

MEMORANDUM

March 13, 2009

TO : BOARD OF SCHOOL DIRECTORS

FROM : STANLEY J. MAJEWSKI, JR., BOARD SECRETARY

SUBJECT : REGULAR MONTHLY MEETING – MARCH 16, 2009

The Regular Meeting of the Board of School Directors of the Bethlehem Area School District for March will be held on *Monday, March 16, 2009, at 7:00 p.m. in the Auditorium of East Hills Middle School, 2005 Chester Road, Bethlehem, PA 18017*. The agenda is attached.

SJM:acv

Att.

cc: Dr. Lewis
Mr. Washington

BETHLEHEM AREA SCHOOL DISTRICT
Bethlehem, Pennsylvania

MISSION STATEMENT

The Bethlehem Area School District, in partnership with the home and community, is committed to providing a safe and supportive environment in which each student will attain the knowledge, skills, and attitudes necessary to become a productive citizen and lifelong learner in our technologically demanding and culturally diverse society.

A G E N D A
REGULAR MEETING – March 16, 2009

1. Roll Call
2. Pledge of Allegiance
3. Silent Meditation
4. Student Recognition
5. Special Presentation
Bethlehem Area School District Financial Update
Scott Shearer, Senior Managing Consultant, The PFM Group
Jens H. Damgaard, Esquire, Rhoads & Sinon LLP
6. Courtesy of the Floor to Visitors (30 minutes allowed)
7. Reports of Student Representatives
8. Approval of Committee Minutes
March 9, 2009 - Board Curriculum Committee Meeting
March 9, 2009 - Board Facilities Committee Meeting
9. Financial Report/Payment of Bills
10. President's Communication/Special Meetings
11. Superintendent's Report/Federal Program Update
12. Unfinished Business
13. Recommendations of Administration
14. Reports of Committees
15. New and Miscellaneous Business
16. Courtesy of the Floor to Visitors (30 minutes allowed)
17. Adjournment

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1. ***Adoption and Approval of the Articles of Amendment of the Bethlehem Area School District Authority Extending its Corporate Life 50 Years***

INFORMATION:

Under the provisions of the Pennsylvania Municipality Authorities Act, 53 Pa.C.S. Ch. 56, the Bethlehem Area School District incorporated the Bethlehem Area School District Authority (BASDA) in 1964 to participate in the financings of its school facilities. BASDA had an initial corporate life of 50 years, which ends in 2014. In order to utilize BASDA as a conduit issuer of bonds to refinance the Shippensburg Borough Authority bond issue, it is necessary for BASDA to have a corporate life that is not less than the length of any bonds issued by it.

On March 11, 2009, the Board of School Directors appointed five (5) new members from the community to serve on the governing board of BASDA. During its reorganization meeting on March 16, 2009, the BASDA Board adopted a resolution requesting a 50-year extension of its corporate life, in order to undertake the bond refinancing.

The Board of School Directors needs to adopt and approve an amendment to the Articles of Incorporation of BASDA as proposed by the attached Resolution, which will extend its life to March 1, 2059.

RECOMMENDATION:

That the Board of School Directors approves the attached Resolution for adoption and approval of the Articles of Amendment of the Bethlehem Area School District Authority.

**BETHLEHEM AREA SCHOOL DISTRICT,
Northampton and Lehigh Counties, Pennsylvania**

RESOLUTION

**OF THE BOARD OF SCHOOL DIRECTORS OF THE
BETHLEHEM AREA SCHOOL DISTRICT,
NORTHAMPTON AND LEHIGH COUNTIES,
PENNSYLVANIA, ADOPTING AND APPROVING AN
AMENDMENT TO THE ARTICLES OF INCORPORATION
OF THE BETHLEHEM AREA SCHOOL DISTRICT
AUTHORITY TO EXTEND THE CORPORATE LIFE OF
SUCH AUTHORITY, AS REQUESTED BY APPROPRIATE
RESOLUTION OF THE BOARD OF SAID AUTHORITY;
SETTING FORTH SUCH PROPOSED AMENDMENT;
AUTHORIZING SAID AUTHORITY AND THE OFFICERS
THEREOF TO EXECUTE, VERIFY AND FILE
APPROPRIATE ARTICLES OF AMENDMENT; AND
REPEALING ALL RESOLUTIONS OR PARTS OF
RESOLUTIONS INCONSISTENT HEREWITH.**

WHEREAS, The Bethlehem City Area School District (now the Bethlehem Area School District), Northampton and Lehigh Counties, Pennsylvania (the "School District"), by appropriate action heretofore caused to be incorporated the BETHLEHEM AREA SCHOOL DISTRICT AUTHORITY (the "Authority"), pursuant to the provisions of the Municipality Authorities Act, 53 Pa.C.S. Ch. 56, of the Commonwealth of Pennsylvania (the "Authorities Act"); and

WHEREAS, The Authority presently is organized and existing under provisions of the Authorities Act; and

WHEREAS, The Authority, by Resolution duly adopted, has proposed that its Articles of Incorporation be amended to increase the term of existence of the Authority, which amendment is authorized and permitted by the Authorities Act; and

WHEREAS, The Authority has caused to be submitted to the Board of School Directors of this School District ("School Board") a copy of the Resolution adopted by the Board of the Authority, duly certified by the Chairman or Vice Chairman and the Secretary or Assistant Secretary of the Authority, which Resolution contains the language of the proposed amendment; and

WHEREAS, The Authorities Act provides that the Board of School Directors of this School District, as the sole incorporator of the Authority, must adopt or reject the proposed amendment by resolution.

NOW, THEREFORE, BE IT RESOLVED, by the Board of School Directors of this School District, as follows:

SECTION 1. The School Board hereby adopts and approves the amendment to the Articles of Incorporation of the Authority as proposed by a Resolution duly adopted by the Board of the Authority, a copy of which Resolution, duly certified by the Chairman or Vice Chairman and the Secretary or Assistant Secretary, as appropriate, of the Authority, has been submitted to the School Board.

SECTION 2. The amendment to the Articles of Incorporation of the Authority, which hereby is adopted and approved, shall amend the Articles of Incorporation in accordance with Section 5605(a)(2) of the Authorities Act, by adding to the Articles of Incorporation the following paragraph:

“7. The term of existence of the Authority shall end on March 1, 2059.”

SECTION 3. Proper officers of the Authority are authorized to execute, verify and file appropriate Articles of Amendment with the Secretary of the Commonwealth of Pennsylvania and to take all other action and to do all other things which may be necessary in order to accomplish such amendment of the Articles of Incorporation of the Authority in the manner herein adopted and approved.

SECTION 4. All resolutions or parts of resolutions insofar as the same shall be inconsistent herewith shall be and the same hereby expressly are repealed.

DULY ADOPTED AND APPROVED, this 16th day of March, 2009, by the Board of School Directors of the Bethlehem Area School District, Northampton and Lehigh Counties, Pennsylvania, in lawful session duly assembled.

**BETHLEHEM AREA SCHOOL DISTRICT,
Northampton and Lehigh Counties, Pennsylvania**

By: _____
(Vice) President of the Board
of School Directors

ATTEST:

Secretary of the Board
of School Directors

(SEAL)

CERTIFICATE

I, the undersigned, Secretary of the Board of School Directors of the Bethlehem Area School District, Northampton and Lehigh Counties, Pennsylvania (the "School District"), certify: that the foregoing is a true and correct copy of a Resolution which duly was adopted by affirmative vote of a majority of all members of the Board of School Directors of this School District at a meeting of said Board of School Directors duly convened and held according to law on March 16, 2009, at which meeting a quorum was present; said Resolution duly has been recorded in the minutes of the Board of School Directors of this School District; and that said Resolution is in full force and effect, without amendment, alteration or repeal, as of the date of this Certificate.

I further certify that the Board of School Directors of this School District met the advance notice and public comment requirements of the Sunshine Act, 65 Pa.C.S. Ch. 7, as amended, by advertising said meeting, by posting prominently a notice of said meeting at the principal building of the School District or at the public building in which said meeting was held, and by providing a reasonable opportunity for public comment at said meeting, all in accordance with such Act.

IN WITNESS WHEREOF, I set my hand and affix the official seal of the School District, this 16th day of March, 2009.

Secretary

(SEAL)

2. *Approval of the General Obligation Note, Series of 2009, to Refund the Note Securing the Shippensburg Borough Authority's Variable Rate Demand Bonds, Series of 2007*

INFORMATION:

The financial plan developed by Public Financial Management calls for refunding the Shippensburg Borough Authority's (SBA) 2007 variable rate bonds with a single bond to be issued by the Bethlehem Area School District Authority (BASDA) to Wachovia Bank for a term of two years. This General Obligation Note, Series of 2009 obligates the Bethlehem Area School District to pay BASDA all principal and interest on the Wachovia Bank loan and on a refunding of that loan in 2011, as well as all payments due under a swap associated with the 2007 SBA Bonds that will be transferred to BASDA.

The Board of School Directors must comply with the Pennsylvania Local Government Unit Debt Act by adopting the Resolution authorizing the 2009 Note that will be issued to BASDA.

RECOMMENDATION:

That the Board of School Directors approves the attached Resolution to authorize and secure the Bethlehem Area School District's General Obligation Note, Series of 2009.

**BETHLEHEM AREA SCHOOL DISTRICT,
Northampton and Lehigh Counties, Pennsylvania**

RESOLUTION

OF THE BOARD OF SCHOOL DIRECTORS OF BETHLEHEM AREA SCHOOL DISTRICT AUTHORIZING AND SECURING THE ISSUANCE OF ITS GENERAL OBLIGATION NOTE, SERIES OF 2009, IN THE AGGREGATE PRINCIPAL AMOUNT OF FORTY-ONE MILLION DOLLARS (\$41,000,000), PURSUANT TO THE PENNSYLVANIA LOCAL GOVERNMENT UNIT DEBT ACT, TO CURRENTLY REFUND THE SCHOOL DISTRICT'S GENERAL OBLIGATION NOTE, SERIES OF 2007 HELD BY THE SHIPPENSBURG BOROUGH AUTHORITY, AND PAY RELATED EXPENSES; ACCEPTING A NOTE PURCHASE AGREEMENT FROM THE BETHLEHEM AREA SCHOOL DISTRICT AUTHORITY TO PURCHASE THE 2009 NOTE; SETTING FORTH THE TERMS AND SUBSTANTIAL FORM OF THE 2009 NOTE AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THIS SCHOOL DISTRICT IN SUPPORT OF THE 2009 NOTE; APPOINTING A PAYING AGENT AND A SINKING FUND DEPOSITORY; DIRECTING APPROPRIATE OFFICERS AND AGENTS OF THIS SCHOOL DISTRICT TO TAKE ACTIONS AND SIGN DOCUMENTS, INCLUDING A LOAN AGREEMENT, IN CONNECTION WITH THE ISSUANCE OF THE 2009 NOTE; AND CONTAINING RELATED PROVISIONS.

WHEREAS, Bethlehem Area School District, Northampton and Lehigh Counties, Pennsylvania (the "School District"), is a school district of the Commonwealth of Pennsylvania (the "Commonwealth") and is governed by its Board of School Directors (the "Board"); and

WHEREAS, The Board, by resolution adopted on November 14, 2005 (the "2007 Note Resolution"), authorized and secured the issuance (in 2007) of the School District's General Obligation Note, Series of 2007, in the original principal amount of \$40,000,000 (the "2007

Note”), on September 6, 2007, to the Shippensburg Borough Authority (the “Shippensburg Authority”), as described in the 2007 Note Resolution; and

WHEREAS, The Department of Community and Economic Development (the “Department”), of the Commonwealth approved the proceedings of the School District to increase nonelectoral indebtedness represented by the 2007 Note, as evidenced by Certificate of Approval No. GON-11998, dated December 7, 2005; and

WHEREAS, The Shippensburg Authority issued its Variable Rate Demand Revenue Bonds (Bethlehem Area School District Project), Series of 2007, in the original aggregate principal amount of \$40,000,000 (the “2007 SBA Bonds”), the proceeds of which were loaned to the School District under the terms of a Loan Agreement, dated as of September 1, 2007 (the “2007 Loan Agreement”), between the School District and the Shippensburg Authority, to undertake capital projects of the School District; and

WHEREAS, The School District has determined to undertake the following: (1) currently refund and redeem the 2007 Note and all of the 2007 SBA Bonds, and (2) pay related costs, fees and expenses (collectively, the “Refunding Project”), by issuing its General Obligation Note, Series of 2009, in the aggregate principal amount of \$41,000,000 (the “2009 Note”) to the Bethlehem Area School District Authority (“BASDA”); and

WHEREAS, BASDA shall issue and reissue its School Revenue Bonds (the “BASDA Bonds”), including such BASDA Bonds refunding prior series thereof, in aggregate principal amounts sufficient to lend the School District the funds required for the Refunding Project; and

WHEREAS, The School District will repay BASDA for such loan by making the payments due under the 2009 Note, which are assigned as security for the BASDA Bonds, and the payments due under the terms of a Loan Agreement (the “2009 Loan Agreement”), between the School District and BASDA, the substantial form of which is attached hereto as Exhibit “A”, and made a part hereof; and

WHEREAS, The Board has determined that: (1) a private sale of the 2009 Note by negotiation is in the best financial interest of the School District, and (2) the 2009 Note should be offered for sale at a price of not less than 100% of the principal amount thereof, together with accrued interest from the date of the 2009 Note to the date of delivery thereof; and

WHEREAS, A Note Purchase Agreement (the “Proposal”) to purchase the 2009 Note has been submitted to the School District by or on behalf of BASDA; and

WHEREAS, The Board desires to accept the Proposal, substantially in the form presented, to award the 2009 Note to BASDA pursuant to the Proposal and the 2009 Loan Agreement, at private sale by negotiation, and to incur nonelectoral debt in the maximum principal amount of forty-one Million Dollars (\$41,000,000), in connection with the Refunding Project, and pursuant to the Debt Act.

NOW, THEREFORE, BE IT RESOLVED, by the Board of School Directors of Bethlehem Area School District, as follows:

SECTION 1. The School District hereby authorizes and secures the issuance of nonelectoral debt to be evidenced by the 2009 Note, as a general obligation note of the School District, pursuant to this Resolution and in accordance with the Debt Act, to provide funds to

undertake the Refunding Project. The substantial form of the 2009 Note is attached to the 2009 Loan Agreement, and is a part of Exhibit "A".

SECTION 2. The realistic, remaining useful lives of the capital facilities originally financed by the 2007 Note vary between a useful life of at least five (5) years and an useful life of at least twenty-five (25) years, with the principal amounts due under the 2009 Note equal to the separate cost of each project being retired prior to the end of such remaining useful life. The refunding of the 2007 Note and the 2007 SBA Bonds is permitted by 53 Pa.C.S. §8241(b)(1) (reducing total debt service over the life of the series). Repayment of the principal of the 2009 Note will begin within two years from the date the 2009 Note is issued.

SECTION 3. The Board accepts the Proposal of the Authority, as approved or ratified by BASDA, at a purchase price of \$41,000,000 (100% of principal amount), together with accrued interest from the date of the 2009 Note to the date of delivery thereof.

SECTION 4. The principal of the 2009 Note shall be payable in the annual amounts by fiscal year not exceeding those illustrated in the schedules included in Exhibit "B" attached hereto and made a part hereof. Under circumstances described in the 2009 Loan Agreement, and in documents related to the BASDA Bonds, the payments due under the 2009 Note may be accelerated by a future liquidity facility provider (in which event a portion of any associated swaps would have to be terminated) as set forth in the "Bank Bonds Term Out Schedule" included in Exhibit "B". The maximum interest rate payable on the 2009 Note shall not exceed 15%, except in the event the BASDA Bonds bear interest at the Bank Bond Rate (as defined in the Loan Agreement) in which event the interest rate payable on the 2009 Note shall not

exceed 25%. Schedules illustrating the payments due on the 2009 Note at such maximum rates are included in Exhibit "B".

SECTION 5. The 2009 Note shall be subject to optional and mandatory redemption on the dates and under terms described in the form of the 2009 Note and in the 2009 Loan Agreement.

SECTION 6. Manufacturers and Traders Trust Company (the "Paying Agent"), having a corporate trust office in Harrisburg, Pennsylvania, is appointed to serve as the paying agent for the 2009 Note.

SECTION 7. The 2009 Note shall be executed on behalf of the School District by the President or Vice President of the Board, and attested by the Secretary or Assistant Secretary of the Board, who shall also affix the official seal of the School District on the 2009 Note.

SECTION 8. The School District covenants to and with BASDA or other registered owner, from time to time, of the 2009 Note, that the School District: (i) shall include the amount of the debt service, for each fiscal year of the School District in which such sums are payable, in its budget for that fiscal year, (ii) shall appropriate such amounts from its general revenues for the payment of such debt service, and (iii) shall duly and punctually pay or cause to be paid from the Sinking Fund (hereinafter defined) or any other of its revenues or funds the principal of the 2009 Note and the interest thereon at the dates and place and in the manner stated therein, according to the true intent and meaning thereof. For such budgeting, appropriation and payment, the School District pledges, irrevocably, its full faith, credit and taxing power. As provided in the Debt Act, the foregoing covenant of the School District shall be enforceable specifically.

SECTION 9. There is created by the School District, pursuant to the Debt Act, one or more sinking funds for the 2009 Note (collectively, the "Sinking Fund"), which shall be administered in accordance with the Debt Act. The Paying Agent shall serve as the sinking fund depository in connection with the Sinking Fund.

The School District covenants to make payments out of the Sinking Fund, or out of any other of its revenues or funds, at such times and in such annual amounts, as shall be sufficient for prompt and full payment of all obligations under the 2009 Note when due. Officers and agents of the School District are directed to contract with the Paying Agent for its services as sinking fund depository for the 2009 Note

SECTION 10. The President or Vice President and the Secretary or Assistant Secretary of the Board of the School District, which shall include their duly qualified successors in office, are authorized and directed, as required by the Debt Act: (a) to prepare, to certify, and to file the debt statement of the School District; (b) to prepare and to file the application with the Department, together with a complete and accurate transcript of the proceedings relating to the incurring of nonelectoral debt represented by the 2009 Note; (c) to prepare and to file any statements or certificates which are necessary to qualify all or any portion of nonelectoral debt or lease rental debt of the School District, which is subject to exclusion as self-liquidating or subsidized debt, for exclusion from the appropriate debt limit; (d) to prepare and to file an appropriate borrowing base certificate of the School District; (e) to pay or cause to be paid to the Department all proper filing fees in connection with the foregoing; and (f) to take other required, necessary or appropriate action.

SECTION 11. The debt to be incurred hereby, together with any other outstanding indebtedness of the School District, is not in excess of any applicable limitation imposed by the Debt Act upon the incurring of debt by the School District.

SECTION 12. The officers and agents of the School District are authorized to deliver the 2009 Note, after execution and attestation thereof, to BASDA, as provided in the Loan Agreement, after the Department has certified its approval pursuant to the Debt Act or at such time when the filing authorized to be submitted to the Department shall be deemed to have been approved pursuant to the Debt Act.

SECTION 13. The officers and agents of the School District are authorized to approve and to authorize the payment by the Paying Agent, from proceeds of the 2009 Note or from other funds of the School District available for the purpose, of the costs and expenses of issuance of the 2009 Note against delivery of invoices therefor, substantially in the amounts illustrated in the schedules presented to the Board at this meeting.

SECTION 14. The School District shall enter into the Loan Agreement, including any changes thereto in the final form thereof executed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Board of this School, their execution thereof to constitute conclusive evidence of such approval.

SECTION 15. The School District hereby directs the redemption of the 2007 Note, and directs Shippensburg Authority to redeem all of the outstanding 2007 SBA Bonds, within 90 days of the issuance date of the 2009 Note, in accordance with the rights and privileges reserved to the School District in the 2007 Note and in the 2007 Loan Agreement. Following such redemption, the 2007 Loan Agreement shall be terminated.

SECTION 16. In the event any provision, section, sentence, clause, or part of this Resolution shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause, or part of this Resolution, it being the intent of the School District that such remainder shall be and shall remain in full force and effect.

SECTION 17. The Secretary of the Board of this School District is hereby authorized and directed to execute and to submit to the Pennsylvania Department of Education, promptly following settlement for the 2009 Note, the appropriate application and other documents and information necessary to obtain stated reimbursement with respect to the debt service on the 2009 Note (including the filing of appropriate PLANCON Parts, as applicable).

SECTION 17. All resolutions or parts of resolutions, insofar as the same shall be inconsistent herewith, shall be and the same expressly are repealed. The Resolution of this School District adopted on December 17, 2008, authorizing the issuance of general obligation notes in the maximum principal amount of \$55,000,000 to the Dauphin County General Authority is hereby repealed.

SECTION 18. This Resolution shall be effective in accordance with the Debt Act.

DULY ADOPTED, by the Board of School Directors of the Bethlehem Area School District, Northampton and Lehigh Counties, Pennsylvania, in lawful session duly assembled, this 16th day of March, 2009.

BETHLEHEM AREA SCHOOL DISTRICT,
Northampton and Lehigh Counties, Pennsylvania

By: _____
(Vice) President of the Board of
School Directors

ATTEST:

(Assistant) Secretary of the Board of
School Directors

(SEAL)

EXHIBIT "A"

LOAN AGREEMENT, INCLUDING FORM OF NOTE

LOAN AGREEMENT

Between

BETHLEHEM AREA SCHOOL DISTRICT AUTHORITY

and

BETHLEHEM AREA SCHOOL DISTRICT

Dated as of

May 1, 2009

Relating to

\$41,000,000

BETHLEHEM AREA SCHOOL DISTRICT AUTHORITY
School Revenue Bonds

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THIS LOAN AGREEMENT ("Agreement") is dated as of May 1, 2009 between the BETHLEHEM AREA SCHOOL DISTRICT AUTHORITY (the "Issuer"), a public instrumentality and body corporate and politic of the Commonwealth of Pennsylvania and the BETHLEHEM AREA SCHOOL DISTRICT (the "School District"), a political subdivision of the Commonwealth of Pennsylvania organized and existing under the Public School Code of 1949, as amended and constituting a "local government unit" within the meaning and intent of the Local Government Unit Debt Act, as amended.

WITNESSETH THAT:

A. The Issuer is organized under the Municipality Authorities Act, being the Act of the Commonwealth of Pennsylvania (the "Commonwealth") approved June 18, 2001, Act 22-2001 (53 PA Cons. Stat. Ch. 56, § 5601 et seq.) (as amended, the "Act"), and in furtherance of the public purposes thereof, is empowered to lend funds to school districts to finance and refinance school district projects, including the Refunding Project described below.

B. The Issuer, at the request and for the benefit of the School District, has determined, pursuant to a resolution adopted on March 16, 2009, to issue and reissue its \$41,000,000 maximum principal amount of its School Revenue Bond(s) (Bethlehem Area School District Refunding Project), Series of 20__, or similar designation (the "Bonds"), pursuant to a Trust Indenture (the "Indenture") dated as of May 1, 2009 between the Issuer and Manufacturers and Traders Trust Company, as trustee (the "Trustee"), for the purpose of providing funds for a refunding project (the "Refunding Project") consisting of currently refunding and retiring the Variable Rate Demand Revenue Bonds (Bethlehem Area School District Project), Series of 2007 (the "2007 Bonds"), in the original aggregate principal amount of \$40,000,000, of the Shippensburg Borough Authority (the "SBA"), and the corresponding Note, Series of 2007 of the School District that is pledged as security for the 2007 Bonds and, further, the Issuer, at the request of the School District, shall become the obligor on the Fixed Payer Swap, as hereinafter described, relating to the Bonds.

C. The Issuer has determined, at the request and for the benefit of the School District, to enter into a Novation Agreement with SBA, assuming SBA's obligations under the ISDA Master Agreement dated November 22, 2005, as supplemented by the Schedule thereto between SBA and JPMorgan Chase Bank, National Association (the "Counterparty") (collectively, together with an amended Confirmation dated as of May 1, 2009 (the "Confirmation"), being referred to herein as the "Fixed Payer Swap") which will be agreed to and acknowledged by the School District and which will enable the School District to manage interest rate risk relating to the Bonds.

D. The Fixed Payer Swap will require that the Issuer make payments of interest at a fixed rate to the Counterparty based on a notional amount not less than the outstanding principal amount of the Bonds, in exchange for floating payments to be made by the Counterparty to the Issuer based on the same notional amount, as more fully set forth in the Confirmation associated with the Fixed Payer Swap.

E. The Issuer, at the request and for the benefit of the School District, has entered into this Agreement in order to (A) loan the School District funds to enable the School

District to finance the Refunding Project, (B) cause the repayment of such loan by the School District in amounts sufficient to pay, when due, the principal of, premium, if any, and interest, which interest includes all net amounts due under the Fixed Payer Swap (including termination payments due thereunder), on the Bonds, (C) cause the payment by the School District of all amounts due under a Liquidity Facility or in connection with an Insurance Policy, and (D) cause the payment by the School District of all costs, expenses and liabilities which may be incurred by the Issuer in connection with any of the foregoing.

F. To evidence certain of its obligations under this Agreement, the School District will issue its General Obligation Note, Series of 2009 in the principal amount of \$41,000,000 (the "Note") in favor of the Issuer.

G. Under the terms of the Indenture, the Issuer will assign its rights and benefits under this Agreement and the Note (other than the Unassigned Issuer's Rights (defined herein)), without recourse, to the Trustee as security for the Issuer's obligations: (i) under the Bonds, (ii) in connection with an Insurance Policy, and (iii) under the Fixed Payer Swap, as and to the extent provided herein.

H. The issuance and sale of the Bonds and the execution and delivery of this Agreement have been duly and validly authorized in all respects in accordance with applicable law by the resolutions of the Issuer and the School District.

NOW, THEREFORE, in consideration of the foregoing and intending to be legally bound, the Issuer and the School District hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 Definitions.

In this Agreement, terms defined in the recitals hereof have the meanings set forth therein, terms defined in the Indenture and not otherwise defined herein have the meanings given to them in the Indenture and the following terms shall have the meanings specified in this Article, unless the context otherwise requires:

“Additional Payments” means the amounts required to be paid by the School District pursuant to Section 4.4 hereof.

“Authorized Representative” means, with respect to the Issuer, each person at the time designated to act on behalf of the Issuer by written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Issuer by its Secretary or Assistant Secretary, and, with respect to the School District, initially any officer of the School District, or each person at the time designated to act on behalf of the School District by written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the School District by an officer.

“Bank” means a bank or other financial entity that is acceptable to a Bond Insurer, and its successors and assigns in that capacity under an initial Liquidity Facility or an Alternate Liquidity Facility, their successors and assigns. If a Liquidity Facility is issued by more than one bank or financial institution, notices required to be given to a Bank may be given to the bank or financial institution under such Liquidity Facility appointed to act as agent for all such banks or financial institutions.

“Base Loan Payment” means (i) principal of, premium (if any), and interest on the Bonds (including any Bank Bonds at the Bank Bonds Rate, as those phrases are defined in the Indenture) whether upon maturity, redemption or acceleration and (ii) the net Periodic Payments payable under the Fixed Payer Swap, which Periodic Payments for purposes of this Agreement shall constitute interest on the Bonds and the Note.

“Bond Insurer” means the issuer of an Insurance Policy or any successor thereto or assignee thereof and any provider of an Alternate Bond Insurance Policy as provided in Section 13.05 of the Indenture.

“Bond Purchase Contract” means an agreement of an underwriter or lender to purchase any of the Bonds.

“Costs” means costs of the Refunding Project permitted under the Act, including, but not limited to, the following:

- (a) Amounts required to finance the Refunding Project and fees, charges and expenses incurred in connection with the authorization, sale, issuance and delivery of the Bonds, including without limitation bond discount, printing

expense, legal fees, recording fees and the initial fees and expenses of the Trustee, the Issuer, a Remarketing Agent and a Bank;

(b) any other costs permitted to be financed or refinanced under the Act.

“Debt Service” means, for any period, the interest on, and, if applicable, the principal of and, premium, if any, on the Bonds for that period whether such principal is due at maturity (in the absence of an adequate refunding of any Bonds with other Bonds under the Indenture) or upon acceleration or redemption together with the Periodic Payments due from the Issuer under the Fixed Payer Swap.

“Event of Default” means any of the events described as an Event of Default in Section 7.1 hereof.

“Note” means the School District’s General Obligation Note, Series of 2009 executed and delivered substantially in the Form attached hereto as Exhibit A.

“Insurance Policy” means an Insurance Policy issued by a Bond Insurer on the Issue Date guaranteeing payment of the scheduled principal and interest on the Bonds when due.

“Liquidity Facility” means.

“Loan” means the loan by the Issuer to the School District of the proceeds of the Bonds pursuant to Section 4.1 hereof.

“Loan Payments” means Base Loan Payments and Additional Payments required to be paid by the School District pursuant to Article IV hereof.

“Periodic Payments” means any regularly scheduled payments payable by the Issuer (net of payments receivable by the Issuer) under the Fixed Payer Swap which shall be paid by the School District hereunder on behalf of the Issuer, which for purposes of this Agreement shall constitute interest on the Bonds and the Note.

“Remarketing Agent” means any Person selected by the School District and meeting the qualifications of and designated from time to time to act as Remarketing Agent under Section 9.15 of the Indenture.

“Resolution” means the resolution of the Issuer adopted on March 16, 2009, approving and authorizing, among other things, the Bonds, the Indenture, this Agreement and its assumption of the Fixed Payer Swap.

“School District’s Agreements” means this Agreement, the Note, the Fixed Payer Swap, any applicable Bond Purchase Contract, any applicable Liquidity Facility and any applicable Insurance Commitment.

“Unassigned Issuer’s Rights” means all of the rights of the Issuer to receive Additional Payments constituting fees and expenses under Section 4.4(a) hereof, to be held harmless and indemnified under Section 5.5 hereof, to be reimbursed for attorney’s fees and

expenses under Section 7.2 hereof, and to give or withhold consent to or approval of amendments, modifications, termination or assignment of this Agreement pursuant to Section 8.8 hereof.

All other capitalized terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in the Indenture.

SECTION 1.2 Interpretation.

In this Agreement, unless the context indicates otherwise, words importing the singular number include the plural number, and vice versa, the terms “hereof”, “hereby”, “herein”, “hereto”, “hereunder” and similar terms refer to this entire Agreement, and the term “hereafter” means after and the term “heretofore” means before the date hereof, and words of any gender include the correlative words of the other genders. In this Agreement, unless otherwise indicated, all references to particular Articles, Sections, subsections or paragraphs are references to the Articles, Sections, subsections or paragraphs of this Agreement. Defined terms herein or in the Indenture relating to Persons include their respective successors and assigns whether or not so expressed in the particular definition.

SECTION 1.3 Captions. Headings and Table of Contents.

The captions, headings and table of contents in this Agreement are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Articles, Sections, subsections or paragraphs hereof.

ARTICLE II

REPRESENTATIONS

SECTION 2.1 Representations and Findings of Issuer.

The Issuer hereby confirms its findings and represents that:

(a) The Issuer is a public body corporate and politic established pursuant to the laws of the Commonwealth, including the Act. Under the Act, the Issuer has the power to enter into the Indenture, the Fixed Payer Swap, this Agreement and other related documentation required to carry out its obligations hereunder and to issue the Bonds to finance the Refunding Project.

(b) By adoption of the Resolution, the Issuer has, at the request and for the benefit of the School District, duly authorized the execution and delivery of the Indenture, the Fixed Payer Swap (by assumption), this Agreement, a Bond Purchase Contract, and other related documentation and performance of its obligations hereunder. Simultaneously with the execution and delivery of this Agreement, the Issuer has duly executed and delivered the Indenture and assumed the Fixed Payer Swap, and has duly authorized the issuance of the Bonds, under the terms and conditions set forth in this Agreement.

(c) Based solely on representations and information furnished to the Issuer by or on behalf of the School District, the Issuer has found that (i) the School District is an eligible beneficiary of financing provided by the Issuer pursuant to the Act, and (ii) the purpose of the Refunding Project is permitted by the Act.

(d) Except as otherwise permitted by this Agreement, the Issuer covenants that it has not and will not pledge the income and revenues derived from this Agreement, other than the pledge thereof made under the Indenture to secure (i) the Bonds and related obligations of the School District, (ii) the Periodic Payments to be made to the Counterparty under the Fixed Payer Swap, (iii) to a Bond Insurer under an Insurance Policy, and (iv) to a Bank under a Liquidity Facility.

SECTION 2.2 Representations and Warranties of School District.

The School District represents and warrants that:

(a) The School District is a local government unit and has full power and authority to execute, deliver and perform its obligations under the School District's Agreements and to enter into and carry out the transactions contemplated thereby.

(b) The School District's Agreements have been duly authorized and this Agreement, the Note, a Bond Purchase Contract, a Liquidity Facility, the Fixed Payer Swap and an Insurance Commitment constitute valid and binding obligations of the School District enforceable against the School District in accordance with their terms. To the best of the School District's knowledge after due inquiry and investigation, the execution, delivery and

performance of the School District's Agreements by the School District do not, and will not, violate any provision of law applicable to the School District or any agreement or instrument to which the School District is a party or by which it or any of its properties is bound.

(c) The Refunding Project is authorized by the Local Government Unit Debt Act, which will promote the purposes of and be in all respects in compliance with, the Local Government Unit Debt Act, and the School District has satisfied all requirements necessary to undertake the Refunding Project.

(d) The information to be furnished by the School District and used by the Issuer in preparing the tax certificate and information return pursuant to the Internal Revenue Code of 1986, as amended (the "Code") shall be in all respects accurate and complete as of the Issue Date.

(e) The payments due under the Note, if not timely paid by the School District, may be withheld from appropriations of funds due to the School District from the Commonwealth of Pennsylvania pursuant to the intercept program described in 24 P.S. §6-333 and be paid directly to the sinking fund depository for deposit in the Debt Service Fund which is the sinking fund for the Note.

SECTION 2.3 Nature of Agreement.

This Agreement does not constitute a general obligation of the Issuer or any of its officers, members or employees and recourse on this Agreement may only be had against the proceeds of the Bonds, the payments received by the Issuer under the Fixed Payer Swap and any amounts to be paid by the School District hereunder, and the Issuer is not in any way liable for this Agreement nor for any portion hereof or interest or other charges in connection herewith remaining unpaid after liquidation of any collateral given as security for this Agreement. This Agreement shall not constitute an obligation or a pledge of the general credit or taxing power of the Commonwealth or of any other municipality or authority organized and existing under the laws of the Commonwealth, except for the School District. No recourse shall be had on any obligation, covenant or agreement in this Agreement against any past, present or future incorporator, officer, director, employee or agent as such of the Issuer or any director or officer, agent or employee of the School District, either directly or indirectly, under any rule of law, statute or constitution or by the enforcement of any assessment or penalty or otherwise and all such liability of any such incorporators, officers, directors, employees, agents or counsel, as such is hereby expressly waived and released as a condition of and in consideration for the Issuer's participation in the financing and the execution and delivery of this Agreement by the parties. The Issuer has no taxing power.

SECTION 2.4 Authority is Conduit Issuer: School District is Real Party in Interest: Covenant Not to Sue.

(a) The School District hereby expressly acknowledges that the Issuer is a conduit issuer and that all of the right, title and interest of the Issuer in and to this Agreement, but not the obligations of the Issuer, are to be assigned on a first priority basis to the Trustee (except for Unassigned Issuer's Rights), naming the Trustee, its true and lawful attorney for and

in its name to enforce the terms and conditions of this Agreement. Notwithstanding any other provision contained herein, the School District hereby expressly agrees, acknowledges and covenants that the effect of this Agreement and the Note is that the School District shall duly and punctually perform or cause to be performed each and every obligation of the Issuer under and pursuant to the Indenture and the Fixed Payer Swap.

(b) The School District covenants and agrees that it shall neither sue the Issuer, counsel to the Issuer or any of its board members, officers, agents or employees, past, present or future, for any claim, loss, demand, action or nonaction based upon this financing (except for an action based upon gross negligence) nor ever raise as a defense in any proceedings whatsoever that the Issuer is the true party in interest. Notwithstanding the provisions of the foregoing sentence, the School District shall be entitled to (i) bring an action of specific performance against the Issuer to compel any action required to be taken by the Issuer hereunder or an action to enjoin the Issuer from performing any action prohibited hereunder or under any other documents, by this instrument or any other agreement executed and delivered in connection with the execution of the Fixed Payer Swap or the issuance of the Bonds, but no such action shall in any way impose pecuniary liability upon the Issuer, counsel to the Issuer or any of its board members, officers, agents or employees, and (ii) join the issuer in any litigation if such joinder is necessary to pursue any of the School District's rights, provided that prior to such joinder, the School District shall post such security as the Issuer may reasonably require to protect further the Issuer from loss, including but not limited to reasonable attorney's fees. Subject to the rights of a Bond Insurer, the Issuer will follow the directions of the School District in connection with actions required or permitted to be taken by the Issuer under the Fixed Payer Swap, including, but not limited to, the exercise of optional termination rights.

ARTICLE III

DEVELOPMENT AND FINANCING OF PROJECT; ISSUANCE OF BONDS

SECTION 3.1 Issuance of Bonds: Application of Proceeds.

To provide funds to make the Loan for the purpose of paying Costs, the Issuer will issue the Bonds, at the request and for the benefit of the School District on the Issue Date. The Bonds will be issued pursuant to the Indenture and will bear interest, mature and be subject to redemption all as set forth therein. The School District hereby approves the terms and conditions of the Indenture and the Bonds, and the terms and conditions under which the Bonds will be issued, sold and delivered. Subject to and upon compliance with the applicable provisions of the Indenture, the Rate Mode, as defined in the Indenture, of the Bonds may be converted, as defined in the Indenture, or outstanding Bonds may be refunded by other Bonds secured by the Indenture, at the written direction of the School District or as otherwise provided in the Indenture. Any and all fees and expenses in connection with any such conversion or refunding shall be paid by the School District.

The proceeds from the sale of the Bonds shall be loaned to the School District pursuant to Section 4.1 hereof and, at the direction of the School District, such proceeds shall be paid over to the Trustee to be used for payment of the costs of issuing the Bonds and for payment of costs of the Refunding Project.

SECTION 3.2 School District Required to Pay Costs in Event Proceeds Insufficient.

If money available to the School District from the proceeds of the Bonds are not sufficient to pay the Costs in full, the School District shall pay the shortfall or cause the same to be paid from other sources. The School District shall not be entitled to any abatement, diminution or postponement of the Loan Payments as a result of such payment. The Issuer shall not be responsible for any Costs or any of the costs, fees, expenses and liabilities in connection with the issuance of the Bonds or the Fixed Payer Swap, the execution and delivery of a Liquidity Facility, an Insurance Policy or any related documents, instruments or agreements.

SECTION 3.3 Investment and Use of Fund Money.

At the oral (promptly confirmed in writing) or written request of an Authorized Representative of the School District, any money held as part of the Settlement Fund (as defined in the Indenture) and the other funds and accounts established under the Indenture shall be invested or reinvested by the Trustee in Eligible Investments (as defined in the Indenture). The Issuer and the School District each hereby covenants that it will restrict investment and reinvestment and the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time of delivery of and payment for the Bonds, so that the Bonds will not constitute arbitrage bonds under Section 148 of the Code.

SECTION 3.4 Rebate.

The School District agrees to engage a Financial Consultant (as defined in the Indenture) if required to determine the Rebate Amount, to timely make such payments as are required of the School District under Section 5.06 of the Indenture, to make all computations of the Rebate Amount in accordance with Section 148 of the Code, and to otherwise comply with requirements of Section 5.06 of the Indenture applicable to the School District. The obligation of the School District to make such payments shall remain in effect and be binding upon the School District notwithstanding the release and discharge of the Indenture.

ARTICLE IV

LOAN BY ISSUER; LOAN PAYMENTS; OTHER PAYMENTS

SECTION 4.1 Loan by Issuer.

Upon the terms and conditions of this Agreement and at the request and direction of the School District, the Issuer will make the Loan to the School District on the Issue Date in a principal amount equal to the proceeds of the Bonds. The Loan shall be deemed fully advanced upon deposit of the proceeds of the Bonds in the Settlement Fund pursuant to Section 2.01 of the Indenture.

SECTION 4.2 Loan Payments: Base Loan Payments.

The School District agrees to pay to the Issuer or its assignee the Base Loan Payments in installments which, as to amounts, correspond to the payments of the principal, premium (if any) and interest on the Bonds, and the Periodic Payments owed by the Issuer to the Counterparty. Such payments shall be made by the School District on or before noon of the third Business Day prior to the day on which corresponding payments of the Bonds are due under the Indenture or the day funds are required to be delivered to the Trustee to effect the purchase of Bonds tendered for optional or mandatory purchase pursuant to Article IV of the Indenture or the day Periodic Payments are due under the Fixed Payer Swap.

Such Base Loan Payments and other payment obligations shall be reduced to the extent that other money are available under the Indenture for such payments by the Trustee and a credit in respect thereof has been granted pursuant to the terms of the Indenture. It is the intention of the Issuer and the School District that, notwithstanding any other provision of this Agreement, the Trustee, as assignee of the Issuer, shall receive funds from or on behalf of the School District at such times and in such amounts as will enable the Issuer to meet all of its obligations under the Bonds, the Indenture, the Fixed Payer Swap, any Liquidity Facility, any Remarketing Agreement and any related documents, agreements or instruments including any such obligations (exclusive of the Unassigned Issuer's Rights) surviving the payment of the Bonds, the Indenture, the Fixed Payer Swap, a Liquidity Facility, a Remarketing Agreement or any other related document, instrument or agreement. Accordingly, so long as an Insurance Policy is in full force and effect, the School District shall pay all Base Loan Payments specified in clause (i) of its definition, and cause all Base Loan Payments specified in (ii) of its definition to be made, by noon at least three Business Days prior to the applicable Interest Payment Date. In addition, if there is any deficiency in amounts required to be deposited in the Rebate Fund or paid to the United States pursuant to Section 5.06 of the Indenture, the School District shall immediately, upon notice from the Trustee, pay such amount to the Trustee for deposit to the Rebate Fund. Notwithstanding the foregoing provision, in the event that the School District delivers to the Trustee an Officer's Certificate accompanied by an opinion of Bond Counsel addressed to the Trustee to the effect that all or a portion of such payment to the United States of America pursuant to Section 5.06 of the Indenture or deposit to the Rebate Fund is not required to be made, such payment or a portion thereof need not be made.

