>	ECC Gym and Auxiliary Room
<i>Event:</i>	Cheerleading Tryouts for Youth Football Association
<i>Fee:</i>	None
<i>Group:</i>	Big 33 Scholarship Foundation, Inc.
<i>Date/Time:</i>	June 12 - 20, 2009 7:00 a.m. - 10:00 p.m.
<i>Requested Facility:</i>	Middle and High Schools Practice Fields, High School Cafeteria, Middle and High School Locker Rooms, Training Rooms, Showers
<i>Event:</i>	Big 33 Teams Use of Facilities for Practice and Meals
<i>Fee:</i>	As per Lease Agreement
<i>Group:</i>	Deer Run Homeowner's Association
<i>Date/Time:</i>	August 18 and November 17, 2009 6:00 p.m. - 9:00 p.m.
<i>Requested Facility:</i>	Middle School LGI
<i>Event:</i>	Deer Run of Hershey Public Board Meeting
<i>Fee:</i>	None

Mr. Stover moved the Board approve the request and was seconded by Mrs. Sheffey.

Dr. Cronin: I will be abstaining because of involvement with one of the organizations.

Mrs. Chabal: Thank you.

Roll Call Vote:

Barrett – Yes

Donahue – Yes

Parrish – Absent

Chabal – Yes

Gräb – Yes

Sheffey – Yes

Cronin –Abstain

Malkoff – Yes

Stover - Yes

8 Yes, 1 Abstention, 1 Absent

MOTION CARRIED

5.11 Approval of Bid #2009-2-04 - General Contract for Fields and Track Renovation

The Administration recommended the Board resolve to award a contract including base bid plus all alternates except G-8 and G-10 to Leon E. Wintermyer, Inc. for the performance of general contracting work required for the renovations to the athletic fields and running track. The plans and specifications of this work have been approved by the Pennsylvania Department of Education as required by PDE-3074 as Non-Reimbursable Work Subject to Advertising and Bidding Requirements. The specific scope of work is set forth in to Bid Number 2009-2-04, and Leon E. Wintermyer, Inc. was the lowest responsible bidder. Upon approval of this recommendation, the District's solicitor will prepare a contract for the performance of work as described in the District's Invitation to Bid at the cost of \$2,050,583.46.

Mrs. Sheffey moved the Board approve the request and was seconded by Mr. Barrett.

Mr. Gräb: Thank you Madam President. No questions or concerns. These comments pertain to the 5 motions that we're going to be voting on this evening. Just a historical perspective. Derry Township is fortunate to offer to its students a large variety of sports activities. Unfortunately, those sports activities present a large use, sometimes an overuse, of our athletic fields. It also does not provide an opportunity to refresh the fields in adequate time. In addition to that, we've noticed that there has been some deterioration to the track and the track surface and it does need to be replaced. Fortunately, last year were able to refinance a bond issue and some of the proceeds from the bond issue went to the HVAC in the elementary school and some of it was reserved for the track and field renovations here at the high school. As it was eluded, we have a number of general contractors and we have a large amount of alternate bids minus two. What we have decided to do is to go ahead with the installation of a synthetic turf and running track where the existing track is. It will accommodate football, soccer, field hockey, and lacrosse. We're also hoping to put a second synthetic turf field in where the present soccer field is that will accommodate field hockey, soccer, and lacrosse, both boys and girls as well as boys and girls soccer.

In addition, the opportunity came forward for us to put in some restrooms and concession stand facilities that would service both fields. As you may know, at the present time, if spectators or athletes need to use any type of facility, they have to go into the school buildings. In the past, we've had to expend good amounts of money to make those entrances to the school secure. So what we're hoping to do with the establishment of this restroom and concession stand facility is eliminate the need for people to go inside the school building after school hours.

