

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

November 22, 2010

OPENING ITEMS

1.01 Call to Order

A meeting of the Board of School Directors, Derry Township School District was held on Monday, November 22, 2010, in the District Office Board Room. Dr. William Parrish, Board President, called the meeting to order at 7:00 p.m.

1.02 Roll Call

Directors Present:

Mrs. Beulah Chabal
Dr. Henry Donahue
Mr. John Gräb
Dr. Mary Beth Hagan
Mr. Chris Morelli
Dr. William Parrish

Excused:

Dr. Donna Cronin
Mrs. Ellen Sheffey
Mr. Charles Stover

Superintendent:

Dr. Linda Brewer

Secretary:

Mr. Stephen Rineer

Solicitor:

Brian F. Jackson (Not Present)

Student Representative:

Miss Meredith Royer
Miss Emma Witwer

Press:

Mr. Nick Malawskey THE PATRIOT-NEWS

Representatives of the Administrative Staff: Mr. Dan Tredinnick, Dr. Bernie Kepler, Mr. David Yarian, Ms. Lynn Dell, and Mr. Joe McFarland.

Representatives of the Staff and Community: Bunny Hottenstein, Diane Leonard, Mike Leonard, Anne Newman, Kelli Anderson, David E. Fisher, and Bruce E. Hancock.

Dr. Parrish: I'll make note that those who are absent all have excused absences tonight.

1.03 Flag Salute

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

APPROVAL OF MINUTES

2.01 Approval of the November 8, 2010 School Board Meeting Minutes

A motion was made by Mrs. Chabal and seconded by Dr. Hagan to approve the minutes of the November 8, 2010 School Board meeting.

All Board members present signified by a Yes vote.

MOTION CARRIED

INFORMATION AND PROPOSALS

3.01 Announcement of Executive Session

Dr. Parrish: I would like to announce that we did meet this week in Executive Session to discuss matters of a legal nature.

3.02 Recognition of Citizens (Agenda Items)

Mike Leonard: If I'm out of line here, let me know, I'll sit back down, but I missed the General Services meeting today. I'm an advisor on that, a citizen advisor, I apologize, I got tied up, but a couple of things I know you folks are considering that I just want to throw out there. Unfortunately, in those meetings, I don't think as quickly as I should sometimes. One of the things I know you're going back and forth with is about the radios right now. The original meeting I was in there was \$150,000 budget, seeing someone's notes back here just now, I see we're down to \$118,200 on them. I sent an e-mail to everybody. I had a lot of questions and started researching that. I caught up with a guy that used to be involved with the Pentagon in radio communication that educated me a little bit about radios. What I learned is that before you spend that kind of money, I threw a lot of questions out there that I think, I hope, someone's watching the cookie jar when we're spending this money. If it's a state contract and we think that's the best way to go without researching it and making sure, that would be disappointing. You know, one example he gave me is Annville/Cleona had 40 radios and they only had to buy 2 new ones. They were able to convert all the ones they had.

If the radios are only 5 to 10 years old, a lot of them are going to be convertible to the new bandwidth so the money wouldn't have to be spent. The breakdown has finally been provided. I asked for a breakdown and never got it – about the quote, how we came up with \$150,000, so I would hope if we're spending that kind of money, I give plenty of quotes to every one every day to spend \$200. I hope if we're spending that kind of money, there's a detailed something out there that I couldn't get my hands on that no one could provide me. We're just making sure we're spending our money wisely. That's one concern I have.

Dr. Parrish: Let me just reply briefly, and Bernie, you can fill me in, because I didn't sit in on the General Services, but just to frame this as I understand it. The federal government (FCC) has mandated a change in the frequency that can be used.

Dr. Kepler: That's correct.

Dr. Parrish: Because of that, I am under the impression that our radios cannot be converted. Has that been explored?

Dr. Kepler: My understanding is that Mr. Consalo did look into that. I will certainly – Ed and I – will look into that further and talk to Heath Dresh at Annville/Cleona who had handled that there and see what they did to see if we are missing something in addition to what research has already been done. The second question, Mike, we do have a full proposal from both Motorola and the local vendor and it's just being updated based on the reduction of radios, but we have that breakdown and can provide that.

Dr. Parrish: I understand that \$40,000 roughly of the cost is for the base system, so irregardless, if you have 2 radios or 100 radios, that is an investment you have to make. The other thing I asked Mike, you weren't here, was the model of radio. The radio that is in this quote is the lowest reliable radio that they have in their line. Correct?

Dr. Kepler: That is correct.

Dr. Parrish: Okay. Mike?

Mr. Leonard: Okay, sounds like someone is starting to check into it. That's good.

Dr. Parrish: Administration has peeled things back quite a bit in the number. What's the number we dropped down from?

Dr. Kepler: We started at \$150,000 . . .

Dr. Parrish: How about the number of radios?

Dr. Kepler: We started with 137 radios and we're down to 90-92.

Dr. Parrish: Okay, so we've cut about 1/3 of the radios in number.

Dr. Kepler: That's correct.

Mr. Leonard: It's frustrating when you see these numbers and maybe you guys don't have the time to do the research, but if we're going to spend \$150,000, as a citizen, I'm going to try to help you with that.

Dr. Parrish: Sure. I appreciate that.

Mr. Leonard: And I can't get a copy of the quote when I ask, it's a little frustrating. How can I compare apples to apples or check or do my research to inform you guys that it's looking good or what the heck's going on here.

Dr. Parrish: Bernie, you know when the updated quotes will be back to you?

Dr. Kepler: I do not know that, but I can find that date.

Dr. Parrish: Find that out and maybe let Mike know.

Mr. Leonard: And maybe I'm going to wrong place. I e-mail Ed, do I have to stop in the District office here and request them, maybe I'll get some guidance another time on that, because it's just frustrating.

Dr. Parrish: Perhaps even talking to the Chair of General Services or Lin, would you prefer they come through Bernie for those kinds of things? You're a member of the General Services Committee?

Mr. Leonard: Right.

Mr. Gräb: At this point and time, the Chair of General Services does not have those detailed quotes yet.