SECTION 4.3 Payments to Redeem Bonds.

(a) Optional and Mandatory Redemption. Whenever the Bonds are subject to optional redemption, the School District may deliver or cause to be delivered Base Loan Payments to the Trustee in addition to the scheduled Base Loan Payments required to be made under Section 4.2 and direct the Trustee to use the Base Loan Payments so delivered for the purpose of calling Bonds for optional redemption in accordance with the applicable provisions of the Indenture and redeeming such Bonds at the redemption price stated in the Indenture; provided, however, that while the Fixed Payer Swap is in effect, there shall be no optional prepayment of the Note unless provision has been made to terminate or transfer the Fixed Payer Swap or otherwise reduce or assign the notional amount of the Fixed Payer Swap in proportion to the optional prepayment of the Note and the corresponding Bonds. Such Base Loan Payments shall be held and applied as provided in the Indenture and delivery thereof shall not operate to abate or postpone Loan Payments otherwise becoming due or to alter or suspend any other obligations of the School District under this Agreement. Whenever the Bonds are subject to optional redemption pursuant to the Indenture, the Issuer will, but only upon written request of the School District, direct the Trustee to call the same for redemption as provided in the Indenture. Whenever the Bonds are subject to mandatory redemption pursuant to the Indenture, the School District will cooperate with the Issuer and the Trustee in effecting such redemption. In the event of any optional or mandatory redemption of the Bonds, the School District will pay or cause to be paid on or before the date of redemption an amount equal to the applicable redemption price as a prepayment of that portion of the Base Loan Payments corresponding to the principal of the Bonds to be redeemed, together with applicable premium (if any) and interest accrued to the date of redemption.

(b) Special Mandatory Redemption. The Note shall be subject to acceleration of Base Loan Payments to provide for the redemption and payment of the Bonds in part, at the redemption price, on the dates and in the principal amounts as set forth in the Indenture for the mandatory sinking fund requirements with respect to the Bonds.

SECTION 4.4 Additional Payments.

The School District shall promptly and timely pay as Additional Payments hereunder: (a) to the Issuer, upon the execution of this Agreement any and all reasonable costs and expenses (including legal fees and expenses) incurred or to be paid by or on behalf of the Issuer in connection with the issuance and delivery of the Bonds and the execution and delivery of this Agreement, the Fixed Payer Swap, the Indenture, a Liquidity Facility, a Remarketing Agreement, a Bond Purchase Contract, or any other related document, instrument or agreement or otherwise related to actions taken by the Issuer under this Agreement, an Insurance Commitment, a Bond Purchase Contract, a Liquidity Facility, a Remarketing Agreement, the Fixed Payer Swap (except with respect to Periodic Payments which are within the definition of Base Loan Payments) or the Indenture or any other related document, instrument or agreement or any amendment thereof, supplement thereto or waiver or consent thereunder so long as the Bonds are Outstanding; (b) to a Remarketing Agent, the reasonable fees and expenses of a Remarketing Agent under the Indenture and a Remarketing Agreement for services rendered in connection with the Bonds; (c) to the Trustee, the reasonable fees, charges and expenses of the Trustee and its agents for acting as such under the Indenture and under this

Agreement; (d) to a Bond Insurer, the amounts required to be paid, if any, by the Issuer in connection with an Insurance Policy and an Insurance Commitment; (e) to a Bank, any amounts due and owing under a Liquidity Facility; and (f) to the Counterparty and/or a Bond Insurer (as insurer of the Fixed Payer Swap), any additional amounts due and owing under the Fixed Payer Swap, and any fees, costs and expenses incurred by reason of the enforcement and protection of the Counterparty's rights thereunder in connection with the execution and delivery of the Fixed Payer Swap and any and all other amounts due and owing thereunder (including without limitation, termination payments) or in connection with the Bonds.

SECTION 4.5 Obligations Unconditional.

The obligations of the School District to promptly and timely make all Loan Payments and any payments required under Sections 4.2, 4.3, 4.4 and 5.5 shall be absolute and unconditional, and the School District shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including without limitation any defense, set-off, recoupment or counterclaim which the School District may have or assert against the Issuer, the Trustee, the Counterparty (other than with respect to any netting provisions contained in the Fixed Payer Swap), a Remarketing Agent, a Bank, a Bond Insurer or any other Person, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement, it being the intention of the parties that the payments required of the School District hereunder will be paid promptly and timely in full when due without any delay or diminution whatsoever. Base Loan Payments required to be paid by or on behalf of the School District hereunder shall be received by the Issuer or the Trustee as net of any other Revenues available under the terms of the Indenture on the date when a Base Loan Payment is due and the School District agrees to pay or cause to be paid all charges against, or which will diminish, such net sums.

SECTION 4.6 Assignment of Issuer's Rights: Consent of Trustee.

To secure the payment of the School District's obligations to the Issuer hereunder, the Issuer is pledging and assigning, without recourse, to the Trustee all the Issuer's rights in, to and under this Agreement (except for Unassigned Issuer's Rights), the Funds and Accounts (defined in the Indenture), Revenues (defined in the Indenture) and the other property comprising the Trust Estate. The School District consents to such pledge and assignment and agrees to timely and promptly make or cause to be made Loan Payments directly to the Trustee without defense or set-off by reason of any dispute between the School District and the Trustee. Whenever the School District is required to obtain the consent of the Issuer hereunder (which consent shall not be unreasonably withheld), the School District shall also obtain the consent of the Trustee in accordance with the terms of the Indenture, and, if necessary, the consent of a Bond Insurer in accordance with the terms of an Insurance Policy; provided that, except as otherwise expressly stipulated herein or in the Indenture, the School District shall not be required to obtain the Trustee's consent with respect to the Unassigned Issuer's Rights.

SECTION 4.7 General Obligation of the School District.

This Agreement, including the obligation to make all Loan Payments hereunder, is a general obligation of the School District. Only the obligation to make Base Loan Payments

hereunder is secured by the full faith, credit and taxing power of the School District, as evidenced by the Note in accordance with the terms thereof and such pledge is specifically enforceable under the Local Government Unit Debt Act pursuant to the approval of proceedings filed by the School District with the Pennsylvania Department of Community and Economic Development (the "*Department*") for the incurrence of debt with respect to the Note and pursuant to proceedings filed with the Department under Section 8284 of the Local Government Unit Debt Act with respect to the Fixed Payer Swap. To secure only the payment of Base Loan Payments and the obligations to a Bank, the Counterparty and a Bond Insurer with respect thereto, the Issuer is pledging and assigning, without recourse, to the Trustee all the Issuer's rights in, to and under the Note. The School District covenants and agrees that it shall: (i) include all payments due hereunder and under the Note for each fiscal year in which such payments are payable in its budget for that year; (ii) appropriate such amounts from its general revenues for such payments; and (iii) duly and punctually pay or cause to be paid from its sinking fund or any other of its funds or revenues such payments.

SECTION 4.8 Liquidity Facility.

If a Liquidity Facility then in effect is scheduled to terminate or expire or if the events described in Section 6.02(b)(ii) of the Indenture have occurred, the School District hereby agrees to take all such action required to provide for the delivery of an Alternate Liquidity Facility under Section 6.02(b) of the Indenture.

ARTICLE V

ADDITIONAL COVENANTS OF SCHOOL DISTRICT

SECTION 5.1 Compliance with Laws.

The School District shall comply with all applicable requirements of federal, state and local laws and the regulations, rules and orders of any federal, state or local agency, board, commission or court having jurisdiction over its facilities or the operation thereof, including without limitation applicable zoning, planning, building and environmental laws, regulations, rules and orders; provided that the School District shall be deemed in compliance with this Section so long as it is contesting in good faith any such requirement by appropriate legal proceedings.

SECTION 5.2 Financial Statements: Books and Records.

The School District shall prepare or have prepared such financial statements and reports in such form as are reasonably required by the Counterparty, a Bond Insurer or a Bank, and shall keep true and proper books of records and accounts in which full and correct entries are made of all its business transactions. Copies of annual audited financial statements shall be provided to the Trustee if the School District is so requested, and such books of records and accounts shall be made available for inspection upon reasonable notice during normal business hours upon request by the Issuer, the Trustee and their respective agents.

SECTION 5.3 Insurance.

The School District shall at its own cost and expense obtain or cause to be obtained insurance policies against such risks, and in such amounts, as are customarily insured against by school districts in the Commonwealth and shall pay, as the same become due and payable, all premiums in respect thereof.

SECTION 5.4 Litigation Notice.

The School District shall give the Trustee, a Remarketing Agent, a Bond Insurer, the Counterparty and a Bank prompt written notice of any action, suit or proceeding pending or to its knowledge threatened against it at law or in equity, or before any governmental instrumentality or agency, which, if adversely determined, would materially impair the right of the School District to carry on its affairs or would materially and adversely affect its business, operations, properties, assets or financial condition.

SECTION 5.5 Indemnification.

The School District will pay, reimburse, indemnify and hold harmless the Issuer, a Bank {but only to the extent provided in a Liquidity Facility), the Trustee, the Counterparty and a Bond Insurer (each, an "Indemnified Party") and each member, director, officer, employee, attorney and agent of each Indemnified Party for and against any and all claims, losses, damages or liabilities (including the costs and expenses of defending against any such claims) to which each Indemnified Party or any member, director, officer, employee or agent of

each Indemnified Party may become subject, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise directly or indirectly out of and which are not the result of negligence or bad faith on the part of any of the foregoing (a) any loss or damage to property or injury to or death of or loss by any Person, that may be occasioned by any cause whatsoever pertaining to any buildings or facilities of the School District; (b) any breach or default on the part of the School District in the performance of any covenant or agreement of the School District under any of the School District's Agreements or any related document, or arising from any act or failure to act by the School District or any of its agents, contractors, servants, employees or licensees; (c) the authorization, issuance and sale of the Bonds, the execution and delivery of the School District's Agreements or the provision by the School District of any information or certification furnished in connection therewith concerning the Bonds, this Agreement, the Refunding Project or the School District (including, without limitation, any information furnished by the School District for inclusion in any certification made by the Issuer or for inclusion in, or as a basis for preparation of, the information statements furnished by the Issuer and any information or certification obtained from the School District) to assure the exclusion of the interest on the Bonds from the gross income of the Holders for federal income tax purposes; (d) the School District's failure to comply with any requirements of this Agreement pertaining to compliance with the Code under Sections 5.6 and 5.7; (e) any failure by the School District to comply with the provisions of the Act; and (f) any claim, action or proceeding brought with respect to any matter set forth in clause (a), (b), (c), (d) or (e) above.

The School District will pay, reimburse, indemnify and hold harmless each Indemnified Party for and against all liabilities, claims, costs and expenses incurred by or on behalf of each Indemnified Party and without negligence or bad faith on the part of each Indemnified Party on account of any action taken or omitted to be taken by each Indemnified Party in accordance with the terms of this Agreement, the Bonds, an Insurance Policy, a Liquidity Facility, a Remarketing Agreement, the Fixed Payer Swap or the Indenture or any action taken at the request of or with the consent of the School District, including reasonable counsel fees and expenses and the other reasonable costs and expenses incurred by each Indemnified Party in defending themselves against any such claims.

In case any action or proceeding is brought against any Indemnified Party in respect of which indemnity may be sought hereunder, the party seeking indemnity promptly shall give written notice of that action or proceeding to the School District, and the School District upon receipt of that notice shall have the obligation (to the extent that the indemnity set forth above applies) and the right to assume the defense of the action or proceeding; provided that failure of a party to give that notice shall not relieve the School District from any of its obligations under this Section unless (and then only to the extent) that failure prejudices the defense of the action or proceeding by the School District. At its own expense, an Indemnified Party may employ separate counsel and participate in the defense. The School District shall not be liable for any settlement made without its consent, which shall not be unreasonably withheld, conditioned or delayed.

The indemnification set forth above is intended to and shall (i) include the indemnification of all affected directors, officers, agents, counsel and employees of each Indemnified Party, and (ii) be enforceable by each Indemnified Party to the full extent permitted by law.

This Section 5.5 shall survive the termination of this Agreement, the Indenture, the Fixed Payer Swap, an Insurance Policy, a Liquidity Facility, a Remarketing Agreement and the payment or defeasance of the Note and the Bonds and the removal or resignation of the Trustee for any reason.

SECTION 5.6 Tax Covenants of School District and Issuer.

The School District covenants and represents that it will at all times do and perform all acts and things necessary or desirable and within its reasonable control in order to assure that interest paid on the Bonds shall not be includable in the gross income of any Holder for federal income tax purposes. The School District also covenants and represents that it shall not take or omit to take, or permit to be taken on its behalf, any actions which, if taken or omitted, would adversely affect the excludability from the gross income of the Holders of interest paid on the Bonds for federal income tax purposes. The Issuer and the School District mutually covenant for the benefit of the Holders that they will not use the proceeds of the Bonds, any money derived, directly or indirectly, from the use or investment thereof or any other money on deposit in any fund or account maintained in respect of the Bonds (whether such money were derived from the proceeds of the sale of the Bonds or from other sources) in a manner which would cause the Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code or would otherwise violate Section 7.08 of the Indenture.

At no time will any funds constituting gross proceeds (as defined in Section 148 of the Code) of the Bonds be used by the Issuer or the School District to acquire investments at other than fair market value within the meaning of the applicable Treasury Regulations pertaining to, or in any other fashion that would constitute failure of compliance with, Section 148 of the Code. Investments or deposits in certificates of deposit or pursuant to investment contracts shall not be made by the Issuer or the School District without compliance, at or prior to such investment or deposit, with the requirements of Treasury Regulations Section 1.148-5(d)(6)(ii) and (iii), respectively, or with any successor provisions thereto.

SECTION 5.7 Further Tax Covenants of School District.

The School District acknowledges having received and reviewed the Indenture, the Fixed Payer Swap, a Liquidity Facility, a Remarketing Agreement, and is familiar with the provisions of the foregoing documents and agrees to perform all duties imposed upon it by the Indenture, this Agreement, the Fixed Payer Swap and by the Code to preserve the exclusion of the interest payable on the Bonds from federal income taxation; and the School District approves the tax certificate in connection with the issuance of the Bonds. Insofar as the Indenture, the Fixed Payer Swap a Liquidity Facility or the tax certificate contain certain obligations or make representations or covenants by, or to be performed by, the School District, as to the expenditure or use of Bond proceeds, investment restrictions, the amount of outstanding tax exempt obligations issued for the benefit of the School District or related parties, and otherwise, or impose duties and responsibilities upon the School District, they are specifically incorporated herein by reference.

ARTICLE VI

REDEMPTION OF BONDS

SECTION 6.1 Optional Redemption.

Provided no Event of Default shall have occurred and be continuing and the conditions of Section 4.3 are met, at any time and from time to time, the School District may deliver or cause to be delivered Loan Payments to the Trustee in addition to the scheduled Loan Payments required to be made under Section 4.2 hereof and direct the Trustee in writing to use the Loan Payments so delivered for the purpose of calling Bonds for optional redemption in accordance with the applicable provisions of the Indenture, if any, and redeeming such Bonds at the redemption price stated in the Indenture. Such Loan Payments shall be held and applied as provided in Section 5.02 of the Indenture and delivery thereof shall not operate to abate or postpone Loan Payments otherwise becoming due or to alter or suspend any other obligations of the School District under this Agreement. Whenever the Bonds are subject to optional redemption pursuant to the Indenture, the Issuer will, but only upon written direction of the School District, direct the Trustee in writing to call the same for redemption as provided in the Indenture.

SECTION 6.2 Mandatory Redemption.

The School District shall deliver or cause to be delivered to the Trustee the money needed to redeem the Bonds in accordance with the mandatory redemption provisions, if any, set forth in the Bonds and the Indenture. Whenever the Bonds are subject to mandatory redemption pursuant to the Indenture, the School District will cooperate with the Issuer and the Trustee in effecting such redemption.

SECTION 6.3 Actions by Issuer.

So long as the School District shall be in compliance with all of its obligations and duties hereunder, at the request of the School District or the Trustee, the Issuer shall take all steps required of it under the applicable provisions of the Indenture or the Bonds to effect the redemption of all or a portion of the Bonds pursuant to this Article.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

SECTION 7.1 Events of Default.

Each of the following shall be an Event of Default:

(a) Failure by the School District to make or cause to be made any Loan Payment on or prior to the date on which such payment is due and payable;

(b) Failure by the School District to observe and perform any other agreement, term or condition contained in this Agreement and continuation of such failure for a period of 30 days after notice thereof shall have been given to the School District by the Issuer or the Trustee, or for such longer period as the Issuer and the Trustee may agree to in writing; provided that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, such failure shall not constitute an Event of Default so long as the School District institutes curative action within the applicable period and diligently pursues such action to completion, and such failure shall not constitute an Event of Default under any circumstances without the prior written consent of a Bond Insurer; provided, however that such cure period shall not exceed 90 days unless a Bond Insurer consents to a longer cure period;

(c) For any reason the Bonds are declared due and payable by acceleration accordance with the Indenture.

SECTION 7.2 Remedies on Default.

(a) Whenever an Event of Default shall have happened and be subsisting, any one or more of the following remedial steps may be taken:

(1) If acceleration of the principal amount of the Bonds has been declared pursuant to Section 8.03 of the Indenture, the Trustee shall declare all Loan Payments to be immediately due and payable, whereupon the same shall become immediately due and payable; and

(2) The Issuer, the Insurer and the Trustee (as holder of the General Obligation Note and assignee of this Agreement) may pursue any and all remedies now or hereafter existing at law or in equity to collect all amounts then due and thereafter to become due under this Agreement and the Note, or to enforce the performance and observance of any other obligation or agreement of the School District under this Agreement and the Note.

(3) Anything in this Agreement to the contrary notwithstanding, so long as principal and interest on the Bonds has been paid in full, upon the occurrence of a failure to pay all or any portion of the Periodic Payments under the Fixed Payer Swap, the Counterparty shall have the right to and be entitled to direct the Trustee, as the holder of

the Note, to take all actions authorized by law under this Agreement and the Indenture to collect such sums, except for the right to accelerate the principal of the Note.

(b) The School District covenants that, in case it shall fail to pay or cause to be paid any Loan Payments as and when the same shall become due and payable whether at maturity, upon redemption or by acceleration or otherwise, then, upon demand of the Trustee or the Issuer, the School District will pay to the Trustee the whole amount that then shall have become due and payable hereunder; and, in addition thereto, such further amounts as shall be sufficient to cover the costs and expenses of collection, including, but not limited to, a reasonable compensation to the Trustee, its agents and counsel, and any reasonable expenses incurred by the Trustee and the Issuer, their agents and counsel. In case the School District shall fail forthwith to pay such amounts upon such demand, the Trustee shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of the sums so due and unpaid.

(c) Notwithstanding the foregoing, the Trustee or the Issuer, as the case may be, shall not be obligated to take any step which in its opinion will or might cause it to expend money or otherwise incur liability unless and until a satisfactory indemnity bond or other satisfactory indemnity has been furnished to the Trustee or the Issuer at no cost or expense to the Trustee or the Issuer. Any amounts collected as Loan Payments or applicable to Loan Payments and any other amounts which would be applicable to payment of Debt Service collected pursuant to action taken under this Section shall be paid into the Debt Service Fund and applied in accordance with the provisions of the Indenture or, if the Outstanding Bonds have been paid and discharged in accordance with the provisions of the Indenture, shall be paid as provided in Article XI of the Indenture for transfers of remaining amounts in the Debt Service Fund.

The provisions of this Section are subject to the further limitation that the annulment by the Trustee of its declaration that all of the Bonds are immediately due and payable also shall constitute an annulment of any corresponding declaration made pursuant to this Agreement; provided that no such waiver or rescission shall extend to or affect any subsequent or other default or impair any right consequent thereon.

SECTION 7.3 Remedies Not Exclusive.

No remedy conferred upon or reserved to the Issuer or the Trustee (as the holder of the Note and assignee of this Agreement), by this Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement, and the Indenture existing at law or in equity, now or hereafter. No delay or omission to exercise any right or power accruing upon any default shall impair that right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer and the Trustee (as assignee of Lie Note and assignee of this Agreement) to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than any notice required by law or for which express provision is made herein.

SECTION 7.4 No Waiver.

No failure by the Issuer, a Bond Insurer, the Counterparty or the Trustee to insist upon the strict performance by the School District of any provision hereof shall constitute a waiver of their right to strict performance and no express waiver shall be deemed to apply to any other existing or subsequent right to remedy the failure by the School District to observe or comply with any provision hereof.

The Issuer and the Trustee may waive any Event of Default hereunder only with the prior written consent of a Bond Insurer.

SECTION 7.5 Notice of Default.

The School District shall notify the Trustee, the Issuer, a Bond Insurer, the Counterparty and a Bank in writing immediately if it becomes aware of the occurrence of any Event of Default hereunder or of any fact, condition or event which, with the giving of notice or passage of time or both, would become an Event of Default.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.1 Term of Agreement.

This Agreement shall be and remain in full force and effect from the date hereof until such time as all of the Bonds shall have been fully paid (or provision made for such payment) pursuant to the Indenture (including in accordance with Section II.1 thereof), and all other sums payable by the Issuer under the Indenture, the Fixed Payer Swap, any Remarketing Agreement and any Liquidity Facility, and the School District under this Agreement, shall have been paid, except for obligations of the School District under Section 5.5 hereof, which shall survive any termination of this Agreement.

SECTION 8.2 Notices.

(a) Notices to a Bond Insurer.

In addition to any other notices required under this Agreement, a Bond Insurer shall be provided with the following information:

(1) Annual audited financial statements within 180 days after the end of the School District's fiscal year (together with a certification of the School District that it is not aware of any default or Event of Default under the Indenture or this Agreement), and the School District's annual budget within 30 days after the approval and release to the public thereof together with such other information, data or reports as a Bond Insurer shall reasonably request from time to time to be provided by the School District;

(2) Notice of the commencement of any proceeding by or against the School District under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") to be provided by the School District; and

(3) A full original transcript of all proceedings relating to the execution of any amendment or supplement to this Agreement to be provided by the School District.

(b) All notices, certificates, requests or other communications hereunder shall be in writing and shall be deemed to be sufficiently given when sent and received by express delivery service or by registered or certified mail, postage prepaid, and addressed as follows:

- (1) If to the Issuer: Bethlehem Area School District Authority
- (2) If to the Trustee: Manufacturers and Traders Trust Company
- (3) If to the School District: Harrisburg, PA
Attention: Corporate Trust Department
Bethlehem Area School District
1516 Sycamore Street
Bethlehem, PA 18017
Attention: Stanley Majewski, Jr., Assistant Superintendent
- (4) If to the Counterparty: JPMorgan Chase Bank, National Association
270 Park Avenue, 48th Floor
New York, NY 10017
Attention: VP, Municipal Credit Group
Telephone: (212) 270-4948
Fax: (212) 270-4251
JPMorgan Chase Bank, National Association
Loan and Agency Services
1111 Fannin, 10th Floor
Houston, TX 77002
Attn: Account Manager
Telephone: (713) 750-2218
Fax: (713) 750-2228

With respect to Events of Default,
Termination Events and Early
Termination:

JPMorgan Chase Bank, National Association
Attention: Legal Department-Derivatives
Practice Group
270 Park Avenue, 41st Floor
New York, NY 10017-2070
Facsimile: (212) 270-3625

With respect to delivery
of financial statements:

JPMorgan Chase Bank, National Association
270 Park Avenue, 22nd Floor
New York, New York 10017
Attention: Municipal Derivatives Credit Group

The School District, the Issuer, the Counterparty the Trustee, a Bank, a Bond Insurer, a Remarketing Agent by written notice given hereunder to the Persons listed above, may designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

SECTION 8.3 Limitation of Liability: No Personal Liability.

In the exercise of the powers of the Issuer, the Trustee or a Remarketing Agent hereunder or under the Indenture, including without limitation the application of money and the investment of funds, neither the Issuer, the Trustee, a Remarketing Agent nor their members, directors, officers, employees or agents shall be accountable to the School District for any action taken or omitted by any of them in good faith and with the belief that it is authorized or within the discretion or rights or powers conferred unless such acts or omissions are made with gross negligence or in bad faith. The Issuer, the Trustee, a Remarketing Agent and their members, directors, officers, employees and agents shall be protected in acting upon any paper or document believed to be genuine, and any of them may conclusively rely and be free from liability for acting or not acting upon the advice of counsel and may (but need not) require further evidence of any fact or matter before taking any action. All covenants, obligations and agreements of the Issuer contained in this Agreement or the Indenture shall be effective to the extent authorized and permitted by applicable law. No such covenant, obligation or agreement shall be deemed to be a covenant, obligation or agreement of any present or future member, director, officer, agent or employee of the Issuer, and no official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof or by reason of the covenants, obligations or agreements of the Issuer contained in this Agreement or the Indenture.

SECTION 8.4 Binding Effect.

This Agreement shall inure to the benefit of and shall be binding in accordance with its terms upon the Issuer, the School District and their respective successors and assigns; provided that this Agreement may not be assigned by the School District (except in compliance with Section 8.9 hereof) and may not be assigned by the Issuer except to the Trustee pursuant to

the Indenture or as otherwise may be necessary to enforce or secure payment of Base Loan Payments and Additional Payments herein. This Agreement may be enforced only by the parties, their assignees and others who may, by law, stand in their respective places. In addition, each of a Remarketing Agent, a Bond Insurer, the Counterparty and a Bank are hereby explicitly recognized as third party beneficiaries of this Agreement to the extent of their respective interests herein.

SECTION 8.5 Amendments.

Except as otherwise expressly provided in this Agreement or the Indenture, subsequent to the issuance of the Bonds and unless and until all conditions provided for in the Indenture for release of the Indenture having been met and all amounts due to the Counterparty under the Fixed Payer Swap have been paid, and all amounts due to a Bank under a Liquidity Facility have been paid, this Agreement may not be effectively amended, modified or terminated except by an instrument in writing signed by the School District and the Issuer, and consented to in writing by the Trustee, if such amendment would materially adversely affect the interest of the Holders, a Bank and Bond Insurer in accordance with the provisions of Article X of the Indenture, and, to the extent provided in the Fixed Payer Swap, also by the Counterparty.

SECTION 8.6 Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same instrument.

SECTION 8.7 Severability.

If any provision of this Agreement is determined by a court to be invalid or unenforceable, such determination shall not affect any other provision hereof, each of which shall be construed and enforced as if the invalid or unenforceable portion were not contained herein. Such invalidity or enforceability shall not affect any valid and enforceable application thereof, and each such provision shall be deemed to be effective, operative and entered into in the manner and to the full extent permitted by applicable law.

SECTION 8.8 Governing Law.

This Agreement shall be deemed to be a contract made under the laws of the Commonwealth and for all purposes shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

SECTION 8.9 Assignment.

The School District shall not assign this Agreement or any interest of the School District herein, either in whole or in part except as set forth below. No such assignment may occur unless the following conditions are fulfilled: (i) the assignee assumes in writing all of the obligations of the School District hereunder; (ii) in the opinion of counsel satisfactory to the Trustee neither the validity nor the enforceability of this Agreement shall be adversely affected by such assignment; (iii) such assignment shall not, in the opinion of Bond Counsel, have an

adverse effect on the exclusion from gross income for federal income tax purposes of interest on the Bonds; (iv) consent by the Issuer, which consent shall not be unreasonably withheld; (v) if an Insurance Policy is in effect, the prior written consent of the applicable Bond Insurer, (vi) if a Liquidity Facility is in effect, prior written consent of a Bank, and (vii) if the Fixed Payer Swap is in effect, the prior written consent by the Counterparty. Subject to the foregoing, the terms "Issuer", "School District", "Bond Insurer", "Bank", "Counterparty", "Trustee" and "Remarketing Agent" shall, where the context requires, include the respective successors and assigns of such persons.

SECTION 8.10 Amount Remaining in Funds.

It is agreed by the parties that any amounts remaining under the Indenture, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and the payment in full of all obligations of the Issuer and the School District under the Fixed Payer Swap, any rebate obligation, and of the reasonable fees, charges and expenses of the Trustee, a Bank, the Counterparty, a Bond Insurer and the Issuer in accordance with the Indenture, shall, upon discharge of the Indenture pursuant to Article XI thereof, be paid by the Trustee to the School District.

SECTION 8.11 Headings.

The captions or headings in this Agreement are for convenience of reference only and shall not control or affect the meaning or construction of any provision hereof.

SECTION 8.12 Survival of Covenants. Conditions and Representations.

All covenants, duties, obligations, conditions and representations of the School District contained herein that, by nature, implied or expressly involve performance in any particular manner after the termination of this Agreement or that cannot be ascertained to have been performed until after termination of this Agreement shall survive said termination. Without intending to limit the generality of the foregoing, the School District's covenants to make Additional Payments and to indemnify the Issuer and the Trustee, as set forth in Sections 4.4 and 5.5 hereof, shall survive any termination of this Agreement.

SECTION 8.13 Termination of the Fixed Payer Swap.

If the Fixed Payer Swap is terminated pursuant to its terms, then any and all amounts received by the Issuer from the Counterparty as a result of such termination shall be immediately paid to, or at the direction of, the School District.

IN WITNESS WHEREOF, the Issuer and the School District, intending to be legally bound, have caused this Agreement to be duly executed in their respective names, all as of the date first above written.

[SEAL]

Attest:

BETHLEHEM AREA SCHOOL DISTRICT
AUTHORITY

Secretary

By: _____
Chairman

[SEAL]

Attest:

BETHLEHEM AREA SCHOOL DISTRICT,
Northampton and Lehigh Counties,
Pennsylvania

Secretary

By: _____
President, Board of School Directors

EXHIBIT A

UNITED STATES OF AMERICA
COMMONWEALTH OF PENNSYLVANIA

BETHLEHEM AREA SCHOOL DISTRICT
(NORTHAMPTON AND LEHIGH COUNTIES, PENNSYLVANIA)
GENERAL OBLIGATION NOTE, SERIES OF 2009

Maturity Date: July 1, 2031

Date of Initial Delivery:

Registered Owner: BETHLEHEM AREA SCHOOL DISTRICT AUTHORITY

Maximum Principal Amount: \$41,000,000.00

BETHLEHEM AREA SCHOOL DISTRICT, located in Northampton and Lehigh Counties, Pennsylvania (the "School District"), a school district duly organized and existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth"), for value received, promises to pay to the Registered Owner specified above or its registered assigns, the principal amount specified above on the Maturity Date specified above, unless this Note is called for earlier redemption and the payment of the redemption price adequately provided for, and to pay interest thereon as described herein. Principal of and interest on this Note shall be payable in such amounts and at such times so as to provide for the full and timely payment by the Bethlehem Area School District Authority (the "Issuer") of the principal of (whether at maturity or upon mandatory redemption or acceleration or otherwise) and interest, which interest includes all amounts required to be paid by the Issuer to the Counterparty (as defined in the hereinafter mentioned Loan Agreement) under the Fixed Payer Swap (as defined in the Loan Agreement), on the School Revenue Bonds which may be issued and reissued by the Issuer pursuant to the Loan Agreement (the "Bonds"), including while all or any portion of the Bonds are owned by or pledged to a Liquidity Provider (as hereinafter defined) ("Bank Bonds"), and all other Base Loan Payments payable pursuant to the Loan Agreement (hereinafter defined), after giving effect to any and all payments received by the Issuer or the Trustee hereinafter as identified in the Indenture, and on deposit in the Debt Service Fund to pay the Bonds, as such terms are defined in the Loan Agreement hereinafter mentioned. Any other provision of this Note or of the Loan Agreement to the contrary notwithstanding, the maximum rate of interest payable on the outstanding principal balance of this Note shall be fifteen percent (15%), per annum (or such lower rate as set forth in the Bonds) for so long as the Bonds are Outstanding; provided however that if any Bonds in the Weekly Mode (as defined in the Indenture) become Bank Bonds, in accordance with the terms of the Indenture and any applicable Liquidity Facility, the maximum rate of interest payable on the outstanding principal balance of this Note shall be twenty-five percent (25.0%), per annum.

PAYMENT TERMS

The principal of and redemption premium, if any, payable upon maturity or any earlier redemption or prepayment of this Note are payable upon presentation and surrender of this Note to the Registered Owner or, at its direction, to the Trustee at its address set forth in the Loan Agreement, or its successor as paying agent and sinking fund depository with respect to this Note (the "Paying Agent"), at its designated corporate trust office, which may be designated by the Paying Agent from time to time and written notice of which shall be sent by the Paying Agent to the Registered Owner of this Note by first class United States mail. The principal and redemption price of and interest on this Note are payable in lawful money of the United States of America.

GENERAL PROVISIONS

This Note evidences the obligation of the School District to repay the loan to be made by the Issuer to the School District under the Loan Agreement, dated as of May 1, 2009, by and between the Issuer, as lender, and the School District, as borrower (the "Loan Agreement"). All initially capitalized terms used herein and not defined shall have the meaning set forth in the Loan Agreement, unless otherwise required by the rules of grammar or context. This Note only secures the Bonds and the Periodic Payments due and owing under the Fixed Payer Swap.

This Note is issued pursuant to a resolution duly adopted by the Board of School Directors of the School District on March 16, 2009 (the "Resolution"), and is issued in accordance with the provisions of the Pennsylvania Local Government Unit Debt Act, as amended (the "Debt Act"). The issuance of this Note by the School District and the incurrence of the indebtedness evidenced by this Note have been approved, as required by the Debt Act, by the Department of Community and Economic Development of the Commonwealth. The School District has covenanted in the Loan Agreement and hereby covenants with the holder of this Note that it shall (i) include the amount of Base Loan Payments payable for each fiscal year in which such payments are payable in its budget for that year, (ii) appropriate such amounts from its general revenues for the payment of such Base Loan Payments, and (iii) duly and punctually pay or cause to be paid from its sinking fund or any other of its revenues or funds the principal of and the interest on this Note at the dates and places and in the manner stated in this Note, according to the true intent and meaning hereof. For such budgeting, appropriation and payment, the School District has pledged its full faith, credit and taxing power. This covenant is specifically enforceable; subject, however, as to the enforceability of remedies, to any applicable bankruptcy, insolvency, moratorium or similar laws or equitable principles affecting the enforcement of creditors' rights generally. Nothing in this paragraph should be construed to give the School District any taxing power not granted by another provision of law.

Upon execution and delivery of the Indenture on the Issue Date, the Indenture shall provide that the Issuer has assigned to the Trustee the Issuer's right, title and interest in and to the Loan Agreement (except the Unassigned Issuer's Rights as defined therein) and this Note. Furthermore, upon the effective date of a change in the Rate Mode on the Bonds to the Weekly Mode, the School District shall cause to be delivered to the Trustee a Liquidity Facility

(as defined in the Loan Agreement) to provide liquidity with respect to the Bonds upon optional or mandatory tender as more fully described in the Indenture.

No recourse under or upon any obligation, covenant, acceptance or agreement contained in the Loan Agreement, or upon this Note or under any judgment obtained against the School District or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise, or under any circumstances, shall be had against any school director or officer, as such, past, present, or future, of the School District, whether directly or through the School District, or otherwise, for the payment for or to the School District or any receiver thereof, or for or to any holder of this Note, or otherwise, of any sum that may be due and unpaid by the School District upon this Note. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such school director or officer, as such, to respond by reason of any Debt Act or omission on his or her part, or otherwise, for, directly or indirectly, the payment for or to the School District or any receiver thereof, or for or to the owner or any holder of this Note, or otherwise, of any sum that may remain due and unpaid upon this Note, shall be deemed to be and is hereby expressly waived and released as a condition of and consideration for the execution and delivery of the Loan Agreement and the issuance of this Note.

PREPAYMENT

This Note shall be subject to prepayment prior to its stated maturity, pursuant to notice mailed to the Registered Owner by the Paying Agent, via first class United States Mail, at least 30 days, (15 days in the case of a prepayment relating to Bonds bearing interest in the Weekly Mode) prior to the stated redemption date, as follows:

Mandatory Sinking Fund Prepayment. This Note shall be subject to mandatory prepayment, in part, at the redemption price, on the dates and in the principal amounts as set forth in the attached Schedule, and in the Indenture for the mandatory sinking fund requirements with respect to the Bonds. This Note shall be subject to mandatory prepayment, to the extent of Outstanding Bonds that are Bank Bonds, in accordance with any special mandatory redemption provisions of such Bank Bonds set forth in such Liquidity Facility.

Optional Redemption. This Note shall be subject to optional prepayment (from funds other than those deposited in accordance with the mandatory sinking fund requirements under the Loan Agreement), on the dates and at a redemption price applicable to the Bonds, upon the direction of the School District described in the Indenture; *provided, however*, that while the Fixed Payer Swap is in effect, there shall be no optional redemption of the Bonds unless provision has been made to terminate the Fixed Payer Swap or otherwise to reduce the notional amount of the Fixed Payer Swap in proportion to the amount of the optional redemption.

REGISTRATION AND TRANSFER

The School District and any Paying Agent may deem and treat the Person in whose name this Note is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or prepayment price hereof and interest hereon and

for all other purposes, regardless of whether this Note shall be overdue, and the School District and any Paying Agent shall not be affected by any notice to the contrary. Any Paying Agent shall register the transfer of ownership of this Note upon the registration books maintained by it on behalf of the School District upon surrender of this Note to such Paying Agent, accompanied by a written instrument or instruments of assignment in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner of this Note or his or its attorney-in-fact or legal representative.

MISCELLANEOUS

It is certified and recited that (i) there have been performed and have happened in regular and due form, as required by law, all acts and conditions necessary to be done or performed by the School District or to have happened (A) precedent to and in the issuing of the Note in order to make it a legal, valid and binding obligation of the School District, and (B) precedent to and in the execution and delivery of the Loan Agreement in order to make it a legal, valid and binding obligation of the School District; (ii) the full amount of the Loan evidenced by the Note has been received by the School District; and (iii) the Note does not exceed or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, the School District has caused this Note to be executed in its name by the President of the Board of School Directors, and its seal to be affixed hereto and signed by the Secretary of the Board of School Directors in attestation thereof, all as of May 1, 2009.

BETHLEHEM AREA SCHOOL DISTRICT
Northampton and Lehigh Counties,
Pennsylvania

By: _____
President of the Board of School
Directors

ATTEST:

Secretary of the Board
of School Directors

(SEAL)

ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto

the within Note and irrevocably constitutes and appoints attorney to transfer that Note on
the books kept for registration thereof, with full power of substitution in the premises.

Dated:

Signature Guaranteed:

NOTICE: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Note in every particular, without alteration or any change whatever.