The bond money was for capital projects only and we were limited in the amount of time we had to spend that money. Some suggestions in the past were to take

some of that money and use it for operating expenses, but if we do that we get ourselves into a situation similar to where we were several years ago where we kept using one time monies for ongoing expenses and we got ourselves into a good bit of difficulty.

There will be no tax impact with the installation of the athletic fields. Both fields will be lighted extending their use. The lights came to us at an unbelievable price. In fact, the entire project came to us at a savings of approximately 1.9 million dollars over what it may have cost in the regular economic time. There are so many people right now that are willing to work. We were really able to get some nice bids on some of these projects. The fields will be lighted. The lights will be on a timer so that they turn off at a selected time and they are not on all night.

I think I've covered just about everything. Mr. Stover, Mr. Barrett, and Mr. Malkoff, you sat through the same meetings, if there's something I forgot, please jump in.

Mr. Barrett: Mr. Gräb, Madam President, I think two things are really important. Number 1 is, we're saving about \$300,000 in cost by installing the second field. The lighting system will have a 25 year warranty and that includes re-lamping. It's just amazing. I think we're seeing a lot of economies of scale because the contractors are mobilized and they are hungry for the work. John mentioned the number that would be saved and I think that when we've invested in other facilities such as the high school, we had the opportunity to expend additional funds and didn't. So that meant that we had to go back and spend millions to revamp the buildings with HVAC and some other systems, that if they would have been done the first time correctly, we wouldn't have to do that. This is again a situation that's investing in our long term future. It's a quality of life issue for the community and for the sports teams and the costs. The windows are correct right now because we're saving a tremendous amount of money on cost. If we would have to do this three years hence, it would cost us probably a lot more than 1.9 million dollars, maybe 3 to 4.9 million dollars.

Mr. Gräb: An additional 1.9 million dollars.

Mr. Barrett: Right. I think the cost in terms of that would be pretty high moving forward so. I think a lot of districts around us, Lower Dauphin's putting in fields, some other Districts currently have them. I'm not a sports person, but I think the amount of sports that we'll be able to use on the field is heightened. I think for the time it's the right move for us to make.

Mr. Stover: This really solves some problems that we've had for years. Our field utilization has been difficult for Mr. Elias to schedule and with the rain our fields are being destroyed. This solves that problem. Even though it's not very expensive to do, the restrooms solves an incredible safety problem that we've

recognized for years with parents and kids needing to get into our building after school to use restrooms, which at this stage of where we are is a safety issue and needs to be solved. Adding that item that, as an alternate, I think is a necessity that we to do. Secondly, to be able to take advantage of market opportunities last April and get the interest rate that we got and now with being able to get the bids where we are, this is certainly the right thing to do. John, you had alluded that we have to spend this money, and we voted on this April 28 to do the refinance. We have 3 years to spend the money and there's a penalty if we don't spend it. I think the Technical School....

Mr. Gräb: The Technical School ran into that problem. Right. We got a late start on our building project and all of our monies were not expended by the due date which was March 15, 2009 and there was a penalty on that, you are absolutely correct.

Mr. Stover: I think we should also explain why this was not on the website on Friday. We just met today at 3:00 to iron out all of the questions. We had to find out if there's contingencies so that's why this showed up on the agenda tonight very quickly, because we are under time constraints trying to get this started this summer to be completed by the fall 2010. Although we've been sitting on the money for a year and the economy has changed, we looked at contingencies. If we don't use the money for this project, what do we use it for? There really isn't any viable opportunity for us to use this money for any other opportunity. We're not ready with the middle school. That project probably will not begin if it does begin in 2011 or 2012. We have to have this money spent by approximately May of 2011. So, we all voted in favor of refinancing this bond for this reason and I would hope that if anyone does vote no tonight that they would give us their alternatives for how they would proceed that we do this.

Mrs. Chabal: Thank you very much.