Dr. Parrish: So, they still didn't come.

Mr. Leonard: Okay.

Dr. Parrish: So, when they come forward, John will have them.

Mr. Gräb: So you can come to me and I can see if I can get them for you, but right now I don't have them.

Mr. Leonard: Okay.

Dr. Parrish: And Bernie, if you can check with your colleague at Annville/Cleona and see how they've made arrangements.

Mr. Leonard: The gentlemen told me if they are 5 to 10 years old, a lot of them are convertible, but they need models/serial numbers to be able to tell you that, so whoever handles our radios should be able to tell us that with model and serial numbers.

Dr. Parrish: Good. Thank you, Mike.

Mr. Leonard: I guess as I'm looking at budget items and seeing where we're nipping and tucking, one of the things that concern me in the other meeting was originally there was money put in to build storage, either at the gym or somewhere, because, I guess, some people are using some other people's things. It was originally budgeted at \$30,000 to build these and we were using the in house carpenter to do that and cutting the cost considerably. It just strikes me again the comment that was made was something like "to keep honest people honest." If a teacher's taking something that doesn't belong to them, reprimand them. Don't spend 3, 5, 8, 10 thousand dollars building cages to put your balls in so another teacher can't have your balls and if the other teacher needs the balls, should you really be locking them up anyway? How many balls can you buy for 10 or 20 thousand dollars?

Dr. Parrish: I think I missed the meeting of that discussion.

Mr. Leonard: So, I'm just pointing out little things that I'm seeing that if we're missing, what else are we missing, because what it boils down to is, you guys only have 40% of the budget you can really control. My guess. The state and federal government . . .

Dr. Parrish: It's much less than that.

Mr. Leonard: So, we really got to watch it. The other thing I brought up is the tennis courts is a big issue. I had put a proposal together on some options for that over a 15 year period on the money saved, which is substantial. You know, the response you get is, from the athletic director, is I checked with other athletic directors in the area and around and no one has that, but all the referrals I gave him, all the research I did, all the people that have used these courts, they didn't contact them to my understanding. I did a 15-20 year projection. Now, you can't go out much further than that on any courts whether they are concrete, blacktop, whatever. So, we just need to button down and watch our p's and q's I think on some of these big ticket items.

Dr. Parrish: Yes. I don't think we disagree with you. Did you give that information to John as well? The tennis court information?

Mr. Leonard: I passed it around to a couple people and I have more copies I can get to people if anyone wants them, I've given them to certain people.

Dr. Parrish: It would be nice for John to have that.

Mr. Leonard: But, it is a different surface, it's thinking outside the box.

Dr. Brewer: Dr. Parrish, if I may the surface will not work. It slows the playing down and it will not meet our competition regulations.

Mr. Leonard: So, the U.S. Tennis Foundation rates it as a medium speed and I don't know, I need to learn more why it doesn't meet our regulations. Playing on grass fields was regulation until everyone put artificial fields in and we needed them. Again, I don't understand that, because you play on clay, you play on grass, and you play on blacktop. So, professionals are playing on different surfaces every day.

Dr. Parrish: I don't know sitting here with the PIAA . . .

Mr. Leonard: Just throwing this stuff out there for further. So, that's all I had at this point.

Dr. Parrish: Thanks, Mike. I appreciate your comments. Any other citizens who would like to comment, again, on agenda items now?

3.03 Student Representatives' Report

Miss Witwer: If you remember last meeting, I mentioned that there are some students in Ecuador and Meredith was one of them, so we thought that she would tell you a little bit about her trip tonight.

Miss Royer: There's a lot to tell, but I'll give you the minute version instead of the hour version that my parents got. There's a group down there right now and a group of us including Dr. Hagan's son, Ben, we got back last week. I can't even explain how amazing it was. The whole time we were down there we kept on saying this isn't something that we'll remember from high school. It's something we're going to remember for the rest of our lives. We had so many responsibilities and we were there to translate for the patients. Most of the med students could ask them questions in Spanish, but we were there to help comprehend what their patient histories were. Also, with Dr. Cohen and the electrophysiology room, we had to translate between the two doctors, so he could teach them how to do the surgery. You don't get to do that; you can't do that every day, so it was really neat. We were also responsible for entertaining the kids after the surgery and we were in the waiting room with them. A lot of neat experiences. It was amazing.

Dr. Parrish: It is a great opportunity for our kids. We hear this every year and they always have a great time.

Mr. Morelli: I had a question about the program in general. What sort of students benefit from this. Is it students that just want to get immersed in Spanish? Is it students that want to go into medical school? I guess my question is would any student benefit this?

Miss Royer: I mean, I think so. I think it helps to have an interest in either Spanish or medicine, but really just being able to interact with people should be the requirement. Most of it is just helping the families acclimate to this weird environment that they're thrown into.

Mr. Morelli: So, my son takes German and likes to play Xbox. Would he benefit?

Miss Royer: Maybe. I think they have requirements. You have to be in Spanish 5 or AP Spanish or be in PYAP, which is the internship at the Medical Center.

Mr. Morelli: Great. Thank you.

Miss Royer: Yeah, sure.

Dr. Parrish: Any other Student Representative reports tonight?

Miss Royer: No, not tonight.

3.04 Standing Committee Reports

Mr. Gräb: This is the report from the Joint Finance and General Services Committee. We did have five items we looked at this evening; the first one being the Capital Improvement budget update. Some good news – the bids for the four new school buses came in and they were \$50,000 under what we had budgeted for them, which we were very happy to see that.

We had a brief discussion regarding some of the things that we have moved forward to next year that might be paid for by that \$50,000 and it was projected to include those in the budget – both of them being a compressor at the middle school and a compressor at the high school which may be on their last legs and may not be on their last legs, so rather than replace them at this point and time, we put that money aside waiting to see what happens and maybe they can be paid for next year.