Principal Amortization Schedule

<u>Redemption Date</u>	<u>Redemption Amount</u>
July 1, 2009	\$ 50,000
July 1, 2010	\$ 50,000
July 1, 2011	\$ 50,000
July 1, 2012	\$ 50,000
July 1, 2013	\$ 50,000
July 1, 2014	\$ 50,000
July 1, 2015	\$ 50,000
July 1, 2016	\$ 50,000
July 1, 2017	\$ 50,000
July 1, 2018	\$ 50,000
July 1, 2019	\$ 50,000
July 1, 2020	\$ 50,000
July 1, 2021	\$ 50,000
July 1, 2022	\$3,375,000
July 1, 2023	\$3,505,000
July 1, 2024	\$3,650,000
July 1, 2025	\$3,795,000
July 1, 2026	\$3,940,000
July 1, 2027	\$4,095,000
July 1, 2028	\$4,245,000
July 1, 2029	\$4,410,000
July 1, 2030	\$4,580,000
July 1, 2031*	\$4,755,000

* Maturity

EXHIBIT “B”

MAXIMUM SCHEDULED PAYMENT OBLIGATIONS UNDER (1) THE MAXIMUM INTEREST RATE ON THE 2009 NOTE (15%), (2) THE MAXIMUM INTEREST RATE AT THE BANK BOND RATE (25%), AND (3) A “TERM OUT LOAN” SCHEDULE AT THE BANK BOND RATE (25%)

BETHLEHEM AREA SCHOOL DISTRICT

G.O. Note

SETTLE

5/1/2009

DATED

5/1/2009

1	2	3	4	5	6
<u>Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Semi-Annual Debt Service</u>	<u>Fiscal Year Debt Service</u>
7/1/2009	50,000	15.000	1,025,000.00	1,075,000.00	
1/1/2010			3,071,250.00	3,071,250.00	4,146,250.00
7/1/2010	50,000	15.000	3,071,250.00	3,121,250.00	
1/1/2011			3,067,500.00	3,067,500.00	6,188,750.00
7/1/2011	50,000	15.000	3,067,500.00	3,117,500.00	
1/1/2012			3,063,750.00	3,063,750.00	6,181,250.00
7/1/2012	50,000	15.000	3,063,750.00	3,113,750.00	
1/1/2013			3,060,000.00	3,060,000.00	6,173,750.00
7/1/2013	50,000	15.000	3,060,000.00	3,110,000.00	
1/1/2014			3,056,250.00	3,056,250.00	6,166,250.00
7/1/2014	50,000	15.000	3,056,250.00	3,106,250.00	
1/1/2015			3,052,500.00	3,052,500.00	6,158,750.00
7/1/2015	50,000	15.000	3,052,500.00	3,102,500.00	
1/1/2016			3,048,750.00	3,048,750.00	6,151,250.00
7/1/2016	50,000	15.000	3,048,750.00	3,098,750.00	
1/1/2017			3,045,000.00	3,045,000.00	6,143,750.00
7/1/2017	50,000	15.000	3,045,000.00	3,095,000.00	
1/1/2018			3,041,250.00	3,041,250.00	6,136,250.00
7/1/2018	50,000	15.000	3,041,250.00	3,091,250.00	
1/1/2019			3,037,500.00	3,037,500.00	6,128,750.00
7/1/2019	50,000	15.000	3,037,500.00	3,087,500.00	
1/1/2020			3,033,750.00	3,033,750.00	6,121,250.00
7/1/2020	50,000	15.000	3,033,750.00	3,083,750.00	
1/1/2021			3,030,000.00	3,030,000.00	6,113,750.00
7/1/2021	50,000	15.000	3,030,000.00	3,080,000.00	
1/1/2022			3,026,250.00	3,026,250.00	6,106,250.00
7/1/2022	3,375,000	15.000	3,026,250.00	6,401,250.00	
1/1/2023			2,773,125.00	2,773,125.00	9,174,375.00
7/1/2023	3,505,000	15.000	2,773,125.00	6,278,125.00	
1/1/2024			2,510,250.00	2,510,250.00	8,788,375.00
7/1/2024	3,650,000	15.000	2,510,250.00	6,160,250.00	
1/1/2025			2,236,500.00	2,236,500.00	8,396,750.00
7/1/2025	3,795,000	15.000	2,236,500.00	6,031,500.00	
1/1/2026			1,951,875.00	1,951,875.00	7,983,375.00
7/1/2026	3,940,000	15.000	1,951,875.00	5,891,875.00	
1/1/2027			1,656,375.00	1,656,375.00	7,548,250.00
7/1/2027	4,095,000	15.000	1,656,375.00	5,751,375.00	
1/1/2028			1,349,250.00	1,349,250.00	7,100,625.00
7/1/2028	4,245,000	15.000	1,349,250.00	5,594,250.00	
1/1/2029			1,030,875.00	1,030,875.00	6,625,125.00
7/1/2029	4,410,000	15.000	1,030,875.00	5,440,875.00	
1/1/2030			700,125.00	700,125.00	6,141,000.00
7/1/2030	4,580,000	15.000	700,125.00	5,280,125.00	
1/1/2031			356,625.00	356,625.00	5,636,750.00
7/1/2031	4,755,000	15.000	356,625.00	5,111,625.00	
1/1/2032			0.00	0.00	5,111,625.00
TOTALS	41,000,000		109,422,500.00	150,422,500.00	150,422,500.00

BETHLEHEM AREA SCHOOL DISTRICT

G.O. Note

SETTLE

5/1/2009

DATED

5/1/2009

1	2	3	4	5	6
<u>Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Semi-Annual Debt Service</u>	<u>Fiscal Year Debt Service</u>
7/1/2009	50,000	25.000	1,708,333.33	1,758,333.33	
1/1/2010			5,118,750.00	5,118,750.00	6,877,083.33
7/1/2010	50,000	25.000	5,118,750.00	5,168,750.00	
1/1/2011			5,112,500.00	5,112,500.00	10,281,250.00
7/1/2011	50,000	25.000	5,112,500.00	5,162,500.00	
1/1/2012			5,106,250.00	5,106,250.00	10,268,750.00
7/1/2012	50,000	25.000	5,106,250.00	5,156,250.00	
1/1/2013			5,100,000.00	5,100,000.00	10,256,250.00
7/1/2013	50,000	25.000	5,100,000.00	5,150,000.00	
1/1/2014			5,093,750.00	5,093,750.00	10,243,750.00
7/1/2014	50,000	25.000	5,093,750.00	5,143,750.00	
1/1/2015			5,087,500.00	5,087,500.00	10,231,250.00
7/1/2015	50,000	25.000	5,087,500.00	5,137,500.00	
1/1/2016			5,081,250.00	5,081,250.00	10,218,750.00
7/1/2016	50,000	25.000	5,081,250.00	5,131,250.00	
1/1/2017			5,075,000.00	5,075,000.00	10,206,250.00
7/1/2017	50,000	25.000	5,075,000.00	5,125,000.00	
1/1/2018			5,068,750.00	5,068,750.00	10,193,750.00
7/1/2018	50,000	25.000	5,068,750.00	5,118,750.00	
1/1/2019			5,062,500.00	5,062,500.00	10,181,250.00
7/1/2019	50,000	25.000	5,062,500.00	5,112,500.00	
1/1/2020			5,056,250.00	5,056,250.00	10,168,750.00
7/1/2020	50,000	25.000	5,056,250.00	5,106,250.00	
1/1/2021			5,050,000.00	5,050,000.00	10,156,250.00
7/1/2021	50,000	25.000	5,050,000.00	5,100,000.00	
1/1/2022			5,043,750.00	5,043,750.00	10,143,750.00
7/1/2022	3,375,000	25.000	5,043,750.00	8,418,750.00	
1/1/2023			4,621,875.00	4,621,875.00	13,040,625.00
7/1/2023	3,505,000	25.000	4,621,875.00	8,126,875.00	
1/1/2024			4,183,750.00	4,183,750.00	12,310,625.00
7/1/2024	3,650,000	25.000	4,183,750.00	7,833,750.00	
1/1/2025			3,727,500.00	3,727,500.00	11,561,250.00
7/1/2025	3,795,000	25.000	3,727,500.00	7,522,500.00	
1/1/2026			3,253,125.00	3,253,125.00	10,775,625.00
7/1/2026	3,940,000	25.000	3,253,125.00	7,193,125.00	
1/1/2027			2,760,625.00	2,760,625.00	9,953,750.00
7/1/2027	4,095,000	25.000	2,760,625.00	6,855,625.00	
1/1/2028			2,248,750.00	2,248,750.00	9,104,375.00
7/1/2028	4,245,000	25.000	2,248,750.00	6,493,750.00	
1/1/2029			1,718,125.00	1,718,125.00	8,211,875.00
7/1/2029	4,410,000	25.000	1,718,125.00	6,128,125.00	
1/1/2030			1,166,875.00	1,166,875.00	7,295,000.00
7/1/2030	4,580,000	25.000	1,166,875.00	5,746,875.00	
1/1/2031			594,375.00	594,375.00	6,341,250.00
7/1/2031	4,755,000	25.000	594,375.00	5,349,375.00	
1/1/2032			0.00	0.00	5,349,375.00
TOTALS	41,000,000		182,370,833.33	223,370,833.33	223,370,833.33

BETHLEHEM AREA SCHOOL DISTRICT					
SERIES OF 2011					
TERM OUT LOAN			TERM LOAN START DATE : 5/1/2011		

1	2	3	4	5	6
<u>Date</u>	<u>Principal</u>	<u>Max Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Fiscal Year</u> <u>Debt Service</u>
8/1/2011	3,416,667	25.000	2,562,500.00	5,979,166.67	
11/1/2011	3,416,667	25.000	2,348,958.33	5,765,625.00	
2/1/2012	3,416,667	25.000	2,135,416.67	5,552,083.33	
5/1/2012	3,416,667	25.000	1,921,875.00	5,338,541.67	22,635,416.67
8/1/2012	3,416,667	25.000	1,708,333.33	5,125,000.00	
11/1/2012	3,416,667	25.000	1,494,791.67	4,911,458.33	
2/1/2013	3,416,667	25.000	1,281,250.00	4,697,916.67	
5/1/2013	3,416,667	25.000	1,067,708.33	4,484,375.00	19,218,750.00
8/1/2013	3,416,667	25.000	854,166.67	4,270,833.33	
11/1/2013	3,416,667	25.000	640,625.00	4,057,291.67	
2/1/2014	3,416,667	25.000	427,083.33	3,843,750.00	
5/1/2014	3,416,667	25.000	213,541.67	3,630,208.33	15,802,083.33
8/1/2014			0.00	0.00	
TOTALS	41,000,000		16,656,250.00	57,656,250.00	57,656,250.00

* Illustrates maximum rates payable to liquidity provider on bonds tendered and not remarketed (bank bonds).

CERTIFICATE

I, the undersigned, (Assistant) Secretary of the Board of School Directors of the Bethlehem Area School District, Northampton and Lehigh Counties, Pennsylvania (the "School District"), certify that: the foregoing is a true and correct copy of a Resolution that duly was adopted by affirmative vote of a majority of all members of the Board of School Directors of the School District at a meeting duly held on the 16th day of March, 2009, said Resolution duly has been recorded in the minute book of the Board of School Directors of the School District; a notice with respect to the intent to adopt said Resolution has been published as required by law; said Resolution was available for inspection by any interested citizen requesting the same in accordance with the requirements of the School District Debt Act of the Commonwealth of Pennsylvania and such notice; and said Resolution has not been amended, altered, modified, or repealed as of the date of this Certificate.

I further certify that the Board of School Directors of the School District met the advance notice and public comment requirements of the Sunshine Act, as amended, by advertising the time and place of said meeting, by posting prominently a notice of said meeting at the principal office of the School District or at the public building in which said meeting was held, and by providing a reasonable opportunity for public comment at said meeting, all in accordance with said Act.

I further certify that: the total number of members of the Board of School Directors of the School District is nine (9); the vote of members of the Board of School Directors of the School District upon said Resolution was called and duly was recorded upon the minutes of said meeting; and members of the Board of School Directors of the School District voted upon said Resolution in the following manner:

Loretta M. Leeson	-
Judith A. Dexter	-
Rosario S. Amato	-
Michele Cann	-
Irene Follweiler	-
Craig T. Haytmanek	-
Charlene A. Koch	-
Eugene C. McKeon	-
Benjamin M. Tenaglia, III	-

IN WITNESS WHEREOF, I set my hand and affix the official seal of the School District, this 16th day of March, 2009.

(Assistant) Secretary of the Board of
School Directors

(SEAL)

3. ***Approval of the Transfer of the Fixed Payer Swap and Constant Maturity Swap from the 2007 Variable Rate Demand Bonds of the Shippensburg Borough Authority to the 2009 and 2011 School Revenue Bonds of the Bethlehem Area School District Authority***

INFORMATION:

The financial plan developed by Public Financial Management calls for refunding the Shippensburg Borough Authority's (SBA) 2007 variable rate bonds with a single bond to be issued by the Bethlehem Area School District Authority (BASDA) to Wachovia Bank for a term of two years, and by the issuance of long term bonds of BASDA in 2011.

The Board of School Directors must comply with the Pennsylvania Local Government Unit Debt Act (LGUDA) by adopting this Resolution authorizing a transfer of the Fixed Payer Swap, in the name of SBA, and the Constant Maturity Swap, in the name of the school district, associated with the 2007 SBA Bonds to (i) the 2009 variable rate bond from BASDA to Wachovia Bank for term of two years, and (ii) long term refunding bonds to be issued by BASDA in 2011. The Board of BASDA has approved the documents for the Wachovia Bond and accepted a Bond Purchase Agreement for Wachovia Securities to purchase the 2011 Bonds under terms to be determined at that time. The BASDA Board has also accepted the transfer of the fixed payer swap.

Attached to the Resolution is an Interest Rate Management Plan prepared by Public Financial Management, which is required to transfer the swaps in accordance with the LGUDA. This plan will replace those prepared by earlier financial advisors.

RECOMMENDATION:

That the Board of School Directors approves the attached Resolution authorizing the transfer of the two Swaps associated with the 2007 Variable Rate Demand Bonds of SBA to the 2009 Bond and 2011 Bonds of BASDA, including a new Interest Rate Management Plan.

**BETHLEHEM AREA SCHOOL DISTRICT,
Northampton and Lehigh Counties, Pennsylvania**

RESOLUTION

OF THE BOARD OF SCHOOL DIRECTORS OF BETHLEHEM AREA SCHOOL DISTRICT APPROVING THE AMENDMENT AND TRANSFER OF TWO QUALIFIED INTEREST RATE MANAGEMENT AGREEMENTS (INTEREST RATE SWAP AGREEMENTS) ORIGINALLY UNDERTAKEN IN CONNECTION WITH THE VARIABLE RATE DEMAND REVENUE BONDS, SERIES OF 2007, OF THE SHIPPENSBURG BOROUGH AUTHORITY, ONE OF WHICH IS SECURED BY THE GENERAL OBLIGATION NOTE, SERIES OF 2007 OF THIS SCHOOL DISTRICT, AND THE OTHER PAID DIRECTLY, TO REFER TO THE RELEVANT PORTION OF THE PROPOSED SCHOOL REVENUE BONDS TO BE ISSUED BY BETHLEHEM AREA SCHOOL DISTRICT AUTHORITY AND THE RELATED GENERAL OBLIGATION NOTE, SERIES OF 2009 TO BE ISSUED BY THE SCHOOL DISTRICT TO SUCH AUTHORITY; SETTING FORTH THE SUBSTANTIAL FORM OF SAID AMENDMENT TO THE SWAP AGREEMENTS AND A RELATED NOVATION AGREEMENT; APPROVING A NEW INTEREST RATE MANAGEMENT PLAN AND RELATED MAXIMUM PAYMENT SCHEDULES FOR SUCH SWAP AGREEMENTS AND RELATED BONDS; AND AUTHORIZING APPROPRIATE OFFICERS AND AGENTS OF THE SCHOOL DISTRICT TO TAKE RELATED ACTIONS.

WHEREAS, The Bethlehem Area School District, Northampton and Lehigh Counties, Pennsylvania (the "School District") is a political subdivision of the Commonwealth of Pennsylvania (the "Commonwealth"), is governed by its Board of School Directors (the "Board"),

and is a "Local Government Unit," within the meaning of the Local Government Unit Debt Act of the Commonwealth, 53 Pa. C.S. Chs. 80-82 (the "Debt Act"); and

WHEREAS, The School District adopted a Resolution on November 14, 2005 (the "2007 Note Resolution"), to incur and secure nonelectoral debt to be issued on September 6, 2007 in the amount of \$40,000,000 to be evidenced by its General Obligation Note, Series of 2007 (the "2007 Note"), and to the Shippensburg Borough Authority ("SBA"), as purchaser of the 2007 Note; and

WHEREAS, The proceedings of the School District regarding the 2007 Note under the Debt Act were approved by the Department of Community and Economic Development under Approval No. GON-11998, dated December 7, 2005; and

WHEREAS, On November 8, 2005, in the 2007 Note Resolution, the School District approved an Interest Rate Management Plan, as defined by the Debt Act, dated November 8, 2005, and the terms of a proposed Qualified Interest Rate Management Agreement, as defined by the Debt Act ("QIRMA"), with JPMorgan Chase Bank ("JPMorgan"), under which SBA (and the School District under the Loan Agreement and the 2007 Note) would pay JPMorgan a fixed rate and JPMorgan would pay a variable rate over a term not to exceed the final maturity date of all outstanding 2007 SBA Bonds (the "Fixed Payer Swap"); and

WHEREAS, On November 22, 2005, SBA entered into the Fixed Payer Swap which related its annual notional amounts to the annual principal payments to be due on the 2007 SBA Bonds; and

WHEREAS, The School District issued the 2007 Note to SBA on September 6, 2007; and

WHEREAS, on September 6, 2007, SBA issued its Variable Rate Demand Revenue Bonds (Bethlehem Area School District Project), Series of 2007, in the aggregate principal amount of \$40,000,000 (the “2007 SBA Bonds”), the proceeds of which were loaned to the School District under the terms of a Loan Agreement, dated as of September 1, 2007 (the “2007 Loan Agreement”), between the School District and SBA; and

WHEREAS, the payments due under the 2007 Loan Agreement and the 2007 Note are required to be sufficient to pay the principal and interest due on the 2007 SBA Bonds as well as any QIRMA entered into by SBA that is associated with the 2007 SBA Bonds, including the Fixed Payer Swap; and

WHEREAS, On June 26, 2006, the School District adopted a resolution approving a new IRMP dated June 26, 2006, and approving the terms of a second QIRMA with JPMorgan Chase Bank (“JPMorgan”), associated with the 2007 SBA Bonds, under which the School District (not SBA) would pay JPMorgan directly a variable rate and JPMorgan would pay a different variable rate over a term not to exceed the final maturity date of the 2007 Note (the “CMS Swap”); and

WHEREAS, On June 27, 2006, the School District entered into the CMS Swap which related its annual notional amounts to the annual principal payments due on the 2007 SBA Bonds; and

WHEREAS, The Bethlehem Area School District Authority (“BASDA”) is a municipality authority organized by the School District under the Municipality Authorities Act; and

WHEREAS, The School District has requested BASDA to refund and retire the 2007 SBA Bonds, currently outstanding in the aggregate principal amount of \$39,995,000, by issuing School Revenue Bonds, in the maximum outstanding principal amount of \$41,000,000 (the “BASDA Bonds”), to be issued and reissued under and secured by a Trust Indenture, dated as of May 1, 2009, between SBA and the trustee appointed for the BASDA Bonds; and

WHEREAS, On March 10, 2009, SBA adopted a resolution authorizing the redemption of the 2007 SBA Bonds and the transfer of the Fixed Payer Swap to BASDA; and

WHEREAS, The School District adopted a Resolution on March 16, 2009 (the “2009 Refunding Note Resolution”), authorizing and securing the School District’s \$41,000,000 maximum principal amount, General Obligation Note, Series of 2009 (the “2009 Refunding Note”), which will be issued to SBA as security for the BASDA Bonds, and to retire the 2007 Note and other indebtedness of the School District described in the 2009 Refunding Note Resolution; and

WHEREAS, The School District intends to make payments under a Loan Agreement with BASDA (the “2009 Loan Agreement”) and the 2009 Refunding Note, which will include as part of such payments (1) the principal and interest due on the BASDA Bonds (including Bank Bonds described in the 2009 Loan Agreement), (2) any payments by BASDA under the Fixed Payer Swap, (3) other costs and expenses due under the 2009 Refunding Note in connection with the BASDA Bonds and the 2009 Loan Agreement; and

WHEREAS, The Board of the School District desires to approve and adopt a new Interest Rate Management Plan (the “2009 IRMP”), prepared by Public Financial Management Inc., an Independent Financial Advisor as defined by the Debt Act (the “Financial Advisor”), which will replace previous IRMPs for the Fixed Payer Swap and the CMS Swap (collectively, the “Swaps”), in light of the issuance of the BASDA Bonds and the 2009 Refunding Note, and the refunding of the 2007 SBA Bonds and 2007 Note, and approve an amendment to both Swaps to name the BASDA Bonds (and corresponding principal payments), outstanding from time to time, as the “related bonds” under both Swaps; and

WHEREAS, The Board of the School District desires to take all other necessary action to authorize and approve the amendments of the Swaps, and to execute and deliver such documents as may be necessary to implement the intent and purpose of this Resolution; and

WHEREAS, This Resolution shall be deemed to amend and supplement the 2007 Note Resolution, as amended and any other resolutions of the School District relevant to the subject matter hereof.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED, by the Board of the School District, as follows:

SECTION 1. The Board hereby ratifies its request to SBA to redeem the 2007 SBA Bonds and cancel the 2007 Note and 2007 Loan Agreement, upon receiving sufficient proceeds of the 2009 Refunding Note, on or about May 1, 2009, as authorized by the 2007 Loan Agreement and related documents. The Board also ratifies its request that SBA transfer all of its obligations and duties under the Fixed Payer Swap to BASDA.

SECTION 2. The Board hereby requests BASDA, in accordance with the 2009 Refunding Note Resolution, to issue and reissue the BASDA Bonds, in accordance with the financing plan of this School District, and accept the transfer of the Fixed Payer Swap from SBA. The Board reaffirms the School District's obligations under the 2009 Loan Agreement and the 2009 Refunding Note, which will retire the 2007 SBA Bonds and cancel the 2007 Note.

SECTION 3. The Board hereby approves the 2009 IRMP attached hereto as **Appendix A**, which shall replace previous IRMPs of the School District or SBA in respect of the Fixed Payer Swap and the CMS Swap.

SECTION 4. The Board of the School District approves an amendment to the Fixed Payer Swap, by amending the language of the Confirmation to name the BASDA Bonds as the "related bonds" and to name BASDA as the counterparty to JPMorgan thereunder. The amended Confirmation to the Fixed Payer Swap so approved shall be substantially in the form attached hereto as **Appendix B**.

SECTION 5. The Board of the School District approves an amendment to the CMS Swap, by amending the language of the Confirmation to name the BASDA Bonds as the "related bonds" thereunder. This School District shall remain a party to the CMS Swap. The amended Confirmation to the CMS Swap so approved shall be substantially in the form attached hereto as **Appendix C**.

SECTION 6. The Board of the School District requests that BASDA enter into a Novation Agreement with SBA (the "Novation Agreement") substantially in the form attached hereto as **Appendix D**. The Novation Agreement shall be deemed to terminate any future

obligations of SBA under the Fixed Payer Swap, and the School District recognizes the assumption by BASDA of all such obligations.

SECTION 7. The maximum annual guaranty obligations of the School District, with respect to the 2009 Refunding Note and both Swaps, which shall be payable, if and as necessary, are set forth in the 2009 IRMP which is attached hereto and made part hereof. As contemplated by Section 8284 of the Act, the maximum interest rate payable: (i) on the 2009 Refunding Note is 15.0%, except Bank Bonds described in the 2009 Loan Agreement which is 25.0%, (ii) on the Fixed Payer Swap is 3.7746%, and (iii) on the CMS Swap is 25.0%. The 2007 Note Resolution and the 2009 Refunding Note Resolution, as well as the resolutions approving the Swaps, shall be deemed to be amended to be consistent with this Section.

SECTION 8. BASDA is requested adopt the 2009 IRMP and to enter into said amendments to the Fixed Payer Swap, and the Novation Agreement with such insertions, omissions and variations as the School District's Financial Advisor may recommend and approve, consistent with this Resolution, the execution of the Confirmation by the President or Vice President of the Board of the School District to constitute conclusive evidence of such approval.

SECTION 9. Officers and agents of the School District shall file appropriate proceedings regarding the amendment to the Swaps with the Department of Community and Economic Development, as may be required by the Debt Act.

SECTION 10. The prior advertisement of a public notice of intent to adopt this Resolution in one or more newspapers of general circulation in the School District is hereby ratified and confirmed, and the advertisement of a public notice of the adoption of this Resolution within 15

days following its adoption, as required by the Debt Act, is hereby authorized and directed. Proper officers of the School District are hereby authorized and directed to arrange for the advertisement of such notices or to authorize and direct the Bond Counsel of the School District to make such arrangements.

SECTION 11. Officers and agents of the School District are authorized and directed to take all other required, necessary and/or appropriate action, or to authorize all other required, necessary or appropriate action to be taken, by or on behalf of the School District, to assure the prompt issuance of the BASDA Bonds by SBA, the redemption of the 2007 SBA Bonds by SBA, and the related amendments to the Swaps.

SECTION 12. Officers and agents of SBA and BASDA are directed to take all other required, necessary and/or appropriate action, or to authorize all other required necessary or appropriate action to be taken, to implement the intent and purpose of this Resolution.

SECTION 13. Any reference in this Resolution to officers of the School District shall mean the member of the Board or employee of the School District customarily responsible for such action, and shall be deemed to refer to his or her duly qualified successor in office, if applicable.

SECTION 14. This Resolution shall be effective for all purposes immediately upon its adoption.

SECTION 15. In the event any provision, section, sentence, clause or part of this Resolution shall be held to be invalid, such invalidity shall not affect or impair any remaining

provision, section, sentence, clause or part of this Resolution, it being the intent of the School District that such remainder shall be and shall remain in full force and effect.

SECTION 16. Any Resolutions or parts of Resolutions, insofar as the same shall be inconsistent herewith, are repealed. The remaining portions of such Resolutions consistent herewith are ratified and confirmed.

DULY ENACTED, by the Board of the Bethlehem Area School District, in lawful session duly assembled, this 16th day of March, 2009.

**BETHLEHEM AREA SCHOOL DISTRICT,
Northampton and Lehigh Counties, Pennsylvania**

By: _____
(Vice) President

ATTEST:

Secretary

(SEAL)

APPENDIX A

2009 INTEREST RATE MANAGEMENT PLAN

**Bethlehem Area School District
Northampton and Lehigh Counties, Pennsylvania
March 16, 2009 Interest Rate Management Plan**

OVERVIEW OF CURRENT TRANSACTIONS

In accordance with the requirements of the Local Government Unit Debt Act, 53 Pa. C.S. Chs 80-82 ("Debt Act") this document constitutes the latest Interest Rate Management Plan (the "Plan" or the "IRMP") of the Bethlehem Area School District, Northampton and Lehigh Counties, Pennsylvania ("School District"). This Plan replaces previous interest rate management plans adopted by the School District or by the Shippensburg Borough Authority ("SBA") at the request of and on behalf of the School District as described below. This Plan has been prepared by PFM Asset Management, LLC ("Financial Advisor"), a firm which satisfies the requirements for an "independent financial advisor" as that phrase is defined in the Debt Act. The Financial Advisor was not involved with the review or preparation of any of the School District's previously adopted Interest Rate Management Plans.

The SBA and the School District each entered into an "interest rate management agreement" ("IRMA"), as defined in the Debt Act, with J.P. Morgan Chase Bank, N.A. ("JPMorgan"). The 2007 Fixed Payer Swap and the 2007 CMS are described in Schedule 2 below (collectively, the "2007 Swaps") which were intended by the School District and SBA to manage interest rates and costs associated with the SBA's \$40,000,000 Variable Rate Demand Revenue Bonds, Series of 2007 (the "2007 Bonds"). The SBA entered into the 2007 Fixed Payer Swap at the request and direction of the School District, and was paid together with the debt service and expenses due on the 2007 Bonds, from the principal and interest payments by the School District on its General Obligation Note, Series of 2007 (the "2007 Note") issued to the SBA and held by the 2007 Bond trustee as security for such payments. The 2007 CMS payments are made or received directly by the School District. As of this date, the 2007 Swaps both have an outstanding notional amount of \$39,995,000.

The School District intends to refund and retire the 2007 Note with its General Obligation Note, Series of 2009 (the "2009 Note"), that will be issued to the Bethlehem Area School District Authority ("BASDA"), incorporated by the School District. At the same time, on or about May 1, 2009, BASDA will concurrently refund and retire the 2007 Bonds of SBA from the proceeds of BASDA's \$41,000,000 School Revenue Bond, Series of 2009 (the "2009 BASDA Bond"), to be issued to Wachovia Bank that will have a maturity of approximately two years. The 2009 BASD Bond will be retired on or prior to its maturity date from the proceeds of BASDA's School Revenue Bonds, Series of 2011 (the "2011 BASDA Bonds"), to be issued on or before May 1, 2011 which are intended to be underwritten by Wachovia Securities for resale to the public. The 2009 BASDA Bond bears interest in the "Floating Rate Mode" which will equal 100% of the one-month LIBOR index plus a fixed spread of 1.30% throughout its two year term. The 2011 BASDA Bonds (which will refund the 2009 Bond) can be issued in various interest modes including the Floating Rate Mode, Weekly Mode or Fixed Mode, described in the Trust Indenture, to be dated as of May 1, 2009 (the "Indenture") between BASDA and Manufacturers and Traders Trust Company, as trustee. BASDA has entered into a Bond Purchase Agreement under which Wachovia Securities will underwrite the 2011 BASDA Bonds, when issued, under the terms of the Indenture.

When the 2007 Bonds of SBA are redeemed, the 2007 Fixed Payer Swap and the 2007 CMS will become associated with the 2009 Bond (through 2011) and the 2011 Bonds (after 2011). The combined length and principal maturities of the 2009 Bond and the 2011 Bonds will not be less than the length and principal maturities of the 2007 Bonds, or of the annual notional amounts in the 2007 Fixed Payer Swap and the 2007 CMS. SBA and BASDA will enter into a Novation Agreement transferring all of SBA's payment obligations on the 2007 Fixed Payer Swap to BASDA. The sum of the debt service and expenses on the 2009 Bond, and later the 2011 Bonds, and the periodic payments due on the 2007 Fixed Payer Swap, determines the annual amounts of the debt service payable by the School District under the 2009 Note. The 2007 CMS will continue to be paid or received directly by the School District. Any termination

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payments due under the 2007 Fixed Payer Swap and the 2007 CMS would be subordinate in payment to the debt service and periodic payments, as described in the Debt Act.

On or about May 1, 2009, the School District will issue its fixed rate, General Obligation Bonds, Series of 2009, in the maximum principal amount of \$100,000,000 (the "2009 Bonds"), to refund and retire the Variable Rate Refunding Bonds (Bethlehem Area School District General Obligation Note Refunding Project), Series of 2003, dated as of May 1, 2003 (the "2003 Bonds"), in the original aggregate principal amount of \$74,175,000, issued by the West Cornwall Township Municipal Authority ("WCTMA"), at the request of the School District to refund previous general obligation bonds of the School District. The 2009 Bonds will also retire the School District's General Obligation Note, Series of 2003 (the "2003 Note") securing the 2003 Bonds, and finance additional capital projects. The 2003 Bonds bore interest at a variable rate, subject to weekly resets, and were subject to optional tender by the holders. A portion of the proceeds of the 2009 Bonds will also be used to pay the termination payment required to terminate the 2003 Fixed Payer Swap (described in Schedule 2), which was associated with the 2003 Bonds, as permitted by the Debt Act. Following the issuance of the fixed rate 2009 Bonds, the refunding of the floating rate 2003 Bonds and the termination of the 2003 Fixed Payer Swap, the risks outlined below (and previous IRMPs) associated with those transactions will end.

I. Debt Outstanding and Proposed New Debt

The School District had total direct debt outstanding of \$278,905,000 as of February 24, 2009. Schedules of currently outstanding debt issues, expected annual debt service and, for variable-rate debt, estimated and maximum annual debt service is shown in Schedule 1A and 1B, attached hereto and incorporated herein by this reference.

II. Swaps Outstanding

The School District had been obligated under eight, but will be left with seven IRMAs outstanding following the conclusion of the transactions described above. They are described in Schedule 2.

III. Swap Fees Paid or Payable

The amounts of all consulting, advisory, brokerage or similar fees payable directly by the District, or by BASDA, JPMorgan or any other party in connection with the reassignment of the 2007 Swaps to the 2009 and 2011 Bonds, and the termination of the 2003 Fixed Payer Swap, are listed on Schedule 3.

IV. Scheduled Periodic Payments

Schedules of estimated and maximum periodic scheduled annual payments to be paid by the School District directly or through BASDA, following the current transactions, are shown in Schedules 4A, 4B, 4C, and 4D attached hereto and incorporated herein by this reference.

V. Risk Analysis – 2007 Swaps

Schedule 5A contains a summary of the risks inherent to the 2007 Fixed Payer, paid by or through the School District. Schedules 5B, 5C, and 5D illustrate various scenarios for termination and tax risk, respectively.

Schedule 5E contains a summary of the risks inherent to the 2007 CMS. Schedules 5F and 5G attached hereto and incorporated herein by this reference; review various scenarios for termination and tax risk, respectively.

Schedules of estimated and maximum net payments of debt service and scheduled periodic net payments are also shown in Schedule 6A, 6B, 6C, 6D, 6E, 6F, 6G, and 6H attached hereto and incorporated herein by this reference.

As of February 24, 2009, the School District had total variable rate debt outstanding of \$222,130,000 (79.64% of total outstanding principal).

VI. Risk Analysis – IRMAs Outstanding

As set forth on Schedule 2, the School District will have seven IRMAs remaining after the current transactions are consummated. For the purposes of the Risk Analysis, the schedules illustrating the applicable risk scenarios, are as follows:

- | | |
|----------------------------|--|
| • 2003 Swaption: | Schedules 8A, 8B, 8C, and 8D |
| • 2005 Fixed Payer Swap: | Schedules 9A, 9B, 9C, 9D, 9E, and 9F |
| • 2005 CMS: | Schedules 10A, 10B, 10C, 10D, and 10E |
| • 2007 Fixed Payer Swap | Schedules 5A, 5B, 5C, and 5D |
| • 2007 CMS | Schedules 5E, 5F, and 5G |
| • 2007-2 Fixed Payer Swap: | Schedules 11A, 11B, 11C, 11D, 11E, and 11F |
| • 2007-2 CMS: | Schedules 12A, 12B, 12C, 12D, and 12E |

VII. Monitoring of 2007 Swaps

The Debt Act requires the School District to monitor risks and market (termination) values associated with its remaining IRMAs.

A written report providing the status of all interest rate swap agreements entered into by the School District will be prepared by or on behalf of the School District and provided to the Business Manager of the School District at least on an annual basis (or other basis, if so directed by the Business Manager and/or the Board of Directors). If retained by the School District for that purpose, the Financial Advisor is qualified to prepare such a report.

Schedule 1A
Current Estimated Debt Service, Outstanding Bonds

Debt Service Requirements								
1	2	3	4	5	6	7	8	9
Fiscal Year Ended	G.O. Bonds Series of 1998	Fixed Rate		G.O. Notes Series of 2003 (1)	Variable Rate		G.O. Notes Series of 2007 (4)	Total Debt Service
		G.O. Bonds Series A of 2001	G.O. Bonds Series A of 2007		G.O. Bonds Series of 2005 (2)	G.O. Bonds Series of 2007 (3)		
6/30/2009	618,764	625,788	8,251,625	4,123,907	2,314,283	2,449,435	1,634,498	20,018,299
6/30/2010		631,943	8,245,875	4,737,220	2,314,073	2,449,213	1,634,294	20,012,617
6/30/2011		626,943	8,245,625	4,727,620	2,698,673	2,833,871	1,634,091	20,766,822
6/30/2012		631,350	8,245,000	4,715,680	2,698,428	2,833,614	1,633,887	20,757,959
6/30/2013		629,543	8,248,125	4,706,227	2,698,183	2,833,357	1,633,683	20,749,117
6/30/2014		606,693	8,814,625	4,153,587	2,697,938	2,833,099	1,633,480	20,739,421
6/30/2015		603,640	8,817,875	4,143,920	2,697,693	2,832,842	1,633,276	20,729,246
6/30/2016		599,505	8,820,625	4,137,780	2,697,448	2,832,585	1,633,072	20,721,015
6/30/2017		994,035	1,060,875	11,490,747	2,697,203	2,832,328	1,632,869	20,708,056
6/30/2018		1,043,615		12,412,320	2,696,958	2,832,070	1,632,665	20,617,628
6/30/2019		1,038,015		12,314,807	2,696,713	2,831,813	1,632,461	20,513,809
6/30/2020				13,648,020	2,696,468	2,831,556	1,632,257	20,808,301
6/30/2021				13,524,580	2,696,223	2,831,299	1,632,054	20,684,155
6/30/2022				12,920,133	2,695,978	2,831,041	1,631,850	20,079,003
6/30/2023					8,416,500	5,805,614	4,893,814	19,115,928
6/30/2024					8,394,582	5,785,948	4,885,298	19,065,828
6/30/2025					8,364,333	5,768,864	4,881,282	19,014,479
6/30/2026					8,335,302	5,753,848	4,876,461	18,965,611
6/30/2027					8,301,857	5,740,386	4,865,732	18,907,975
6/30/2028					8,273,303	5,718,177	4,858,893	18,850,373
6/30/2029					8,238,866	5,701,901	4,845,738	18,786,505
6/30/2030					8,202,952	5,685,891	4,836,066	18,724,909
6/30/2031						13,830,846	4,824,569	18,655,415
6/30/2032						13,771,267	4,811,045	18,582,312
6/30/2033								
6/30/2034								
6/30/2035								
Totals	618,764	8,031,068	68,750,250	111,756,547	103,523,954	112,450,863	71,443,336	476,574,781

- (1) Interest Rate assumed at 3.80% + 30 bps ongoing admin (through 2009 and then 140 bps ongoing)
(2) Interest Rate assumed at 3.90% + 30 bps ongoing admin (through 2010 and then 100 bps ongoing)
(3) Interest Rate assumed at 4.145% + 30 bps ongoing admin (through 2012 and then 100 bps ongoing)
(4) Interest Rate assumed at 3.774% + 30 bps ongoing admin (through 2012 and then 100 bps ongoing)

Schedule 1B
Current Maximum Debt Service, Outstanding Bonds

Debt Service Requirements									
1 Fiscal Year Ended	2 Fixed Rate		3 Variable Rate		4 Variable Rate		5 Variable Rate		9 Total Debt Service
	G.O. Bonds Series of 1998	G.O. Bonds Series A of 2001	G.O. Bonds Series A of 2001	G.O. Bonds Series A of 2001	G.O. Bonds Series A of 2007	G.O. Bonds Series A of 2007	G.O. Bonds Series of 2005 (2)	G.O. Bonds Series of 2007 (2)	G.O. Notes Series of 2007 (3)
6/30/2009	618,764	625,788	625,788	8,251,625	8,251,625	17,713,800	13,750,729	13,753,229	12,004,250
6/30/2010		631,943	631,943	8,245,875	8,245,875	18,176,400	13,749,479	13,751,979	12,002,750
6/30/2011		626,943	626,943	8,245,625	8,245,625	17,969,400	13,748,229	13,750,729	12,001,250
6/30/2012		631,350	631,350	8,245,000	8,245,000	17,751,600	13,746,979	13,749,479	11,999,750
6/30/2013		629,543	629,543	8,248,125	8,248,125	17,527,200	13,745,729	13,748,229	11,998,250
6/30/2014		606,693	606,693	8,814,625	8,814,625	16,820,400	13,744,479	13,746,979	11,996,750
6/30/2015		603,640	603,640	8,817,875	8,817,875	16,685,400	13,743,229	13,745,729	11,995,250
6/30/2016		599,505	599,505	8,820,625	8,820,625	16,548,600	13,741,979	13,744,479	11,993,750
6/30/2017		994,035	994,035	1,060,875	1,060,875	22,809,600	13,740,729	13,743,229	11,992,250
6/30/2018		1,043,615	1,043,615			21,983,400	13,739,479	13,741,979	11,990,750
6/30/2019		1,038,015	1,038,015			19,996,800	13,738,229	13,740,729	11,989,250
6/30/2020						19,172,400	13,736,979	13,739,479	11,987,750
6/30/2021						16,704,600	13,735,729	13,738,229	11,986,250
6/30/2022						13,716,000	13,734,479	13,736,979	11,984,750
6/30/2023							18,964,896	16,459,063	14,813,750
6/30/2024							17,745,521	15,823,229	13,923,750
6/30/2025							16,463,125	15,161,354	13,003,250
6/30/2026							15,125,417	14,470,938	12,045,000
6/30/2027							13,724,167	13,749,479	11,043,250
6/30/2028							12,265,833	12,985,521	10,006,500
6/30/2029							10,736,458	12,192,500	8,923,250
6/30/2030							9,138,021	11,362,188	7,802,000
6/30/2031								17,963,333	6,635,500
6/30/2032								15,319,792	5,422,250
6/30/2033									
6/30/2034									
6/30/2035									
Totals	618,764	8,031,068	8,031,068	68,750,250	68,750,250	253,575,600	306,559,896	337,918,854	271,541,500
									1,246,995,931

(1) For these purposes, assumes a maximum rate of 24.00%

(2) For these purposes, assumes a maximum rate of 25.00%.

(3) For these purposes, assumes a maximum rate of 30.00%.

Schedule 2
Outstanding Qualified Interest Rate Management Agreements

See discussion above for some definitions used in this Schedule 2.

“2003 Fixed Payer Swap” On April 29, 2003, the WCTMA entered into this IRMA with JPMorgan which was designed to manage interest rates or costs on the WCTMA’s 2003 Bonds. The 2003 Fixed Payer Swap currently has an outstanding notional amount of \$72,165,000. WCTMA (and the School District under the 2003 Note) is obligated to make payments to JPMorgan based on a fixed rate of 3.80%, while JPMorgan’s payments are based on 68% of 1-month LIBOR. The 2003 Fixed Payer Swap had an effective date, when swap payments began accruing, of May 22, 2003 and a termination date of October 15, 2021, the final maturity date of the 2003 Bonds and the 2003 Note. This IRMA is to be terminated on or about May 1, 2009, from proceeds of the School District’s fixed rate 2009 Bonds.

“2003 Swaption” On December 18, 2003, the School District entered into this fixed to floating rate IRMA (commonly known as a Swaption), with Morgan Stanley Capital Services Inc. (“Morgan Stanley”), under which Morgan Stanley has the option to require the School District begin making payments to Morgan Stanley based on SIFMA, while Morgan Stanley would pay to the School District a fixed rate of 3.28%. The 2003 Swaption was intended to manage interest rates or costs on the School District’s General Obligation Bonds, Series A of 2007 (the “2007A Bonds”). Morgan Stanley may exercise the 2003 Swaption every March 1 and September 1 (Bermuda Style Option) through a termination date of September 1, 2016. Morgan Stanley has not yet exercised the 2003 Swaption.

“2005 Fixed Payer Swap” On December 23, 2003, the School District (on a future start basis) priced this IRMA with Morgan Stanley which was intended to manage interest rates or costs on the School District’s, General Obligation Bonds, Series of 2005 (the “2005 Bonds”). The 2005 Fixed Payer Swap currently has an outstanding notional amount of \$54,980,000, on which the School District pays Morgan Stanley a fixed rate of 3.90%, while Morgan Stanley pays the School District 60% of 1-month LIBOR plus a fixed spread of 0.345%. The 2005 Fixed Payer Swap has a termination date of January 1, 2030, the final maturity date of the 2005 Bonds.

“2005 CMS” On May 16, 2005, the School District priced this IRMA (commonly known as a Constant Maturity Swap) (the “2005 CMS”) with Morgan Stanley which was intended to manage interest rates or costs on the School District’s 2005 Bonds. The 2005 CMS has an outstanding notional amount of \$54,980,000, on which the School District pays to Morgan Stanley based on the SIFMA index, netted against payments by Morgan Stanley based on 66.90% of 10-Year LIBOR. The 2005 CMS has a termination date of January 1, 2030, the final maturity of the 2005 Bonds.