Mr. Malkoff: Yes. I just want to say my experience working in the Finance Committee, what I've seen in the last couple of years. I think that the District has been able to take advantage of two unique situations, because of the market conditions. One was alluded to as far as the refinancing that took place where we were able to basically refinance some fixed interest debt. There was also a variable rate debt that I should point out that we were able to refinance. That was a tremendous advantage to the taxpayers. I want to reiterate that there is no direct impact on the taxpayers for this project. In addition to doing refinancing at very favorable rates, we're also able to take advantage of the current situation in the environment that we're in right now as far as the economy getting some really terrific discounts on the cost of these things. But one of the things that has impressed me as a Board member is just the wide participation of our students in the athletic programs. I don't know how it is with other school districts, but our students do take advantage of the athletic programs and I do know that with the project we are voting on now, the fields will have a tremendous amount of

utilization and this particular project I think is a very high priority. It's a great investment in the future. So, we've been able to take advantage of a couple of different very unique opportunities to do that.

Mrs. Chabal: I would like to give one moment if Mr. Consalo or Mr. Elias have any comment that you want to make since this is heavily in your ballpark.

Mr. Elias: I'll make it very brief. This project will certainly put us even with many of the school districts that currently have what we are hoping to have this fall. We are currently struggling with playing in inclement weather and playing on grass fields with the number of activities that we have. In the spring, when you think about boys and girls lacrosse, girls soccer, track and field, baseball and softball and you have all those activities and many times they play at the same time. Fortunately, tonight for example, we only had three home events. There are numerous times this year that we're going to have 7 and 8 home events and to have that flexibility, particularly with the lights to be able to play a 4:00 and a 7:00 game on both facilities is going to give us so much flexibility and put us equal with many of the school districts that current have these facilities. We're fortunate, and I appreciate all the effort and all the time that you've given to support this.

Mr. Consalo: On natural turf, you have 67 events before your fields start tearing down. That includes practices, so you can see how long it takes for the fields because they're really used. Speaking of savings, if we were to do this last year under state contract for the synthetic fields, just the carpet, it would have cost us 1 million dollars under state contract. We negotiated with two companies within state contracts, and saved 300,000 by just renegotiating them. That's one of the savings by doing it this time.

Dr. Cronin: The one question I had was, I recognize the fact that this money expires in 2011, my question was, given the economic times right now, if we could ask if there would be any potential for an extension of that. Just curious to see how we respond to that. If this is 3 years drop dead that's it, or....

Mr. Gräb: I can respond to that for the Dauphin County Technical School. We got a 2 months late start on our construction project and the 15th of March and on the 15th of February, we had requested an extension of that primarily because we had received a late start and the answer to that was no.

Dr. Cronin: We haven't asked them for this specific refinance on Derry Township.

Mr. Gräb: Well that possibility exists, but if the IRS says no, the IRS says no and that's basically who is the controlling party here.

Dr. Cronin: Right, okay. I was just hoping that we could just ask that question for argument's sake. My other point is I've probably been the only naysayer in this project, not because I have any decreased priority of use of the athletic facilities for certain, but I still hold a high priority in the middle school, especially realizing that critical mass would be achieved in 2011 or 2012. I just want to make sure that priority is paramount. We had a couple meetings ago where someone said if the economic time is bad, we might just have to suck it up. That's not an area where I want to suck it up. Everyone's involved in academics. A high percentage are involved in sports, certainly a lot of us around this table and our children, but they are all involved in academics and I just want to make sure that middle school project really is a paramount priority because I think that's absolutely critical over the next couple of years.

Mrs. Chabal: And as long as you understand you are comparing apples and oranges with that. That's fine.

Dr. Cronin: One more comment. I just want to also ask, I understand over the past couple of years our use of the stadium has spread out amongst many teams, which I think is wonderful and I know Mr. Elias the scheduling, I've seen the little Board in your office, it's quite impressive. But I do want to make sure that all of the, it's important to me and I think a lot of people in the community, mentioned that the fields continue especially in the turf environment, get to be used equitably and my only level of discomfort is that three of the four sports mentioned will have permanent lines and even though it's easy to line them as Mr. Consalo has said, that I would love for that discussion to be opened up so that each of those four sports at least has one of the two fields with permanent lines.