We had a rather detailed discussion on the radios and I had a note here – Citizens Advisor had some questions and hopefully we got to some of them tonight, Mike, whether or not we got to all of them or not, I'm not really sure. But, as Mike has already alluded to, originally we had budgeted \$150,000. We're down to \$118,200. I think we did explore updating some of the older phones and in order to update some of the older phones, it will require us to expend about \$22,000 to \$25,000 and we were not so sure that would be cost effective for a year or two, so we've kicked that back to Mr. Consalo and he's going to investigate that a little further.

The long range capital plan for next year is down to \$936,964. What we've done in the past is, this originally came in well over one million and we kept going back and revisiting it and revisiting it. We now have it under one million dollars.

The second thing we looked at – the House was kind enough to pass House Bill 2497 which is a PSERS pension reform. It should perhaps be classified as a PSERS pension mandate, because it really doesn't do what we were hoping it might do. Fortunately, it has reduced the amount of money we have to set aside for PSERS next year from 10.24% down to 8.72%. Some school districts in the past have been budgeting 5.04% to bump that up to 8.72% is going to cost some other school districts a bit of money. Due to the foresightedness of this Board, we have been budgeting 8.22% for the past several years, so the hit we take this year on the PSERS increase is not going to be as heavy as it might have been for some other school districts. The discussions is still out there as to whether or not we want to withdraw the amount of money that we're missing here from our PSERS rate stabilization fund. That's still up for question.

Dr. Parrish: How much would that be, John? What would the difference be, do you have an idea at this point?

Mr. Gräb: Off the top of my head, I raised that question this evening and I was unfortunately unable to get an answer. I'll see if I can have one for the next meeting for you.

We took a quick look at what we call cost recovery revenue generating things for the upcoming budget. As you know, in the past we've talked about the Capital Area School for the Arts. We originally had budgeted for 4 students. We've budgeted that down to 2 students and we're taking a look at the possibility of increasing the requirements for students to attend CASA from Derry Township.

The summer school enrichment program, which we currently run is costing us a number of dollars and we're hoping to make that, in the future, cost neutral.

The use of outside facilities – the utility cost – only comes in at about \$5,000-\$6,000. What we have discussed in the past is, there are some entities out there that use our facilities, I'm not singling any two out, I'm just naming two that come to mind right now – they are the Baseball Association and the Football Association. Both of those organizations pay us back in kind in renovation of fields and installation of lights and stuff more so than what it actually costs us to let them use the facilities.

We do run an activity bus after school, which costs us about \$3,500. Unfortunately, the amount of people utilizing that does not make it cost effective.

We looked at the possibility of going to three closed days over the summer – closing the facilities on Friday, Saturday, and Sunday. That's being kicked back to the administration for a little further research and detail, because there are a lot of individuals and groups that that impacts and we might want to put that off for approximately a year.

Drivers Ed fee right now – we'd like to make that cost neutral as well. Those students in the school who are requiring driver education would pay the full cost of the behind the wheel portion of the program. An increase from \$50 to approximately \$200 would be realized. It was suggested that perhaps more of the parents might get involved with teaching their children how to drive and one of the people at the meeting said they tried that and it lasted about an hour and half and they decided not to go with that.

There was some discussion, and this really didn't fly, of charging an extracurricular activity fee for athletics. That just did not sit well with a lot of people and in a \$53 million dollar budget; the amount of money that would save would really not be that beneficial.

There was some talk about the student parking tag fees at approximately \$25 a semester for students to park their cars on campus.

Last, but not least, we had some change orders with the large group instruction music suite down at the elementary school during the construction. They ran into some problems both at the roof line and they ran into some problems. They found some things underground that were not shown originally on the documents that were provided they said. There was a change order, so they came this evening at the General Services meeting to explain to us why it was costing "x" number of dollars. Some people who were at the General Services meeting asked them to go back and perhaps sharpen their pencils and sit down and see if we can't come to a better number. That's it.

Dr. Parrish: John, just to clarify, the drivers ed fee you're speaking of is not for the in classroom instruction, it's for the on the road, behind the wheel part that is not, I don't think all of our kids can even get into that, because it's such high demand. So, it's not the classroom part.

Mr. Gräb: I think the classroom part is mandated by the state.

Dr. Parrish: That's part of curriculum. Any other standing committee reports?

Dr. Donahue: The Curriculum Standing Committee met today. We discussed high school restructuring and Mr. McFarland went over and Mr. Murphy went over some department meetings that have been occurring so teachers and department heads are given the opportunity to weigh in as to their opinion about the restructuring and how it should evolve. There are some concerns from Special Education Math as well as Science, mostly dealing, I think, with the time element of the restructuring.

There were several areas of strong agreement – interestingly, one that came up was the possibility of lengthening the school day, which would be not simple to incorporate, but it's one thing that at least within the teachers apparently, that they are discussing and are at least aware of the possibility of that at some future time.

As most of you know, we had a Town Hall meeting last Thursday where Mr. Murphy made a short presentation on the restructuring highlighting the restructuring process. About 160 people were in attendance, asked lots of questions, both in person and writing them on the cards. My personal perspective is that it went quite well. There is clearly still some angst amongst the parents, especially regarding whether there will be a decreased number of electives available. What I heard was that that's not necessarily a given and there is a real possibility we won't lose electives. Is that accurate, Mr. McFarland?

Mr. McFarland: That's correct.

Dr. Donahue: Whether everybody in attendance got that message, I don't know, but we said it several times. This will be followed up, as you know, by several round table discussions which will be a little more intimate and Mr. Murphy will be, if not one on one, one on 10 or 11 with interested parties explaining this.

Then, we discussed, as Mr. Gräb alluded to, General Services discussing the Capital Area School for the Arts or CASA. We also discussed that in the Curriculum Committee meeting and what I think is important to emphasize is that program is not going away. It's going to exist still. There will be, perhaps, a more rigorous evaluation of whether students qualify for program offered at CASA, largely focusing on whether what they want to take is actually offered here, and if it's offered here, we would discourage them from enrolling in CASA, but there are certain things that might be appropriate at CASA – for instance, dance. We don't have a particularly strong dance program here during the school hours, so this might be something a student might want to take part in at CASA, but the message is that CASA still will be in the budget and available to students, but it will be a more rigorous selection process for these students. That's all I have.