“2007 Fixed Payer Swap” On November 22, 2005, SBA (on a future start basis) entered into this IRMA with JPMorgan which was intended to manage interest rates or costs on the 2007 Bonds to be issued by SBA (and payable by the School District under the 2007 Note. The 2007 Fixed Payer Swap has an outstanding notional amount of \$39,995,000, on which SBA (now BASDA), and the School District under the 2007 Note, pays JPMorgan a fixed rate of 3.774%, and JPMorgan pays based on 68% of 1-month LIBOR. The 2007 Fixed Payer Swap had an effective date, when swap payments began accruing, of September 1, 2007 and a termination date of July 1, 2031, the final maturity of the 2007 Bonds (and the 2009 Bonds). The 2007 Fixed Payer Swap will be assigned to BASDA and will be associated with the 2009 Bond and 2011 Bonds (and the 2009 Note) on or about May 1, 2009, under the terms of a Novation Agreement.

“2007 CMS” On June 27, 2006, the School District entered into this IRMA (commonly known as a Constant Maturity Swap) with JPMorgan which was intended to manage interest rates or costs on the 2007 Bonds of SBA. The 2007 CMS has an outstanding notional amount of \$39,995,000, on which the School District pays to JPMorgan based on the SIFMA floating index, netted against payments by JPMorgan based on 69.10% of 10-Year LIBOR. The 2007 CMS had an effective date, when swap payments began accruing, of December 1, 2007 and has a termination date of July 1, 2031, the final maturity of the 2007 Bonds (and the 2009 Bonds). The 2007 CMS will be assigned to BASDA and will be associated with the 2009 Bond and 2011 Bonds (and the 2009 Note) on or about May 1, 2009.

"2007-2 Fixed Payer Swap" On May 16, 2005, the School District (on a future start basis) priced this IRMA with JPMorgan which was intended to manage interest rates or costs on the School District's, General Obligation Bonds, Series of 2007 (the "2007-2 Bonds"). The 2007-2 Fixed Payer Swap has an outstanding notional amount of \$54,990,000, on which the School District pays JPMorgan a fixed rate of 4.145%, and JPMorgan pays based on 60% of 1-month LIBOR plus a fixed spread of 0.346%. The 2007-2 Fixed Payer Swap had an effective date, when swap payments began accruing, of January 4, 2007 and a termination date of January 1, 2032, the final maturity of the 2007-2 Bonds.

"2007-2 CMS" On May 16, 2005, the School District priced this IRMA (commonly known as a Constant Maturity Swap) with JPMorgan which was intended to manage interest rates or costs on the 2007-2 Bonds. The 2007-2 CMS has an outstanding notional amount of \$54,990,000, on which the School District pays to JPMorgan based on the SIFMA floating index, netted against payments by JPMorgan based on 67.70% of 10-Year LIBOR. The 2007-2 CMS had an effective date, when swap payments began accruing, of January 4, 2007 and has a termination date of January 1, 2032, the final maturity of the 2007-2 Bonds.

Schedule 3

Summary of Fees Paid in connection with the 2007 Fixed Payer Swap and 2007 CMS transfers or the 2003 Fixed Payer Swap termination:

	Transfer of 2007 Swaps	Termination of 2003 Fixed Payer
Public Financial Management, Inc. Swap Advisor	\$17,000	\$25,000
Rhoads & Sinon LLC Swap Counsel	\$3,500	\$10,000
King, Spry, Herman, Freund & Faul, LLC Solicitor	\$1,750	\$5,000

Schedule 4A
2007 Fixed Payer Swap: Estimated Periodic Scheduled Payments

1	2	3	4	5	6
Fiscal Year Ending	Principal Date	Pay	Receive	Pay	Fiscal Year Total
		Principal	on Swap	Fixed	
			68% of LIBOR (1) 3.23%	Swap Rate (2) 3.774%	
6/30/2010	7/1/2009	5,000	(1,291,677.00)	1,509,316.95	222,639.95
6/30/2011	7/1/2010	5,000	(1,291,515.50)	1,509,128.25	222,612.75
6/30/2012	7/1/2011	5,000	(1,291,354.00)	1,508,939.55	222,585.55
6/30/2013	7/1/2012	5,000	(1,291,192.50)	1,508,750.85	222,558.35
6/30/2014	7/1/2013	5,000	(1,291,031.00)	1,508,562.15	222,531.15
6/30/2015	7/1/2014	5,000	(1,290,869.50)	1,508,373.45	222,503.95
6/30/2016	7/1/2015	5,000	(1,290,708.00)	1,508,184.75	222,476.75
6/30/2017	7/1/2016	5,000	(1,290,546.50)	1,507,996.05	222,449.55
6/30/2018	7/1/2017	5,000	(1,290,385.00)	1,507,807.35	222,422.35
6/30/2019	7/1/2018	5,000	(1,290,223.50)	1,507,618.65	222,395.15
6/30/2020	7/1/2019	5,000	(1,290,062.00)	1,507,429.95	222,367.95
6/30/2021	7/1/2020	5,000	(1,289,900.50)	1,507,241.25	222,340.75
6/30/2022	7/1/2021	5,000	(1,289,739.00)	1,507,052.55	222,313.55
6/30/2023	7/1/2022	3,335,000	(1,182,018.50)	1,444,026.75	3,597,008.25
6/30/2024	7/1/2023	3,465,000	(1,070,099.00)	1,315,710.75	3,710,611.75
6/30/2025	7/1/2024	3,605,000	(953,657.50)	1,182,299.85	3,833,642.35
6/30/2026	7/1/2025	3,750,000	(832,532.50)	1,043,511.00	3,960,978.50
6/30/2027	7/1/2026	3,895,000	(706,724.00)	899,249.85	4,087,525.85
6/30/2028	7/1/2027	4,050,000	(575,909.00)	749,327.70	4,223,418.70
6/30/2029	7/1/2028	4,205,000	(440,087.50)	593,555.85	4,358,468.35
6/30/2030	7/1/2029	4,370,000	(298,936.50)	431,745.60	4,502,809.10
6/30/2031	7/1/2030	4,540,000	(152,294.50)	263,613.90	4,651,319.40
6/30/2032	7/1/2031	4,715,000	0.00	88,972.05	4,803,972.05
TOTALS		39,995,000	(22,991,463.00)	27,618,415.05	44,621,952.05
(1)For these purposes, 68% of LIBOR assumed at 3.23%, received monthly.					
(2)For these purposes, assumes fixed swap rate of 3.774%, payable semi-annually.					

Schedule 4B
2007 Fixed Payer Swap: Maximum Periodic Scheduled Payments

1	2	3	4	5	6
Fiscal Year	Principal	Pay	Receive	Pay	Fiscal Year
<u>Ending</u>	<u>Date</u>	<u>Principal</u>	<u>on Swap</u>	<u>Fixed</u>	<u>Total</u>
			<u>68% of LIBOR (1)</u>	<u>Swap Rate (2)</u>	
			0.00%	3.774%	
6/30/2010	7/1/2009	5,000	0.00	1,509,316.95	1,514,316.95
6/30/2011	7/1/2010	5,000	0.00	1,509,128.25	1,514,128.25
6/30/2012	7/1/2011	5,000	0.00	1,508,939.55	1,513,939.55
6/30/2013	7/1/2012	5,000	0.00	1,508,750.85	1,513,750.85
6/30/2014	7/1/2013	5,000	0.00	1,508,562.15	1,513,562.15
6/30/2015	7/1/2014	5,000	0.00	1,508,373.45	1,513,373.45
6/30/2016	7/1/2015	5,000	0.00	1,508,184.75	1,513,184.75
6/30/2017	7/1/2016	5,000	0.00	1,507,996.05	1,512,996.05
6/30/2018	7/1/2017	5,000	0.00	1,507,807.35	1,512,807.35
6/30/2019	7/1/2018	5,000	0.00	1,507,618.65	1,512,618.65
6/30/2020	7/1/2019	5,000	0.00	1,507,429.95	1,512,429.95
6/30/2021	7/1/2020	5,000	0.00	1,507,241.25	1,512,241.25
6/30/2022	7/1/2021	5,000	0.00	1,507,052.55	1,512,052.55
6/30/2023	7/1/2022	3,335,000	0.00	1,444,026.75	4,779,026.75
6/30/2024	7/1/2023	3,465,000	0.00	1,315,710.75	4,780,710.75
6/30/2025	7/1/2024	3,605,000	0.00	1,182,299.85	4,787,299.85
6/30/2026	7/1/2025	3,750,000	0.00	1,043,511.00	4,793,511.00
6/30/2027	7/1/2026	3,895,000	0.00	899,249.85	4,794,249.85
6/30/2028	7/1/2027	4,050,000	0.00	749,327.70	4,799,327.70
6/30/2029	7/1/2028	4,205,000	0.00	593,555.85	4,798,555.85
6/30/2030	7/1/2029	4,370,000	0.00	431,745.60	4,801,745.60
6/30/2031	7/1/2030	4,540,000	0.00	263,613.90	4,803,613.90
6/30/2032	7/1/2031	4,715,000	0.00	88,972.05	4,803,972.05
TOTALS		39,995,000	0.00	27,618,415.05	67,613,415.05
(1)For these purposes, 68% of LIBOR assumed at 0%, received monthly.					
(2)For these purposes, assumes fixed swap rate of 3.774%, payable semi-annually.					

Schedule 4C
2007 CMS: Estimated Periodic Scheduled Payments

1	2	3	4	5	6	7	8	9
			Payment to Counterparty		Receipt from Counterparty			
					69.10 % of			
<u>Date*</u>	<u>Principal</u>	<u>Basis Swap Notional Amount</u>	<u>SIFMA Rate Paid**</u>	<u>Semi-Annual Swap Payment**</u>	<u>10-Year LIBOR Rate Received**</u>	<u>Semi-Annual Swap-Receipt**</u>	<u>Semi-Annual Net Difference</u>	<u>Annual Net Difference</u>
2/24/2009								
7/1/2009	5,000	39,995,000	3.23%	455,731.92	4.39%	619,400.34	(163,668.43)	
1/1/2010		39,990,000	3.23%	645,838.50	4.39%	877,780.50	(231,942.00)	(395,610.43)
7/1/2010	5,000	39,990,000	3.23%	645,838.50	4.39%	877,780.50	(231,942.00)	
1/1/2011		39,985,000	3.23%	645,757.75	4.39%	877,670.75	(231,913.00)	(463,855.00)
7/1/2011	5,000	39,985,000	3.23%	645,757.75	4.39%	877,670.75	(231,913.00)	
1/1/2012		39,980,000	3.23%	645,677.00	4.39%	877,561.00	(231,884.00)	(463,797.00)
7/1/2012	5,000	39,980,000	3.23%	645,677.00	4.39%	877,561.00	(231,884.00)	
1/1/2013		39,975,000	3.23%	645,596.25	4.39%	877,451.25	(231,855.00)	(463,739.00)
7/1/2013	5,000	39,975,000	3.23%	645,596.25	4.39%	877,451.25	(231,855.00)	
1/1/2014		39,970,000	3.23%	645,515.50	4.39%	877,341.50	(231,826.00)	(463,681.00)
7/1/2014	5,000	39,970,000	3.23%	645,515.50	4.39%	877,341.50	(231,826.00)	
1/1/2015		39,965,000	3.23%	645,434.75	4.39%	877,231.75	(231,797.00)	(463,623.00)
7/1/2015	5,000	39,965,000	3.23%	645,434.75	4.39%	877,231.75	(231,797.00)	
1/1/2016		39,960,000	3.23%	645,354.00	4.39%	877,122.00	(231,768.00)	(463,565.00)
7/1/2016	5,000	39,960,000	3.23%	645,354.00	4.39%	877,122.00	(231,768.00)	
1/1/2017		39,955,000	3.23%	645,273.25	4.39%	877,012.25	(231,739.00)	(463,507.00)
7/1/2017	5,000	39,955,000	3.23%	645,273.25	4.39%	877,012.25	(231,739.00)	
1/1/2018		39,950,000	3.23%	645,192.50	4.39%	876,902.50	(231,710.00)	(463,449.00)
7/1/2018	5,000	39,950,000	3.23%	645,192.50	4.39%	876,902.50	(231,710.00)	
1/1/2019		39,945,000	3.23%	645,111.75	4.39%	876,792.75	(231,681.00)	(463,391.00)
7/1/2019	5,000	39,945,000	3.23%	645,111.75	4.39%	876,792.75	(231,681.00)	
1/1/2020		39,940,000	3.23%	645,031.00	4.39%	876,683.00	(231,652.00)	(463,333.00)
7/1/2020	5,000	39,940,000	3.23%	645,031.00	4.39%	876,683.00	(231,652.00)	
1/1/2021		39,935,000	3.23%	644,950.25	4.39%	876,573.25	(231,623.00)	(463,275.00)
7/1/2021	5,000	39,935,000	3.23%	644,950.25	4.39%	876,573.25	(231,623.00)	
1/1/2022		39,930,000	3.23%	644,869.50	4.39%	876,463.50	(231,594.00)	(463,217.00)
7/1/2022	3,335,000	39,930,000	3.23%	644,869.50	4.39%	876,463.50	(231,594.00)	
1/1/2023		36,595,000	3.23%	591,009.25	4.39%	803,260.25	(212,251.00)	(443,845.00)
7/1/2023	3,465,000	36,595,000	3.23%	591,009.25	4.39%	803,260.25	(212,251.00)	
1/1/2024		33,130,000	3.23%	535,049.50	4.39%	727,203.50	(192,154.00)	(404,405.00)
7/1/2024	3,605,000	33,130,000	3.23%	535,049.50	4.39%	727,203.50	(192,154.00)	
1/1/2025		29,525,000	3.23%	476,828.75	4.39%	648,073.75	(171,245.00)	(363,399.00)
7/1/2025	3,750,000	29,525,000	3.23%	476,828.75	4.39%	648,073.75	(171,245.00)	
1/1/2026		25,775,000	3.23%	416,266.25	4.39%	565,761.25	(149,495.00)	(320,740.00)
7/1/2026	3,895,000	25,775,000	3.23%	416,266.25	4.39%	565,761.25	(149,495.00)	
1/1/2027		21,880,000	3.23%	353,362.00	4.39%	480,266.00	(126,904.00)	(276,399.00)
7/1/2027	4,050,000	21,880,000	3.23%	353,362.00	4.39%	480,266.00	(126,904.00)	
1/1/2028		17,830,000	3.23%	287,954.50	4.39%	391,368.50	(103,414.00)	(230,318.00)
7/1/2028	4,205,000	17,830,000	3.23%	287,954.50	4.39%	391,368.50	(103,414.00)	
1/1/2029		13,625,000	3.23%	220,043.75	4.39%	299,068.75	(79,025.00)	(182,439.00)
7/1/2029	4,370,000	13,625,000	3.23%	220,043.75	4.39%	299,068.75	(79,025.00)	
1/1/2030		9,255,000	3.23%	149,468.25	4.39%	203,147.25	(53,679.00)	(132,704.00)
7/1/2030	4,540,000	9,255,000	3.23%	149,468.25	4.39%	203,147.25	(53,679.00)	
1/1/2031		4,715,000	3.23%	76,147.25	4.39%	103,494.25	(27,347.00)	(81,026.00)
7/1/2031	4,715,000	4,715,000	3.23%	76,147.25	4.39%	103,494.25	(27,347.00)	
1/1/2032		0	3.23%	0.00	4.39%	0.00	0.00	(27,347.00)
TOTALS	39,995,000			23,447,194.92		31,867,859.34	(8,420,664.43)	(8,420,664.43)

*As of February 24, 2009

**Assumes SIFMA and 69.10% of 10-Year LIBOR maintain their historical spread

Schedule 4D
2007 CMS: Maximum Periodic Scheduled Payments
(Assuming 25% maximum rate)

1	2	3	4	5	6	7	8	9
			Payment to Counterparty		Receipt from Counterparty			
					69.10 % of			
Date*	Principal	Basis Swap Notional Amount	SIFMA Rate Paid**	Semi-Annual Swap Payment**	10-Year LIBOR Rate Received***	Semi-Annual Swap-Receipt***	Semi-Annual Net Difference	Annual Net Difference
2/24/2009								
7/1/2009	5,000	39,995,000	25.00%	3,527,336.81	0.00%	0.00	3,527,336.81	
1/1/2010		39,990,000	25.00%	4,998,750.00	0.00%	0.00	4,998,750.00	8,526,086.81
7/1/2010	5,000	39,990,000	25.00%	4,998,750.00	0.00%	0.00	4,998,750.00	
1/1/2011		39,985,000	25.00%	4,998,125.00	0.00%	0.00	4,998,125.00	9,996,875.00
7/1/2011	5,000	39,985,000	25.00%	4,998,125.00	0.00%	0.00	4,998,125.00	
1/1/2012		39,980,000	25.00%	4,997,500.00	0.00%	0.00	4,997,500.00	9,995,625.00
7/1/2012	5,000	39,980,000	25.00%	4,997,500.00	0.00%	0.00	4,997,500.00	
1/1/2013		39,975,000	25.00%	4,996,875.00	0.00%	0.00	4,996,875.00	9,994,375.00
7/1/2013	5,000	39,975,000	25.00%	4,996,875.00	0.00%	0.00	4,996,875.00	
1/1/2014		39,970,000	25.00%	4,996,250.00	0.00%	0.00	4,996,250.00	9,993,125.00
7/1/2014	5,000	39,970,000	25.00%	4,996,250.00	0.00%	0.00	4,996,250.00	
1/1/2015		39,965,000	25.00%	4,995,625.00	0.00%	0.00	4,995,625.00	9,991,875.00
7/1/2015	5,000	39,965,000	25.00%	4,995,625.00	0.00%	0.00	4,995,625.00	
1/1/2016		39,960,000	25.00%	4,995,000.00	0.00%	0.00	4,995,000.00	9,990,625.00
7/1/2016	5,000	39,960,000	25.00%	4,995,000.00	0.00%	0.00	4,995,000.00	
1/1/2017		39,955,000	25.00%	4,994,375.00	0.00%	0.00	4,994,375.00	9,989,375.00
7/1/2017	5,000	39,955,000	25.00%	4,994,375.00	0.00%	0.00	4,994,375.00	
1/1/2018		39,950,000	25.00%	4,993,750.00	0.00%	0.00	4,993,750.00	9,988,125.00
7/1/2018	5,000	39,950,000	25.00%	4,993,750.00	0.00%	0.00	4,993,750.00	
1/1/2019		39,945,000	25.00%	4,993,125.00	0.00%	0.00	4,993,125.00	9,986,875.00
7/1/2019	5,000	39,945,000	25.00%	4,993,125.00	0.00%	0.00	4,993,125.00	
1/1/2020		39,940,000	25.00%	4,992,500.00	0.00%	0.00	4,992,500.00	9,985,625.00
7/1/2020	5,000	39,940,000	25.00%	4,992,500.00	0.00%	0.00	4,992,500.00	
1/1/2021		39,935,000	25.00%	4,991,875.00	0.00%	0.00	4,991,875.00	9,984,375.00
7/1/2021	5,000	39,935,000	25.00%	4,991,875.00	0.00%	0.00	4,991,875.00	
1/1/2022		39,930,000	25.00%	4,991,250.00	0.00%	0.00	4,991,250.00	9,983,125.00
7/1/2022	3,335,000	39,930,000	25.00%	4,991,250.00	0.00%	0.00	4,991,250.00	
1/1/2023		36,595,000	25.00%	4,574,375.00	0.00%	0.00	4,574,375.00	9,565,625.00
7/1/2023	3,465,000	36,595,000	25.00%	4,574,375.00	0.00%	0.00	4,574,375.00	
1/1/2024		33,130,000	25.00%	4,141,250.00	0.00%	0.00	4,141,250.00	8,715,625.00
7/1/2024	3,605,000	33,130,000	25.00%	4,141,250.00	0.00%	0.00	4,141,250.00	
1/1/2025		29,525,000	25.00%	3,690,625.00	0.00%	0.00	3,690,625.00	7,831,875.00
7/1/2025	3,750,000	29,525,000	25.00%	3,690,625.00	0.00%	0.00	3,690,625.00	
1/1/2026		25,775,000	25.00%	3,221,875.00	0.00%	0.00	3,221,875.00	6,912,500.00
7/1/2026	3,895,000	25,775,000	25.00%	3,221,875.00	0.00%	0.00	3,221,875.00	
1/1/2027		21,880,000	25.00%	2,735,000.00	0.00%	0.00	2,735,000.00	5,956,875.00
7/1/2027	4,050,000	21,880,000	25.00%	2,735,000.00	0.00%	0.00	2,735,000.00	
1/1/2028		17,830,000	25.00%	2,228,750.00	0.00%	0.00	2,228,750.00	4,963,750.00
7/1/2028	4,205,000	17,830,000	25.00%	2,228,750.00	0.00%	0.00	2,228,750.00	
1/1/2029		13,625,000	25.00%	1,703,125.00	0.00%	0.00	1,703,125.00	3,931,875.00
7/1/2029	4,370,000	13,625,000	25.00%	1,703,125.00	0.00%	0.00	1,703,125.00	
1/1/2030		9,255,000	25.00%	1,156,875.00	0.00%	0.00	1,156,875.00	2,860,000.00
7/1/2030	4,540,000	9,255,000	25.00%	1,156,875.00	0.00%	0.00	1,156,875.00	
1/1/2031		4,715,000	25.00%	589,375.00	0.00%	0.00	589,375.00	1,746,250.00
7/1/2031	4,715,000	4,715,000	25.00%	589,375.00	0.00%	0.00	589,375.00	
1/1/2032		0	25.00%	0.00	0.00%	0.00	0.00	589,375.00
TOTALS	39,995,000			181,479,836.81		0.00	181,479,836.81	181,479,836.81

*As of February 24, 2009.

**For these purposes, assumes a maximum rate of 25.00%.

***For these purposes, assumes 69.10% of 10-Year LIBOR is 0%.

Schedule 5A
Risk Summary for 2007 Fixed Payer Swap

	Brief Definition/Explanation	Risk Analysis	Example	Mitigation
1) Termination Risk*	Risk that the School District is forced to liquidate the Fixed Payer Swaps when it owes a termination payment to the Counterparty.	Would require a payment default, or bankruptcy by the School District, or a reduction in the School District's credit rating below threshold as defined in ISDA document. See Schedule 5B for the potential payments owed.	See Schedule 5B for the potential payments owed.	Good financial management, Monitor
2) Basis Risk*	Shortfall between the interest rate paid on underlying variable rate bonds and the floating rate received on the 2007 Fixed Payer Swap.	Could result in a realized fixed rate on the 2007 Fixed Payer Swap that is higher than the nominal rate in the contract.	School District's variable rate bonds may trade at a higher rate received on the 2007 Fixed Payer Swap.	Good financial management, budget contingency (i.e. Budget to a higher all-in fixed rate), and a Rate Stabilization and Improvement Fund.
3) Tax Risk*	Shortfall between the rate received on the 2007 Fixed Payer Swap and the rate paid caused by a reduction in or elimination of the benefit of the tax-exemption of municipal bonds, e.g. a tax cut.	Could result in a realized fixed rate on the 2007 Fixed Payer Swap that is higher than the nominal rate in the contract.	See Schedule 5C and 5D.	Good financial management, budget contingency (i.e. Budget to a higher all-in fixed rate), and a Rate Stabilization and Improvement Fund.
4) Counterparty Credit (Default) Risk	Risk of a payment default on the 2007 Fixed Payer Swap by the Counterparty which results in an economic loss to the School District.	Exposure that diminishes with passage of time; requires monitoring of Counterparty credit ratings.	See Schedule 5B for the potential payments owed.	Selected Counterparty with high credit ratings and continually monitor those, Interest Rate Management Plan / Monitor
5) Liquidity Risk	Inability to renew or replace Liquidity Bank or that the liquidity fees will increase in the future.	Replacement Liquidity Bank can generally be located, but price may increase.	Could increase overall cost of administrative fees.	Prudently manage the School District's finances to maintain credit rating.

* Any termination payment or swap cash outflows may need to fit under an inflationary index as defined in Act 1 that would restrict real estate tax increases.

Schedule 5B
Termination Values – 2007 Fixed Payer Swap

Effective Date 3/5/2009
 Swap Maturity 7/1/2031
 Contract Swap Rate 3.774%
 Discount Rate 3.45%

AMORTIZATION SCHEDULE		TERMINATION PAYMENT AMOUNT						
Outstanding Notional		Change in Swap Rates						
Date	\$39,995,000	-1.50%	-1.00%	-0.50%	0.00%	0.50%	1.00%	1.50%
3/5/2009	\$39,995,000	(\$20,659,560)	(\$16,417,752)	(\$12,515,860)	(\$8,923,647)	(\$5,613,719)	(\$2,561,244)	\$256,295
7/1/2009	\$39,990,000	(\$20,118,954)	(\$16,006,656)	(\$12,216,109)	(\$8,719,324)	(\$5,490,887)	(\$2,507,713)	\$251,180
7/1/2010	\$39,985,000	(\$19,033,855)	(\$15,178,428)	(\$11,609,958)	(\$8,304,611)	(\$5,240,654)	(\$2,398,255)	\$240,684
7/1/2011	\$39,980,000	(\$17,943,504)	(\$14,242,044)	(\$10,994,796)	(\$7,881,648)	(\$4,984,181)	(\$2,285,516)	\$229,819
7/1/2012	\$39,975,000	(\$16,847,872)	(\$13,497,423)	(\$10,370,489)	(\$7,450,270)	(\$4,721,312)	(\$2,169,395)	\$218,574
7/1/2013	\$39,970,000	(\$15,746,936)	(\$12,644,483)	(\$9,736,898)	(\$7,010,206)	(\$4,451,886)	(\$2,049,791)	\$206,934
7/1/2014	\$39,965,000	(\$14,640,667)	(\$11,783,139)	(\$9,093,885)	(\$6,561,586)	(\$4,175,739)	(\$1,926,598)	\$194,886
7/1/2015	\$39,960,000	(\$13,529,040)	(\$10,913,309)	(\$8,441,308)	(\$6,103,933)	(\$3,892,702)	(\$1,799,709)	\$182,416
7/1/2016	\$39,955,000	(\$12,412,027)	(\$10,034,907)	(\$7,779,023)	(\$5,637,168)	(\$3,602,601)	(\$1,669,011)	\$169,508
7/1/2017	\$39,950,000	(\$11,289,602)	(\$9,147,848)	(\$7,106,884)	(\$5,161,108)	(\$3,305,259)	(\$1,534,390)	\$156,147
7/1/2018	\$39,945,000	(\$10,161,738)	(\$8,252,045)	(\$6,424,743)	(\$4,675,567)	(\$3,000,494)	(\$1,395,727)	\$142,317
7/1/2019	\$39,940,000	(\$9,028,409)	(\$7,347,410)	(\$5,732,449)	(\$4,180,354)	(\$2,688,120)	(\$1,252,900)	\$128,002
7/1/2020	\$39,935,000	(\$7,889,586)	(\$6,433,856)	(\$5,029,851)	(\$3,675,275)	(\$2,367,945)	(\$1,105,784)	\$113,184
7/1/2021	\$39,930,000	(\$6,745,242)	(\$5,511,293)	(\$4,316,793)	(\$3,160,133)	(\$2,039,774)	(\$954,248)	\$97,846
7/1/2022	\$36,595,000	(\$5,595,350)	(\$4,579,631)	(\$3,593,119)	(\$2,634,724)	(\$1,703,404)	(\$798,159)	\$81,969
7/1/2023	\$33,130,000	(\$4,538,579)	(\$3,721,071)	(\$2,924,429)	(\$2,147,950)	(\$1,390,958)	(\$652,801)	\$67,147
7/1/2024	\$29,525,000	(\$3,579,245)	(\$2,939,556)	(\$2,314,119)	(\$1,702,504)	(\$1,104,297)	(\$519,099)	\$53,479
7/1/2025	\$25,775,000	(\$2,721,983)	(\$2,239,316)	(\$1,765,829)	(\$1,301,278)	(\$845,429)	(\$398,052)	\$41,073
7/1/2026	\$21,880,000	(\$1,971,598)	(\$1,624,746)	(\$1,283,355)	(\$947,300)	(\$616,460)	(\$290,716)	\$30,046
7/1/2027	\$17,830,000	(\$1,332,920)	(\$1,100,286)	(\$870,550)	(\$643,655)	(\$419,548)	(\$198,176)	\$20,514
7/1/2028	\$13,625,000	(\$811,099)	(\$670,668)	(\$531,522)	(\$393,640)	(\$257,004)	(\$121,595)	\$12,607
7/1/2029	\$9,255,000	(\$411,311)	(\$340,670)	(\$270,440)	(\$200,617)	(\$131,196)	(\$62,173)	\$6,457
7/1/2030	\$4,715,000	(\$139,054)	(\$115,364)	(\$91,734)	(\$68,163)	(\$44,649)	(\$21,194)	\$2,205
7/1/2031	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

*This shows the value to terminate the Swap at various relationships of SIFMA and LIBOR at different points in time. Gain/(Loss)

Schedule 5C
Tax Risk: Present Value Analysis – 2007 Fixed Payer Swap

PV Sensitivity Analysis for % of LIBOR Swap:	
Date	3/5/09
Maturity	7/1/31
Swap Floating % of LIBOR	68.0%
Assumed Future LIBOR	3.45%

Outstanding Notional		PRESENT VALUE SAVINGS AT EFFECTIVE DATE				
		Variable Bond Rate/LIBOR Ratio				
		S&P Worst Case				0 exemption
Year Tax Change Effective		58.0%	68.0%	75.5%	85.0%	100.0%
3/5/09	\$39,995,000	\$1,989,244	\$0	(\$1,491,933)	(\$1,381,714)	(\$6,365,580)
7/1/09	\$39,990,000	\$1,946,752	\$0	(\$1,460,064)	(\$1,309,478)	(\$6,229,605)
7/1/10	\$39,985,000	\$1,860,018	\$0	(\$1,395,014)	(\$1,162,031)	(\$5,952,058)
7/1/11	\$39,980,000	\$1,770,892	\$0	(\$1,328,169)	(\$1,010,517)	(\$5,566,855)
7/1/12	\$39,975,000	\$1,679,307	\$0	(\$1,259,480)	(\$2,854,821)	(\$5,373,781)
7/1/13	\$39,970,000	\$1,585,194	\$0	(\$1,188,895)	(\$2,694,829)	(\$5,072,620)
7/1/14	\$39,965,000	\$1,488,483	\$0	(\$1,116,362)	(\$2,530,421)	(\$4,763,145)
7/1/15	\$39,960,000	\$1,389,102	\$0	(\$1,041,826)	(\$2,361,473)	(\$4,445,126)
7/1/16	\$39,955,000	\$1,286,977	\$0	(\$965,233)	(\$2,187,860)	(\$4,118,376)
7/1/17	\$39,950,000	\$1,182,031	\$0	(\$886,523)	(\$2,009,453)	(\$3,782,500)
7/1/18	\$39,945,000	\$1,074,187	\$0	(\$805,640)	(\$1,826,117)	(\$3,437,397)
7/1/19	\$39,940,000	\$963,363	\$0	(\$722,522)	(\$1,637,717)	(\$3,082,761)
7/1/20	\$39,935,000	\$849,477	\$0	(\$637,107)	(\$1,444,110)	(\$2,718,325)
7/1/21	\$39,930,000	\$732,443	\$0	(\$549,332)	(\$1,245,153)	(\$2,343,818)
7/1/22	\$36,595,000	\$612,175	\$0	(\$459,131)	(\$1,040,697)	(\$1,958,959)
7/1/23	\$33,130,000	\$500,309	\$0	(\$375,232)	(\$850,526)	(\$1,600,989)
7/1/24	\$29,525,000	\$397,538	\$0	(\$298,153)	(\$675,814)	(\$1,272,120)
7/1/25	\$25,775,000	\$304,606	\$0	(\$228,454)	(\$517,830)	(\$974,739)
7/1/26	\$21,880,000	\$222,298	\$0	(\$166,724)	(\$377,907)	(\$711,354)
7/1/27	\$17,830,000	\$151,420	\$0	(\$113,565)	(\$257,414)	(\$484,544)
7/1/28	\$13,625,000	\$92,835	\$0	(\$69,627)	(\$157,820)	(\$297,073)
7/1/29	\$9,255,000	\$47,432	\$0	(\$35,574)	(\$80,634)	(\$151,781)
7/1/30	\$4,715,000	\$16,156	\$0	(\$12,117)	(\$27,465)	(\$51,699)
7/1/31	\$0	\$0	\$0	\$0	\$0	\$0

Schedule 5D
Tax Risk: Annual Cash Flows – 2007 Fixed Payer Swap

Basis Risk - Cash Flow

Notional Amount \$39,995,000

Contract LIBOR Ratio 68.0%

20-Yr Fixed Margin 0.000%

Annual Swap Cashflow Sensitivity*

<u>Actual SIFMA/LIBOR Ratio</u>					
<u>LIBOR</u>					
<u>Rate**</u>	<u>58.0%</u>	<u>68.0%</u>	<u>75.5%</u>	<u>85.0%</u>	<u>100.0%</u>
1.00%	39,995	0	(22,995)	(57,993)	(127,994)
2.00%	79,990	0	(57,993)	(135,983)	(255,968)
3.00%	119,985	0	(89,989)	(203,973)	(383,952)
4.00%	159,980	0	(119,985)	(271,966)	(511,946)
5.00%	199,975	0	(149,981)	(339,958)	(639,920)
6.00%	239,970	0	(179,978)	(407,949)	(767,904)
7.00%	279,965	0	(209,974)	(475,941)	(895,888)
8.00%	319,960	0	(239,970)	(543,932)	(1,023,872)

Cashflows = 1-Month LIBOR(Contract LIBOR Ratio - Actual SIFMA/LIBOR Ratio)*Notional Amount

**1-Month LIBOR

***Assumes related bonds trade at 68% of LIBOR. Any outperformance or underperformance will effect net cashflows on the transaction.

Schedule 5E
Risk Summary – 2007 CMS

	Brief Definition/Explanation	Risk Analysis	Example	Mitigation
1) Termination Risk*	Risk that the School District is forced to liquidate the 2007 CMS when it owes a termination payment to the Counterparty.	Would require a payment default, or bankruptcy by the School District, or a reduction in the School District's credit rating below threshold as defined in ISDA document. See Schedule 5F for the potential payments owed.	See Schedule 5F.	Good financial management, Monitor
2) Basis Risk*	Shortfall between the interest rate paid (SIFMLA) and the rate received (69.10% of 10-Year LIBOR) on the 2007 CMS.	Could result in a rate paid (SIFMLA) that is higher than the rate received (69.10% of 10-Year LIBOR) in which the School District makes net payments to the Counterparty.	Interest rate paid (SIFMLA) may be higher than interest rate received (69.10% of 10-Year LIBOR), and may exist for entire term.	Financial Advisor recommends establishing a Rate Stabilization & Improvement Fund funded from any positive cash flow on the 2007 CMS.
3) Tax Risk*	Shortfall between the rate paid on the 2007 CMS and the rate received on the 2007 CMS caused by a reduction in or elimination of the benefit of the tax- exemption of municipal bonds, e.g. a tax cut.	Could result in a rate paid (SIFMLA) on the 2007 CMS that is higher than the rate received (69.10% of 10-Year LIBOR) resulting in a net cost for the School District.	See Schedule 5F.	Financial Advisor recommends establishing a Rate Stabilization & Improvement Fund funded from any positive cash flow on the 2007 CMS.
4) Yield Curve Risk	Risk that the yield curve does not steepen sufficiently to produce positive cash flows.	Could result in cash outflows under the terms of the 2007 CMS.	See Schedules 5G.	Financial Advisor recommends establishing a Rate Stabilization & Improvement Fund funded from any positive cash flow on the 2007 CMS.
5) Counterparty Credit (Default) Risk	Risk of a payment default on the 2007 CMS by the Counterparty which results in an economic loss to the School District.	Exposure that diminishes with passage of time; requires monitoring of Counterparty credit ratings.	See Schedule 5F for the potential payments owed.	Selected a counterparty with high credit ratings, Monitor

*Any termination payment or swap cash outflows may need to fit under an inflationary index as defined in Act 1 that would restrict real estate tax increases.

**Schedule 5F
Termination Values – 2007 CMS**

As of March 10, 2009, the approximate market value for the 2007 CMS is a negative \$3,161,240. The current value will become more negative with further yield curve flattening. Conversely, the current value will become more positive with further yield curve steepening.

Schedule 5G
Yield Curve Risk: Annual Cash Flows – 2007 CMS

Yield Curve - Cash Flow

Notional Amount \$39,995,000

% of 10-yr CMS 69.1%

% of SIFMA 100.0%

<u>1990 - 2009 Annual</u>	
Average	3.15
Max	4.62
Min	1.62
St Dev	0.84

Annual Swap Cashflow Sensitivity*

<u>Actual Spread between SIFMA and 10-year LIBOR Swap Rate</u>							
<u>SIFMA</u>	<u>1.00%</u>	<u>1.50%</u>	<u>2.00%</u>	<u>2.58%</u>	<u>3.00%</u>	<u>3.15%</u>	<u>4.00%</u>
<u>Rate**</u>							
1.00%	N/A	290,964	429,146	589,438	705,512	746,967	981,877
2.00%	29,196	167,379	305,562	465,854	581,927	623,382	858,293
3.00%	(94,338)	43,795	181,977	342,269	458,343	499,798	734,708
4.00%	(217,973)	(79,799)	58,393	218,685	334,758	376,213	611,124
5.00%	(341,557)	(205,375)	(65,192)	95,100	211,174	252,628	487,539
6.00%	(465,142)	(326,959)	(188,776)	(28,484)	87,589	129,044	363,955
7.00%	(588,726)	(450,544)	(312,361)	(152,069)	(35,996)	5,459	240,370
8.00%	(712,311)	(574,128)	(435,946)	(275,654)	(159,580)	(118,125)	116,785

Schedule 6A
2007 Fixed Payer Swap and the 2009 Bond: Estimated Periodic Scheduled Payments

1	2	3	4	5	6	7	8	9
Fiscal Year	Principal	Pay	Pay	Receive	Pay	Pay	Budget	Fiscal Year
Ending	Date	Principal	Variable Rate	on Swap	Fixed	Var. Rate	Contingency	Total
			Bonds (1)	68% of LIBOR (2)	Swap Rate (3)	Bond Admin (4)		
			3.23%	3.23%	3.774%	0.30%	0.15%	
6/30/2010	7/1/2009	5,000	161.50	(161.50)	283.05	18.08	9.04	5,310.18
6/30/2011	7/1/2010	5,000	0.00	0.00	94.35	7.50	3.75	5,105.60
6/30/2012	7/1/2011	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2013	7/1/2012	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2014	7/1/2013	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2015	7/1/2014	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2016	7/1/2015	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2017	7/1/2016	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2018	7/1/2017	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2019	7/1/2018	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2020	7/1/2019	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2021	7/1/2020	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2022	7/1/2021	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2023	7/1/2022	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2024	7/1/2023	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2025	7/1/2024	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2026	7/1/2025	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2027	7/1/2026	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2028	7/1/2027	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2029	7/1/2028	-	0	0.00	0.00	0.00	0.00	0.00
6/30/2030	7/1/2029	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2031	7/1/2030	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2032	7/1/2031	-	0.00	0.00	0.00	0.00	0.00	0.00
TOTALS		10,000	161.85	(161.50)	377.40	25.58	12.79	10,415.78
(1)For these purposes, VR Bond rate assumed at 3.23%, payable monthly								
(2)For these purposes, 68% of LIBOR assumed at 3.23%, received monthly.								
(3)For these purposes, assumes fixed swap rate of 3.774%, payable semi-annually.								
(4)Assumed remarketing fee and liquidity total 0.30%.								