Mr. Consalo: We looked into doing that and the problem is too many lines and it just looks like a road map. We looked at the easiest way to have all the lines available.

Dr. Cronin: To have all three of the sports having two fields might be overkill, I know football is only on one. It would be nice if lacrosse has one field that had permanent lines. Just looking at the four teams.

Mr. Consalo: I just want to tell you that researching all the fields and it's been an extensive several year research, most of the lacrosse fields have tick marks and most of the fields have embedding soccer and field hockey and football of course. Now we're not embedding football at all on the soccer/field hockey/lacrosse, but true everything that I've seen over the past two/three years and the recommendations of a lot of turf companies that we met with, they thought that was the best way to go because they quote those that did put the entire lacrosse, as you know, boys and girls is lined differently, so we could have on one field 5 different lines. It got very confusing and it became a road map that people didn't want to deal with. So we're certainly sensitive to the lacrosse, but

it's best to put tick marks to make it easy for his crew to line it permanently for when we're in season.

Mrs. Chabal: Thank you very much.

Mr. Stover: We've gone over this before Donna and I just want to be clear. What we're saying that it is not possible for us to do the middle school project and get it done and expend the money. If it was, what you're proposing, and I want to make sure I'm clear.

Dr. Cronin: I haven't proposed anything.

Mr. Stover: Well, you're saying we should do the middle school project.

Dr. Cronin: No, I didn't say that. I said I just want to make sure that it's a priority.

Mr. Stover: But if we were to move forward and do something like that, as quickly as we possibly could, it would require a very large tax increase, and I just want to make sure that that's what you are thinking about.

Dr. Cronin: I didn't make any proposal, I just want to make sure that middle school academics is high on our radar screen.

Mr. Stover: Then what should we do?

Dr. Cronin: Keep it high on our radar screen.

Mr. Stover: We're doing that. What should we do with this refinanced money?

Mrs. Chabal: Well, let's do a vote and find out. I would like for us to proceed with our vote.

Roll Call Vote:

Barrett – Yes

Chabal – Yes

Cronin – Yes

Donahue – Yes

Gräb – Yes

Malkoff – Yes

Parrish – Absent

Sheffey – Yes

Stover - Yes

8 Yes, 1 Absent

MOTION CARRIED

5.12 Approval of Bid #2009-2-05 - Electrical Contract for Fields and Track Renovation

The Administration recommended the Board resolve to award a contract including base bid plus all alternates except G-8 and G-10 to John E. Fullerton, Inc. for the performance of electrical work required for the renovations to the athletic fields and running track. The plans and specifications of this work have been approved by the Pennsylvania Department of Education as required by PDE-3074 as Non-Reimbursable Work Subject to Advertising and Bidding Requirements. The specific scope of work is set forth in to Bid Number 2009-2-05, and John E. Fullerton was the lowest responsible bidder. Upon approval of this recommendation, the District's solicitor will prepare a contract for the performance of work as described in the District's Invitation to Bid at the cost of \$940,035.00.

Mr. Barrett: Is it possible to say approval of bid 2009-2-05 for the next 3 as listed so we don't have to keep reading all of them?

Brian Jackson: Yes.

Mr. Barrett moved the Board approve the request and was seconded by Mr. Stover.

Mrs. Chabal: I need a point of clarification on my part please.

Dr. Brewer: Madam President. You are voting on 5.13, 5.14, and 5.15.

Mrs. Chabal: We are voted on 2-05 as listed. I have a motion to approve by Mr. Barrett and a second by Mr. Stover. Do those still stand?

Mr. Barrett: Yes.