Dr. Parrish: Thank you. Any questions for Hank? Other committee reports? I don't believe there are anymore.

3.05 Presentation - Refinancing Options

Mr. Verdelli: Good evening. While those are going around, the purpose of tonight's meeting is a follow up to the discussion we had on November 8 about a refinancing, actually two refinancing opportunities of two of the school District's existing bond issues. Tonight, we're asking for you to authorize the financing team to proceed. We'll set a minimum level of savings for the transaction. We can't do this transaction today, about the earliest we will be able to do it would be at one of your January Board meetings just due to the timing of when the old issues reach their call date. So, I want to give the full Board an update on this opportunity that, again, we discussed back on November 8 and a little bit of an update on what's happening in the bond market.

The first page shows the chart that I typically show you to show you interest rates and if you were here on November 8, this chart looked dramatically different. The municipal

bond market has had a terrible 10 days in terms of how quickly we've seen interest rates rise. It shows you the volatility of these markets and how quickly we need to take advantage of opportunities when they come and go. Just to show you by means of one interest rate, if you look in the blue box, it says, Index as of November 18, the rate there is 4.72 and this is this big index of municipal bonds from across the country. A rate of 4.72 today, 20 days ago, it was 3.96, so a very dramatic increase in interest rates. Basically, what has caused it, the biggest issue has been just in the last two weeks a dramatic pick up in the supply of issues coming to market. You heard us talk when you were doing your last financing in the spring about Build America bonds and it was the stimulus program. There was talk that that would be extended into multiple years going forward. Now, all the discussions really I think as a result of the elections are that the Build America bond program will cease at the end of this year and so that opportunity for issuers to pick up a 35% subsidy from the federal government, people are thinking that's going away and so you have issuers like the State of California has brought \$14 billion dollars of municipal bonds in the last two weeks and just really created a huge imbalance in the bond market. Hopefully, that imbalance is something that is just here at year end. As I mentioned, we can't sell your bonds until January. We think that most of this dramatic increase is from that. Some of the other technical factors have been the market's reaction to the fed's Quantitative Easing 2 program, and that has not been as well received in the markets as really the first round. We've seen long term interest rates react negatively and rise pretty dramatically. So, a lot going on. It's impacted the savings. The savings I showed back on November 8 was over \$400,000, tonight we have \$300,000 as a reflection of that quick increase in rates just over that time frame. Hopefully, things will be better in January. Typically, in fact, many times the District has taken advantage of what we refer to as the January Effect in the municipal bond market, which is that right after the holidays when the market has pretty much been shut down for 2 weeks, when everyone comes back in January, there is very few deals coming to market, yet portfolio managers have a lot of money to get to work and get invested. Typically, we see some pretty good interest rates in the first couple weeks of January.

You'll see on my schedule at the bottom of Page 2, I think if we can meet it to potentially be ready with a credit rating, have everything, your official statement ready to go to be in the market right after the new year and potentially come to the January 10 meeting, that would be most likely the schedule we would be on. If we can't meet that January 10 meeting, then it would be your second meeting in January when we would actually lock in an interest rate – know for sure what the savings are.

Just recapping – at the top of Page 2, two issues available for refinancing – the 2006 issue, about \$4.6 million remaining. Those interest rates range from 3.4% to 4.15%. The second issue is the Series A of 2006, a little over \$4.1 million outstanding on that issue – rates ranging from 3.9% to 4.25%. As I mentioned earlier, the net savings by refinancing both of those issues with one new issue is about \$300,000 of net savings to the District right now. We've structured that to be spread over the next three fiscal years. You'll see in just a moment why we've structured it that way to fit into the big picture of what the debt service is in the upcoming years. That would be our schedule

there at the bottom with your authorization on the 22nd. Tonight, we would potentially be back on January the 10th with a bond sale.

On Page 3, this is the existing debt service. Really, the thing to focus on here is Column 8 that the debt service is level for the next four years including this current year at about 6.35 million per year and then it steps down to about 6.1. What we were trying to do is spread that savings over the next three years, but it's to bring that down from the 6.35 and if you flip to Page 4, based on the current projection where I've highlighted that in yellow, the debt service the next three years would drop by about \$120,000 each of those three years and be running at about just over \$6.2 million. There would be less of a drop when you got to that budget out in the year 2015. We're kind of just smoothing off these last three years at this higher running rate and spreading the savings in that fashion.

That is the opportunity that we'd like to be authorized to proceed. Obviously, we can't make any guarantees that there will be any savings come January, but hopefully, I think most of the dramatic increase that we've seen has been this huge increase in supply of issues coming to market, and the market just hasn't been able to digest all of it.

Dr. Parrish: Any questions for Lou, Hank?

Dr. Donahue: So, just so I understand it. We'd have to come to realize any savings, we'd have to come down from where the bond market is right at this moment?

Mr. Verdelli: Well even at today's rates, there's the \$300,000 in savings. Where rates were a month ago, we had over \$400,000 in savings.

Dr. Donahue: Did I miss – because if interest rates outstanding are 3.4 to 4.15 and we're looking at 4.72 . . .

Mr. Verdelli: Right. That is just an index of a big group.

Dr. Donahue: That's not the interest rate?

Mr. Verdelli: It's not the rate that you would have on your bonds because the ones we're refinancing are much shorter. You would be going from roughly that 4% to it's just over 3 was the numbers today.

Dr. Donahue: Okay, thanks.

Dr. Parrish: Mary Beth, did you have a question?

Dr. Hagan: No.

Dr. Parrish: Anybody else? We will be voting on authorizing this later in the meeting. Thank you, Lou.

Mr. Verdelli: Okay, thank you.

UNFINISHED BUSINESS

4.01 Unfinished Business

None.

NEW BUSINESS

5.01 Approval of Finance Report for October 2010

The Administration recommended the approval of the October 2010 Finance Report as listed.