Schedule 6B
2007 Fixed Payer Swap and the 2009 Bond: Maximum Periodic Scheduled Payments

1	2	3	4	5	6	7	8	9
Fiscal Year	Principal	Pay	Pay	Receive	Pay	Pay	Budget	Fiscal Year
Ending	Date	Principal	Variable Rate	on Swap	Fixed	Var. Rate	Contingency	Total
			Bonds (1)	68% of LIBOR (2)	Swap Rate (3)	Bond Admin (4)		
			25.00%	0.00%	3.774%	0.30%	0.15%	
6/30/2010	7/1/2009	5,000	1,250.00	0.00	283.05	18.08	9.04	6,560.18
6/30/2011	7/1/2010	5,000	0.00	0.00	94.35	7.50	3.75	5,105.60
6/30/2012	7/1/2011	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2013	7/1/2012	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2014	7/1/2013	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2015	7/1/2014	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2016	7/1/2015	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2017	7/1/2016	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2018	7/1/2017	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2019	7/1/2018	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2020	7/1/2019	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2021	7/1/2020	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2022	7/1/2021	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2023	7/1/2022	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2024	7/1/2023	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2025	7/1/2024	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2026	7/1/2025	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2027	7/1/2026	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2028	7/1/2027	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2029	7/1/2028	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2030	7/1/2029	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2031	7/1/2030	-	0.00	0.00	0.00	0.00	0.00	0.00
6/30/2032	7/1/2031	-	0.00	0.00	0.00	0.00	0.00	0.00
TOTALS		10,000	1,250.35	0.00	377.40	25.58	12.79	11,665.78
(1)For these purposes, assumes a maximum rate of 25%								
(2)For these purposes, 68% of LIBOR assumed at 3.23%, received monthly.								
(3)For these purposes, assumes fixed swap rate of 3.774%, payable semi-annually.								
(4)Assumed remarketing fee and liquidity total 0.30%								

Schedule 6C
2007 Fixed Payer Swap and the 2011 Bonds: Estimated Periodic Scheduled Payments

1	2	3	4	5	6	7	8	9
Fiscal Year	Principal	Pay	Pay	Receive	Pay	Pay	Budget	Fiscal Year
Ending	Date	Principal	Variable Rate	on Swap	Fixed	Var. Rate	Contingency	Total
			Bonds (1)	68% of LIBOR (2)	Swap Rate (3)	Bond Admin (4)		
			3.23%	3.23%	3.774%	0.30%	0.15%	
6/30/2010	7/1/2009	-	1,291,515.50	(1,291,515.50)	1,509,033.90	102,294.96	51,147.48	1,662,476.34
6/30/2011	7/1/2010	-	1,291,515.50	(1,291,515.50)	1,509,033.90	119,955.00	59,977.50	1,688,966.40
6/30/2012	7/1/2011	5,000	1,291,354.00	(1,291,354.00)	1,508,939.55	119,947.50	59,973.75	1,693,860.80
6/30/2013	7/1/2012	5,000	1,291,192.50	(1,291,192.50)	1,508,750.85	119,932.50	59,966.25	1,693,649.60
6/30/2014	7/1/2013	5,000	1,291,031.00	(1,291,031.00)	1,508,562.15	119,917.50	59,958.75	1,693,438.40
6/30/2015	7/1/2014	5,000	1,290,869.50	(1,290,869.50)	1,508,373.45	119,902.50	59,951.25	1,693,227.20
6/30/2016	7/1/2015	5,000	1,290,708.00	(1,290,708.00)	1,508,184.75	119,887.50	59,943.75	1,693,016.00
6/30/2017	7/1/2016	5,000	1,290,546.50	(1,290,546.50)	1,507,996.05	119,872.50	59,936.25	1,692,804.80
6/30/2018	7/1/2017	5,000	1,290,385.00	(1,290,385.00)	1,507,807.35	119,857.50	59,928.75	1,692,593.60
6/30/2019	7/1/2018	5,000	1,290,223.50	(1,290,223.50)	1,507,618.65	119,842.50	59,921.25	1,692,382.40
6/30/2020	7/1/2019	5,000	1,290,062.00	(1,290,062.00)	1,507,429.95	119,827.50	59,913.75	1,692,171.20
6/30/2021	7/1/2020	5,000	1,289,900.50	(1,289,900.50)	1,507,241.25	119,812.50	59,906.25	1,691,960.00
6/30/2022	7/1/2021	5,000	1,289,739.00	(1,289,739.00)	1,507,052.55	119,797.50	59,898.75	1,691,748.80
6/30/2023	7/1/2022	3,335,000	1,182,018.50	(1,182,018.50)	1,444,026.75	114,787.50	57,393.75	4,951,208.00
6/30/2024	7/1/2023	3,465,000	1,070,099.00	(1,070,099.00)	1,315,710.75	104,587.50	52,293.75	4,937,592.00
6/30/2025	7/1/2024	3,605,000	953,657.50	(953,657.50)	1,182,299.85	93,982.50	46,991.25	4,928,273.60
6/30/2026	7/1/2025	3,750,000	832,532.50	(832,532.50)	1,043,511.00	82,950.00	41,475.00	4,917,936.00
6/30/2027	7/1/2026	3,895,000	706,724.00	(706,724.00)	899,249.85	71,482.50	35,741.25	4,901,473.60
6/30/2028	7/1/2027	4,050,000	575,909.00	(575,909.00)	749,327.70	59,565.00	29,782.50	4,888,675.20
6/30/2029	7/1/2028	4,205,000	440,087.50	(440,087.50)	593,555.85	47,182.50	23,591.25	4,869,329.60
6/30/2030	7/1/2029	4,370,000	298,936.50	(298,936.50)	431,745.60	34,320.00	17,160.00	4,853,225.60
6/30/2031	7/1/2030	4,540,000	152,294.50	(152,294.50)	263,613.90	20,955.00	10,477.50	4,835,046.40
6/30/2032	7/1/2031	4,715,000	0.00	0.00	88,972.05	7,072.50	3,536.25	4,814,580.80
TOTALS		39,985,000	22,991,301.85	(22,991,301.50)	27,618,037.65	2,177,732.46	1,088,866.23	70,869,636.34
(1)For these purposes, VR Bond rate assumed at 3.23%, payable monthly								
(2)For these purposes, 68% of LIBOR assumed at 3.23%, received monthly.								
(3)For these purposes, assumes fixed swap rate of 3.774%, payable semi-annually.								
(4)Assumed remarketing fee and liquidity total 0.30%.								

Schedule 6D
2007 Fixed Payer Swap and the 2011 Bonds: Maximum Periodic Scheduled Payments

1	2	3	4	5	6	7	8	9
Fiscal Year	Principal	Pay	Pay	Receive	Pay	Pay	Budget	Fiscal Year
Ending	Date	Principal	Variable Rate	on Swap	Fixed	Var. Rate	Contingency	Total
			Bonds (1)	68% of LIBOR (2)	Swap Rate (3)	Bond Admin (4)	0.15%	
			25.00%	0.00%	3.774%	0.30%		
6/30/2010	7/1/2009	-	9,996,250.00	0.00	1,509,033.90	102,294.96	51,147.48	11,658,726.34
6/30/2011	7/1/2010	-	9,996,250.00	0.00	1,509,033.90	119,955.00	59,977.50	11,685,216.40
6/30/2012	7/1/2011	5,000	9,995,000.00	0.00	1,508,939.55	119,947.50	59,973.75	11,688,860.80
6/30/2013	7/1/2012	5,000	9,993,750.00	0.00	1,508,750.85	119,932.50	59,966.25	11,687,399.60
6/30/2014	7/1/2013	5,000	9,992,500.00	0.00	1,508,562.15	119,917.50	59,958.75	11,685,938.40
6/30/2015	7/1/2014	5,000	9,991,250.00	0.00	1,508,373.45	119,902.50	59,951.25	11,684,477.20
6/30/2016	7/1/2015	5,000	9,990,000.00	0.00	1,508,184.75	119,887.50	59,943.75	11,683,016.00
6/30/2017	7/1/2016	5,000	9,988,750.00	0.00	1,507,996.05	119,872.50	59,936.25	11,681,554.80
6/30/2018	7/1/2017	5,000	9,987,500.00	0.00	1,507,807.35	119,857.50	59,928.75	11,680,093.60
6/30/2019	7/1/2018	5,000	9,986,250.00	0.00	1,507,618.65	119,842.50	59,921.25	11,678,632.40
6/30/2020	7/1/2019	5,000	9,985,000.00	0.00	1,507,429.95	119,827.50	59,913.75	11,677,171.20
6/30/2021	7/1/2020	5,000	9,983,750.00	0.00	1,507,241.25	119,812.50	59,906.25	11,675,710.00
6/30/2022	7/1/2021	5,000	9,982,500.00	0.00	1,507,052.55	119,797.50	59,898.75	11,674,248.80
6/30/2023	7/1/2022	3,335,000	9,148,750.00	0.00	1,444,026.75	114,787.50	57,393.75	14,099,958.00
6/30/2024	7/1/2023	3,465,000	8,282,500.00	0.00	1,315,710.75	104,587.50	52,293.75	13,220,092.00
6/30/2025	7/1/2024	3,605,000	7,381,250.00	0.00	1,182,299.85	93,982.50	46,991.25	12,309,523.60
6/30/2026	7/1/2025	3,750,000	6,443,750.00	0.00	1,043,511.00	82,950.00	41,475.00	11,361,686.00
6/30/2027	7/1/2026	3,895,000	5,470,000.00	0.00	899,249.85	71,482.50	35,741.25	10,371,473.60
6/30/2028	7/1/2027	4,050,000	4,457,500.00	0.00	749,327.70	59,565.00	29,782.50	9,346,175.20
6/30/2029	7/1/2028	4,205,000	3,406,250.00	0.00	593,555.85	47,182.50	23,591.25	8,275,579.60
6/30/2030	7/1/2029	4,370,000	2,313,750.00	0.00	431,745.60	34,320.00	17,160.00	7,166,975.60
6/30/2031	7/1/2030	4,540,000	1,178,750.00	0.00	263,613.90	20,955.00	10,477.50	6,013,796.40
6/30/2032	7/1/2031	4,715,000	0.00	0.00	88,972.05	7,072.50	3,536.25	4,814,580.80
TOTALS		39,985,000	177,951,250.35	0.00	27,618,037.65	2,177,732.46	1,088,866.23	248,820,886.34
(1)For these purposes, assumes a maximum rate of 25%								
(2)For these purposes, 68% of LIBOR assumed at 3.23%, received monthly.								
(3)For these purposes, assumes fixed swap rate of 3.774%, payable semi-annually.								
(4)Assumed remarketing fee and liquidity total 0.30%.								

Schedule 6E
2007 CMS and the 2009 Bond: Estimated Periodic Scheduled Payments

1	2	3	4	5	6	7	8	9	10	11	12
					Payment to Counterparty		Receipt from Counterparty				
					SIFMA	Semi-Annual	69.10 % of	Semi-Annual		Annual	Annual
Date*	Principal	Rate**	Interest	Basis Swap Notional Amount	Rate Paid***	Swap Payment***	10-Year LIBOR Rate Received***	Swap-Receipt***	Bond Payments	Bond and Swap Payments	Net Difference
2/24/2009											
7/1/2009	5,000	3.774	188.70	10,000	3.23%	113.95	4.39%	154.87			
1/1/2010			94.35	5,000	3.23%	80.75	4.39%	109.75	5,283.05	5,213.13	(69.92)
7/1/2010	5,000	3.774	94.35	5,000	3.23%	80.75	4.39%	109.75			
1/1/2011			0.00	0	3.23%	0.00	4.39%	0.00	5,094.35	5,055.35	(29.00)
7/1/2011			0.00	0	3.23%	0.00	4.39%	0.00			
1/1/2012			0.00	0	3.23%	0.00	4.39%	0.00	0.00	0.00	0.00
7/1/2012			0.00	0	3.23%	0.00	4.39%	0.00			
1/1/2013			0.00	0	3.23%	0.00	4.39%	0.00	0.00	0.00	0.00
7/1/2013			0.00	0	3.23%	0.00	4.39%	0.00			
1/1/2014			0.00	0	3.23%	0.00	4.39%	0.00	0.00	0.00	0.00
7/1/2014			0.00	0	3.23%	0.00	4.39%	0.00			
1/1/2015			0.00	0	3.23%	0.00	4.39%	0.00	0.00	0.00	0.00
7/1/2015			0.00	0	3.23%	0.00	4.39%	0.00			
1/1/2016			0.00	0	3.23%	0.00	4.39%	0.00	0.00	0.00	0.00
7/1/2016			0.00	0	3.23%	0.00	4.39%	0.00			
1/1/2017			0.00	0	3.23%	0.00	4.39%	0.00	0.00	0.00	0.00
7/1/2017			0.00	0	3.23%	0.00	4.39%	0.00			
1/1/2018			0.00	0	3.23%	0.00	4.39%	0.00	0.00	0.00	0.00
7/1/2018			0.00	0	3.23%	0.00	4.39%	0.00			
1/1/2019			0.00	0	3.23%	0.00	4.39%	0.00	0.00	0.00	0.00
7/1/2019			0.00	0	3.23%	0.00	4.39%	0.00			
1/1/2020			0.00	0	3.23%	0.00	4.39%	0.00	0.00	0.00	0.00
7/1/2020			0.00	0	3.23%	0.00	4.39%	0.00			
1/1/2021			0.00	0	3.23%	0.00	4.39%	0.00	0.00	0.00	0.00
7/1/2021			0.00	0	3.23%	0.00	4.39%	0.00			
1/1/2022			0.00	0	3.23%	0.00	4.39%	0.00	0.00	0.00	0.00
7/1/2022			0.00	0	3.23%	0.00	4.39%	0.00			
1/1/2023			0.00	0	3.23%	0.00	4.39%	0.00	0.00	0.00	0.00
7/1/2023			0.00	0	3.23%	0.00	4.39%	0.00			
1/1/2024			0.00	0	3.23%	0.00	4.39%	0.00	0.00	0.00	0.00
7/1/2024			0.00	0	3.23%	0.00	4.39%	0.00			
1/1/2025			0.00	0	3.23%	0.00	4.39%	0.00	0.00	0.00	0.00
7/1/2025			0.00	0	3.23%	0.00	4.39%	0.00			
1/1/2026			0.00	0	3.23%	0.00	4.39%	0.00	0.00	0.00	0.00
7/1/2026			0.00	0	3.23%	0.00	4.39%	0.00			
1/1/2027			0.00	0	3.23%	0.00	4.39%	0.00	0.00	0.00	0.00
7/1/2027			0.00	0	3.23%	0.00	4.39%	0.00			
1/1/2028			0.00	0	3.23%	0.00	4.39%	0.00	0.00	0.00	0.00
7/1/2028			0.00	0	3.23%	0.00	4.39%	0.00			
1/1/2029			0.00	0	3.23%	0.00	4.39%	0.00	0.00	0.00	0.00
7/1/2029			0.00	0	3.23%	0.00	4.39%	0.00			
1/1/2030			0.00	0	3.23%	0.00	4.39%	0.00	0.00	0.00	0.00
7/1/2030			0.00	0	3.23%	0.00	4.39%	0.00			
1/1/2031			0.00	0	3.23%	0.00	4.39%	0.00	0.00	0.00	0.00
7/1/2031			0.00	0	3.23%	0.00	4.39%	0.00			
1/1/2032			0.00	0	3.23%	0.00	4.39%	0.00	0.00	0.00	0.00
TOTALS	10,000		377.40			275.45		374.37	10,377.40	10,278.48	(98.92)

*As of February 24, 2009

**For these purposes, assumes a variable rate of 3.774%.

***Assumes SIFMA and 69.10% of 10-Year LIBOR maintain their historical spread

Schedule 6F
2007 CMS and the 2009 Bond: Maximum Periodic Scheduled Payments

1	2	3	4	5	6	7	8	9	10	11	12
Date*	Principal	Rate**	Interest	Basis Swap Notional Amount	Payment to Counterparty		Receipt from Counterparty		Annual Bond Payments	Annual Bond and Swap Payments	Annual Net Difference
					SIFMA Rate Paid***	Semi-Annual Swap Payment***	69.10 % of 10-Year LIBOR Rate Received***	Semi-Annual Swap-Receipt****			
2/24/2009											
7/1/2009	5,000	30.000	1,500.00	10,000	25.00%	891.94	0.00%	0.00			
1/1/2010			750.00	5,000	25.00%	625.00	0.00%	0.00	7,250.00	8,756.94	1,506.94
7/1/2010	5,000	30.000	750.00	5,000	25.00%	625.00	0.00%	0.00			
1/1/2011			0.00	0	25.00%	0.00	0.00%	0.00	5,750.00	6,375.00	625.00
7/1/2011			0.00	0	25.00%	0.00	0.00%	0.00			
1/1/2012			0.00	0	25.00%	0.00	0.00%	0.00	0.00	0.00	0.00
7/1/2012			0.00	0	25.00%	0.00	0.00%	0.00			
1/1/2013			0.00	0	25.00%	0.00	0.00%	0.00	0.00	0.00	0.00
7/1/2013			0.00	0	25.00%	0.00	0.00%	0.00			
1/1/2014			0.00	0	25.00%	0.00	0.00%	0.00	0.00	0.00	0.00
7/1/2014			0.00	0	25.00%	0.00	0.00%	0.00			
1/1/2015			0.00	0	25.00%	0.00	0.00%	0.00	0.00	0.00	0.00
7/1/2015			0.00	0	25.00%	0.00	0.00%	0.00			
1/1/2016			0.00	0	25.00%	0.00	0.00%	0.00	0.00	0.00	0.00
7/1/2016			0.00	0	25.00%	0.00	0.00%	0.00			
1/1/2017			0.00	0	25.00%	0.00	0.00%	0.00	0.00	0.00	0.00
7/1/2017			0.00	0	25.00%	0.00	0.00%	0.00			
1/1/2018			0.00	0	25.00%	0.00	0.00%	0.00	0.00	0.00	0.00
7/1/2018			0.00	0	25.00%	0.00	0.00%	0.00			
1/1/2019			0.00	0	25.00%	0.00	0.00%	0.00	0.00	0.00	0.00
7/1/2019			0.00	0	25.00%	0.00	0.00%	0.00			
1/1/2020			0.00	0	25.00%	0.00	0.00%	0.00	0.00	0.00	0.00
7/1/2020			0.00	0	25.00%	0.00	0.00%	0.00			
1/1/2021			0.00	0	25.00%	0.00	0.00%	0.00	0.00	0.00	0.00
7/1/2021			0.00	0	25.00%	0.00	0.00%	0.00			
1/1/2022			0.00	0	25.00%	0.00	0.00%	0.00	0.00	0.00	0.00
7/1/2022			0.00	0	25.00%	0.00	0.00%	0.00			
1/1/2023			0.00	0	25.00%	0.00	0.00%	0.00	0.00	0.00	0.00
7/1/2023			0.00	0	25.00%	0.00	0.00%	0.00			
1/1/2024			0.00	0	25.00%	0.00	0.00%	0.00	0.00	0.00	0.00
7/1/2024			0.00	0	25.00%	0.00	0.00%	0.00			
1/1/2025			0.00	0	25.00%	0.00	0.00%	0.00	0.00	0.00	0.00
7/1/2025			0.00	0	25.00%	0.00	0.00%	0.00			
1/1/2026			0.00	0	25.00%	0.00	0.00%	0.00	0.00	0.00	0.00
7/1/2026			0.00	0	25.00%	0.00	0.00%	0.00			
1/1/2027			0.00	0	25.00%	0.00	0.00%	0.00	0.00	0.00	0.00
7/1/2027			0.00	0	25.00%	0.00	0.00%	0.00			
1/1/2028			0.00	0	25.00%	0.00	0.00%	0.00	0.00	0.00	0.00
7/1/2028			0.00	0	25.00%	0.00	0.00%	0.00			
1/1/2029			0.00	0	25.00%	0.00	0.00%	0.00	0.00	0.00	0.00
7/1/2029			0.00	0	25.00%	0.00	0.00%	0.00			
1/1/2030			0.00	0	25.00%	0.00	0.00%	0.00	0.00	0.00	0.00
7/1/2030			0.00	0	25.00%	0.00	0.00%	0.00			
1/1/2031			0.00	0	25.00%	0.00	0.00%	0.00	0.00	0.00	0.00
7/1/2031			0.00	0	25.00%	0.00	0.00%	0.00			
1/1/2032			0.00	0	25.00%	0.00	0.00%	0.00	0.00	0.00	0.00
TOTALS	10,000		3,000.00			2,131.94		0.00	13,000.00	15,131.94	2,131.94

*As of February 24, 2009

**For these purposes, assumes a maximum variable rate of 30.00%.

***For these purposes, assumes a maximum rate of 25.00%.

***For these purposes, assumes 69.10% of 10-Year LIBOR is 0%.

Schedule 6G
2007 CMS and the 2011 Bonds: Estimated Periodic Scheduled Payments

1	2	3	4	5	6	7	8	9	10	11	12
Date*	Principal	Rate**	Interest	Basis Swap Notional Amount	Payment to Counterparty		Receipt from Counterparty		Annual Bond Payments	Annual Bond and Swap Payments	Annual Net Difference
					SIFMA Rate Paid***	Semi-Annual Swap Payment***	69.10 % of 10-Year LIBOR Rate Received***	Semi-Annual Swap-Receipt***			
2/24/2009											
7/1/2009			754,516.95	39,985,000	3.23%	455,617.97	4.39%	619,245.47			
1/1/2010			754,516.95	39,985,000	3.23%	645,757.75	4.39%	877,670.75	1,509,033.90	1,113,493.39	(395,540.51)
7/1/2010			754,516.95	39,985,000	3.23%	645,757.75	4.39%	877,670.75			
1/1/2011			754,516.95	39,985,000	3.23%	645,757.75	4.39%	877,670.75	1,509,033.90	1,045,207.90	(463,826.00)
7/1/2011	5,000	3.774	754,516.95	39,985,000	3.23%	645,757.75	4.39%	877,670.75			
1/1/2012			754,422.60	39,980,000	3.23%	645,677.00	4.39%	877,561.00	1,513,939.55	1,050,142.55	(463,797.00)
7/1/2012	5,000	3.774	754,422.60	39,980,000	3.23%	645,677.00	4.39%	877,561.00			
1/1/2013			754,328.25	39,975,000	3.23%	645,596.25	4.39%	877,451.25	1,513,750.85	1,050,011.85	(463,739.00)
7/1/2013	5,000	3.774	754,328.25	39,975,000	3.23%	645,596.25	4.39%	877,451.25			
1/1/2014			754,233.90	39,970,000	3.23%	645,515.50	4.39%	877,341.50	1,513,562.15	1,049,681.15	(463,681.00)
7/1/2014	5,000	3.774	754,233.90	39,970,000	3.23%	645,515.50	4.39%	877,341.50			
1/1/2015			754,139.55	39,965,000	3.23%	645,434.75	4.39%	877,231.75	1,513,373.45	1,049,750.45	(463,623.00)
7/1/2015	5,000	3.774	754,139.55	39,965,000	3.23%	645,434.75	4.39%	877,231.75			
1/1/2016			754,045.20	39,960,000	3.23%	645,354.00	4.39%	877,122.00	1,513,184.75	1,049,619.75	(463,565.00)
7/1/2016	5,000	3.774	754,045.20	39,960,000	3.23%	645,354.00	4.39%	877,122.00			
1/1/2017			753,950.85	39,955,000	3.23%	645,273.25	4.39%	877,012.25	1,512,996.05	1,049,489.05	(463,507.00)
7/1/2017	5,000	3.774	753,950.85	39,955,000	3.23%	645,273.25	4.39%	877,012.25			
1/1/2018			753,856.50	39,950,000	3.23%	645,192.50	4.39%	876,902.50	1,512,807.35	1,049,358.35	(463,449.00)
7/1/2018	5,000	3.774	753,856.50	39,950,000	3.23%	645,192.50	4.39%	876,902.50			
1/1/2019			753,762.15	39,945,000	3.23%	645,111.75	4.39%	876,792.75	1,512,618.65	1,049,227.65	(463,391.00)
7/1/2019	5,000	3.774	753,762.15	39,945,000	3.23%	645,111.75	4.39%	876,792.75			
1/1/2020			753,667.80	39,940,000	3.23%	645,031.00	4.39%	876,683.00	1,512,429.95	1,049,096.95	(463,333.00)
7/1/2020	5,000	3.774	753,667.80	39,940,000	3.23%	645,031.00	4.39%	876,683.00			
1/1/2021			753,573.45	39,935,000	3.23%	644,950.25	4.39%	876,573.25	1,512,241.25	1,048,966.25	(463,275.00)
7/1/2021	5,000	3.774	753,573.45	39,935,000	3.23%	644,950.25	4.39%	876,573.25			
1/1/2022			753,479.10	39,930,000	3.23%	644,869.50	4.39%	876,463.50	1,512,052.55	1,048,835.55	(463,217.00)
7/1/2022	3,335,000	3.774	753,479.10	39,930,000	3.23%	644,869.50	4.39%	876,463.50			
1/1/2023			690,547.65	36,595,000	3.23%	591,009.25	4.39%	803,260.25	4,779,026.75	4,335,181.75	(443,845.00)
7/1/2023	3,465,000	3.774	690,547.65	36,595,000	3.23%	591,009.25	4.39%	803,260.25			
1/1/2024			625,163.10	33,130,000	3.23%	535,049.50	4.39%	727,203.50	4,780,710.75	4,376,305.75	(404,405.00)
7/1/2024	3,605,000	3.774	625,163.10	33,130,000	3.23%	535,049.50	4.39%	727,203.50			
1/1/2025			557,136.75	29,525,000	3.23%	476,828.75	4.39%	648,073.75	4,787,299.85	4,423,900.85	(363,399.00)
7/1/2025	3,750,000	3.774	557,136.75	29,525,000	3.23%	476,828.75	4.39%	648,073.75			
1/1/2026			486,374.25	25,775,000	3.23%	416,266.25	4.39%	565,761.25	4,793,511.00	4,472,771.00	(320,740.00)
7/1/2026	3,895,000	3.774	486,374.25	25,775,000	3.23%	416,266.25	4.39%	565,761.25			
1/1/2027			412,875.60	21,880,000	3.23%	353,362.00	4.39%	480,266.00	4,794,249.85	4,517,850.85	(276,399.00)
7/1/2027	4,050,000	3.774	412,875.60	21,880,000	3.23%	353,362.00	4.39%	480,266.00			
1/1/2028			336,452.10	17,830,000	3.23%	287,954.50	4.39%	391,368.50	4,799,327.70	4,569,009.70	(230,318.00)
7/1/2028	4,205,000	3.774	336,452.10	17,830,000	3.23%	287,954.50	4.39%	391,368.50			
1/1/2029			257,103.75	13,625,000	3.23%	220,043.75	4.39%	299,068.75	4,798,555.85	4,616,116.85	(182,439.00)
7/1/2029	4,370,000	3.774	257,103.75	13,625,000	3.23%	220,043.75	4.39%	299,068.75			
1/1/2030			174,641.85	9,255,000	3.23%	149,468.25	4.39%	203,147.25	4,801,745.60	4,669,041.60	(132,704.00)
7/1/2030	4,540,000	3.774	174,641.85	9,255,000	3.23%	149,468.25	4.39%	203,147.25			
1/1/2031			88,972.05	4,715,000	3.23%	76,147.25	4.39%	103,494.25	4,803,613.90	4,722,587.90	(81,026.00)
7/1/2031	4,715,000	3.774	88,972.05	4,715,000	3.23%	76,147.25	4.39%	103,494.25			
1/1/2032			0.00	0	3.23%	0.00	4.39%	0.00	4,803,972.05	4,776,625.05	(27,347.00)
TOTALS	39,985,000		27,618,037.65			23,446,919.47		31,867,484.97	67,603,037.65	59,182,472.14	(8,420,565.51)

*As of February 24, 2009

**For these purposes, assumes a variable rate of 3.774%.

***Assumes SIFMA and 69.10% of 10-Year LIBOR maintain their historical spread

Schedule 6H
2007 CMS and the 2011 Bonds: Maximum Periodic Scheduled Payments

1	2	3	4	5	6	7	8	9	10	11	12
Date*	Principal	Rate**	Interest	Basis Swap Notional Amount	Payment to Counterparty		Receipt from Counterparty		Annual Bond Payments	Annual Bond and Swap Payments	Annual Net Difference
					SIFMA Rate Paid***	Semi-Annual Swap Payment**	69.10 % of 10-Year LIBOR Rate Received****	Semi-Annual Swap Receipt***			
2/24/2009											
7/1/2009			5,997,750.00	39,985,000	25.00%	3,526,454.86	0.00%	0.00			
1/1/2010			5,997,750.00	39,985,000	25.00%	4,998,125.00	0.00%	0.00	11,995,500.00	20,520,079.86	8,524,579.86
7/1/2010			5,997,750.00	39,985,000	25.00%	4,998,125.00	0.00%	0.00			
1/1/2011			5,997,750.00	39,985,000	25.00%	4,998,125.00	0.00%	0.00	11,995,500.00	21,991,750.00	9,996,250.00
7/1/2011	5,000	30.00	5,997,750.00	39,985,000	25.00%	4,998,125.00	0.00%	0.00			
1/1/2012			5,997,000.00	39,980,000	25.00%	4,997,500.00	0.00%	0.00	11,999,750.00	21,995,375.00	9,995,625.00
7/1/2012	5,000	30.00	5,997,000.00	39,980,000	25.00%	4,997,500.00	0.00%	0.00			
1/1/2013			5,996,250.00	39,975,000	25.00%	4,996,875.00	0.00%	0.00	11,998,250.00	21,992,625.00	9,994,375.00
7/1/2013	5,000	30.00	5,996,250.00	39,975,000	25.00%	4,996,875.00	0.00%	0.00			
1/1/2014			5,995,500.00	39,970,000	25.00%	4,996,250.00	0.00%	0.00	11,996,750.00	21,989,875.00	9,993,125.00
7/1/2014	5,000	30.00	5,995,500.00	39,970,000	25.00%	4,996,250.00	0.00%	0.00			
1/1/2015			5,994,750.00	39,965,000	25.00%	4,995,625.00	0.00%	0.00	11,995,250.00	21,987,125.00	9,991,875.00
7/1/2015	5,000	30.00	5,994,750.00	39,965,000	25.00%	4,995,625.00	0.00%	0.00			
1/1/2016			5,994,000.00	39,960,000	25.00%	4,995,000.00	0.00%	0.00	11,993,750.00	21,984,375.00	9,990,625.00
7/1/2016	5,000	30.00	5,994,000.00	39,960,000	25.00%	4,995,000.00	0.00%	0.00			
1/1/2017			5,993,250.00	39,955,000	25.00%	4,994,375.00	0.00%	0.00	11,992,250.00	21,981,625.00	9,989,375.00
7/1/2017	5,000	30.00	5,993,250.00	39,955,000	25.00%	4,994,375.00	0.00%	0.00			
1/1/2018			5,992,500.00	39,950,000	25.00%	4,993,750.00	0.00%	0.00	11,990,750.00	21,978,875.00	9,988,125.00
7/1/2018	5,000	30.00	5,992,500.00	39,950,000	25.00%	4,993,750.00	0.00%	0.00			
1/1/2019			5,991,750.00	39,945,000	25.00%	4,993,125.00	0.00%	0.00	11,989,250.00	21,976,125.00	9,986,875.00
7/1/2019	5,000	30.00	5,991,750.00	39,945,000	25.00%	4,993,125.00	0.00%	0.00			
1/1/2020			5,991,000.00	39,940,000	25.00%	4,992,500.00	0.00%	0.00	11,987,750.00	21,973,375.00	9,985,625.00
7/1/2020	5,000	30.00	5,991,000.00	39,940,000	25.00%	4,992,500.00	0.00%	0.00			
1/1/2021			5,990,250.00	39,935,000	25.00%	4,991,875.00	0.00%	0.00	11,986,250.00	21,970,625.00	9,984,375.00
7/1/2021	5,000	30.00	5,990,250.00	39,935,000	25.00%	4,991,875.00	0.00%	0.00			
1/1/2022			5,989,500.00	39,930,000	25.00%	4,991,250.00	0.00%	0.00	11,984,750.00	21,967,875.00	9,983,125.00
7/1/2022	3,335,000	30.00	5,989,500.00	39,930,000	25.00%	4,991,250.00	0.00%	0.00			
1/1/2023			5,489,250.00	36,595,000	25.00%	4,574,375.00	0.00%	0.00	14,813,750.00	24,379,375.00	9,565,625.00
7/1/2023	3,465,000	30.00	5,489,250.00	36,595,000	25.00%	4,574,375.00	0.00%	0.00			
1/1/2024			4,969,500.00	33,130,000	25.00%	4,141,250.00	0.00%	0.00	13,923,750.00	22,639,375.00	8,715,625.00
7/1/2024	3,605,000	30.00	4,969,500.00	33,130,000	25.00%	4,141,250.00	0.00%	0.00			
1/1/2025			4,428,750.00	29,525,000	25.00%	3,690,625.00	0.00%	0.00	13,003,250.00	20,835,125.00	7,831,875.00
7/1/2025	3,750,000	30.00	4,428,750.00	29,525,000	25.00%	3,690,625.00	0.00%	0.00			
1/1/2026			3,866,250.00	25,775,000	25.00%	3,221,875.00	0.00%	0.00	12,045,000.00	18,957,500.00	6,912,500.00
7/1/2026	3,895,000	30.00	3,866,250.00	25,775,000	25.00%	3,221,875.00	0.00%	0.00			
1/1/2027			3,282,000.00	21,880,000	25.00%	2,735,000.00	0.00%	0.00	11,043,250.00	17,000,125.00	5,956,875.00
7/1/2027	4,050,000	30.00	3,282,000.00	21,880,000	25.00%	2,735,000.00	0.00%	0.00			
1/1/2028			2,674,500.00	17,830,000	25.00%	2,228,750.00	0.00%	0.00	10,006,500.00	14,970,250.00	4,963,750.00
7/1/2028	4,205,000	30.00	2,674,500.00	17,830,000	25.00%	2,228,750.00	0.00%	0.00			
1/1/2029			2,043,750.00	13,625,000	25.00%	1,703,125.00	0.00%	0.00	8,923,250.00	12,855,125.00	3,931,875.00
7/1/2029	4,370,000	30.00	2,043,750.00	13,625,000	25.00%	1,703,125.00	0.00%	0.00			
1/1/2030			1,388,250.00	9,255,000	25.00%	1,156,875.00	0.00%	0.00	7,802,000.00	10,662,000.00	2,860,000.00
7/1/2030	4,540,000	30.00	1,388,250.00	9,255,000	25.00%	1,156,875.00	0.00%	0.00			
1/1/2031			707,250.00	4,715,000	25.00%	589,375.00	0.00%	0.00	6,635,500.00	8,381,750.00	1,746,250.00
7/1/2031	4,715,000	30.00	707,250.00	4,715,000	25.00%	589,375.00	0.00%	0.00			
1/1/2032			0.00	0	25.00%	0.00	0.00%	0.00	5,422,250.00	6,011,625.00	589,375.00
TOTALS	39,985,000		219,539,250.00			181,477,704.86		0.00	259,524,250.00	441,001,954.86	181,477,704.86

*As of February 24, 2009

**For these purposes, assumes a maximum variable rate of 30.00%.

***For these purposes, assumes a maximum rate of 25.00%.

****For these purposes, assumes 69.10% of 10-Year LIBOR is 0%.

---2003 Fixed Payer Swap---

Schedule 7A
Risk Summary – 2003 Fixed Payer Swap

	Brief Definition/Explanation	Risk Analysis	Example	Mitigation
1) Termination Risk*	Risk that the School District is forced to liquidate the 2003 Fixed Payer Swap when it owes a termination payment to the Counterparty.	Would require a payment default, or bankruptcy by the School District, or a reduction in the School District's credit rating below threshold as defined in ISDA document. See Schedule 7B for the potential payments owed.	See Schedule 7B for the potential payments owed.	Good financial management, Monitor
2) Basis Risk*	Shortfall between the interest rate paid on underlying variable rate bonds and the floating rate received on the 2003 Fixed Payer Swap.	Could result in a realized fixed rate on the 2003 Fixed Payer Swap that is higher than the nominal rate in the contract.	School District's variable rate bonds may trade at a higher rate received on the 2003 Fixed Payer Swap.	Good financial management, budget contingency (i.e. Budget to a higher all-in fixed rate), and a Rate Stabilization and Improvement Fund.
3) Tax Risk*	Shortfall between the rate received on the 2003 Fixed Payer Swap and the rate paid caused by a reduction in or elimination of the benefit of the tax-exemption of municipal bonds, e.g. a tax cut.	Could result in a realized fixed rate on the 2003 Fixed Payer Swap that is higher than the nominal rate in the contract.	See Schedule 7C and 7D.	Good financial management, budget contingency (i.e. Budget to a higher all-in fixed rate), and a Rate Stabilization and Improvement Fund.
4) Counterparty Credit (Default) Risk	Risk of a payment default on the 2003 Fixed Payer Swap by the Counterparty which results in an economic loss to the School District.	Exposure that diminishes with passage of time; requires monitoring of Counterparty credit ratings.	See Schedule 7B for the potential payments owed.	Selected Counterparty with high credit ratings and continually monitor those, Interest Rate Management Plan / Monitor
5) Liquidity Risk	Inability to renew or replace Liquidity Bank or that the liquidity fees will increase in the future.	Replacement Liquidity Bank can generally be located, but price may increase.	Could increase overall cost of administrative fees.	Prudently manage the School District's finances to maintain credit rating.

*Any termination payment or swap cash outflows may need to fit under an inflationary index as defined in Act 1 that would restrict real estate tax increases.

Schedule 7B
Termination Values – 2003 Fixed Payer Swap

Effective Date 3/5/2009
 Swap Maturity 10/15/2021
 Contract Swap Rate 3.80%
 Discount Rate 3.25%

AMORTIZATION SCHEDULE		TERMINATION PAYMENT AMOUNT						
Outstanding Notional		Change in Swap Rates						
Date		-1.50%	-1.00%	-0.50%	0.00%	0.50%	1.00%	1.50%
3/5/2009	\$72,165,000	(\$22,860,658)	(\$18,744,512)	(\$14,826,236)	(\$11,094,920)	(\$7,540,322)	(\$4,152,766)	(\$923,165)
10/15/2009	\$71,145,000	(\$20,611,055)	(\$16,938,503)	(\$13,427,656)	(\$10,070,277)	(\$6,858,578)	(\$3,785,198)	(\$843,175)
10/15/2010	\$70,080,000	(\$18,391,272)	(\$15,148,720)	(\$12,035,698)	(\$9,046,147)	(\$6,174,314)	(\$3,414,735)	(\$762,222)
10/15/2011	\$68,970,000	(\$16,202,756)	(\$13,376,457)	(\$10,651,409)	(\$8,033,295)	(\$5,487,999)	(\$3,041,598)	(\$680,344)
10/15/2012	\$67,810,000	(\$14,046,957)	(\$11,623,018)	(\$9,275,848)	(\$7,002,491)	(\$4,800,116)	(\$2,666,012)	(\$597,581)
10/15/2013	\$67,160,000	(\$11,923,483)	(\$9,889,845)	(\$7,910,194)	(\$5,984,602)	(\$4,111,214)	(\$2,288,246)	(\$513,980)
10/15/2014	\$66,485,000	(\$9,822,306)	(\$8,163,498)	(\$6,843,515)	(\$4,961,172)	(\$3,413,327)	(\$1,904,874)	(\$428,745)
10/15/2015	\$65,780,000	(\$7,738,231)	(\$6,444,683)	(\$5,176,340)	(\$3,932,829)	(\$2,712,599)	(\$1,515,915)	(\$341,864)
10/15/2016	\$57,420,000	(\$5,674,224)	(\$4,734,243)	(\$3,809,314)	(\$2,899,989)	(\$2,003,234)	(\$1,121,420)	(\$253,329)
10/15/2017	\$47,655,000	(\$3,871,423)	(\$3,235,804)	(\$2,608,182)	(\$1,988,403)	(\$1,376,316)	(\$771,775)	(\$174,637)
10/15/2018	\$37,465,000	(\$2,374,351)	(\$1,988,010)	(\$1,605,291)	(\$1,225,870)	(\$849,963)	(\$477,428)	(\$108,214)
10/15/2019	\$25,345,000	(\$1,196,709)	(\$1,003,674)	(\$811,762)	(\$620,960)	(\$431,253)	(\$242,634)	(\$53,085)
10/15/2020	\$12,700,000	(\$599,617)	(\$335,714)	(\$271,971)	(\$208,387)	(\$144,961)	(\$81,691)	(\$18,576)
10/15/2021	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

This table shows the value to terminate the Swap at various relationships of SIFMA and LIBOR at different points in time. Gain/(Loss).

Schedule 7C
Tax Risk: Present Value Analysis – 2003 Fixed Payer Swap

PV Sensitivity Analysis for % of LIBOR Swap:	
Date	3/5/09
Maturity	10/15/21
Swap Floating % of LIBOR	68.0%
Assumed Future LIBOR	3.25%
Annual Savings vs. SIFMA Swap	0.00%

		PRESENT VALUE SAVINGS AT EFFECTIVE DATE				
		Variable Bond Rate/LIBOR Ratio				
Outstanding Notional		S&P Worst Case				0 exemption
Year Tax Change Effective		58.0%	68.0%	75.5%	85.0%	100.0%
3/5/09	\$72,165,000	\$2,085,002	\$0	(\$1,563,752)	(\$3,544,504)	(\$6,672,000)
10/15/09	\$71,145,000	\$1,900,435	\$0	(\$1,425,327)	(\$3,230,740)	(\$6,081,393)
10/15/10	\$70,080,000	\$1,714,418	\$0	(\$1,285,814)	(\$2,914,511)	(\$5,486,138)
10/15/11	\$68,970,000	\$1,527,062	\$0	(\$1,145,297)	(\$2,596,006)	(\$4,886,599)
10/15/12	\$67,810,000	\$1,338,482	\$0	(\$1,003,861)	(\$2,275,419)	(\$4,283,141)
10/15/13	\$67,160,000	\$1,148,810	\$0	(\$861,607)	(\$1,952,976)	(\$3,676,191)
10/15/14	\$66,485,000	\$956,328	\$0	(\$717,246)	(\$1,625,755)	(\$3,060,250)
10/15/15	\$65,780,000	\$761,046	\$0	(\$570,785)	(\$1,293,779)	(\$2,435,348)
10/15/16	\$57,420,000	\$562,990	\$0	(\$422,243)	(\$957,083)	(\$1,801,569)
10/15/17	\$47,655,000	\$387,453	\$0	(\$290,590)	(\$658,671)	(\$1,239,851)
10/15/18	\$37,465,000	\$239,681	\$0	(\$170,761)	(\$407,457)	(\$766,978)
10/15/19	\$25,345,000	\$121,807	\$0	(\$91,355)	(\$207,072)	(\$389,783)
10/15/20	\$12,700,000	\$41,010	\$0	(\$30,758)	(\$69,717)	(\$131,332)
10/15/21	\$0	\$0	\$0	\$0	\$0	\$0

Schedule 7D
Tax Risk: Annual Cash Flows – 2003 Fixed Payer Swap

Basis Risk - Cash Flow

Notional Amount \$72,165,000

Contract LIBOR Ratio 68.0%

20-Yr Fixed Margin 0.00%

Annual Swap Cashflow Sensitivity*

<u>Actual SIFMA/LIBOR Ratio</u>					
<u>LIBOR</u> <u>Rate**</u>	<u>58.0%</u>	<u>68.0%</u>	<u>75.5%</u>	<u>85.0%</u>	<u>100.0%</u>
1.00%	72,165	0	(54,124)	(121,681)	(130,928)
2.00%	144,330	0	(108,248)	(243,361)	(261,856)
3.00%	216,495	0	(162,371)	(365,042)	(392,784)
4.00%	288,660	0	(216,495)	(486,722)	(513,712)
5.00%	360,825	0	(270,619)	(608,403)	(634,640)
6.00%	432,990	0	(324,743)	(730,083)	(755,568)
7.00%	505,155	0	(378,866)	(851,764)	(876,496)
8.00%	577,320	0	(432,990)	(973,444)	(997,424)

Cashflows = 1-Month LIBOR(Contract LIBOR Ratio - Actual SIFMA/LIBOR Ratio)*Notional Amount

**1-Month LIBOR

***Assumes related bonds trade at 68% of LIBOR. Any outperformance or underperformance will effect net cashflows on the transaction.