Mr. Stover: I would just like to note that going into this I felt pretty strongly that the lighting of the second field was something that was not necessary and as a way of cutting costs, but the price we got on that to do those second fields with lights was just incredible and it's really going to be a bonus for us. I'm very much in favor of doing it now that we're paying peanuts to get that done.

Mr. Barrett: I don't want to prolong it because I'm actually making motions to move it along, but I just think we should really say thank you to Ed. You always bring these projects in under budget and on time and you have really great management. Mark from Hayes Large, you live in the community too, so thank you because you've really brought us through on this one.

Roll Call Vote:

Barrett – Yes

Chabal – Yes

Donahue – Yes

Gräb – Yes

Parrish – Absent

Sheffey – Yes

Cronin –Yes

Malkoff – Yes

Stover - Yes

8 Yes, 1 Absent

MOTION CARRIED

5.13 Approval of Bid #2009-2-06 - Plumbing Contract for Fields and Track Renovation

The Administration recommended the Board resolve to award a contract to Eshenaur's Fuels, Inc. for the performance of plumbing work required for the renovations to the athletic fields and running track. The plans and specifications of this work have been approved by the Pennsylvania Department of Education as required by PDE-3074 as Non-Reimbursable Work Subject to Advertising and Bidding Requirements. The specific scope of work is set forth in to Bid Number 2009-2-06, and Eshenaur's Fuels, Inc. was the lowest responsible bidder. Upon approval of this recommendation, the District's solicitor will prepare a contract for the performance of work as described in the District's Invitation to Bid at the cost of \$87,303.00.

Mr. Barrett moved the Board approve the request and was seconded by Mrs. Sheffey.

Roll Call Vote:

Barrett – Yes

Donahue – Yes

Parrish – Absent

Chabal – Yes

Gräb – Yes

Sheffey – Yes

Cronin –Yes

Malkoff – Yes

Stover - Yes

8 Yes, 1 Absent

MOTION CARRIED

5.14 Approval of Track Work for Fields and Track Renovation

The Administration recommended the Board resolve to award a contract to ATT Sports, Inc. for the performance of track surfacing work required for the renovations to the athletic fields and running track. The plans and specifications of this work are under State Contract in the amount of \$349,354.00.

Mr. Barrett moved the Board approve the request and was seconded by Mrs. Sheffey.

Roll Call Vote:

Barrett – Yes

Donahue – Yes

Parrish – Absent

Chabal – Yes

Gräb – Yes

Sheffey – Yes

Cronin –Yes

Malkoff – Yes

Stover - Yes

8 Yes, 1 Absent

MOTION CARRIED

5.15 Approval of Synthetic Turf for Fields and Track Renovation

The Administration recommended the Board resolve to award a contract to A-Turf for the performance of turf laying work required for the renovations to the athletic fields and running track. The plans and specifications of this work are under State Contract in the amount of \$755,000.00.

Mr. Gräb moved the Board approve the request and was seconded by Mr. Malkoff.

Roll Call Vote:

Barrett – Yes

Donahue – Absent

Parrish – Absent

Chabal – Yes

Gräb – Yes

Sheffey – Yes

Cronin –Yes

Malkoff – Yes

Stover - Yes

7 Yes, 2 Absent

MOTION CARRIED

5.16 Personnel – Resignation

The Administration recommended the approval of the following resignation:

Limited Service Contract:

Houtz, Bonnie

Co-Advisor for State Crew Student Production

Middle School

Reason: Personal

Effective: 03/16/09

Dr. Cronin moved the Board approve the resignation and was seconded by Mr. Malkoff.

Roll Call Vote:

Barrett – Yes

Donahue – Yes

Parrish – Absent

Chabal – Yes

Gräb – Yes

Sheffey – Yes

Cronin –Yes

Malkoff – Yes

Stover - Yes

8 Yes, 1 Absent

MOTION CARRIED

5.17 Personnel – General

1.	The Administration recommended the approval of the following request in accordance with the District Policies 435 & 439:
	Alexander, Laura Grade 1 Teacher Early Childhood Center Paid/Unpaid Childbearing/rearing Leave Effective: On or about 04/08/09 through the end of the 2008-09 school year
	<i>* This individual is currently an employee and/or volunteer. Clearances are on file.</i>

Dr. Cronin moved the Board approve the personnel recommendation and was seconded by Mr. Barrett.