1.	The Treasurer's Report for the month ending October 31, 2010 was summarized as follows:	
	• General Fund Revenues	\$4,066,704
	• General Fund Expenditures	4,354,166
2.	The listed schedule of investment transactions for the period beginning October 1, 2010 through October 31, 2010 had total interest earnings of \$8,300 comprised of the following:	
	• General Fund	\$39
	• Money Market	7,027
	• Capital Reserve	1,234
	• PA Local Government Investment Trust	0
	The average interest rate for October 2010 was 0.33%	
3.	The October 2010 expenditures for the paid bills for all funds totaled \$3,971,012 excluding net payroll, retirement contributions, and debt service.	

4.	The November 2010 expenditures for the unpaid bills for all funds totaled \$697,887	
5.	The estimated expenditures of the General Fund for the month of November 2010 were in the following amounts:	
	• Operating Expenses	\$1,100,000
	• Utilities	190,900
	• Net Payroll (End of Year Pay)	1,310,000
	• Employer Provided Insurance	351,100
	• Payroll Deductions	633,000
	• Employer Payroll Taxes (FICA/RET)	149,000
	• Debt Service	<u>813,510</u>
	Total Estimated Expenditures	\$4,547,510

Mr. Morelli moved the Board approve the Finance Report and was seconded by Mrs. Chabal.

Roll Call Vote:

Chabal – Yes
 Cronin – Absent
 Donahue – Yes

Gräb – Yes
 Hagan – Yes
 Morelli – Yes

Parrish – Yes
 Sheffey – Absent
 Stover - Absent

6 Yes, 3 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 November 2010 budget transfers.

Mrs. Chabal moved the Board approve the budget transfers and was seconded by Dr. Hagan.

Roll Call Vote:

Chabal – Yes
 Cronin – Absent
 Donahue –Yes

Gräb – Yes
 Hagan – Yes
 Morelli – Yes

Parrish – Yes
 Sheffey – Absent
 Stover - Absent

6 Yes, 3 Absent

MOTION CARRIED

5.03 Authorization to Proceed with the Issuance of General Obligation Bonds, Series of 2011

The Board of School Directors of the Derry Township School District (the “School District”) authorizes the Administration to work with RBC Capital Markets, as Financial Advisor, and Rhoads & Sinon, LLP as Bond Counsel, to prepare documents for the refinancing of the School District’s General Obligation Bonds, Series of 2006 and General Obligation Bonds, Series A of 2006. The minimum amount of net savings for the transaction to proceed is \$300,000.

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

Roll Call Vote:

Chabal – Yes
 Cronin – Absent
 Donahue –Yes

Gräb – Yes
 Hagan – Yes
 Morelli – Yes

Parrish – Yes
 Sheffey – Absent
 Stover - Absent

6 Yes, 3 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:

Parking Lot Improvements:		
1.	Fullerton Application No. 5	(Electrical) \$43,117.04
2.	Handwerk (General Contractor)	

	Application No. 005	29,369.69
3.	Hayes Large Architect LLP Bill No. 1010-049 (CS Davidson) 256.54 Bill No. 1010-050 <u>15,016.05</u>	15,272.59
4.	Township of Derry Invoice No. 73485-5	454.25
	Elementary School/LGI:	
5.	East Coast Contracting (General Contractor) Application No. 9477-04	66,299.70
6.	H & R Mechanical (HVAC) Application No. 2	36,886.50
7.	Leo Kob Co., Inc. Application No. 1	11,398.50
8.	PSQ, Inc. (Electrical) Certificate No. 4	3,105.00
9.	Advantage Engineers Invoice No. 100236701-1	636.00
10.	Hayes Large Architect LLP Bill No. 1010-048	1,350.63
	Middle School Expansion:	
11.	ECI (General Contractor) Application No. 5	328,385.57
12.	A.H. Moyer (HVAC) Application No. 5	23,096.25
13.	G Bass (Plumbing) Application No. 5	10,167.66
14.	Guy M Cooper, Inc (Fire Systems) Application No. 05	1,191.60
15.	Leer Electric (Electrical) Application No. 4	26,817.92
16.	SchraderGroup Architecture, LLC Invoice No. 840	2,952.46

Dr. Hagan moved the Board approve the payments and was seconded by Mrs. Chabal.

Dr. Parrish: Steve, these are all part of the contracts; nothing new here?

Mr. Rineer: That's correct.

Dr. Parrish: Okay.

Roll Call Vote:

Chabal – Yes

Cronin – Absent

Donahue –Yes

Gräb – Yes

Hagan – Yes

Morelli – Yes

Parrish – Yes

Sheffey – Absent

Stover - Absent

6 Yes, 3 Absent

MOTION CARRIED

5.05 Approval of PlanCon K - Retirement of General Obligation Bonds Series A of 2010

The Board of School Directors of the Derry Township School District hereby approved PlanCon Part K documents for submission to the Pennsylvania Department of Education. The PlanCon Part K documents report the retirement of the School District's General Obligation Bonds Series A of 2004 and Series of 2005, using funds provided through the issuance of General Obligation Bonds Series A of 2010, and to pay the costs and expenses related to the issuance of the bonds.

Mrs. Chabal moved the Board approve the request and was seconded by Mr. Morelli.

Roll Call Vote:

Chabal – Yes

Cronin – Absent

Donahue –Yes

Gräb – Yes

Hagan – Yes

Morelli – Yes

Parrish – Yes

Sheffey – Absent

Stover - Absent

6 Yes, 3 Absent

MOTION CARRIED

5.06 Authorization to Approve Special Counsel

Dr. Kepler: Thank you, Dr. Parrish. Prior to making my recommendation, I have a few talking points and updates for the Board regarding special counsel as it relates to our ongoing dialogue with the Harrisburg Area Community College.

As you are well aware, the Administration has begun our process of budgeting and facing, for the first time ever, the likelihood that state subsidy will not be flat but be reduced for the 2011-2012 budget. We face extremely challenging prospect, the School District is facing with increased expenditures. We continue to have expenditures of over \$400,000 to the Harrisburg Area Community College. As you are aware we are

reviewing many current expenditures, we are looking at other avenues of revenue and one area of that, as I said, one area that we are studying is whether to continue sponsorship of the Harrisburg Area Community College, which in 2011-2012 was slated to cost us \$425,000, \$450,000 in 2013, and \$475,000 - \$500,000 in 2013-2014.