Schedule 7E
2003 Fixed Payer Swap and 2003 Bonds: Estimated Periodic Scheduled Payments

1	2	3	4	5	6	7	8	9
Fiscal Year	Principal	Pay	Pay	Receive	Pay	Pay	Budget	Fiscal Year
Ending	Date	Principal	Variable Rate	on Swap	Fixed	Var. Rate	Contingency	Total
			Bonds (1)	68% of LIBOR (2)	Swap Rate (3)	Bond Admin (4)		
			3.23%	3.23%	3.800%	0.30%	0.15%	
6/30/2009	10/15/2008	-	815,825.33	(815,825.33)	388,488.25	30,670.13	15,335.06	434,493.44
6/30/2010	10/15/2009	1,020,000	2,307,592.75	(2,307,592.75)	2,722,890.00	214,965.00	107,482.50	4,065,337.50
6/30/2011	10/15/2010	1,065,000	2,273,617.19	(2,273,617.19)	2,683,275.00	211,837.50	105,918.75	4,066,031.25
6/30/2012	10/15/2011	1,110,000	2,238,188.13	(2,238,188.13)	2,641,950.00	208,575.00	104,287.50	4,064,812.50
6/30/2013	10/15/2012	1,160,000	2,201,191.17	(2,201,191.17)	2,598,820.00	205,170.00	102,585.00	4,066,575.00
6/30/2014	10/15/2013	650,000	2,175,391.54	(2,175,391.54)	2,564,430.00	202,455.00	101,227.50	3,518,112.50
6/30/2015	10/15/2014	675,000	2,153,824.56	(2,153,824.56)	2,539,255.00	200,467.50	100,233.75	3,514,956.25
6/30/2016	10/15/2015	705,000	2,131,335.69	(2,131,335.69)	2,513,035.00	198,397.50	99,198.75	3,515,631.25
6/30/2017	10/15/2016	8,360,000	1,933,424.17	(1,933,424.17)	2,340,800.00	184,800.00	92,400.00	10,978,000.00
6/30/2018	10/15/2017	9,765,000	1,631,250.94	(1,631,250.94)	1,996,425.00	157,612.50	78,806.25	11,997,843.75
6/30/2019	10/15/2018	10,190,000	1,306,117.79	(1,306,117.79)	1,617,280.00	127,680.00	63,840.00	11,998,800.00
6/30/2020	10/15/2019	12,120,000	932,824.00	(932,824.00)	1,193,390.00	94,215.00	47,107.50	13,454,712.50
6/30/2021	10/15/2020	12,645,000	529,336.44	(529,336.44)	722,855.00	57,067.50	28,533.75	13,453,456.25
6/30/2022	10/15/2021	12,700,000	119,644.58	(119,644.58)	241,300.00	19,050.00	9,525.00	12,969,875.00
TOTALS		72,165,000	22,749,564.61	(22,749,564.26)	26,764,193.25	2,112,962.63	1,056,481.31	102,098,637.19
(1) For these purposes, VR Bond rate assumed at 3.23%, payable monthly (2) For these purposes, 68% of LIBOR assumed at 3.23%, received monthly. (3) For these purposes, assumes fixed swap rate of 3.8%, payable semi-annually. (4) Assumed remarketing fee and liquidity total 0.30%.								

Schedule 7F
2003 Fixed Payer Swap and 2003 Note: Maximum Periodic Scheduled Payments

1	2	3	4	5	6	7	8	9
Fiscal Year	Principal	Pay	Pay	Receive	Pay	Pay	Budget	Fiscal Year
Ending	Date	Principal	Variable Rate	on Swap	Fixed	Var. Rate	Contingency	Total
			Bonds (1)	68% of LIBOR (2)	Swap Rate (3)	Bond Admin (4)		
			24.00%	0.00%	3.800%	0.30%	0.15%	
6/30/2009	10/15/2008	-	6,061,860.00	0.00	388,488.25	30,670.13	15,335.06	6,496,353.44
6/30/2010	10/15/2009	1,020,000	17,146,200.00	0.00	2,722,890.00	214,965.00	107,482.50	21,211,537.50
6/30/2011	10/15/2010	1,065,000	16,893,750.00	0.00	2,683,275.00	211,837.50	105,918.75	20,959,781.25
6/30/2012	10/15/2011	1,110,000	16,630,500.00	0.00	2,641,950.00	208,575.00	104,287.50	20,695,312.50
6/30/2013	10/15/2012	1,160,000	16,355,600.00	0.00	2,598,820.00	205,170.00	102,585.00	20,422,175.00
6/30/2014	10/15/2013	650,000	16,163,900.00	0.00	2,564,430.00	202,455.00	101,227.50	19,682,012.50
6/30/2015	10/15/2014	675,000	16,003,650.00	0.00	2,539,255.00	200,467.50	100,233.75	19,518,606.25
6/30/2016	10/15/2015	705,000	15,836,550.00	0.00	2,513,035.00	198,397.50	99,198.75	19,352,181.25
6/30/2017	10/15/2016	8,360,000	14,366,000.00	0.00	2,340,800.00	184,800.00	92,400.00	25,344,000.00
6/30/2018	10/15/2017	9,765,000	12,120,750.00	0.00	1,996,425.00	157,612.50	78,806.25	24,118,593.75
6/30/2019	10/15/2018	10,190,000	9,704,900.00	0.00	1,617,280.00	127,680.00	63,840.00	21,703,700.00
6/30/2020	10/15/2019	12,120,000	6,931,200.00	0.00	1,193,390.00	94,215.00	47,107.50	20,385,912.50
6/30/2021	10/15/2020	12,645,000	3,933,150.00	0.00	722,855.00	57,067.50	28,533.75	17,386,606.25
6/30/2022	10/15/2021	12,700,000	889,000.00	0.00	241,300.00	19,050.00	9,525.00	13,858,875.00
TOTALS		72,165,000	169,037,010.35	0.00	26,764,193.25	2,112,962.63	1,056,481.31	271,135,647.19
(1)For these purposes, VR Bond rate assumed at 24.00%, payable monthly (2)For these purposes, 68% of LIBOR assumed at 0%, received monthly. (3)For these purposes, assumes fixed swap rate of 3.8%, payable semi-annually. (4)Assumed remarketing fee and liquidity total 0.30%								

---2003 Swaption---

Schedule 8A
Risk Summary – 2003 Swaption

	Brief Definition/Explanation	Risk Analysis	Example	Mitigation
1) Termination Risk*	Risk that the School District is forced to liquidate the 2003 Swaption when it owes a termination payment to the Counterparty.	Would require a payment default, or bankruptcy by the School District, or a reduction in the School District's credit rating below threshold as defined in ISDA document. See Schedule 8B for the potential payments owed.	See Schedule 8B for the potential payments owed.	Good financial management, Monitor
2) Tax Risk*	Risk that a reduction in or elimination of the benefit of the tax-exemption of municipal bonds (e.g. a tax cut), increases the rate paid on the 2003 Swaption.	Could result in a higher rate paid on the 2003 Swaption.	Variable rate paid is higher than the fixed rate received.	Financial Advisor recommends establishing a Rate Stabilization & Improvement Fund funded from any positive cash flow on the 2003 Swaption, Monitor.
3) Interest Rate Risk	Risk that an adverse move in variable rates increases the overall cost of borrowing.	Risk that an adverse move in variable rates increases the overall cost of borrowing.	Variable rate paid is higher than the fixed rate received.	Financial Advisor recommends establishing a Rate Stabilization & Improvement Fund funded from any positive cash flow on the 2003 Swaption, Monitor.
4) Counterparty Credit (Default) Risk	Risk of a payment default on the 2003 Swaption by the Counterparty which results in an economic loss to the School District.	Exposure that diminishes with passage of time; requires monitoring of Counterparty credit ratings.	See Schedule 8B for the potential payments owed.	Selected a counterparty with high credit ratings, Monitor

* Any termination payment or swap cash outflows may need to fit under an inflationary index as defined in Act 1 that would restrict real estate tax increases.

Schedule 8B
Termination Values – 2003 Swaption

Effective Date 9/1/2009
Swap Maturity 9/1/2016
Contract Swap Rate 3.28%
Discount Rate 2.20%

AMORTIZATION SCHEDULE		TERMINATION PAYMENT AMOUNT						
Outstanding Notional		Change in Swap Rates						
Date		-1.50%	-1.00%	-0.50%	0.00%	0.50%	1.00%	1.50%
9/1/2009	\$44,900,000	\$2,510,114	\$1,656,653	\$820,102	\$0	(\$804,102)	(\$1,592,638)	(\$2,366,028)
9/1/2010	\$38,740,000	\$1,850,675	\$1,223,543	\$606,733	\$0	(\$596,893)	(\$1,184,176)	(\$1,762,076)
9/1/2011	\$32,270,000	\$1,279,498	\$847,376	\$420,914	\$0	(\$415,477)	(\$825,636)	(\$1,230,551)
9/1/2012	\$25,465,000	\$801,876	\$531,965	\$264,687	\$0	(\$262,139)	(\$521,771)	(\$778,937)
9/1/2013	\$17,730,000	\$423,516	\$281,421	\$140,253	\$0	(\$139,350)	(\$277,807)	(\$415,384)
9/1/2014	\$9,595,000	\$159,138	\$105,910	\$52,864	\$0	(\$52,684)	(\$105,190)	(\$157,520)
9/1/2015	\$1,040,000	\$15,573	\$10,369	\$5,178	\$0	(\$5,165)	(\$10,318)	(\$15,458)
9/1/2016	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

This table shows the value to terminate the Swap at various relationships of SIFMA and LIBOR at different points in time. Gain/(Loss).

Schedule 8C
2003 Swaption and 2007A Bonds: Estimated Periodic Scheduled Payments

1	2	3	4	5	6	7	8	9	10	11	12
					Payment to Counterparty		Receipt from Counterparty				
Date*	Principal	Rate	Interest	Basis Swap Notional Amount	SIFMA Rate Paid**	Semi-Annual Swap Payment**	Rate Received	Semi-Annual Swap-Receipt	Annual Bond Payments	Annual Bond and Swap Payments	Annual Net Difference
2/24/2009											
9/1/2009	5,855,000	5.000	1,268,625.00	50,745,000	3.23%	851,402.43	3.28%	864,582.03			
3/1/2010			1,122,250.00	44,890,000	3.23%	724,973.50	3.28%	736,195.00	8,245,875.00	8,221,472.90	(24,402.10)
9/1/2010	6,155,000	5.000	1,122,250.00	44,890,000	3.23%	724,973.50	3.28%	736,195.00			
3/1/2011			968,375.00	38,735,000	3.23%	625,570.25	3.28%	635,254.00	8,245,625.00	8,224,718.75	(20,906.25)
9/1/2011	6,470,000	5.000	968,375.00	38,735,000	3.23%	625,570.25	3.28%	635,254.00			
3/1/2012			806,625.00	32,265,000	3.23%	521,079.75	3.28%	529,146.00	8,245,000.00	8,227,250.00	(17,750.00)
9/1/2012	6,805,000	5.000	806,625.00	32,265,000	3.23%	521,079.75	3.28%	529,146.00			
3/1/2013			636,500.00	25,460,000	3.23%	411,179.00	3.28%	417,544.00	8,248,125.00	8,233,693.75	(14,431.25)
9/1/2013	7,735,000	5.000	636,500.00	25,460,000	3.23%	411,179.00	3.28%	417,544.00			
3/1/2014			443,125.00	17,725,000	3.23%	286,258.75	3.28%	290,690.00	8,814,625.00	8,803,828.75	(10,796.25)
9/1/2014	8,135,000	5.000	443,125.00	17,725,000	3.23%	286,258.75	3.28%	290,690.00			
3/1/2015			239,750.00	9,590,000	3.23%	154,878.50	3.28%	157,276.00	8,817,875.00	8,811,046.25	(6,828.75)
9/1/2015	8,555,000	5.000	239,750.00	9,590,000	3.23%	154,878.50	3.28%	157,276.00			
3/1/2016			25,875.00	1,035,000	3.23%	16,715.25	3.28%	16,974.00	8,820,625.00	8,817,968.75	(2,656.25)
9/1/2016	1,035,000	5.000	25,875.00	1,035,000	3.23%	16,715.25	3.28%	16,974.00			
3/1/2017			0.00	0	3.23%	0.00	3.28%	0.00	1,060,875.00	1,060,616.25	(258.75)
TOTALS	50,745,000		9,753,625.00			6,332,712.43		6,430,742.03	60,498,625.00	60,400,595.40	(98,029.60)

*As of February 24, 2009.

**Assumes SIFMA maintains its historical average

Schedule 8D
2003 Swaption and 2007A Bonds: Maximum Periodic Scheduled Payments

1	2	3	4	5	6	7	8	9	10	11	12
					Payment to Counterparty		Receipt from Counterparty				
Date*	Principal	Rate	Interest	Basis Swap Notional Amount	SIFMA Rate Paid**	Semi-Annual Swap Payment**	Rate Received	Semi-Annual Swap-Receipt	Annual Bond Payments	Annual Bond and Swap Payments	Annual Net Difference
2/24/2009											
9/1/2009	5,855,000	5.000	1,268,625.00	50,745,000	25.00%	6,589,802.08	3.28%	864,582.03			
3/1/2010			1,122,250.00	44,890,000	25.00%	5,611,250.00	3.28%	736,196.00	8,245,875.00	18,846,149.05	10,600,274.05
9/1/2010	6,155,000	5.000	1,122,250.00	44,890,000	25.00%	5,611,250.00	3.28%	736,196.00			
3/1/2011			968,375.00	38,735,000	25.00%	4,841,875.00	3.28%	635,254.00	8,245,625.00	17,327,300.00	9,081,675.00
9/1/2011	6,470,000	5.000	968,375.00	38,735,000	25.00%	4,841,875.00	3.28%	635,254.00			
3/1/2012			806,625.00	32,265,000	25.00%	4,033,125.00	3.28%	529,146.00	8,245,000.00	15,955,600.00	7,710,600.00
9/1/2012	6,805,000	5.000	806,625.00	32,265,000	25.00%	4,033,125.00	3.28%	529,146.00			
3/1/2013			636,500.00	25,460,000	25.00%	3,182,500.00	3.28%	417,544.00	8,248,125.00	14,517,060.00	6,268,935.00
9/1/2013	7,735,000	5.000	636,500.00	25,460,000	25.00%	3,182,500.00	3.28%	417,544.00			
3/1/2014			443,125.00	17,725,000	25.00%	2,215,625.00	3.28%	290,690.00	8,814,625.00	13,504,516.00	4,689,891.00
9/1/2014	8,135,000	5.000	443,125.00	17,725,000	25.00%	2,215,625.00	3.28%	290,690.00			
3/1/2015			239,750.00	9,590,000	25.00%	1,198,750.00	3.28%	157,276.00	8,817,875.00	11,784,284.00	2,966,409.00
9/1/2015	8,555,000	5.000	239,750.00	9,590,000	25.00%	1,198,750.00	3.28%	157,276.00			
3/1/2016			25,875.00	1,035,000	25.00%	129,375.00	3.28%	16,974.00	8,820,625.00	9,974,500.00	1,153,875.00
9/1/2016	1,035,000	5.000	25,875.00	1,035,000	25.00%	129,375.00	3.28%	16,974.00			
3/1/2017			0.00	0	25.00%	0.00	3.28%	0.00	1,060,875.00	1,173,276.00	112,401.00
TOTALS	50,745,000		9,753,625.00			49,014,802.08		6,430,742.03	60,498,625.00	103,082,685.05	42,584,060.05

*As of February 24, 2009.

**Assumes SIFMA is 25.00%.

---2005 Fixed Payer Swap---

Schedule 9A
Risk Summary – 2005 Fixed Payer Swap

	Brief Definition/Explanation	Risk Analysis	Example	Mitigation
1) Termination Risk*	Risk that the School District is forced to liquidate the 2005 Fixed Payer Swap when it owes a termination payment to the Counterparty.	Would require a payment default, or bankruptcy by the School District, or a reduction in the School District's credit rating below threshold as defined in ISDA document. See Schedule 9B for the potential payments owed.	See Schedule 9B for the potential payments owed.	Good financial management, Monitor
2) Basis Risk*	Shortfall between the interest rate paid on underlying variable rate bonds and the floating rate received on the 2005 Fixed Payer Swap.	Could result in a realized fixed rate on the 2005 Fixed Payer Swap that is higher than the nominal rate in the contract.	School District's variable rate bonds may trade at a higher rate received on the 2005 Fixed Payer Swap.	Good financial management, budget contingency (i.e. Budget to a higher all-in fixed rate), and a Rate Stabilization and Improvement Fund
3) Tax Risk*	Shortfall between the rate received on the 2005 Fixed Payer Swap and the rate paid caused by a reduction in or elimination of the benefit of the tax-exemption of municipal bonds, e.g. a tax cut.	Could result in a realized fixed rate on the 2005 Fixed Payer Swap that is higher than the nominal rate in the contract.	See Schedule 9C and 9D.	Good financial management, budget contingency (i.e. Budget to a higher all-in fixed rate), and a Rate Stabilization and Improvement Fund.
4) Counterparty Credit (Default) Risk	Risk of a payment default on the 2005 Fixed Payer Swap by the Counterparty which results in an economic loss to the School District.	Exposure that diminishes with passage of time; requires monitoring of Counterparty credit ratings.	See Schedule 9B for the potential payments owed.	Selected Counterparty with high credit ratings and continually monitor those, Interest Rate Management Plan / Monitor
5) Liquidity Risk	Inability to renew or replace Liquidity Bank or that the liquidity fees will increase in the future.	Replacement Liquidity Bank can generally be located, but price may increase.	Could increase overall cost of administrative fees.	Prudently manage the School District's finances to maintain credit rating.

*Any termination payment or swap cash outflows may need to fit under an inflationary index as defined in Act 1 that would restrict real estate tax increases.

Schedule 9B
Termination Values – 2005 Fixed Payer Swap

Effective Date 3/5/2009
 Swap Maturity 1/1/2030
 Contract Swap Rate 3.900%
 Discount Rate 3.45%

AMORTIZATION SCHEDULE		TERMINATION PAYMENT AMOUNT						
Outstanding Notional		Change in Swap Rates						
Date	\$54,980,000	-1.50%	-1.00%	-0.50%	0.00%	0.50%	1.00%	1.50%
3/5/2009	\$54,980,000	(\$27,974,626)	(\$22,322,402)	(\$17,107,158)	(\$12,291,571)	(\$7,841,675)	(\$3,726,545)	\$81,986
1/1/2010	\$54,975,000	(\$26,454,846)	(\$21,159,242)	(\$16,252,571)	(\$11,703,179)	(\$7,482,129)	(\$3,562,959)	\$78,541
1/1/2011	\$54,970,000	(\$24,928,198)	(\$19,985,000)	(\$15,385,552)	(\$11,103,267)	(\$7,113,731)	(\$3,394,518)	\$74,978
1/1/2012	\$54,965,000	(\$23,394,652)	(\$18,799,569)	(\$14,505,918)	(\$10,491,007)	(\$6,736,260)	(\$3,221,078)	\$71,290
1/1/2013	\$54,960,000	(\$21,854,175)	(\$17,602,843)	(\$13,613,485)	(\$9,867,968)	(\$6,349,492)	(\$3,042,489)	\$67,474
1/1/2014	\$54,955,000	(\$20,306,735)	(\$16,394,711)	(\$12,708,065)	(\$9,232,114)	(\$5,953,197)	(\$2,858,597)	\$63,526
1/1/2015	\$54,950,000	(\$18,752,301)	(\$15,175,065)	(\$11,789,467)	(\$8,583,804)	(\$5,547,139)	(\$2,669,244)	\$59,440
1/1/2016	\$54,945,000	(\$17,190,840)	(\$13,943,793)	(\$10,857,499)	(\$7,922,793)	(\$5,131,075)	(\$2,474,268)	\$55,212
1/1/2017	\$54,940,000	(\$15,622,320)	(\$12,700,783)	(\$9,911,963)	(\$7,248,831)	(\$4,704,759)	(\$2,273,501)	\$50,837
1/1/2018	\$54,935,000	(\$14,046,707)	(\$11,445,922)	(\$8,953,662)	(\$6,561,661)	(\$4,267,937)	(\$2,066,769)	\$46,310
1/1/2019	\$54,930,000	(\$12,463,969)	(\$10,179,096)	(\$7,979,392)	(\$5,861,024)	(\$3,820,347)	(\$1,853,896)	\$41,626
1/1/2020	\$54,925,000	(\$10,874,074)	(\$8,900,190)	(\$6,991,951)	(\$5,146,655)	(\$3,361,724)	(\$1,634,697)	\$36,778
1/1/2021	\$54,920,000	(\$9,276,988)	(\$7,609,087)	(\$5,990,128)	(\$4,418,283)	(\$2,891,795)	(\$1,408,984)	\$31,762
1/1/2022	\$54,915,000	(\$7,672,678)	(\$6,305,669)	(\$4,973,715)	(\$3,675,631)	(\$2,410,279)	(\$1,176,563)	\$26,572
1/1/2023	\$49,070,000	(\$6,061,111)	(\$4,989,819)	(\$3,942,496)	(\$2,918,419)	(\$1,916,889)	(\$937,234)	\$21,200
1/1/2024	\$42,955,000	(\$4,617,404)	(\$3,807,813)	(\$3,013,677)	(\$2,234,589)	(\$1,470,150)	(\$719,974)	\$16,312
1/1/2025	\$36,565,000	(\$3,350,431)	(\$2,767,708)	(\$2,194,190)	(\$1,629,667)	(\$1,073,935)	(\$526,792)	\$11,954
1/1/2026	\$29,885,000	(\$2,269,255)	(\$1,877,766)	(\$1,491,167)	(\$1,109,364)	(\$732,265)	(\$359,780)	\$8,178
1/1/2027	\$22,905,000	(\$1,383,431)	(\$1,146,703)	(\$912,146)	(\$679,727)	(\$449,411)	(\$221,168)	\$5,035
1/1/2028	\$15,605,000	(\$702,859)	(\$583,571)	(\$464,979)	(\$347,076)	(\$229,853)	(\$113,302)	\$2,584
1/1/2029	\$7,975,000	(\$238,084)	(\$198,009)	(\$158,033)	(\$118,157)	(\$78,379)	(\$38,699)	\$884
1/1/2030	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

This table shows the value to terminate the Swap at various relationships of SIFMA and LIBOR at different points in time. Gain/(Loss).

Schedule 9C
Tax Risk: Present Value Analysis – 2005 Fixed Payer Swap

PV Sensitivity Analysis for % of LIBOR Swap:	
Date	3/5/09
Maturity	1/1/30
Swap Floating % of LIBOR	60.0%
Assumed Future LIBOR	3.45%
Fixed Spread	0.345%

Outstanding Notional		PRESENT VALUE SAVINGS AT EFFECTIVE DATE				
		Variable Bond Rate/LIBOR Ratio				0 exemption
		S&P Worst Case				
Year Tax Change Effective		50.0%	60.0%	75.5%	85.0%	100.0%
3/5/09	\$54,980,000	\$5,313,636	\$2,641,681	(\$1,499,847)	(\$4,038,204)	(\$8,046,135)
1/1/10	\$54,975,000	\$5,194,265	\$2,641,681	(\$1,314,823)	(\$3,739,777)	(\$7,568,652)
1/1/11	\$54,970,000	\$5,071,594	\$2,641,681	(\$1,124,684)	(\$3,433,101)	(\$7,077,979)
1/1/12	\$54,965,000	\$4,945,533	\$2,641,681	(\$929,288)	(\$3,117,946)	(\$6,573,723)
1/1/13	\$54,960,000	\$4,815,985	\$2,641,681	(\$728,489)	(\$2,794,077)	(\$6,055,533)
1/1/14	\$54,955,000	\$4,682,855	\$2,641,681	(\$522,137)	(\$2,461,252)	(\$5,523,012)
1/1/15	\$54,950,000	\$4,546,042	\$2,641,681	(\$310,078)	(\$2,119,221)	(\$4,975,763)
1/1/16	\$54,945,000	\$4,405,446	\$2,641,681	(\$92,153)	(\$1,767,729)	(\$4,413,376)
1/1/17	\$54,940,000	\$4,260,959	\$2,641,681	\$131,801	(\$1,406,513)	(\$3,833,430)
1/1/18	\$54,935,000	\$4,112,475	\$2,641,681	\$361,951	(\$1,035,303)	(\$3,241,493)
1/1/19	\$54,930,000	\$3,959,882	\$2,641,681	\$598,470	(\$653,820)	(\$2,631,121)
1/1/20	\$54,925,000	\$3,803,066	\$2,641,681	\$841,535	(\$261,780)	(\$2,003,857)
1/1/21	\$54,920,000	\$3,641,910	\$2,641,681	\$1,091,328	\$141,111	(\$1,359,232)
1/1/22	\$54,915,000	\$3,476,292	\$2,641,681	\$1,348,034	\$555,154	(\$696,762)
1/1/23	\$49,970,000	\$3,306,090	\$2,641,681	\$1,611,848	\$980,660	(\$15,953)
1/1/24	\$42,955,000	\$3,151,742	\$2,641,681	\$1,851,087	\$1,366,529	\$601,438
1/1/25	\$36,565,000	\$3,014,641	\$2,641,681	\$2,063,595	\$1,709,283	\$1,149,845
1/1/26	\$29,885,000	\$2,896,233	\$2,641,681	\$2,247,127	\$2,005,303	\$1,623,476
1/1/27	\$22,905,000	\$2,798,060	\$2,641,681	\$2,399,295	\$2,250,736	\$2,016,169
1/1/28	\$15,605,000	\$2,721,740	\$2,641,681	\$2,517,591	\$2,441,535	\$2,321,448
1/1/29	\$7,975,000	\$2,669,008	\$2,641,681	\$2,599,325	\$2,573,365	\$2,532,375
1/1/30	\$0	\$2,641,681	\$2,641,681	\$2,641,681	\$2,641,681	\$2,641,681

Schedule 9D
Tax Risk: Annual Cash Flows – 2005 Fixed Payer Swap

Basis Risk - Cash Flow

Notional Amount \$54,980,000

Contract LIBOR Ratio 60.0%

20-Yr Fixed Margin 0.345%

Annual Swap Cashflow Sensitivity*

LIBOR Rate**	Actual SIFMA/LIBOR Ratio				
	58.0%	68.0%	75.5%	85.0%	100.0%
1.00%	200,677	145,697	104,462	52,231	(30,239)
2.00%	211,673	101,713	19,243	(85,219)	(250,159)
3.00%	222,669	57,729	(65,976)	(222,669)	(470,079)
4.00%	233,665	13,745	(151,195)	(360,119)	(689,999)
5.00%	244,661	(30,239)	(296,414)	(497,569)	(909,919)
6.00%	255,657	(74,223)	(521,633)	(635,019)	(1,129,839)
7.00%	266,653	(118,207)	(746,852)	(772,469)	(1,349,759)
8.00%	277,649	(162,191)	(972,071)	(909,919)	(1,569,679)

Cashflows = 1-Month LIBOR(Contract LIBOR Ratio - Actual SIFMA/LIBOR Ratio)*Notional Amount

**1-Month LIBOR

***Assumes related bonds trade at 68% of LIBOR. Any outperformance or underperformance will effect net cashflows on the transaction.

Schedule 9E
2005 Fixed Payer Swap and 2005 Bonds: Estimated Periodic Scheduled Payments

1	2	3	4	5	6	7	8	9
Fiscal Year	Principal	Pay	Pay	Receive	Pay	Pay	Budget	Fiscal Year
Ending	Date	Principal	Variable Rate	on Swap	Fixed	Var. Rate	Contingency	Total
			Bonds (1)	68% of LIBOR (2)	Swap Rate (3)	Bond Admin (4)		
			3.23%	3.23%	3.900%	0.30%	0.15%	
6/30/2010	1/1/2010	5,000	1,775,773.25	(1,775,773.25)	2,144,220.00	140,657.17	70,328.58	2,360,205.75
6/30/2011	1/1/2011	5,000	1,775,611.75	(1,775,611.75)	2,144,025.00	164,925.00	82,462.50	2,396,412.50
6/30/2012	1/1/2012	5,000	1,775,450.25	(1,775,450.25)	2,143,830.00	164,910.00	82,455.00	2,396,195.00
6/30/2013	1/1/2013	5,000	1,775,288.75	(1,775,288.75)	2,143,635.00	164,895.00	82,447.50	2,395,977.50
6/30/2014	1/1/2014	5,000	1,775,127.25	(1,775,127.25)	2,143,440.00	164,880.00	82,440.00	2,395,760.00
6/30/2015	1/1/2015	5,000	1,774,965.75	(1,774,965.75)	2,143,245.00	164,865.00	82,432.50	2,395,542.50
6/30/2016	1/1/2016	5,000	1,774,804.25	(1,774,804.25)	2,143,050.00	164,850.00	82,425.00	2,395,325.00
6/30/2017	1/1/2017	5,000	1,774,642.75	(1,774,642.75)	2,142,855.00	164,835.00	82,417.50	2,395,107.50
6/30/2018	1/1/2018	5,000	1,774,481.25	(1,774,481.25)	2,142,660.00	164,820.00	82,410.00	2,394,890.00
6/30/2019	1/1/2019	5,000	1,774,319.75	(1,774,319.75)	2,142,465.00	164,805.00	82,402.50	2,394,672.50
6/30/2020	1/1/2020	5,000	1,774,158.25	(1,774,158.25)	2,142,270.00	164,790.00	82,395.00	2,394,455.00
6/30/2021	1/1/2021	5,000	1,773,996.75	(1,773,996.75)	2,142,075.00	164,775.00	82,387.50	2,394,237.50
6/30/2022	1/1/2022	5,000	1,773,835.25	(1,773,835.25)	2,141,880.00	164,760.00	82,380.00	2,394,020.00
6/30/2023	1/1/2023	5,845,000	1,679,357.75	(1,679,357.75)	2,141,685.00	164,745.00	82,372.50	8,233,802.50
6/30/2024	1/1/2024	6,115,000	1,486,203.75	(1,486,203.75)	1,913,730.00	147,210.00	73,605.00	8,249,545.00
6/30/2025	1/1/2025	6,390,000	1,284,248.00	(1,284,248.00)	1,675,245.00	128,865.00	64,432.50	8,258,542.50
6/30/2026	1/1/2026	6,680,000	1,073,167.50	(1,073,167.50)	1,426,035.00	109,695.00	54,847.50	8,270,577.50
6/30/2027	1/1/2027	6,980,000	852,558.50	(852,558.50)	1,165,515.00	89,655.00	44,827.50	8,279,997.50
6/30/2028	1/1/2028	7,300,000	621,936.50	(621,936.50)	893,295.00	68,715.00	34,357.50	8,296,367.50
6/30/2029	1/1/2029	7,630,000	380,817.00	(380,817.00)	608,595.00	46,815.00	23,407.50	8,308,817.50
6/30/2030	1/1/2030	7,975,000	128,796.25	(128,796.25)	311,025.00	23,925.00	11,962.50	8,321,912.50
TOTALS		54,980,000	30,579,541.35	(30,579,540.50)	37,994,775.00	2,898,392.17	1,449,196.08	97,322,363.25
(1)For these purposes, VR Bond rate assumed at 3.23%, payable monthly								
(2)For these purposes, 68% of LIBOR assumed at 3.23%, received monthly.								
(3)For these purposes, assumes fixed swap rate of 3.9%, payable semi-annually.								
(4)Assumed remarketing fee and liquidity total 0.30%.								

Schedule 9F
2005 Fixed Payer Swap and 2005 Bonds: Maximum Periodic Scheduled Payments

1	2	3	4	5	6	7	8	9
Fiscal Year	Principal	Pay	Pay	Receive	Pay	Pay	Budget	Fiscal Year
Ending	Date	Principal	Variable Rate	on Swap	Fixed	Var. Rate	Contingency	Total
			Bonds (1)	68% of LIBOR (2)	Swap Rate (3)	Bond Admin (4)		
			25.00%	0.00%	3.900%	0.30%	0.15%	
6/30/2010	1/1/2010	5,000	13,744,375.00	0.00	2,144,220.00	140,657.17	70,328.58	16,104,580.75
6/30/2011	1/1/2011	5,000	13,743,125.00	0.00	2,144,025.00	164,925.00	82,462.50	16,139,537.50
6/30/2012	1/1/2012	5,000	13,741,875.00	0.00	2,143,830.00	164,910.00	82,455.00	16,138,070.00
6/30/2013	1/1/2013	5,000	13,740,625.00	0.00	2,143,635.00	164,895.00	82,447.50	16,136,602.50
6/30/2014	1/1/2014	5,000	13,739,375.00	0.00	2,143,440.00	164,880.00	82,440.00	16,135,135.00
6/30/2015	1/1/2015	5,000	13,738,125.00	0.00	2,143,245.00	164,865.00	82,432.50	16,133,667.50
6/30/2016	1/1/2016	5,000	13,736,875.00	0.00	2,143,050.00	164,850.00	82,425.00	16,132,200.00
6/30/2017	1/1/2017	5,000	13,735,625.00	0.00	2,142,855.00	164,835.00	82,417.50	16,130,732.50
6/30/2018	1/1/2018	5,000	13,734,375.00	0.00	2,142,660.00	164,820.00	82,410.00	16,129,265.00
6/30/2019	1/1/2019	5,000	13,733,125.00	0.00	2,142,465.00	164,805.00	82,402.50	16,127,797.50
6/30/2020	1/1/2020	5,000	13,731,875.00	0.00	2,142,270.00	164,790.00	82,395.00	16,126,330.00
6/30/2021	1/1/2021	5,000	13,730,625.00	0.00	2,142,075.00	164,775.00	82,387.50	16,124,862.50
6/30/2022	1/1/2022	5,000	13,729,375.00	0.00	2,141,880.00	164,760.00	82,380.00	16,123,395.00
6/30/2023	1/1/2023	5,845,000	12,998,125.00	0.00	2,141,685.00	164,745.00	82,372.50	21,231,927.50
6/30/2024	1/1/2024	6,115,000	11,503,125.00	0.00	1,913,730.00	147,210.00	73,605.00	19,752,670.00
6/30/2025	1/1/2025	6,390,000	9,940,000.00	0.00	1,675,245.00	128,865.00	64,432.50	18,198,542.50
6/30/2026	1/1/2026	6,680,000	8,306,250.00	0.00	1,426,035.00	109,695.00	54,847.50	16,576,827.50
6/30/2027	1/1/2027	6,980,000	6,598,750.00	0.00	1,165,515.00	89,655.00	44,827.50	14,878,747.50
6/30/2028	1/1/2028	7,300,000	4,813,750.00	0.00	893,295.00	68,715.00	34,357.50	13,110,117.50
6/30/2029	1/1/2029	7,630,000	2,947,500.00	0.00	608,595.00	46,815.00	23,407.50	11,256,317.50
6/30/2030	1/1/2030	7,975,000	996,875.00	0.00	311,025.00	23,925.00	11,962.50	9,318,787.50
TOTALS		54,980,000	236,683,750.85	0.00	37,994,775.00	2,898,392.17	1,449,196.08	334,006,113.25
(1)For these purposes, assumes a maximum rate of 25%.								
(2)For these purposes, 68% of LIBOR assumed at 3.23%, received monthly.								
(3)For these purposes, assumes fixed swap rate of 3.9%, payable semi-annually.								
(4)Assumed remarketing fee and liquidity total 0.30%.								

---2005 CMS---

Schedule 10A
Risk Summary – 2005 CMS

	Brief Definition/Explanation	Risk Analysis	Example	Mitigation
1) Termination Risk*	Risk that the School District is forced to liquidate the 2005 CMS when it owes a termination payment to the Counterparty.	Would require a payment default, or bankruptcy by the School District, or a reduction in the School District's credit rating below threshold as defined in ISDA document. See Schedule 10B for the potential payments owed.	See Schedule 10B.	Good financial management, Monitor
2) Basis Risk*	Shortfall between the interest rate paid (SIFMLA) and the rate received (66.90% of 10-Year LIBOR) on the 2005 CMS.	Could result in a rate paid (SIFMLA) that is higher than the rate received (66.90% of 10-Year LIBOR) in which the School District makes net payments to the Counterparty.	Interest rate paid (SIFMLA) may be higher than interest rate received (66.90% of 10-Year LIBOR), and may exist for entire term.	Financial Advisor recommends establishing a Rate Stabilization & Improvement Fund funded from any positive cash flow on the 2005 CMS.
3) Tax Risk*	Shortfall between the rate paid on the 2005 CMS and the rate received on the 2005 CMS caused by a reduction in or elimination of the benefit of the tax- exemption of municipal bonds, e.g. a tax cut.	Could result in a rate paid (SIFMLA) on the 2005 CMS that is higher than the rate received (66.90% of 10-Year LIBOR) resulting in a net cost for the School District.	See Schedule 10B.	Financial Advisor recommends establishing a Rate Stabilization & Improvement Fund funded from any positive cash flow on the 2005 CMS.
4) Yield Curve Risk*	Risk that the yield curve does not steepen sufficiently to produce positive net cash flows.	Could result in cash outflows under the terms of the 2005 CMS.	See Schedule 10C.	Financial Advisor recommends establishing a Rate Stabilization & Improvement Fund funded from any positive cash flow on the 2005 CMS.
5) Counterparty Credit (Default) Risk	Risk of a payment default on the 2005 CMS by the Counterparty which results in an economic loss to the School District.	Exposure that diminishes with passage of time; requires monitoring of Counterparty credit ratings.	See Schedule 10B for the potential payments owed.	Selected a counterparty with high credit ratings, Monitor

* Any termination payment or swap cash outflows may need to fit under an inflationary index as defined in Act 1 that would restrict real estate tax increases.

3/16/2009 Board Meeting

Schedule 10B
Termination Values – 2005 CMS

As of March 10, 2009, the approximate market value for the 2005 CMS is a negative \$4,826,220. The current value will become more negative with further yield curve flattening. Conversely, the current value will become more positive with further yield curve steepening.