Roll Call Vote:

Barrett – Yes

Chabal – Yes

Cronin – Yes

Donahue – Yes

Gräb – Yes

Malkoff – Yes

Parrish – Absent

Sheffey – Yes

Stover - Yes

8 Yes, 1 Absent

MOTION CARRIED

DELEGATES REPORTS

6.01 Dauphin County Technical School Report

Mr. Gräb: The Dauphin County Technical School met on March 11, 2009. We passed personnel, financial and building project grants, and policies. Two points I would like to note. On April 8, the joint Board will meet. That means all 9 members of the Derry Township School Board are invited to the Dauphin County Technical School to vote on the budget. As usually occurs in the past, we do not have a quorum, so you will be getting a mail ballot. Secondly, on May 7 is the dedication of the new addition for which you are paying 1/6 of the cost, so you are all invited to that. The dedication of the new addition will be at 2:00 p.m. at the Dauphin County Technical School.

6.02 Derry Township Tax Collection Association Report

Mr. Malkoff: The next meeting of the Derry Township Tax Collection Association will be on April 23, 2009.

6.03 Harrisburg Area Community College Report

Dr. Donahue: We also met on March 11, 2009 where the Vice President of Finance went over the budget which Dr. Brewer and Mr. Rineer have both seen. We will vote on that as a group in two weeks and then I will vote on behalf of the group on April 22.

6.04 Capital Area Intermediate Unit Report

Mrs. Sheffey: The Capital Area Intermediate Unit will meet on Thursday, March 26, 2009.

SPECIAL REPORTS

7.01 Student Representatives' Report

Ms. Collier: Last Friday, select AP language students went to LVC to compete in a language quiz bowl and the German team placed first and our Spanish team placed third.

Mrs. Chabal: Wonderful.

Ms. Collier: Thank you.

Mr. Rogers: Also coming up on this Friday, we have the dance marathon which benefits the Four Diamonds Fund. I think all the spring sports teams have gotten into full swing and I have a feeling Mr. Tredinnick might talk about it, but the swimming team did very well at states so we just want to say congratulations to them.

Mrs. Chabal: Thank you. Wonderful.

7.02 School and Community Information Report

Mr. Tredinnick: This is the time when we mention the students of the month and I do think we ought to take a moment in spite our haste to conclude this meeting to recognize those two students here this evening.

Neil Abcouwer and Leslie Callaghan have been named the March Students of the Month for Hershey High School. Callaghan was honored by the Federated Women's Club while Abcouwer was recognized by the Rotary Club.

Ms. Callaghan is a section leader of Marching Band, and an active member of Band, Orchestra, Choir, HHS musical productions, Jazz Band, and is a Varsity Softball player. She is a member of the National Honor Society and French National Honor Society. She is a long-time member of the Girl Scouts of America and has earned her Bronze, Silver, and Gold Award. To earn her Gold Award, she took on a service project where she conducted a book drive in the Hershey area and organized the 1700 book collection into a library for the top Capitol Area Intermediate Unit's new school building, Hilltop Academy.

Ms. Callaghan is a National Merit Commended Scholar and a Gifted Education Student. She plans to attend college in the fall to study mechanical engineering.

Abcouwer, the son of Steve and Leslie of Hummelstown, is the Managing Editor of The Broadcaster, the Co-President of Young Democrats, and the President of Quiz Bowl, as well as a member of the Brainbusters Team, Track and Field, Construction and Stage Crew for HHS Productions. This past summer, he volunteered at a Habitat for Humanity Work Project in Alabama, as well as volunteering at a Navajo Youth Empowerment Services' Tour de Rez.