Tonight, the School Board is being asked to appoint special counsel, Kegel Kelin Almy & Grimm in order assist the School District to determine the viability of whether the School District can end our sponsorship or alternatively, and I would further emphasize most importantly tonight, whether substantial reforms can be made to the current School District sponsor Community College relationship, which would provide Derry Township School District with permanent substantial financial relief from our costs associated with HACC. It's important to note that the Harrisburg Area Community College has agreed to sit down with school district representation and that will occur in the very near future to begin dialogue. The school districts are optimistic based on the communication that HACC has been providing to us. With that said, we are looking to make motion to approve special counsel tonight, but do have an optimistic outlook at least in terms of positive communication and a willingness to talk.

With that being said, the Administration recommended the District appoint Kegel Kelin Almy & Grimm, LLP as special counsel.

Dr. Hagan moved the Board approve the recommendation and was seconded by Mrs. Chabal.

Dr. Donahue: I think it's important to emphasize for the Board members that might not be aware or the public that this is not something we're doing on our own as a School District. There a group of school districts that are involved in this with us that are seeking the same end to this situation.

Dr. Kepler: That is correct, Dr. Donahue, in fact, there are more school districts who are expressing interest. The more school districts that do jump on board, the reduced cost associated with any special counsel will be divided equally.

Mr. Morelli: Bernie, are these school districts all in Dauphin County or surrounding counties?

Dr. Kepler: Dauphin County, Cumberland County.

Mr. Morelli: Okay. And it's the majority of the school districts? I know LD, I believe, signed on earlier this week.

Dr. Kepler: At this point, we have confirmed 6 to 7 school districts who are certain of their willingness to move forward in these discussions with HACC. That number, even as of today, appears that it might be growing.

Dr. Parrish: Any other questions/comments?

Roll Call Vote:

Chabal – Yes
Cronin – Absent
Donahue –Yes

Gräb – Yes
Hagan – Yes
Morelli – Yes

Parrish – Yes
Sheffey – Absent
Stover - Absent

6 Yes, 3 Absent

MOTION CARRIED

5.07 Awarding of Bid 2011-01

The Administration recommended Brightbill Body Works be awarded bid #2011-01 in the amount of \$346,564.00 for four new 2012, seventy-seven passenger school buses.

Brightbill Body Works was the lowest bid that met specifications.

Mr. Gräb moved the Board approve the bid and was seconded by Mrs. Chabal.

Dr. Parrish: John, you said this was \$50,000 under what we expected, correct?

Mr. Gräb: Mr. Yarian, that is correct this bid came in \$50,000 less than what we had budgeted?

Mr. Yarian: Yes, that is correct. We got them at quite a bit less money than what we paid for buses last year. It was just a really good time.

Mr. Gräb: Thank you.

Mr. Yarian: Good timing.

Dr. Parrish: Timing is everything.

Dr. Kepler: Dave, you're not asking for 5 or 6 then?

Mr. Yarian: I was going to go for another one, but . . .

Dr. Parrish: Any other questions?

Roll Call Vote:

Chabal – Yes
Cronin – Absent
Donahue –Yes

Gräb – Yes
Hagan – Yes
Morelli – Yes

Parrish – Yes
Sheffey – Absent
Stover - Absent

6 Yes, 3 Absent

MOTION CARRIED

5.08 Acceptance of Gift

The Administration recommended accepting the following gift:

Donated by:	Lillian Harris
Item:	Alto Saxophone Brand Name: Selmer Model: 20806-AK107
Specification:	To be used in the secondary music program

Dr. Kepler: We thank Ms. Harris for this nice donation.

Mrs. Chabal moved the Board approve the gift and was seconded by Dr. Hagan.

Roll Call Vote:

Chabal – Yes

Cronin – Absent

Donahue –Yes

Gräb – Yes

Hagan – Yes

Morelli – Yes

Parrish – Yes

Sheffey – Absent

Stover - Absent

6 Yes, 3 Absent

MOTION CARRIED

5.09 Requests for the Use of School Facilities

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

<i>Group:</i>	Hershey Soccer Club
<i>Date/Time:</i>	Sundays January 2, 2011 through March 6, 2011 1:00 p.m. - 5:00 p.m.
<i>Requested Facility:</i>	Primary Elementary Gym
<i>Event:</i>	Soccer Training
<i>Fee:</i>	As per Lease Agreement

<i>Group:</i>	Girl Scouts in the Heart of Pennsylvania
<i>Date/Time:</i>	February 25, 2011 5:00 p.m. - 9:30 p.m.
<i>Snow Date:</i>	March 4, 2011 5:00 p.m. - 9:30 p.m.
<i>Requested Facility:</i>	Primary Elementary Multi-Purpose Room, Cafeteria, Kitchen
<i>Event:</i>	Brownie Dance
<i>Fee:</i>	As per Lease Agreement
<i>Group:</i>	Music in the Parks
<i>Date/Time:</i>	Saturdays May 7, 14, 21, June 4, 2011 7:00 a.m. - 3:00 p.m.
<i>Requested Facility:</i>	Middle School Auditorium, Band Room, Choir Room, LGI
<i>Event:</i>	Music in the Parks Festival
<i>Fee:</i>	As per Lease Agreement

Mrs. Chabal moved the Board approve the requests and was seconded by Dr. Hagan.

Roll Call Vote:

Chabal – Yes
Cronin – Absent
Donahue –Yes

Gräb – Yes
Hagan – Yes
Morelli – Yes

Parrish – Yes
Sheffey – Absent
Stover - Absent

6 Yes, 3 Absent

MOTION CARRIED

5.10 Personnel – Resignation

The Administration recommended the approval of the following resignation:

Classified:
Daniels, Vicki L. Cafeteria Aide Elementary School Reason: Personal Effective: 11/26/2010

Mrs. Chabal moved the Board approve the resignation and was seconded by Dr. Hagan.