Schedule 10C
Yield Curve Risk: Annual Cash Flows – 2005 CMS

Yield Curve - Cash Flow

Notional Amount \$54,980,000

% of 10-yr CMS 66.9%

% of SIFMA 100.0%

1990 - 2009 Annual	
Average	3.15
Max	4.62
Min	1.62
St Dev	0.84

Annual Swap Cashflow Sensitivity*

Actual Spread between SIFMA and 10-year LIBOR Swap Rate							
SIFMA Rate**	1.00%	1.50%	2.00%	2.58%	3.00%	3.15%	4.00%
1.00%	N/A	369,741	553,649	766,982	921,465	976,637	1,289,281
2.00%	3,849	187,757	371,665	584,998	739,481	794,653	1,107,297
3.00%	(178,135)	5,773	189,681	403,014	557,497	612,670	925,313
4.00%	(560,119)	(176,211)	7,697	221,031	375,513	430,686	743,330
5.00%	(542,103)	(158,195)	(174,287)	39,047	193,530	248,702	561,346
6.00%	(724,037)	(540,179)	(356,270)	(142,037)	11,546	66,718	379,362
7.00%	(906,070)	(722,162)	(538,254)	(324,921)	(170,433)	(115,266)	197,378
8.00%	(1,088,054)	(904,146)	(720,238)	(506,905)	(352,422)	(297,249)	15,394

*Cashflows = ((CMS Rate + Margin) * Contract %) - ((SIFMA Rate + Margin) * basis adj) * Notional Amount

**SIFMA Index

Schedule 10D
2005 CMS and 2005 Bonds: Estimated Periodic Scheduled Payments

1	2	3	4	5	6	7	8	9	10	11	12
Date*	Principal	Rate**	Interest	Basis Swap Notional Amount	Payment to Counterparty		Receipt from Counterparty		Annual Bond Payments	Annual Bond and Swap Payments	Annual Net Difference
					SIFMA Rate Paid***	Semi-Annual Swap Payment***	66.90% of 10-Year LIBOR Rate Received***	Semi-Annual Swap Receipt***			
2/24/2009											
7/1/2009			1,072,110.00	54,980,000	3.23%	626,461.83	4.25%	823,930.28			
1/1/2010	5,000	3.900	1,072,110.00	54,980,000	3.23%	887,927.00	4.25%	1,167,775.20	2,149,220.00	1,071,923.35	(477,206.65)
7/1/2010			1,072,012.50	54,975,000	3.23%	887,846.25	4.25%	1,167,669.00			
1/1/2011	5,000	3.900	1,072,012.50	54,975,000	3.23%	887,846.25	4.25%	1,167,669.00	2,149,025.00	1,589,379.50	(559,645.50)
7/1/2011			1,071,915.00	54,970,000	3.23%	887,765.50	4.25%	1,167,562.80			
1/1/2012	5,000	3.900	1,071,915.00	54,970,000	3.23%	887,765.50	4.25%	1,167,562.80	2,148,830.00	1,589,235.40	(559,594.60)
7/1/2012			1,071,817.50	54,965,000	3.23%	887,684.75	4.25%	1,167,456.60			
1/1/2013	5,000	3.900	1,071,817.50	54,965,000	3.23%	887,684.75	4.25%	1,167,456.60	2,148,635.00	1,589,091.30	(559,543.70)
7/1/2013			1,071,720.00	54,960,000	3.23%	887,604.00	4.25%	1,167,350.40			
1/1/2014	5,000	3.900	1,071,720.00	54,960,000	3.23%	887,604.00	4.25%	1,167,350.40	2,148,440.00	1,588,947.20	(559,492.80)
7/1/2014			1,071,622.50	54,955,000	3.23%	887,523.25	4.25%	1,167,244.20			
1/1/2015	5,000	3.900	1,071,622.50	54,955,000	3.23%	887,523.25	4.25%	1,167,244.20	2,148,245.00	1,588,803.10	(559,441.90)
7/1/2015			1,071,525.00	54,950,000	3.23%	887,442.50	4.25%	1,167,138.00			
1/1/2016	5,000	3.900	1,071,525.00	54,950,000	3.23%	887,442.50	4.25%	1,167,138.00	2,148,050.00	1,588,659.00	(559,391.00)
7/1/2016			1,071,427.50	54,945,000	3.23%	887,361.75	4.25%	1,167,031.80			
1/1/2017	5,000	3.900	1,071,427.50	54,945,000	3.23%	887,361.75	4.25%	1,167,031.80	2,147,855.00	1,588,514.90	(559,340.10)
7/1/2017			1,071,330.00	54,940,000	3.23%	887,281.00	4.25%	1,166,925.60			
1/1/2018	5,000	3.900	1,071,330.00	54,940,000	3.23%	887,281.00	4.25%	1,166,925.60	2,147,660.00	1,588,370.80	(559,289.20)
7/1/2018			1,071,232.50	54,935,000	3.23%	887,200.25	4.25%	1,166,819.40			
1/1/2019	5,000	3.900	1,071,232.50	54,935,000	3.23%	887,200.25	4.25%	1,166,819.40	2,147,465.00	1,588,226.70	(559,238.30)
7/1/2019			1,071,135.00	54,930,000	3.23%	887,119.50	4.25%	1,166,713.20			
1/1/2020	5,000	3.900	1,071,135.00	54,930,000	3.23%	887,119.50	4.25%	1,166,713.20	2,147,270.00	1,588,082.60	(559,187.40)
7/1/2020			1,071,037.50	54,925,000	3.23%	887,038.75	4.25%	1,166,607.00			
1/1/2021	5,000	3.900	1,071,037.50	54,925,000	3.23%	887,038.75	4.25%	1,166,607.00	2,147,075.00	1,587,938.50	(559,136.50)
7/1/2021			1,070,940.00	54,920,000	3.23%	886,958.00	4.25%	1,166,500.80			
1/1/2022	5,000	3.900	1,070,940.00	54,920,000	3.23%	886,958.00	4.25%	1,166,500.80	2,146,880.00	1,587,794.40	(559,085.60)
7/1/2022			1,070,842.50	54,915,000	3.23%	886,877.25	4.25%	1,166,394.60			
1/1/2023	5,845,000	3.900	1,070,842.50	54,915,000	3.23%	886,877.25	4.25%	1,166,394.60	7,986,685.00	7,427,650.30	(559,034.70)
7/1/2023			956,865.00	49,070,000	3.23%	792,480.50	4.25%	1,042,246.80			
1/1/2024	6,115,000	3.900	956,865.00	49,070,000	3.23%	792,480.50	4.25%	1,042,246.80	8,028,730.00	7,529,197.40	(499,532.60)
7/1/2024			837,622.50	42,955,000	3.23%	693,723.25	4.25%	912,364.20			
1/1/2025	6,390,000	3.900	837,622.50	42,955,000	3.23%	693,723.25	4.25%	912,364.20	8,065,245.00	7,627,963.10	(437,281.90)
7/1/2025			713,017.50	36,565,000	3.23%	590,524.75	4.25%	776,640.60			
1/1/2026	6,680,000	3.900	713,017.50	36,565,000	3.23%	590,524.75	4.25%	776,640.60	8,106,035.00	7,733,803.30	(372,231.70)
7/1/2026			582,757.50	29,885,000	3.23%	482,542.75	4.25%	634,757.40			
1/1/2027	6,980,000	3.900	582,757.50	29,885,000	3.23%	482,542.75	4.25%	634,757.40	8,145,515.00	7,841,285.70	(304,229.30)
7/1/2027			446,647.50	22,905,000	3.23%	369,915.75	4.25%	486,502.20			
1/1/2028	7,300,000	3.900	446,647.50	22,905,000	3.23%	369,915.75	4.25%	486,502.20	8,193,295.00	7,960,122.10	(233,172.90)
7/1/2028			304,297.50	15,605,000	3.23%	252,020.75	4.25%	331,450.20			
1/1/2029	7,630,000	3.900	304,297.50	15,605,000	3.23%	252,020.75	4.25%	331,450.20	8,238,595.00	8,079,736.10	(158,858.90)
7/1/2029			155,512.50	7,975,000	3.23%	128,796.25	4.25%	169,389.00			
1/1/2030	7,975,000	3.900	155,512.50	7,975,000	3.23%	128,796.25	4.25%	169,389.00	8,286,025.00	8,204,839.50	(81,185.50)
TOTALS	54,980,000		37,994,775.00			31,206,022.33		41,041,233.08	92,974,775.00	83,139,564.25	(9,835,210.75)

*As of February 24, 2009.

**For these purposes, assumes a variable rate of 3.90%.

***Assumes SIFMA and 66.90% of 10-Year LIBOR maintain their historical spread

Schedule 10E
2005 CMS and 2005 Bonds: Maximum Periodic Scheduled Payments

1	2	3	4	5	6	7	8	9	10	11	12
Date*	Principal	Rate**	Interest	Basis Swap Notional Amount	Payment to Counterparty		Receipt from Counterparty		Annual Bond Payments	Annual Bond and Swap Payments	Annual Net Difference
					SIFMA Rate Paid***	Semi-Annual Swap Payment***	66.90% of 10-Year LIBOR Rate Received****	Semi-Annual Swap Receipt****			
2/24/2009											
7/1/2009			6,872,500.00	54,980,000	25.00%	4,848,930.56	0.00%	0.00			
1/1/2010	5,000	25.000	6,872,500.00	54,980,000	25.00%	6,872,500.00	0.00%	0.00	13,750,000.00	25,471,430.56	11,721,430.56
7/1/2010			6,871,875.00	54,975,000	25.00%	6,871,875.00	0.00%	0.00			
1/1/2011	5,000	25.000	6,871,875.00	54,975,000	25.00%	6,871,875.00	0.00%	0.00	13,748,750.00	27,492,500.00	13,743,750.00
7/1/2011			6,871,250.00	54,970,000	25.00%	6,871,250.00	0.00%	0.00			
1/1/2012	5,000	25.000	6,871,250.00	54,970,000	25.00%	6,871,250.00	0.00%	0.00	13,747,500.00	27,490,000.00	13,742,500.00
7/1/2012			6,870,625.00	54,965,000	25.00%	6,870,625.00	0.00%	0.00			
1/1/2013	5,000	25.000	6,870,625.00	54,965,000	25.00%	6,870,625.00	0.00%	0.00	13,746,250.00	27,487,500.00	13,741,250.00
7/1/2013			6,870,000.00	54,960,000	25.00%	6,870,000.00	0.00%	0.00			
1/1/2014	5,000	25.000	6,870,000.00	54,960,000	25.00%	6,870,000.00	0.00%	0.00	13,745,000.00	27,485,000.00	13,740,000.00
7/1/2014			6,869,375.00	54,955,000	25.00%	6,869,375.00	0.00%	0.00			
1/1/2015	5,000	25.000	6,869,375.00	54,955,000	25.00%	6,869,375.00	0.00%	0.00	13,743,750.00	27,482,500.00	13,738,750.00
7/1/2015			6,868,750.00	54,950,000	25.00%	6,868,750.00	0.00%	0.00			
1/1/2016	5,000	25.000	6,868,750.00	54,950,000	25.00%	6,868,750.00	0.00%	0.00	13,742,500.00	27,480,000.00	13,737,500.00
7/1/2016			6,868,125.00	54,945,000	25.00%	6,868,125.00	0.00%	0.00			
1/1/2017	5,000	25.000	6,868,125.00	54,945,000	25.00%	6,868,125.00	0.00%	0.00	13,741,250.00	27,477,500.00	13,736,250.00
7/1/2017			6,867,500.00	54,940,000	25.00%	6,867,500.00	0.00%	0.00			
1/1/2018	5,000	25.000	6,867,500.00	54,940,000	25.00%	6,867,500.00	0.00%	0.00	13,740,000.00	27,475,000.00	13,735,000.00
7/1/2018			6,866,875.00	54,935,000	25.00%	6,866,875.00	0.00%	0.00			
1/1/2019	5,000	25.000	6,866,875.00	54,935,000	25.00%	6,866,875.00	0.00%	0.00	13,738,750.00	27,472,500.00	13,733,750.00
7/1/2019			6,866,250.00	54,930,000	25.00%	6,866,250.00	0.00%	0.00			
1/1/2020	5,000	25.000	6,866,250.00	54,930,000	25.00%	6,866,250.00	0.00%	0.00	13,737,500.00	27,470,000.00	13,732,500.00
7/1/2020			6,865,625.00	54,925,000	25.00%	6,865,625.00	0.00%	0.00			
1/1/2021	5,000	25.000	6,865,625.00	54,925,000	25.00%	6,865,625.00	0.00%	0.00	13,736,250.00	27,467,500.00	13,731,250.00
7/1/2021			6,865,000.00	54,920,000	25.00%	6,865,000.00	0.00%	0.00			
1/1/2022	5,000	25.000	6,865,000.00	54,920,000	25.00%	6,865,000.00	0.00%	0.00	13,735,000.00	27,465,000.00	13,730,000.00
7/1/2022			6,864,375.00	54,915,000	25.00%	6,864,375.00	0.00%	0.00			
1/1/2023	5,845,000	25.000	6,864,375.00	54,915,000	25.00%	6,864,375.00	0.00%	0.00	19,573,750.00	33,302,500.00	13,728,750.00
7/1/2023			6,133,750.00	49,070,000	25.00%	6,133,750.00	0.00%	0.00			
1/1/2024	6,115,000	25.000	6,133,750.00	49,070,000	25.00%	6,133,750.00	0.00%	0.00	18,382,500.00	30,650,000.00	12,267,500.00
7/1/2024			5,369,375.00	42,955,000	25.00%	5,369,375.00	0.00%	0.00			
1/1/2025	6,390,000	25.000	5,369,375.00	42,955,000	25.00%	5,369,375.00	0.00%	0.00	17,128,750.00	27,867,500.00	10,738,750.00
7/1/2025			4,570,625.00	36,565,000	25.00%	4,570,625.00	0.00%	0.00			
1/1/2026	6,680,000	25.000	4,570,625.00	36,565,000	25.00%	4,570,625.00	0.00%	0.00	15,821,250.00	24,962,500.00	9,141,250.00
7/1/2026			3,735,625.00	29,885,000	25.00%	3,735,625.00	0.00%	0.00			
1/1/2027	6,980,000	25.000	3,735,625.00	29,885,000	25.00%	3,735,625.00	0.00%	0.00	14,451,250.00	21,922,500.00	7,471,250.00
7/1/2027			2,863,125.00	22,905,000	25.00%	2,863,125.00	0.00%	0.00			
1/1/2028	7,300,000	25.000	2,863,125.00	22,905,000	25.00%	2,863,125.00	0.00%	0.00	13,020,250.00	18,752,500.00	5,726,250.00
7/1/2028			1,950,625.00	15,605,000	25.00%	1,950,625.00	0.00%	0.00			
1/1/2029	7,630,000	25.000	1,950,625.00	15,605,000	25.00%	1,950,625.00	0.00%	0.00	11,531,250.00	15,432,500.00	3,901,250.00
7/1/2029			996,875.00	7,975,000	25.00%	996,875.00	0.00%	0.00			
1/1/2030	7,975,000	25.000	996,875.00	7,975,000	25.00%	996,875.00	0.00%	0.00	9,968,750.00	11,962,500.00	1,993,750.00
TOTALS	54,980,000		243,556,250.00			241,532,680.56		0.00	298,536,250.00	540,068,930.56	241,532,680.56

*As of February 24, 2009.

**For these purposes, assumes a maximum variable rate of 25.00%.

***For these purposes, assumes a maximum rate of 25.00%.

****For these purposes, assumes 66.90% of 10-Year LIBOR is 0%.

---2007-2 Fixed Payer Swap---

Schedule 11A
Risk Summary – 2007-2 Fixed Payer Swap

	Brief Definition/Explanation	Risk Analysis	Example	Mitigation
1) Termination Risk*	Risk that the School District is forced to liquidate the 2007-2 Fixed Payer Swap when it owes a termination payment to the Counterparty.	Would require a payment default, or bankruptcy by the School District, or a reduction in the School District's credit rating below threshold as defined in ISDA document. See Schedule 11B for the potential payments owed.	See Schedule 11B for the potential payments owed.	Good financial management, Monitor
2) Basis Risk*	Shortfall between the interest rate paid on underlying variable rate bonds and the floating rate received on the 2007-2 Fixed Payer Swap.	Could result in a realized fixed rate on the 2007-2 Fixed Payer Swap that is higher than the nominal rate in the contract.	School District's variable rate bonds may trade at a higher rate received on the 2007-2 Fixed Payer Swap.	Good financial management, budget contingency (i.e. Budget to a higher all-in fixed rate), and a Rate Stabilization and Improvement Fund.
3) Tax Risk*	Shortfall between the rate received on the 2007-2 Fixed Payer Swap and the rate paid caused by a reduction in or elimination of the benefit of the tax-exemption of municipal bonds, e.g. a tax cut.	Could result in a realized fixed rate on the 2007-2 Fixed Payer Swap that is higher than the nominal rate in the contract.	See Schedule 11C and 11D.	Good financial management, budget contingency (i.e. Budget to a higher all-in fixed rate), and a Rate Stabilization and Improvement Fund.
4) Counterparty Credit (Default) Risk	Risk of a payment default on the 2007-2 Fixed Payer Swap by the Counterparty which results in an economic loss to the School District.	Exposure that diminishes with passage of time; requires monitoring of Counterparty credit ratings.	See Schedule 11B for the potential payments owed.	Selected Counterparty with high credit ratings and continually monitor those, Interest Rate Management Plan / Monitor
5) Liquidity Risk	Inability to renew or replace Liquidity Bank or that the liquidity fees will increase in the future.	Replacement Liquidity Bank can generally be located, but price may increase.	Could increase overall cost of administrative fees.	Prudently manage the School District's finances to maintain credit rating.

* Any termination payment or swap cash outflows may need to fit under an inflationary index as defined in Act 1 that would restrict real estate tax increases.

Schedule 11B
Termination Values – 2007-2 Fixed Payer Swap

Effective Date 3/5/2009
 Swap Maturity 1/1/2032
 Contract Swap Rate 4.145%
 Discount Rate 3.42%

AMORTIZATION SCHEDULE		TERMINATION PAYMENT AMOUNT						
Outstanding Notional		Change in Swap Rates						
Date		-1.50%	-1.00%	-0.50%	0.00%	0.50%	1.00%	1.50%
3/5/2009	\$54,990,000	(\$33,880,658)	(\$27,164,344)	(\$21,032,420)	(\$15,428,855)	(\$10,303,272)	(\$5,610,347)	(\$1,309,288)
1/1/2010	\$54,985,000	(\$32,226,679)	(\$25,899,127)	(\$20,096,322)	(\$14,775,832)	(\$9,887,915)	(\$5,395,042)	(\$1,261,481)
1/1/2011	\$54,980,000	(\$30,568,576)	(\$24,624,424)	(\$19,152,538)	(\$14,111,358)	(\$9,463,181)	(\$5,173,789)	(\$1,212,112)
1/1/2012	\$54,975,000	(\$28,906,336)	(\$23,340,164)	(\$18,194,920)	(\$13,435,230)	(\$9,028,859)	(\$4,946,425)	(\$1,161,129)
1/1/2013	\$54,970,000	(\$27,239,951)	(\$22,046,275)	(\$17,225,319)	(\$12,747,241)	(\$8,584,730)	(\$4,712,778)	(\$1,108,479)
1/1/2014	\$54,965,000	(\$25,569,408)	(\$20,742,683)	(\$16,243,583)	(\$12,047,184)	(\$8,130,572)	(\$4,472,673)	(\$1,054,107)
1/1/2015	\$54,960,000	(\$23,894,697)	(\$19,429,314)	(\$15,249,559)	(\$11,334,844)	(\$7,666,156)	(\$4,225,936)	(\$997,958)
1/1/2016	\$54,955,000	(\$22,215,808)	(\$18,106,094)	(\$14,243,092)	(\$10,610,004)	(\$7,191,249)	(\$3,972,376)	(\$939,972)
1/1/2017	\$54,950,000	(\$20,532,730)	(\$16,772,948)	(\$13,224,025)	(\$9,872,444)	(\$6,705,614)	(\$3,711,807)	(\$880,090)
1/1/2018	\$54,945,000	(\$18,845,451)	(\$15,429,802)	(\$12,192,199)	(\$9,121,938)	(\$6,209,007)	(\$3,444,034)	(\$818,248)
1/1/2019	\$54,940,000	(\$17,153,961)	(\$14,076,577)	(\$11,147,452)	(\$8,358,259)	(\$5,701,178)	(\$3,168,856)	(\$754,383)
1/1/2020	\$54,935,000	(\$15,458,249)	(\$12,713,199)	(\$10,089,622)	(\$7,581,174)	(\$5,181,872)	(\$2,886,067)	(\$688,428)
1/1/2021	\$54,930,000	(\$13,758,304)	(\$11,339,596)	(\$9,018,542)	(\$6,790,445)	(\$4,650,820)	(\$2,595,457)	(\$620,315)
1/1/2022	\$54,925,000	(\$12,054,115)	(\$9,955,672)	(\$7,934,047)	(\$5,985,832)	(\$4,107,782)	(\$2,296,809)	(\$549,971)
1/1/2023	\$51,880,000	(\$10,345,671)	(\$8,561,366)	(\$6,835,966)	(\$5,167,089)	(\$3,552,458)	(\$1,969,898)	(\$477,326)
1/1/2024	\$48,695,000	(\$8,729,245)	(\$7,237,956)	(\$5,790,450)	(\$4,385,136)	(\$3,020,480)	(\$1,695,013)	(\$407,322)
1/1/2025	\$45,360,000	(\$7,209,519)	(\$5,989,727)	(\$4,801,217)	(\$3,642,978)	(\$2,514,031)	(\$1,413,434)	(\$340,279)
1/1/2026	\$41,865,000	(\$5,791,485)	(\$4,821,265)	(\$3,872,251)	(\$2,943,843)	(\$2,035,462)	(\$1,146,543)	(\$276,542)
1/1/2027	\$38,200,000	(\$4,480,477)	(\$3,737,459)	(\$3,007,802)	(\$2,291,186)	(\$1,587,296)	(\$895,827)	(\$216,483)
1/1/2028	\$34,365,000	(\$3,282,157)	(\$2,743,501)	(\$2,212,395)	(\$1,688,687)	(\$1,172,231)	(\$662,883)	(\$160,504)
1/1/2029	\$30,345,000	(\$2,202,201)	(\$1,844,626)	(\$1,490,610)	(\$1,140,095)	(\$793,027)	(\$449,353)	(\$109,019)
1/1/2030	\$26,130,000	(\$1,246,776)	(\$1,046,508)	(\$847,412)	(\$649,475)	(\$452,683)	(\$257,024)	(\$62,483)
1/1/2031	\$13,370,000	(\$422,379)	(\$355,130)	(\$288,049)	(\$221,134)	(\$154,385)	(\$87,801)	(\$21,380)
1/1/2032	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

This table shows the value to terminate the Swap at various relationships of SIFMA and LIBOR at different points in time. Gain/(Loss).

Schedule 11C
Tax Risk: Present Value Analysis – 2007-2 Fixed Payer Swap

PV Sensitivity Analysis for % of LIBOR Swap:	
Date	3/5/09
Maturity	1/1/32
Swap Floating % of LIBOR	60.0%
Assumed Future LIBOR	3.42%
Fixed Spread	0.346%

Outstanding Notional		PRESENT VALUE SAVINGS AT EFFECTIVE DATE				
		Variable Bond Rate/LIBOR Ratio				0 exemption
		S&P Worst Case				
Year Tax Change Effective		50.0%	60.0%	75.5%	85.0%	100.0%
3/5/09	\$54,990,000	\$5,819,918	\$2,912,153	(\$1,594,884)	(\$4,257,261)	(\$8,718,910)
1/1/10	\$54,985,000	\$5,708,076	\$2,912,153	(\$1,421,529)	(\$4,077,457)	(\$8,271,543)
1/1/11	\$54,980,000	\$5,593,171	\$2,912,153	(\$1,243,426)	(\$3,790,393)	(\$7,811,921)
1/1/12	\$54,975,000	\$5,475,118	\$2,912,153	(\$1,060,443)	(\$3,495,269)	(\$7,339,708)
1/1/13	\$54,970,000	\$5,353,830	\$2,912,153	(\$872,447)	(\$3,192,041)	(\$6,854,557)
1/1/14	\$54,965,000	\$5,229,219	\$2,912,153	(\$679,300)	(\$2,880,512)	(\$6,356,111)
1/1/15	\$54,960,000	\$5,101,192	\$2,912,153	(\$480,858)	(\$2,560,846)	(\$5,844,004)
1/1/16	\$54,955,000	\$4,969,656	\$2,912,153	(\$276,977)	(\$2,231,005)	(\$5,317,860)
1/1/17	\$54,950,000	\$4,834,514	\$2,912,153	(\$67,507)	(\$1,893,756)	(\$4,777,292)
1/1/18	\$54,945,000	\$4,695,667	\$2,912,153	\$147,706	(\$1,546,632)	(\$4,221,903)
1/1/19	\$54,940,000	\$4,553,012	\$2,912,153	\$368,821	(\$1,189,995)	(\$3,651,284)
1/1/20	\$54,935,000	\$4,406,445	\$2,912,153	\$596,000	(\$823,578)	(\$3,065,010)
1/1/21	\$54,930,000	\$4,255,858	\$2,912,153	\$829,410	(\$447,110)	(\$2,462,068)
1/1/22	\$54,925,000	\$4,101,140	\$2,912,153	\$1,069,222	(\$60,316)	(\$1,843,797)
1/1/23	\$51,880,000	\$3,942,178	\$2,912,153	\$1,315,614	\$337,090	(\$1,207,947)
1/1/24	\$48,695,000	\$3,789,465	\$2,912,153	\$1,552,319	\$718,873	(\$597,096)
1/1/25	\$45,360,000	\$3,643,662	\$2,912,153	\$1,778,313	\$1,083,378	(\$13,886)
1/1/26	\$41,865,000	\$3,505,484	\$2,912,153	\$1,992,489	\$1,428,823	\$538,826
1/1/27	\$38,200,000	\$3,375,699	\$2,912,153	\$2,193,656	\$1,753,286	\$1,057,966
1/1/28	\$34,365,000	\$3,255,132	\$2,912,153	\$2,380,535	\$2,054,705	\$1,540,237
1/1/29	\$30,345,000	\$3,144,629	\$2,912,153	\$2,551,815	\$2,330,963	\$1,982,249
1/1/30	\$26,130,000	\$3,045,114	\$2,912,153	\$2,706,063	\$2,579,750	\$2,380,309
1/1/31	\$13,370,000	\$2,957,570	\$2,912,153	\$2,841,757	\$2,798,611	\$2,730,485
1/1/32	\$0	\$2,912,153	\$2,912,153	\$2,912,153	\$2,912,153	\$2,912,153

Schedule 11D
Tax Risk: Annual Cash Flows – 2007-2 Fixed Payer Swap

Basis Risk - Cash Flow

Notional Amount \$54,990,000

Contract LIBOR Ratio 60.0%

20-Yr Fixed Margin 0.346%

Annual Swap Cashflow Sensitivity*

Actual SIFMA/LIBOR Ratio					
LIBOR					
Rate**	58.0%	68.0%	75.5%	85.0%	100.0%
1.00%	201,263	146,273	105,031	52,790	(29,695)
2.00%	212,261	102,281	19,796	(84,685)	(349,655)
3.00%	223,259	58,289	(68,496)	(332,160)	(469,615)
4.00%	234,257	14,297	(159,673)	(359,635)	(689,575)
5.00%	245,255	(29,695)	(235,967)	(497,110)	(909,535)
6.00%	256,253	(73,687)	(331,142)	(634,585)	(1,129,495)
7.00%	267,251	(117,679)	(406,336)	(772,060)	(1,349,455)
8.00%	278,249	(161,671)	(491,611)	(909,535)	(1,569,415)

Cashflows = 1-Month LIBOR(Contract LIBOR Ratio - Actual SIFMA/LIBOR Ratio)*Notional Amount

**1-Month LIBOR

***Assumes related bonds trade at 68% of LIBOR. Any outperformance or underperformance will effect net cashflows on the transaction.

Schedule 11E
2007-2 Fixed Payer Swap and 2007-2 Bonds: Estimated Periodic Scheduled Payments

1	2	3	4	5	6	7	8	9
Fiscal Year	Principal	Pay	Pay	Receive	Pay	Pay	Budget	Fiscal Year
<u>Ending</u>	<u>Date</u>	<u>Principal</u>	<u>Variable Rate</u>	<u>on Swap</u>	<u>Fixed</u>	<u>Var. Rate</u>	<u>Contingency</u>	<u>Total</u>
			<u>Bonds (1)</u>	<u>68% of LIBOR (2)</u>	<u>Swap Rate (3)</u>	<u>Bond Admin (4)</u>		
			3.23%	3.23%	4.145%	0.30%	0.15%	
6/30/2010	1/1/2010	5,000	1,776,096.25	(1,776,096.25)	2,279,335.50	140,682.75	70,341.38	2,495,359.63
6/30/2011	1/1/2011	5,000	1,775,934.75	(1,775,934.75)	2,279,128.25	164,955.00	82,477.50	2,531,560.75
6/30/2012	1/1/2012	5,000	1,775,773.25	(1,775,773.25)	2,278,921.00	164,940.00	82,470.00	2,531,331.00
6/30/2013	1/1/2013	5,000	1,775,611.75	(1,775,611.75)	2,278,713.75	164,925.00	82,462.50	2,531,101.25
6/30/2014	1/1/2014	5,000	1,775,450.25	(1,775,450.25)	2,278,506.50	164,910.00	82,455.00	2,530,871.50
6/30/2015	1/1/2015	5,000	1,775,288.75	(1,775,288.75)	2,278,299.25	164,895.00	82,447.50	2,530,641.75
6/30/2016	1/1/2016	5,000	1,775,127.25	(1,775,127.25)	2,278,092.00	164,880.00	82,440.00	2,530,412.00
6/30/2017	1/1/2017	5,000	1,774,965.75	(1,774,965.75)	2,277,884.75	164,865.00	82,432.50	2,530,182.25
6/30/2018	1/1/2018	5,000	1,774,804.25	(1,774,804.25)	2,277,677.50	164,850.00	82,425.00	2,529,952.50
6/30/2019	1/1/2019	5,000	1,774,642.75	(1,774,642.75)	2,277,470.25	164,835.00	82,417.50	2,529,722.75
6/30/2020	1/1/2020	5,000	1,774,481.25	(1,774,481.25)	2,277,263.00	164,820.00	82,410.00	2,529,493.00
6/30/2021	1/1/2021	5,000	1,774,319.75	(1,774,319.75)	2,277,055.75	164,805.00	82,402.50	2,529,263.25
6/30/2022	1/1/2022	5,000	1,774,158.25	(1,774,158.25)	2,276,848.50	164,790.00	82,395.00	2,529,033.50
6/30/2023	1/1/2023	3,045,000	1,724,900.75	(1,724,900.75)	2,276,641.25	164,775.00	82,387.50	5,568,803.75
6/30/2024	1/1/2024	3,185,000	1,624,286.25	(1,624,286.25)	2,150,426.00	155,640.00	77,820.00	5,568,886.00
6/30/2025	1/1/2025	3,335,000	1,518,988.25	(1,518,988.25)	2,018,407.75	146,085.00	73,042.50	5,572,535.25
6/30/2026	1/1/2026	3,495,000	1,408,683.75	(1,408,683.75)	1,880,172.00	136,080.00	68,040.00	5,579,292.00
6/30/2027	1/1/2027	3,665,000	1,293,049.75	(1,293,049.75)	1,735,304.25	125,595.00	62,797.50	5,588,696.75
6/30/2028	1/1/2028	3,835,000	1,171,924.75	(1,171,924.75)	1,583,390.00	114,600.00	57,300.00	5,590,290.00
6/30/2029	1/1/2029	4,020,000	1,045,066.50	(1,045,066.50)	1,424,429.25	103,095.00	51,547.50	5,599,071.75
6/30/2030	1/1/2030	4,215,000	912,071.25	(912,071.25)	1,257,800.25	91,035.00	45,517.50	5,609,352.75
6/30/2031	1/1/2031	12,760,000	637,925.00	(637,925.00)	1,083,088.50	78,390.00	39,195.00	13,960,673.50
6/30/2032	1/1/2032	13,370,000	215,925.50	(215,925.50)	554,186.50	40,110.00	20,055.00	13,984,351.50
TOTALS		54,990,000	34,629,476.85	(34,629,476.00)	45,579,041.75	3,274,557.75	1,637,278.88	105,480,878.38
(1) For these purposes, VR Bond rate assumed at 3.23%, payable monthly								
(2) For these purposes, 68% of LIBOR assumed at 3.23%, received monthly.								
(3) For these purposes, assumes fixed swap rate of 4.145%, payable semi-annually.								
(4) Assumed remarketing fee and liquidity total 0.30%.								

Schedule 11F
2007-2 Fixed Payer Swap and 2007-2 Bonds: Maximum Periodic Scheduled Payments

1	2	3	4	5	6	7	8	9
Fiscal Year	Principal	Pay	Pay	Receive	Pay	Pay	Budget	Fiscal Year
Ending	Date	Principal	Variable Rate	on Swap	Fixed	Var. Rate	Contingency	Total
			Bonds (1)	68% of LIBOR (2)	Swap Rate (3)	Bond Admin (4)		
			25.00%	0.00%	4.145%	0.30%	0.15%	
6/30/2010	1/1/2010	5,000	13,746,875.00	0.00	2,279,335.50	140,682.75	70,341.38	16,242,234.63
6/30/2011	1/1/2011	5,000	13,745,625.00	0.00	2,279,128.25	164,955.00	82,477.50	16,277,185.75
6/30/2012	1/1/2012	5,000	13,744,375.00	0.00	2,278,921.00	164,940.00	82,470.00	16,275,706.00
6/30/2013	1/1/2013	5,000	13,743,125.00	0.00	2,278,713.75	164,925.00	82,462.50	16,274,226.25
6/30/2014	1/1/2014	5,000	13,741,875.00	0.00	2,278,506.50	164,910.00	82,455.00	16,272,746.50
6/30/2015	1/1/2015	5,000	13,740,625.00	0.00	2,278,299.25	164,895.00	82,447.50	16,271,266.75
6/30/2016	1/1/2016	5,000	13,739,375.00	0.00	2,278,092.00	164,880.00	82,440.00	16,269,787.00
6/30/2017	1/1/2017	5,000	13,738,125.00	0.00	2,277,884.75	164,865.00	82,432.50	16,268,307.25
6/30/2018	1/1/2018	5,000	13,736,875.00	0.00	2,277,677.50	164,850.00	82,425.00	16,266,827.50
6/30/2019	1/1/2019	5,000	13,735,625.00	0.00	2,277,470.25	164,835.00	82,417.50	16,265,347.75
6/30/2020	1/1/2020	5,000	13,734,375.00	0.00	2,277,263.00	164,820.00	82,410.00	16,263,868.00
6/30/2021	1/1/2021	5,000	13,733,125.00	0.00	2,277,055.75	164,805.00	82,402.50	16,262,388.25
6/30/2022	1/1/2022	5,000	13,731,875.00	0.00	2,276,848.50	164,790.00	82,395.00	16,260,908.50
6/30/2023	1/1/2023	3,045,000	13,350,625.00	0.00	2,276,641.25	164,775.00	82,387.50	18,919,428.75
6/30/2024	1/1/2024	3,185,000	12,571,875.00	0.00	2,150,426.00	155,640.00	77,820.00	18,140,761.00
6/30/2025	1/1/2025	3,335,000	11,756,875.00	0.00	2,018,407.75	146,085.00	73,042.50	17,329,410.25
6/30/2026	1/1/2026	3,495,000	10,903,125.00	0.00	1,880,172.00	136,080.00	68,040.00	16,482,417.00
6/30/2027	1/1/2027	3,665,000	10,008,125.00	0.00	1,735,304.25	125,595.00	62,797.50	15,596,821.75
6/30/2028	1/1/2028	3,835,000	9,070,625.00	0.00	1,583,390.00	114,600.00	57,300.00	14,660,915.00
6/30/2029	1/1/2029	4,020,000	8,088,750.00	0.00	1,424,429.25	103,095.00	51,547.50	13,687,821.75
6/30/2030	1/1/2030	4,215,000	7,059,375.00	0.00	1,257,800.25	91,035.00	45,517.50	12,668,727.75
6/30/2031	1/1/2031	12,760,000	4,937,500.00	0.00	1,083,088.50	78,390.00	39,195.00	18,898,173.50
6/30/2032	1/1/2032	13,370,000	1,671,250.00	0.00	554,186.50	40,110.00	20,055.00	15,655,601.50
TOTALS		54,990,000	268,030,000.85	0.00	45,579,041.75	3,274,557.75	1,637,278.88	373,510,878.38
(1)For these purposes, assumes a maximum rate of 25%.								
(2)For these purposes, 68% of LIBOR assumed at 3.23%, received monthly.								
(3)For these purposes, assumes fixed swap rate of 4.145%, payable semi-annually.								
(4)Assumed remarketing fee and liquidity total 0.30%.								

---2007-2 CMS---

Schedule 12A
Risk Summary – 2007-2 CMS

	Brief Definition/Explanation	Risk Analysis	Example	Mitigation
1) Termination Risk*	Risk that the School District is forced to liquidate the 2007-2 CMS when it owes a termination payment to the Counterparty.	Would require a payment default, or bankruptcy by the School District, or a reduction in the School District's credit rating below threshold as defined in ISDA document. See Schedule 12B for the potential payments owed.	See Schedule 12B.	Good financial management, Monitor
2) Basis Risk*	Shortfall between the interest rate paid (SIFMLA) and the rate received (67.70% of 10-Year LIBOR) on the 2007-2 CMS.	Could result in a rate paid (SIFMLA) that is higher than the rate received (67.70% of 10-Year LIBOR) in which the School District makes net payments to the Counterparty.	Interest rate paid (SIFMLA) may be higher than interest rate received (67.70% of 10-Year LIBOR), and may exist for entire term.	Financial Advisor recommends establishing a Rate Stabilization & Improvement Fund funded from any positive cash flow on the 2007-2 CMS.
3) Tax Risk*	Shortfall between the rate paid on the 2007-2 CMS and the rate received on the 2007-2 CMS caused by a reduction in or elimination of the benefit of the tax- exemption of municipal bonds, e.g. a tax cut.	Could result in a rate paid (SIFMLA) on the 2007-2 CMS that is higher than the rate received (67.70% of 10-Year LIBOR) resulting in a net cost for the School District.	See Schedule 12B.	Financial Advisor recommends establishing a Rate Stabilization & Improvement Fund funded from any positive cash flow on the 2007-2 CMS.
4) Yield Curve Risk*	Risk that the yield curve does not steepen sufficiently to produce positive net cash flows.	Could result in cash outflows under the terms of the 2007-2 CMS.	See Schedule 12C.	Financial Advisor recommends establishing a Rate Stabilization & Improvement Fund funded from any positive cash flow on the 2007-2 CMS.
5) Counterparty Credit (Default) Risk	Risk of a payment default on the 2007-2 CMS by the Counterparty which results in an economic loss to the School District.	Exposure that diminishes with passage of time; requires monitoring of Counterparty credit ratings.	See Schedule 12B for the potential payments owed.	Selected a counterparty with high credit ratings, Monitor

* Any termination payment or swap cash outflows may need to fit under an inflationary index as defined in Act 1 that would restrict real estate tax increases.

3/16/2009 Board Meeting

Schedule 12B
Termination Values – 2007-2 CMS

As of March 10, 2009, the approximate market value for the 2007-2 CMS is a negative \$5,320,727. The current value will become more negative with further yield curve flattening. Conversely, the current value will become more positive with further yield curve steepening.

Schedule 12C
Yield Curve Risk: Annual Cash Flows – 2007-2 CMS

Yield Curve - Cash Flow

Notional Amount \$54,990,000

% of 10-yr CMS 67.7%

% of SIFMA 100.0%

1990 - 2009 Annual	
Average	3.15
Max	4.62
Min	1.62
St Dev	0.84

Annual Swap Cashflow Sensitivity*

Actual Spread between SIFMA and 10-year LIBOR Swap Rate							
SIFMA Rate**	1.00%	1.50%	2.00%	2.58%	3.00%	3.15%	4.00%
1.00%	N/A	380,806	566,947	782,871	939,229	995,072	1,311,512
2.00%	17,047	203,188	389,329	605,253	761,612	817,454	1,133,894
3.00%	(166,571)	25,570	211,712	427,635	583,994	639,836	956,276
4.00%	(533,139)	(152,047)	34,094	250,018	406,376	462,218	778,658
5.00%	(515,806)	(329,665)	(143,524)	72,400	228,758	284,601	601,041
6.00%	(695,424)	(507,283)	(321,142)	(105,216)	51,141	106,983	423,423
7.00%	(871,042)	(684,900)	(498,759)	(282,836)	(126,477)	(79,635)	245,805
8.00%	(1,048,659)	(862,518)	(676,377)	(460,453)	(304,095)	(248,252)	68,188

*Cashflows = (((CMS Rate + Margin) * Contract %) - ((SIFMA Rate + Margin) * basis adj)) * Notional Amount

**SIFMA Index

Schedule 12D
2007-2 CMS and 2007-2 Bonds: Estimated Periodic Scheduled Payments

1	2	3	4	5	6	7	8	9	10	11	12
Date*	Principal	Rate**	Interest	Basis Swap Notional Amount	Payment to Counterparty		Receipt from Counterparty		Annual Bond Payments	Annual Bond and Swap Payments	Annual Net Difference
					SIFMA Rate Paid***	Semi-Annual Swap Payment***	67.70% of 10-Year LIBOR Rate Received***	Semi-Annual Swap-Receipt***			
2/24/2009											
7/1/2009			1,139,667.75	54,990,000	3.23%	626,595.78	4.30%	833,779.77			
1/1/2010	5,000	4.145	1,139,667.75	54,990,000	3.23%	888,088.50	4.30%	1,181,735.10	2,284,335.50	1,783,504.91	(500,830.59)
7/1/2010			1,139,564.13	54,985,000	3.23%	888,007.75	4.30%	1,181,627.65			
1/1/2011	5,000	4.145	1,139,564.13	54,985,000	3.23%	888,007.75	4.30%	1,181,627.65	2,284,128.25	1,696,888.45	(587,239.80)
7/1/2011			1,139,460.50	54,980,000	3.23%	887,927.00	4.30%	1,181,520.20			
1/1/2012	5,000	4.145	1,139,460.50	54,980,000	3.23%	887,927.00	4.30%	1,181,520.20	2,283,921.00	1,696,734.60	(587,186.40)
7/1/2012			1,139,356.88	54,975,000	3.23%	887,846.25	4.30%	1,181,412.75			
1/1/2013	5,000	4.145	1,139,356.88	54,975,000	3.23%	887,846.25	4.30%	1,181,412.75	2,283,713.75	1,696,580.75	(587,133.00)
7/1/2013			1,139,253.25	54,970,000	3.23%	887,765.50	4.30%	1,181,305.30			
1/1/2014	5,000	4.145	1,139,253.25	54,970,000	3.23%	887,765.50	4.30%	1,181,305.30	2,283,506.50	1,696,426.90	(587,079.60)
7/1/2014			1,139,149.63	54,965,000	3.23%	887,684.75	4.30%	1,181,197.85			
1/1/2015	5,000	4.145	1,139,149.63	54,965,000	3.23%	887,684.75	4.30%	1,181,197.85	2,283,299.25	1,696,273.05	(587,026.20)
7/1/2015			1,139,046.00	54,960,000	3.23%	887,604.00	4.30%	1,181,090.40			
1/1/2016	5,000	4.145	1,139,046.00	54,960,000	3.23%	887,604.00	4.30%	1,181,090.40	2,283,092.00	1,696,119.20	(586,972.80)
7/1/2016			1,138,942.38	54,955,000	3.23%	887,523.25	4.30%	1,180,982.95			
1/1/2017	5,000	4.145	1,138,942.38	54,955,000	3.23%	887,523.25	4.30%	1,180,982.95	2,282,884.75	1,695,965.35	(586,919.40)
7/1/2017			1,138,838.75	54,950,000	3.23%	887,442.50	4.30%	1,180,875.50			
1/1/2018	5,000	4.145	1,138,838.75	54,950,000	3.23%	887,442.50	4.30%	1,180,875.50	2,282,677.50	1,695,811.50	(586,866.00)
7/1/2018			1,138,735.13	54,945,000	3.23%	887,361.75	4.30%	1,180,768.05			
1/1/2019	5,000	4.145	1,138,735.13	54,945,000	3.23%	887,361.75	4.30%	1,180,768.05	2,282,470.25	1,695,657.65	(586,812.60)
7/1/2019			1,138,631.50	54,940,000	3.23%	887,281.00	4.30%	1,180,660.60			
1/1/2020	5,000	4.145	1,138,631.50	54,940,000	3.23%	887,281.00	4.30%	1,180,660.60	2,282,263.00	1,695,503.80	(586,759.20)
7/1/2020			1,138,527.88	54,935,000	3.23%	887,200.25	4.30%	1,180,553.15			
1/1/2021	5,000	4.145	1,138,527.88	54,935,000	3.23%	887,200.25	4.30%	1,180,553.15	2,282,055.75	1,695,349.95	(586,705.80)
7/1/2021			1,138,424.25	54,930,000	3.23%	887,119.50	4.30%	1,180,445.70			
1/1/2022	5,000	4.145	1,138,424.25	54,930,000	3.23%	887,119.50	4.30%	1,180,445.70	2,281,848.50	1,695,196.10	(586,652.40)
7/1/2022			1,138,320.63	54,925,000	3.23%	887,038.75	4.30%	1,180,338.25			
1/1/2023	3,045,000	4.145	1,138,320.63	54,925,000	3.23%	887,038.75	4.30%	1,180,338.25	5,321,641.25	4,735,042.25	(586,599.00)
7/1/2023			1,075,213.00	51,880,000	3.23%	837,862.00	4.30%	1,114,901.20			
1/1/2024	3,185,000	4.145	1,075,213.00	51,880,000	3.23%	837,862.00	4.30%	1,114,901.20	5,335,426.00	4,781,347.60	(554,078.40)
7/1/2024			1,009,203.88	48,695,000	3.23%	786,424.25	4.30%	1,046,455.55			
1/1/2025	3,335,000	4.145	1,009,203.88	48,695,000	3.23%	786,424.25	4.30%	1,046,455.55	5,353,407.75	4,833,345.15	(520,062.60)
7/1/2025			940,086.00	45,360,000	3.23%	732,564.00	4.30%	974,786.40			
1/1/2026	3,495,000	4.145	940,086.00	45,360,000	3.23%	732,564.00	4.30%	974,786.40	5,375,172.00	4,890,727.20	(484,444.80)
7/1/2026			867,652.13	41,865,000	3.23%	676,119.75	4.30%	899,678.85			
1/1/2027	3,665,000	4.145	867,652.13	41,865,000	3.23%	676,119.75	4.30%	899,678.85	5,400,304.25	4,953,186.05	(447,118.20)
7/1/2027			791,695.00	38,200,000	3.23%	616,930.00	4.30%	820,918.00			
1/1/2028	3,835,000	4.145	791,695.00	38,200,000	3.23%	616,930.00	4.30%	820,918.00	5,418,390.00	5,010,414.00	(407,976.00)
7/1/2028			712,214.63	34,365,000	3.23%	554,994.75	4.30%	738,503.85			
1/1/2029	4,020,000	4.145	712,214.63	34,365,000	3.23%	554,994.75	4.30%	738,503.85	5,444,429.25	5,077,411.05	(367,018.20)
7/1/2029			628,900.13	30,345,000	3.23%	490,071.75	4.30%	652,114.05			
1/1/2030	4,215,000	4.145	628,900.13	30,345,000	3.23%	490,071.75	4.30%	652,114.05	5,472,800.25	5,148,715.65	(324,084.60)
7/1/2030			541,544.25	26,130,000	3.23%	421,999.50	4.30%	561,533.70			
1/1/2031	12,760,000	4.145	541,544.25	26,130,000	3.23%	421,999.50	4.30%	561,533.70	13,843,088.50	13,564,020.10	(279,068.40)
7/1/2031			277,093.25	13,370,000	3.23%	215,925.50	4.30%	287,321.30			
1/1/2032	13,370,000	4.145	277,093.25	13,370,000	3.23%	215,925.50	4.30%	287,321.30	13,924,186.50	13,781,394.90	(142,791.60)
TOTALS	54,990,000		45,579,041.75			35,256,071.78		46,913,497.37	100,569,041.75	88,911,616.16	(11,657,425.59)

*As of February 24, 2009.