He is a National Merit Scholar Finalist, American Scholastic Mathematics Award winner and a Silver Key Scholastic Writing winner. Abcouwer plans to attend college in the fall and major in engineering.

7.03 Board Members' Report

Mr. Gräb: Thank you. On behalf of the Hummelstown Kiwanis Club and the Hershey High School Key Club, I would like to thank the Derry Township School District for the use of their high school cafeteria for our annual senior scholarship spaghetti dinner on Sunday. We will be there again Friday evening serving food to those members of the dance marathon, some of our members will be there the entire evening.

Mr. Stover: Three quick items. I'd like to thank everybody that was involved and everyone that attended the Taste of Hershey, not this past Sunday but a week ago. The turnout was fantastic, the restaurants and everyone who participated did a great job. I thought it was an improvement over a great effort the year before. We have a meeting on Wednesday morning and we'll probably find out how we did. I think we did real well. Also, I had the pleasure of attending the Hershey Club Sport Hockey championship for the Fliers cup on Saturday morning. It's the first time that we've gotten this far. They did end up losing in overtime 4-3. I think it was a Westchester team, but they should be

congratulated. They did real well. The team that they played was bigger, faster and they stayed with them. It was a great game. Also I would just like to report that the Hershey baseball team is off to a great start. They are 2-0. They won today, 10-0 in 5 innings. In the two games they have not given up a run, so they are on a good start.

Mrs. Sheffey: I just wanted to announce that the International Fair starts Friday with classroom presentations. It's the 10th anniversary and it concludes Thursday, April 2 at 5:00 p.m. for the family night. Valarie Pritchett will be the master of ceremonies. We have 35 countries represented there. Mr. Hummel's providing international food and there will be a bake sale with international type desserts. Come join us April 2, 5:00 p.m.

Mrs. Chabal: Thank you very much.

7.04 Superintendent's Report

No report.

7.05 Board President's Report

No report.

RECOGNITION OF CITIZENS (Non-agenda Items)

8.01 Recognition of Citizens (Non-agenda Items)

John Dunn: I would like to put my support behind the artificial fields. Those that have been involved in looking at financial affairs of the District, I do a lot of scrutiny work and from my analysis, what we have here in the District is a capacity constraint towards the burgeoning demand of the sports activities that we provide this community. As a result, you have two choices. You can actually go buy more natural land or you can actually convert fields to artificial fields and I've actually done an analysis that would show that you would have to purchase roughly 5 comparable fields of natural land for what we are doing here as a township. So when you start looking at the premium cost of wonderful land in Derry and you start looking at all of the costs associated with maintaining that, this becomes pretty close to a cost neutral exchange between the two of them. What it does provide by having the two artificial fields is the freedom of scheduling and with having natural fields, when you take a look at what has happened with our natural fields and the rescheduling because of inclement weather, plus the constant use, we are actually pushing kids into time zones that they shouldn't be out in order to be able to have availability of field space. These

two fields will provide tremendous capacity to deal with the demand that we really have in our school system. Everyone has a tendency to forget, we have 3,800 kids that we're trying to move along in a schedule and all it takes is one little hiccup because of mother nature and all of the sudden you have a total schedule breakdown. These fields will provide us that capability to keep ourselves on schedule, on time and provide the kids with an opportunity to play on comparable fields where they're playing throughout Dauphin County.

Mrs. Chabal: Thank you very much.

9.01 Adjournment

Mrs. Chabal announced the next Board meeting would be held Tuesday, April 14, 2009 starting at 7:00 p.m. in the District Board Room.

Mr. Barrett moved to adjourn, with a second by Dr. Cronin and, approved by unanimous voice vote by all members. The meeting was adjourned at 9:13 p.m.

Respectfully submitted,

Stephen E. Rineer
Secretary to the Board
Approved at the April 14, 2009 meeting

Beulah Chabal
President of the Board

LDM