Roll Call Vote:

Chabal – Yes

Cronin – Absent

Donahue –Yes

Gräb – Yes

Hagan – Yes

Morelli – Yes

Parrish – Yes

Sheffey – Absent

Stover - Absent

6 Yes, 3 Absent

MOTION CARRIED

5.11 Personnel – General

1.	The Administration recommended the approval of the following appointments:
	Classified:
	<p>Badger, Susan * Substitute Library Aide Elementary School Salary: \$10.336 per hour (pending HESPA contract) Effective: 11/23/2010</p> <p>Substitute Teachers' Aide Elementary School Salary: \$10.336 per hour (pending HESPA contract) Effective: 11/23/2010</p>
	<p>Neuhauser, Lisa Substitute Teachers' Aide District-wide Salary: \$10.336 per hour (pending HESPA contract) Effective: 11/22/2010</p>
	<p>Schmidt, Lisa Substitute Teachers' Aide District-wide Salary: \$10.336 per hour (pending HESPA contract) effective: 11/22/2010</p>
	<p>Sickler, Amanda Substitute Teachers' Aide District-wide Salary: \$10.336 per hour (pending HESPA contract) Effective: 11/22/2010</p>

	Limited Service Contracts:
	Davies, Zachary * Volunteer Assistant Wrestling Coach Middle School Effective: 11/23/2010
	Kelly, Jason Assistant Varsity Baseball Coach High School Level II, Group C, Step 2 Salary: \$1,945 Effective: 02/28/2011
	Rhoads, Eric Volunteer Assistant Varsity Wrestling Coach High School Effective: 11/23/2010
2.	The Administration recommended the approval of the following additions to the 2010-2011 Substitute Teacher List:
	Brandon, Christie B.S. in Elementary Education from West Chester University
	Leidhecker, Jill B.A. in Mathematics with certification in Elementary Education and Secondary Mathematics from Lycoming College
3.	The Administration recommended the approval of the following additions to the 2010-2011 Guest Teacher List:
	deBrauwere, Brian Martin, Dennis
	* This individual is currently an employee and/or volunteer. Clearances are on file.

Dr. Hagan moved the Board approve the personnel recommendations and was seconded by Mr. Morelli.

Roll Call Vote:

Chabal – Yes

Cronin – Absent

Donahue –Yes

Gräb – Yes

Hagan – Yes

Morelli – Yes

Parrish – Yes

Sheffey – Absent

Stover - Absent

6 Yes, 3 Absent

MOTION CARRIED

DELEGATES REPORTS

6.01 Dauphin County Technical School Report

Mr. Gräb: I'll start this and Chris can fill in at the end what I may have missed. The Dauphin County Technical School Joint Operating Committee did meet on the 10th of November. We had a local audit report from Trout Ebersole & Groff and we are pleased to announce that the Technical School did receive an unqualified audit report.

We had a presentation from Sal Polizzi the Career and Technical Instructor. It seems as if the federal government has banned the use of solvent born paint for automotive repair down to a water born type which causes less pollutants in the air and Mr. Polizzi was kind enough to explain that to us. He had gone down to the Sherwin Williams plant in Philadelphia and then some of their personnel had come up to the Tech School to help the students understand the new use of the equipment and such. Sherwin Williams is very very complimentary of the Tech School and is willing to help them move forward with this project. Mr. Polizzi also mentioned that in the past the auto body shop primarily dealt with 25 year old racks that people no longer wanted in their homes. In working with several insurance companies and some salvage yards in the area, he's been able to get some vehicles that perhaps are a year or so old that had been totaled by the insurance company and they are being used in the shop to instruct the kids on how to repair and deal with those cars that they are going to see when they get out on the road.

Finally, we had a report from Dr. Kevin Lacey who is the Director of the Tech School. Several of our career and technical offerings are starting to diminish in those that are signing up for them. They basically are carpentry, ornamental horticulture, and precision metals. The people signing up for those classes is trending low and getting very near the 20 mandated for those classes to continue. The lowest class right now is below 15 and it is classified as conditional status. If those numbers don't increase over the years, that particular career and technical center will be removed.

A couple positive things, if you want to look at them as positive things, the school district of Harrisburg is contemplating closing their career and technical center at the William Penn campus in Harrisburg. The possibility exists for the Dauphin County Technical School to pick up some of those students as tuition students. We have actually hired the carpentry teacher from the William Penn campus to replace the carpentry teacher at the Dauphin County Technical School. They have to come on as tuition students, because in order to become a participating member of the Dauphin County Technical School, you have to pay "x" number of dollars for tuition, and right now, I don't think the school district of Harrisburg is in financial position to fund that.

In our general session, we did not have a quorum in October, so we had to pass the financial reports and consent agendas for October as well as November and we did have one additional item – one of the employees needs to complete a master's program

within “x” number of years or else she has to start over again, so we usually limit them to, I think it is 18 credit hours per year, but for her in particular, we upped it to 24 to 30 that she can complete within the 18 months she needed to. The caveat to that was after the completion of this of which the Tech School funds, she is committed to stay at the Tech School for an additional 36 months.

Chris, what did I forget?

Mr. Morelli: That’s it. I think the only thing about the students from Harrisburg. I believe, they currently have a few students that attend Vo-Tech right now all day, half the day academic, the other half vocational. I believe they may offer about another 20 of these students from the Harrisburg school that’s closing, probably just spots in the vo-tech portion and then they would go back to Harrisburg for the second half of the day for the academic portion.

I believe the next meeting will be Wednesday, December 8.

Dr. Parrish: Your comments are interesting relative to trying to find cars to paint. I have several patients who work at the Manheim Auto Auction and they tell me that the price of used cars has gone significantly higher because of the lack of volume of used cars available and that a lot of small mom and pop mechanical repair shops have gone out of business, because we’ve take a lot of those cars off the road. It’s actually quite an interesting phenomenon. I didn’t even think about how it might affect our Vo-Tech schools. It’s quite interesting.

Mr. Gräb: Back when we were kids, Bill, it was relatively easy to get under that hood and work on those cars.

Dr. Parrish: Thank you very much.

6.02 Harrisburg Area Community College Report

Dr. Donahue: Nothing to report.

6.03 Capital Area Intermediate Unit Report

Mrs. Chabal: We met last week for the major portion of the meeting dealt with the preliminary general operating fund budget. This is one of 70 budgets that the Capital Area Intermediate Unit operates under, however, it is the only budget that the Board approves. It’s always interesting to see their budgets. The proposed increase for school districts is at 3% that they will be proposing that they will be increasing their request to the school districts. That’s a broad 3%. We’re not really sure specifically what Derry Township will face, but the overall percentages is 3%.

Secondarily to that they had a discussion pretty much at the request of the Board to consider that when the administration begins to make their budgets that they consider the fact that they should, even though not required, stay within the state mandate that the school districts are under, which I thought was an interesting discussion, but they did come to the agreement that they would consider staying within the state restrictions that we have so that would be helpful. They have some major concerns. They are beginning to put together a capital budget to look forward to some of their capital improvement needs, which is something that they haven't always done. They have really tried to pay it in a lump sum as they go. As we know, that's not an easy thing to do. The operating budget is that we would be contemplating is \$5,301,000, 100% of that funded by the school districts is approximately about 80% is funded by the school districts. That will take place next month. We will be voting on that and I suspect that it will pass.

Any questions?

Mr. Gräb: Off the top of your head, do you know how much of an increase that is or decrease from last year's budget?

Mrs. Chabal: No, I do not. Last year's budget I was not here for. They don't have the wonderful mathematician at the table that we do, so sometimes when you ask that question, you get a real long pause and they'll get back to you. They don't really have the ability sitting around the table to come up with that. I didn't ask that question, since I was not able to compare it to any information that I had.

Mr. Gräb: You alluded to the fact that they are going to try to keep their budget increase similar to what the state index is for the participating schools?

Mrs. Chabal: Yes.

Mr. Gräb: Okay.

Dr. Parrish: So, do they not have a Business Manager in the Capital Area Intermediate Unit.

Mrs. Chabal: Well, that's an interesting question. Yes, they do, however, he has been, the treasurer has been leased out to the Harrisburg Area School District to help them with their budgetary crisis. The Executive Director is participating at the State Education level. We are without two of our major executive committee members, executive members.

Dr. Parrish: Who are absent.

Mrs. Chabal: They are gone for the year.

Dr. Parrish: So, my question would be with the number of school districts who contribute to this, I would think we'd have the right to lodge a significant complaint.

Mrs. Chabal: There was a lot of discussion about that. They believe that that's part of their profit center. That the money that they will receive from essentially leasing out or funding out our treasurer, for example, the Harrisburg School District is paying back to the IU more than, well, enough to make up and have a profit for what the salary that the IU pays him. However, the biggest concern is that he was the major budgetary manager and the keeper of all things important as far as our budget was concerned. There is some strife among those of us who sit around the table as to whether or not that was a proper thing to do, but we did not win in that little vote.

Dr. Parrish: It sounds like he's being asked to do two jobs.

Mrs. Chabal: He is.

Dr. Parrish: I think whether or not they pay a salary or not, we have to be sure we're getting our money's worth.

Mrs. Chabal: To the effect that you can figure it out when there are 70 budgets and you only see one of them, that's all I can say.

Dr. Parrish: Okay. Lin, does it come up among the superintendents?

Dr. Brewer: Oh, yes.

Dr. Parrish: What recourse do you have?

Dr. Brewer: Well, they feel that they were within their legal right and their Solicitor says so. There has been some very crucial conversations around the table, the Superintendent Advisory Council, and Cindy, should she stay on, has promised some reform, but right now, they certainly are short staffed and that's not her fault.

Dr. Parrish: Okay. Something we need to keep our eye on, so thank you.

6.04 Derry Township Tax Collection Association Report

No report.

SPECIAL REPORTS

7.01 School Community Information Report

Mr. Tredinnick: This is the time where we bring to you the students of the month, obviously the students of the month for November.

The students of the month for November are Claire Greensmith, which I can say quite easily, and Sharmila Sandirasegarane. I want you to know, I've literally been sweating about this all day. I called Mr. Murphy, because he's got it down cold. I had him repeat it into the telephone to me several times, because I did want to get it reasonably correct, so thank you for helping me on that. She is an excellent student of course. She is a member of the Hershey High School Track and Field Team, is Vice President of the Key Club and is Managing Co-Editor-in-Chief for *The Broadcaster*. She is a member of the National Honor Society, Quill and Scroll Honor Society, and National Society of High School Scholars. She plans to study Bio Behavioral Health or Health & Society when she gets to the college level.

Ms. Greensmith is also a member of the track and field team. She is involved with Hershey High School productions and the French Club. She holds several leadership positions, including the Section Editor for the *Broadcaster* and Manager for Stage Crew. She is also a member of the National Honor Society, French Honor Society and Quill and Scroll Honor Society. She plans to study International Studies when she reaches the college level.

Dr. Parrish: Great. Thank you and congratulations to both those young ladies.

7.02 Board Members' Report

No reports.

7.03 Superintendent's Report

No report.

7.04 Board President's Report

Dr. Parrish: I'd just like to make a couple comments. Our football team actually had a much better year than I think anybody expected in August and made it to the second round of the District playoffs before bowing out against a very good team. Our field hockey team lost in the quarter finals of the states, is that correct?

Response: Yes.

Dr. Parrish: But had a very nice run. We had a play at the high school this week. Did anybody attend? Things are very active. We'd like to thank the citizens who came out for the curriculum meeting Thursday night. Your input is valued, and we hope that you'll find time to come to one of the small group sessions as well.

RECOGNITION OF CITIZENS (Non-Agenda Items)

8.01 Recognition of Citizens (Non-Agenda Items)

None.

ADJOURNMENT

9.01 Adjournment

Mrs. Chabal moved to adjourn, with a second by Dr. Hagan and, approved by unanimous voice vote by all members. The meeting was adjourned at 8:02 p.m.

Respectfully submitted,

Stephen E. Rineer
Secretary to the Board
Approved at the December 6, 2010 meeting

Dr. William Parrish
President of the Board

LDM