**For these purposes, assumes a variable rate of 4.145%.

***Assumes SIFMA and 66.90% of 10-Year LIBOR maintain their historical spread

Schedule 12E
2007-2 CMS and 2007-2 Bonds: Maximum Periodic Scheduled Payments

1	2	3	4	5	6	7	8	9	10	11	12
Date*	Principal	Rate**	Interest	Basis Swap Notional Amount	Payment to Counterparty		Receipt from Counterparty		Annual Bond Payments	Annual Bond and Swap Payments	Annual Net Difference
					SIFMA Rate Paid***	Semi-Annual Swap Payment***	67.70% of 10-Year LIBOR Rate Received****	Semi-Annual Swap-Receipt****			
2/24/2009											
7/1/2009			6,873,750.00	54,990,000	25.00%	4,849,812.50	0.00%	0.00			
1/1/2010	5,000	25.000	6,873,750.00	54,990,000	25.00%	6,873,750.00	0.00%	0.00	13,752,500.00	25,476,062.50	11,723,562.50
7/1/2010			6,873,125.00	54,985,000	25.00%	6,873,125.00	0.00%	0.00			
1/1/2011	5,000	25.000	6,873,125.00	54,985,000	25.00%	6,873,125.00	0.00%	0.00	13,751,250.00	27,497,500.00	13,746,250.00
7/1/2011			6,872,500.00	54,980,000	25.00%	6,872,500.00	0.00%	0.00			
1/1/2012	5,000	25.000	6,872,500.00	54,980,000	25.00%	6,872,500.00	0.00%	0.00	13,750,000.00	27,495,000.00	13,745,000.00
7/1/2012			6,871,875.00	54,975,000	25.00%	6,871,875.00	0.00%	0.00			
1/1/2013	5,000	25.000	6,871,875.00	54,975,000	25.00%	6,871,875.00	0.00%	0.00	13,748,750.00	27,492,500.00	13,743,750.00
7/1/2013			6,871,250.00	54,970,000	25.00%	6,871,250.00	0.00%	0.00			
1/1/2014	5,000	25.000	6,871,250.00	54,970,000	25.00%	6,871,250.00	0.00%	0.00	13,747,500.00	27,490,000.00	13,742,500.00
7/1/2014			6,870,625.00	54,965,000	25.00%	6,870,625.00	0.00%	0.00			
1/1/2015	5,000	25.000	6,870,625.00	54,965,000	25.00%	6,870,625.00	0.00%	0.00	13,746,250.00	27,487,500.00	13,741,250.00
7/1/2015			6,870,000.00	54,960,000	25.00%	6,870,000.00	0.00%	0.00			
1/1/2016	5,000	25.000	6,870,000.00	54,960,000	25.00%	6,870,000.00	0.00%	0.00	13,745,000.00	27,485,000.00	13,740,000.00
7/1/2016			6,869,375.00	54,955,000	25.00%	6,869,375.00	0.00%	0.00			
1/1/2017	5,000	25.000	6,869,375.00	54,955,000	25.00%	6,869,375.00	0.00%	0.00	13,743,750.00	27,482,500.00	13,738,750.00
7/1/2017			6,868,750.00	54,950,000	25.00%	6,868,750.00	0.00%	0.00			
1/1/2018	5,000	25.000	6,868,750.00	54,950,000	25.00%	6,868,750.00	0.00%	0.00	13,742,500.00	27,480,000.00	13,737,500.00
7/1/2018			6,868,125.00	54,945,000	25.00%	6,868,125.00	0.00%	0.00			
1/1/2019	5,000	25.000	6,868,125.00	54,945,000	25.00%	6,868,125.00	0.00%	0.00	13,741,250.00	27,477,500.00	13,736,250.00
7/1/2019			6,867,500.00	54,940,000	25.00%	6,867,500.00	0.00%	0.00			
1/1/2020	5,000	25.000	6,867,500.00	54,940,000	25.00%	6,867,500.00	0.00%	0.00	13,740,000.00	27,475,000.00	13,735,000.00
7/1/2020			6,866,875.00	54,935,000	25.00%	6,866,875.00	0.00%	0.00			
1/1/2021	5,000	25.000	6,866,875.00	54,935,000	25.00%	6,866,875.00	0.00%	0.00	13,738,750.00	27,472,500.00	13,733,750.00
7/1/2021			6,866,250.00	54,930,000	25.00%	6,866,250.00	0.00%	0.00			
1/1/2022	5,000	25.000	6,866,250.00	54,930,000	25.00%	6,866,250.00	0.00%	0.00	13,737,500.00	27,470,000.00	13,732,500.00
7/1/2022			6,865,625.00	54,925,000	25.00%	6,865,625.00	0.00%	0.00			
1/1/2023	3,045,000	25.000	6,865,625.00	54,925,000	25.00%	6,865,625.00	0.00%	0.00	16,776,250.00	30,507,500.00	13,731,250.00
7/1/2023			6,485,000.00	51,880,000	25.00%	6,485,000.00	0.00%	0.00			
1/1/2024	3,185,000	25.000	6,485,000.00	51,880,000	25.00%	6,485,000.00	0.00%	0.00	16,155,000.00	29,125,000.00	12,970,000.00
7/1/2024			6,086,875.00	48,695,000	25.00%	6,086,875.00	0.00%	0.00			
1/1/2025	3,335,000	25.000	6,086,875.00	48,695,000	25.00%	6,086,875.00	0.00%	0.00	15,508,750.00	27,682,500.00	12,173,750.00
7/1/2025			5,670,000.00	45,360,000	25.00%	5,670,000.00	0.00%	0.00			
1/1/2026	3,495,000	25.000	5,670,000.00	45,360,000	25.00%	5,670,000.00	0.00%	0.00	14,835,000.00	26,175,000.00	11,340,000.00
7/1/2026			5,233,125.00	41,865,000	25.00%	5,233,125.00	0.00%	0.00			
1/1/2027	3,665,000	25.000	5,233,125.00	41,865,000	25.00%	5,233,125.00	0.00%	0.00	14,131,250.00	24,597,500.00	10,466,250.00
7/1/2027			4,775,000.00	38,200,000	25.00%	4,775,000.00	0.00%	0.00			
1/1/2028	3,835,000	25.000	4,775,000.00	38,200,000	25.00%	4,775,000.00	0.00%	0.00	13,385,000.00	22,935,000.00	9,550,000.00
7/1/2028			4,295,625.00	34,365,000	25.00%	4,295,625.00	0.00%	0.00			
1/1/2029	4,020,000	25.000	4,295,625.00	34,365,000	25.00%	4,295,625.00	0.00%	0.00	12,611,250.00	21,202,500.00	8,591,250.00
7/1/2029			3,793,125.00	30,345,000	25.00%	3,793,125.00	0.00%	0.00			
1/1/2030	4,215,000	25.000	3,793,125.00	30,345,000	25.00%	3,793,125.00	0.00%	0.00	11,801,250.00	19,387,500.00	7,586,250.00
7/1/2030			3,266,250.00	26,130,000	25.00%	3,266,250.00	0.00%	0.00			
1/1/2031	12,760,000	25.000	3,266,250.00	26,130,000	25.00%	3,266,250.00	0.00%	0.00	19,292,500.00	25,825,000.00	6,532,500.00
7/1/2031			1,671,250.00	13,370,000	25.00%	1,671,250.00	0.00%	0.00			
1/1/2032	13,370,000	25.000	1,671,250.00	13,370,000	25.00%	1,671,250.00	0.00%	0.00	16,712,500.00	20,055,000.00	3,342,500.00
TOTALS	54,990,000		274,903,750.00			272,879,812.50		0.00	329,893,750.00	602,773,562.50	272,879,812.50

*As of February 24, 2009.

**For these purposes, assumes a maximum variable rate of 25.00%.

***For these purposes, assumes a maximum rate of 25.00%.

****For these purposes, assumes 67.70% of 10-Year LIBOR is 0%.

APPENDIX B

AMENDED CONFIRMATION TO FIXED PAYER SWAP

Interest Rate Swap Transaction

Re. Swap Transaction: (Our ref. no 6900021675577).

Ladies and Gentlemen:

The purpose of this letter agreement is to *confirm* the terms and conditions of the Transaction entered into between:

JPMORGAN CHASE BANK, N.A.

and

on the Trade Date and identified by the JPMorgan Deal Number specified herein (the "Transaction"). This letter agreement constitutes a "Confirmation" as referred to in the agreement specified below.

The definitions and provisions contained in the 2000 ISDA Definitions, incorporating the June 2000 version of the Annex (the "2000 Definitions") and the 1992 ISDA U.S. Municipal Counterparty Definitions (the "1992 Muni Definitions"), each as amended and supplemented through the date of this Confirmation (as published by the International Swaps and Derivatives Association, Inc.), are incorporated into this Confirmation. In the event of any inconsistency between the 2000 Definitions and the 1992 Muni Definitions, the 1992 Muni Definitions will govern and in the event of any inconsistency between the 1992 Muni Definitions and this Confirmation, this Confirmation will govern.

1. This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement dated as of 22 November 2005, as amended and supplemented from time to time (the "Agreement") between JPMorgan Chase Bank, N.A. ("JPMorgan") and

of the Bonds (the "Counterparty"). The principal amount of bonds, notes or lease rental debt to which this Transaction relates is equal to the notional amount set forth in part 2 of this Confirmation. The term of this Transaction is set forth in part 2 of this Confirmation, which is not later than the scheduled final maturity date of the bonds, notes or lease rental debt to which it relates. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

The terms of the particular Transaction to which this Confirmation relates are as follows:

JPMorgan Deal Number:

6900021675577

Trade Date:	
Effective Date:	
Termination Date:	01 July 2031, subject to adjustment in accordance with the Modified Following Business Day Convention
Notional Amount:	US \$40,000,000.00 subject to reduction as set forth on Annex 1 attached hereto. For each Amortization Period set forth on Annex 1, the Notional Amount for such Amortization Period shall be effective from and including the first day of such Amortization Period to but not including the last day of such Amortization Period, subject to adjustment in accordance with the Modified Following Business Day Convention
Fixed Amounts	
Fixed Rate Payer:	Counterparty
Fixed Rate Payer Payment Dates:	January 1 and July 1 of each year commencing to and including the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention
Fixed Rate:	3.77400 %
Fixed Rate Day Count Fraction:	30/360
Floating Amounts	
Floating Rate Payer:	JPMorgan
Floating Rate Payer Payment Dates:	The 1 st day of each month of each year, commencing to and including the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention
Floating Rate Option:	68% of USD-LIBOR-BBA
Designated Maturity:	1 Month
Spread:	None
Floating Rate Day Count Fraction:	Actual/360
Reset Dates:	Two Business Days prior to the first day of each Calculation Period
Compounding:	Inapplicable
Payment Business Day Locations for Counterparty:	London, New York



Payment Business Day Locations for JPMorgan: London, New York

Payments will be: Net

Bonds:

3. Account Details

Payments to JPMorgan:

Account for payments in USD:

JPMORGAN CHASE BANK NA
JPMORGAN CHASE BANK NA- NEW YORK-
BIC: CHASUS33XXX
AC No: 099997979

Payments to Counterparty

Account for payments in USD:

As per your Standard Settlement Instructions

4. Offices

(a) The Office of JPMorgan for the Transaction is NEW YORK, c/o JPMorgan Chase Bank, National Association, 500 Stanton Christiana Center, Newark, DE 19713, and

(b) The Office of the Counterparty for the Transaction is: Shippensburg

All inquiries regarding confirmations should be sent to:

JPMorgan Chase Bank, National Association
c/o 500 Stanton Christiana Center, Newark, DE
19713

Attention: Documentation Control
Telephone: 1-302-634-4960
Facsimile: 1-888-803-3606

Please quote the JPMorgan Deal Number indicated above.

5. Other Provisions

Optional Termination:

At the Counterparty's option as set forth below: Counterparty shall have the right to terminate this Transaction by providing (i) at least two (2) Business Day's prior written notice to JPMorgan of its election to terminate this Transaction (such date of termination the "Optional Termination Date") for evidence

reasonably satisfactory to JPMorgan that Counterparty has or will have on the termination date available funds with which to pay any amount due to JPMorgan in connection with such early termination and (iii) the written consent of the Bethlehem Area School District, as Credit Support Provider to Counterparty, to the optional termination. In the case of a partial termination, the notice shall also state the portion of the Notional Amount of the Transaction to be terminated. On the Optional Termination Date set forth in such notice, an amount, determined by JPMorgan, in good faith, shall be payable to JPMorgan or the Counterparty, as the case may be, in respect of such termination. If such amount is not acceptable to the Counterparty, then JPMorgan shall determine such amount pursuant to Section 6 of the Agreement as if (a) the Optional Termination Date is the Early Termination Date for this Transaction (or the portion of the if Optional Amount being terminated), (b) Counterparty is the sole Affected Party (for all purposes other than the election to terminate) in the event such redemption or early retirement was not scheduled to occur, (c) this Transaction (or the portion of the Notional Amount being terminated) is the sole Affected Transaction, (d) Market Quotation and Second Method are selected for purposes of Payments on Early Termination, and (e) in the case of a partial termination, the portion of the Notional Amount to be terminated on the Early Termination Date shall be the amount so designated in the aforementioned notice by the Counterparty, and the parties shall execute an amendment to the Confirmation relating to this Transaction to amend the Notional Amount to reflect such reduction. Notwithstanding anything herein to the contrary, the parties will be obligated to pay any accrued amounts that would otherwise be due on the Optional Termination.

Termination Upon Redemption or Prior Retirement of Debt:

Prior to the redemption or early retirement of the bonds, notes or lease rental debt in which this Transaction relates (other than as a result of a mandatory sinking fund redemption thereof), JPMorgan and the Counterparty shall, on any Business Day, terminate this Transaction in whole or in part (the "Optional Termination Date"). In the case of a partial termination, the notice shall also state the portion of the Notional Amount of the Transaction to be terminated. The amount due with respect to any such termination in whole or in part shall be determined pursuant to Section 6 of the Agreement as if (a) the Optional Termination Date is the Early Termination

Date for this Transaction (or the portion of the Notional Amount being terminated). (b) Counterparty is the sole Affected Party (for all purposes other than the election to terminate) in the event such redemption or early retirement was not scheduled to occur. (c) this Transaction (or the portion of the Notional Amount being terminated) is the sole Affected Transaction. (d) Market Quotation and Second Method are selected for purposes of Payments on Early Termination, and (e) in the case of a partial termination, the portion of the Notional Amount to be terminated on the Early Termination Date shall be the amount so designated in the aforementioned notice by the Counterparty, and the parties shall execute an amendment to the Confirmation relating to this Transaction to amend the Notional Amount to reflect such reduction. Notwithstanding anything herein to the contrary, the parties will be obligated to pay any accrued amounts that would otherwise be due on the Optional Termination Date. The Counterparty agrees that, prior to designating an Optional Termination Date as provided herein it shall provide evidence satisfactory to JPMorgan of Counterparty's ability to pay any Settlement.

Additional Termination Events:

The following shall constitute an Additional Termination Event:

(i) A petition for declaratory order or complaint is filed pursuant to Section 8211 of the Pennsylvania Local Government Unit Debt Act, as amended, and either: (i) a Certificate of Disapproval is issued by the Department of Community and Economic Development with respect to the Related Bonds, or (ii) (a) Certificate of Approval pursuant to Section 8204 is not received within 45 days of the date hereof, and (b) a no merit opinion with respect to such petition for declaratory order or complaint is not issued by counsel to the Counterparty within 45 days of the date hereof.

(iii) If Counterparty fails to issue variable rate revenue bonds on or before December 1, 2007 and in connection with the issuance of such revenue bonds provide that the Fixed Amounts payable by Counterparty hereunder shall be on a parity with the payments of interest on and principal of such revenue bonds.

For the purpose of the foregoing Termination Events, the Affected Party shall be Counterparty and the Transaction evidenced by this Confirmation shall be the Affected Transaction.

Fees:

6. Documents to be Delivered:

Each party shall deliver to the other, at the time of its execution of this Confirmation, evidence of the specimen signature and incumbency of each person who is executing the Confirmation on the party's behalf, unless such evidence has previously been supplied in connection with this Agreement and remains true and in effect.

7. Representations:

Each party will be deemed to represent to the other party on the date on which it enters into a Swap Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for that Swap Transaction).

(a) Non-Reliance. It is acting for its own account, and it has made its own independent decision to enter into that Swap Transaction and as to whether that Swap Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Swap Transaction; it being understood that information and explanations related to the terms and conditions of a Swap Transaction shall not be considered investment advice or a recommendation to enter into that Swap Transaction. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of that Swap Transaction.

(b) Assessment and Understanding. It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of that Swap Transaction. It is capable of assuming, and assumes the risks of that Swap Transaction.

(c) Status of Parties. The other party is not acting as a fiduciary for or an adviser to it in respect of that Swap Transaction.



Yours sincerely,

JPMORGAN CHASE BANK, N.A.

By: _____
Name:
Title:

By: _____
Name:
Title:

Agreed and Acknowledged:

Bethlehem Area School District, as Credit Support Provider
of Counterparty

By: _____
Name:
Title:

ANNEX I
Amortization Schedule

Period Start Date	Period End Date	Notional Amount
7/1/2009	7/1/2010	39,990,000
7/1/2010	7/1/2011	39,985,000
7/1/2011	7/1/2012	39,980,000
7/1/2012	7/1/2013	39,975,000
7/1/2013	7/1/2014	39,970,000
7/1/2014	7/1/2015	39,965,000
7/1/2015	7/1/2016	39,960,000
7/1/2016	7/1/2017	39,955,000
7/1/2017	7/1/2018	39,950,000
7/1/2018	7/1/2019	39,945,000
7/1/2019	7/1/2020	39,940,000
7/1/2020	7/1/2021	39,935,000
7/1/2021	7/1/2022	39,930,000
7/1/2022	7/1/2023	36,595,000
7/1/2023	7/1/2024	33,130,000
7/1/2024	7/1/2025	29,525,000
7/1/2025	7/1/2026	25,775,000
7/1/2026	7/1/2027	21,880,000
7/1/2027	7/1/2028	17,830,000
7/1/2028	7/1/2029	13,625,000
7/1/2029	7/1/2030	9,255,000
7/1/2030	7/1/2031	4,715,000



Client Service Group

All queries regarding confirmations should be sent to:

JPMorgan Chase Bank, N.A.

Contacts

JPMorgan Contact	Telephone Number
Client Service Group	(001) 3026344960

Group E-mail address:

Facsimile: (001) 8888033606

Telex:

Cable:

Please quote the JPMorgan deal number(s): 6900021675577

APPENDIX C

AMENDED CONFIRMATION TO CMS SWAP



**Confirmation
Swap Transaction**

Bethlehem Area School District
Stanley J. Majewski
1516 Sycamore Street
Bethlehem, PA 18017-6099
Fax: 610-861-8107
Tel: 610-861-0500

Re: Swap Transaction (JPMorgan Ref. No.: TBD)

Ladies and Gentlemen:

The purpose of this Confirmation is to confirm the terms and conditions of the Swap Transaction entered into between us on the Trade Date specified below (the "Swap Transaction"). This Confirmation constitutes a "Confirmation" as referred to in the Agreement specified below.

The definitions and provisions contained in the 2000 ISDA Definitions, incorporating the June 2000 version of the Annex (the "2000 Definitions") and the 1992 ISDA U.S. Municipal Counterparty Definitions (the "1992 Muni Definitions"), each as amended and supplemented through the date of this Confirmation (as published by the International Swaps and Derivatives Association, Inc.) are incorporated into this Confirmation. In the event of any inconsistency between the 2000 Definitions and the 1992 Muni Definitions, the 1992 Muni Definitions will govern and in the event of any inconsistency between the 1992 Muni Definitions and this Confirmation, this Confirmation will govern.

1. This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement, including the Schedule thereto, dated as of 8 December 2003, as amended and supplemented from time to time (the "Agreement") between JPMorgan Chase Bank, N.A. ("JPMorgan") and Bethlehem Area School District (the "Counterparty"). All provisions contained in the Agreement govern this Confirmation except as expressly modified below.
2. The terms of the particular Swap Transaction to which this Confirmation relates are as follow:

(274)



Notional Amount: USD \$40,000,000, amortizing
pursuant to the attached Schedule I

Trade Date:

Effective Date:

Termination Date: July 1, 2031 subject to adjustment in
accordance with the Modified Following
Business Day Convention

Floating I Amounts:

Floating Rate Payer: Counterparty

Floating Rate Payer
Payment Dates: The first Business Day of each calendar
month, commencing , to and
including the Termination Date, subject to
adjustment in accordance with the Modified
Following Business Day Convention

Floating Rate Option: USD-BMA Municipal Swap Index

Spread: None

Designated Maturity: 1 week

Floating Rate Day Count Fraction: Actual/Actual

Reset Date: Floating Rate Effective Date and thereafter
weekly on Thursday, provided that the
Floating Rate shall be determined on
Wednesday of each week, and the Floating
Rate Index I will be effective for the seven
(7) day period from and including the
Thursday for which such Floating Rate
Index I Option is effective to and including
the following Wednesday, without regard to
the Modified Following Business Day
Convention

Averaging: Weighted Average



Compounding:	Not Applicable
Business Days:	New York and London

Floating II Amounts:

Floating Rate Payer:	JPMorgan
Floating Rate Payer Payment Dates:	The first Business Day of each calendar month, commencing to and including the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention
Floating Rate Option:	The product of (i) [TBD] % and (ii) USD- ISDA-Swap Rate
Designated Maturity:	10 years
Floating Rate Day Count Fraction:	Actual/360
Reset Date:	Effective Date and thereafter monthly on the first calendar day of each month, subject to adjustment in accordance with the Modified Following Business Day Convention.
Averaging:	Not Applicable
Compounding:	Not Applicable
Business Days:	New York and London
Maximum Net Floating Rate Option:	20%
Bonds:	



3. Account Details:

Payments to JPMorgan:

Account for payments in USD:

JPMorgan Chase Bank NA
BIC: CHASUS33XXX
AC No: 099997979

Payments to Counterparty:

Account for payments in USD:

As per your standard settlement instructions

4. Office and address for notices in connection with this Swap Transaction:

- (a) Counterparty: Pennsylvania
- (b) JPMorgan: New York

5. Fees: In connection with this transaction and at the request of the Counterparty, JPMorgan will pay the following fees:

- (i)
- (ii)

6. Documents to be delivered:

Each party shall deliver to the other, at the time of its execution of this Confirmation, evidence of the specimen signature and incumbency of each person who is executing the Confirmation on the party's behalf, unless such evidence has previously been supplied in connection with this Agreement and remains true and in effect.

7. Representations.

Each party will be deemed to represent to the other party on the date on which it enters into a Swap Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for that Swap Transaction):

(a) *Non-Reliance.* It is acting for its own account, and it has made its own independent decision to enter into that Swap Transaction and as to whether that Swap Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Swap Transaction; it being understood that information and explanations related to the terms and conditions of a Swap Transaction shall not be considered investment advice or a recommendation to enter into that Swap Transaction. No communication (written or oral)



received from the other party shall be deemed to be an assurance or guarantee as to the expected results of that Swap Transaction.

(b) *Assessment and Understanding.* It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of that Swap Transaction. It is capable of assuming, and assumes the risks of that Swap Transaction.

(c) *Status of Parties.* The other party is not acting as a fiduciary for or an adviser to it in respect of that Swap Transaction.

(278)



Please confirm that the foregoing correctly sets forth the terms of our agreement by executing a copy of this Confirmation and returning it to us.

Yours sincerely,

JPMORGAN CHASE BANK, N.A.

**DRAFT DRAFT DRAFT
DRAFT DRAFT DRAFT
DRAFT DRAFT DRAFT**

By: _____
Name:
Title:

Confirmed as of the date first
above written:

BETHLEHEM AREA SCHOOL DISTRICT AUTHORITY

**DRAFT DRAFT DRAFT
DRAFT DRAFT DRAFT
DRAFT DRAFT DRAFT**

By: _____
Title:

JPMorgan Ref No.: TBD



Schedule I

<u>Period Start Date</u>	<u>Period End Date</u>	<u>Notional Amount</u>
7/1/2009	7/1/2010	39,990,000
7/1/2010	7/1/2011	39,985,000
7/1/2011	7/1/2012	39,980,000
7/1/2012	7/1/2013	39,975,000
7/1/2013	7/1/2014	39,970,000
7/1/2014	7/1/2015	39,965,000
7/1/2015	7/1/2016	39,960,000
7/1/2016	7/1/2017	39,955,000
7/1/2017	7/1/2018	39,950,000
7/1/2018	7/1/2019	39,945,000
7/1/2019	7/1/2020	39,940,000
7/1/2020	7/1/2021	39,935,000
7/1/2021	7/1/2022	39,930,000
7/1/2022	7/1/2023	36,595,000
7/1/2023	7/1/2024	33,130,000
7/1/2024	7/1/2025	29,525,000
7/1/2025	7/1/2026	25,775,000
7/1/2026	7/1/2027	21,880,000
7/1/2027	7/1/2028	17,830,000
7/1/2028	7/1/2029	13,625,000
7/1/2029	7/1/2030	9,255,000
7/1/2030	7/1/2031	4,715,000

JPMorgan Ref No.: TBD

APPENDIX D

NOVATION AGREEMENT



International Swaps and Derivatives Association, Inc.

NOVATION AGREEMENT

dated as of March 16, 2009, among:

JPMorgan Chase Bank, National Association (the "**Remaining Party**"), **Shippensburg Borough Authority**, not in its individual capacity, but solely as the issuer, on behalf of the Bethlehem Area School District, of the Bonds (as defined in the Old Agreement) (the "**Transferor**")

AND

Bethlehem Area School District Authority not in its individual capacity, but solely as the issuer, on behalf of the Bethlehem Area School District, of the Bonds (as defined in the New Agreement) (the "**Transferee**").

The Transferor and the Remaining Party have entered into one or more Transactions as identified in the attached Annex (each an "**Old Transaction**"), each evidenced by a Confirmation (an "**Old Confirmation**") subject to an ISDA Master Agreement dated as of November 22, 2005 (the "**Old Agreement**").

The Remaining Party and the Transferee have entered into an ISDA Master Agreement (the "**New Agreement**") dated as of March 16, 2009.

With effect from and including March 16, 2009 (the "**Novation Date**"), the Transferor wishes to transfer by novation to the Transferee, and the Transferee wishes to accept the transfer by novation of, all the rights, liabilities, duties and obligations of the Transferor under and in respect of each Old Transaction, with the effect that the Remaining Party and the Transferee enter into a new transaction (each a "**New Transaction**") between them having terms identical to those of each Old Transaction, as more particularly described below.

The Remaining Party wishes to accept the Transferee as its sole counterparty with respect to the New Transactions.

The Transferor and the Remaining Party wish to have released and discharged, as a result and to the extent of the transfer described above, their respective obligations under and in respect of the Old Transactions.

Accordingly, the parties agree as follows: ---

1. Definitions.

Terms defined in the ISDA Master Agreement (Multicurrency-Cross Border) as published in 1992 by the International Swaps and Derivatives Association, Inc., (the "**1992 ISDA Master Agreement**") are used herein as so defined, unless otherwise provided herein.

2. Transfer, Release, Discharge and Undertakings.

With effect from and including the Novation Date and in consideration of the mutual representations, warranties and covenants contained in this Novation Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties):

- (a) the Remaining Party and the Transferor are each released and discharged from further obligations to each other with respect to each Old Transaction and their respective rights against each other thereunder are cancelled, provided that such release and discharge shall not affect any rights, liabilities or obligations of the Remaining Party or the Transferor with respect to payments or other obligations due and payable or due to be performed on or prior to the Novation Date, and all such payments and obligations shall be paid or performed by the Remaining Party or the Transferor in accordance with the terms of the Old Transaction;
- (b) in respect of each New Transaction, the Remaining Party and the Transferee each undertake liabilities and obligations towards the other and acquire rights against each other identical in their terms to each corresponding Old Transaction except as otherwise provided in each corresponding New Confirmation (as such term is defined below) (and, for the avoidance of doubt, as if the Transferee were the Transferor and with the Remaining Party remaining the Remaining Party, save for any rights, liabilities or obligations of the Remaining Party or the Transferor with respect to payments or other obligations due and payable or due to be performed on or prior to the Novation Date); and
- (c) each New Transaction shall be governed by and form part of the New Agreement and the Transferee and the Remaining Party shall enter into a Confirmation specifying the terms of each New Transaction (each, a "New Confirmation"); provided, however, that any failure of either the Transferee or the Remaining Party to enter into such Confirmations shall not affect the rights and obligations of the Transferor pursuant to this Novation Agreement, and the offices of the Remaining Party and the Transferee for purposes of each New Transaction shall be New York, New York and Harrisburg, Pennsylvania, respectively, and the office of the Transferor for purposes of the Old Transaction shall have been Shippensburg, Pennsylvania specified in the Annex.

3. Representations and Warranties.

- (a) On the date of this Novation Agreement and on each Novation Date:
 - (i) Each of the parties makes to each of the other parties those representations and warranties set forth in Section 3(a) of the 1992 ISDA Master Agreement with references in such Section to "this Agreement" or "any Credit Support Document" being deemed references to this Novation Agreement alone.
 - (ii) The Remaining Party and the Transferor each makes to the other, and the Remaining Party and the Transferee each makes to the other, the representation set forth in Section 3(b) of the 1992 ISDA Master Agreement, in each case with respect to the Old Agreement or the New Agreement, as the case may be, and taking into account the parties entering into and performing their obligations under this Novation Agreement.
 - (iii) Each of the Transferor and the Remaining Party represents and warrants to each other and to the Transferee that:
-

-
- (A) it has made no prior transfer (whether by way of security or otherwise) of the Old Agreement or any interest or obligation in or under the Old Agreement or in respect of any Old Transaction; and
 - (B) as of the Novation Date, all obligations of the Transferor and the Remaining Party under each Old Transaction required to be performed on or before the Novation Date have been fulfilled.
- (b) The Transferor makes no representation or warranty and does not assume any responsibility with respect to the legality, validity, effectiveness, adequacy or enforceability of any New Transaction or the New Agreement or any documents relating thereto and assumes no responsibility for the condition, financial or otherwise, of the Remaining Party, the Transferee or any other person or for the performance and observance by the Remaining Party, the Transferee or any other person of any of its obligations under any New Transaction or the New Agreement or any document relating thereto and any and all such conditions and warranties, whether express or implied by law or otherwise, are hereby excluded.

4. Counterparts.

This Novation Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts (including by facsimile transmission), each of which will be deemed an original.

5. Costs and Expenses.

The parties will each pay their own costs and expenses (including legal fees) incurred in connection with this Novation Agreement and as a result of the negotiation, preparation and execution of this Novation Agreement.

6. Amendments.

No amendment, modification or waiver in respect of this Novation Agreement will be effective unless in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or electronic messages on an electronic messaging system.

7. (a) Governing Law.

This Novation Agreement will be governed by and construed in accordance with the laws of the State of New York without reference to the conflict of laws provisions thereof, except that the capacity of both the Transferor and the Transferee under this Novation Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

(b) Jurisdiction.

The terms of Section 13(b) of the 1992 ISDA Master Agreement shall apply to this Novation Agreement with references in such Section to "this Agreement" being deemed references to this Novation Agreement alone.

IN WITNESS WHEREOF the parties have executed this Novation Agreement on the respective dates specified below with effect from and including the Novation Date.

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION
(Name of Remaining Party)

SHIPPENSBURG BOROUGH AUTHORITY
(Name of Transferor)

By:
Name:
Title:
Date:

By:
Name:
Title:
Date:

BETHLEHEM AREA SCHOOL DISTRICT AUTHORITY
(Name of Transferee)

By:
Name:
Title:
Date:

[ANNEX]

Identification of Old Transaction to be transferred to Transferee

Trade Date

Reference Number

Notional Amount

CERTIFICATE

I, the undersigned, (Assistant) Secretary of the Board of School Directors of the Bethlehem Area School District, Northampton and Lehigh Counties, Pennsylvania (the "School District"), certify that: the foregoing is a true and correct copy of a Resolution that duly was adopted by affirmative vote of a majority of all members of the Board of School Directors of the School District at a meeting duly held on the 16th day of March, 2009, said Resolution duly has been recorded in the minute book of the Board of School Directors of the School District; a notice with respect to the intent to adopt said Resolution has been published as required by law; said Resolution was available for inspection by any interested citizen requesting the same in accordance with the requirements of the School District Debt Act of the Commonwealth of Pennsylvania and such notice; and said Resolution has not been amended, altered, modified, or repealed as of the date of this Certificate.

I further certify that the Board of School Directors of the School District met the advance notice and public comment requirements of the Sunshine Act, as amended, by advertising the time and place of said meeting, by posting prominently a notice of said meeting at the principal office of the School District or at the public building in which said meeting was held, and by providing a reasonable opportunity for public comment at said meeting, all in accordance with said Act.

I further certify that: the total number of members of the Board of School Directors of the School District is nine (9); the vote of members of the Board of School Directors of the School District upon said Resolution was called and duly was recorded upon the minutes of said meeting; and members of the Board of School Directors of the School District voted upon said Resolution in the following manner:

Loretta M. Leeson	-
Judith A. Dexter	-
Rosario S. Amato	-
Michele Cann	-
Irene Follweiler	-
Craig T. Haytmanek	-
Charlene A. Koch	-
Eugene C. McKeon	-
Benjamin M. Tenaglia, III	-

IN WITNESS WHEREOF, I set my hand and affix the official seal of the School District, this 16th day of March, 2009.

(Assistant) Secretary of the Board of
School Directors

(SEAL)

4. *Approval of Up to \$105,000,000 of Fixed Rate General Obligation Bonds, Series of 2009 to Refund the West Cornwall Township Municipal Authority Variable Rate Bonds and Terminate the Related Fixed Payer Swap in the Name of the Authority*

INFORMATION:

The financial plan developed by Public Financial Management calls for refunding the 2003 variable rate bonds in the name of the West Cornwall Township Municipal Authority (WCTMA), and the related 2003 General Obligation Note of Bethlehem Area School District with a series of fixed rate general obligation bonds of the school district itself. The proceeds of the new General Obligation Bonds, Series of 2009, will also be used to retire the Fixed Payer Swap that is attached to the 2003 WCTMA Bonds and to finance capital projects in a separate series.

The Board of School Directors must comply with the Pennsylvania Local Government Unit Debt Act by adopting this Resolution authorizing and securing the new bonds and the termination of the swap. This is a “parameters” type of resolution that incurs debt based on the maximum principal amounts and interest rates for the bonds. The final terms of the bonds will be established when the swap can be terminated at a cost not to exceed \$15,000,000. The scope of the capital projects will have to be determined before that series is issued.

RECOMMENDATION:

That the Board of School Directors approves the attached Resolution authorizing the issuance of the General Obligation Bonds, Series of 2009 to refund the 2003 WCTMA variable rate bonds (and the related 2003 Note), the termination of the 2003 Fixed Payer Swap in the name of WCTMA, and to finance capital projects of the school district.

**BETHLEHEM AREA SCHOOL DISTRICT,
Northampton and Lehigh Counties, Pennsylvania**

RESOLUTION

INCURRING NONELECTORAL DEBT TO BE EVIDENCED BY GENERAL OBLIGATION BONDS, IN ONE OR MORE SERIES, IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF ONE HUNDRED FIVE MILLION DOLLARS (\$105,000,000), TO UNDERTAKE THE FOLLOWING: (1) CURRENTLY REFUND THE GENERAL OBLIGATION NOTE, SERIES OF 2003 OF THIS SCHOOL DISTRICT SECURING THE VARIABLE RATE REFUNDING BONDS, SERIES OF 2003 OF THE WEST CORNWALL TOWNSHIP MUNICIPAL AUTHORITY; (2) MAKE A TERMINATION PAYMENT REQUIRED UNDER THE QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT IDENTIFIED WITH THE 2003 NOTE, (3) CONSTRUCT ADDITIONS AND IMPROVEMENTS TO SCHOOL BUILDINGS AND FACILITIES, AND (4) PAY RELATED COSTS; ACCEPTING A BOND PURCHASE AGREEMENT, IN A PRIVATE SALE BY NEGOTIATION; SETTING FORTH THE PARAMETERS, SUBSTANTIAL FORM OF AND CONDITIONS FOR ISSUING THE REFUNDING BONDS; PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THIS SCHOOL DISTRICT TO SECURE THE REFUNDING BONDS; APPOINTING A PAYING AGENT AND SINKING FUND DEPOSITORY; AUTHORIZING A BOND RETIREMENT AGREEMENT, AND RELATED DOCUMENTS AND ACTIONS.

WHEREAS, Bethlehem Area School District, Northampton and Lehigh Counties, Pennsylvania (the "School District"), is a school district of the Commonwealth of Pennsylvania (the "Commonwealth"), a "Local Government Unit" within the meaning of the Local Government Unit

Debt Act, 53 Pa.C.S. Chs. 80-82 (the "Debt Act"), and is governed by its Board of School Directors (the "School Board"); and

WHEREAS, The School Board, by its resolution adopted on April 28, 2003 (the "2003 Note Enabling Resolution"), authorized and secured the issuance of its General Obligation Note, Series of 2003, dated as of May 1, 2003, in the original principal amount of \$74,175,000 (the "2003 Note"), for purposes described in the 2003 Note Enabling Resolution; and

WHEREAS, The Department of Community and Economic Development (the "Department") of the Commonwealth approved the proceedings of this School District related to the increase of nonelectoral indebtedness evidenced in part by the 2003 Note, which approval of the Department was evidenced by Certificate of Approval No. GON-11294, dated May 19, 2003; and

WHEREAS, The 2003 Note, together with a Loan Agreement, dated as of May 1, 2003 (the "2003 Loan Agreement") were pledged to secure the Variable Rate Refunding Bonds (Bethlehem Area School District General Obligation Note Refunding Project), Series of 2003, in the aggregate principal amount of \$74,175,000 (the "2003 WCTMA Bonds"), issued by the West Cornwall Township Municipal Authority ("WCTMA"), the proceeds of which were used to advance refund the School District's General Obligation Bonds, Series of 1998 and Series A of 2001; and

WHEREAS, WCTMA, at the request of this School District, entered into a Qualified Interest Rate Management Agreement, as that phrase is defined in the Debt Act, dated April 29, 2003, with JPMorgan Chase Bank ("JPMorgan"), under the terms of which WCTMA was obligated to pay a fixed rate of interest and WCTMA would receive from JPMorgan a variable rate

of interest comparable to the variable rate of interest payable on the 2003 WCTMA Bonds (the “Fixed Payer Swap”); and

WHEREAS, the interest payments by this School District under the 2003 Note include the net payments due under the Fixed Payer Swap; and

WHEREAS, The School Board has determined to optionally redeem and retire the outstanding principal balance of the 2003 Note, and finance the termination of the Fixed Payer Swap, as described in a refunding report (the “Refunding Report”) prepared for this School District by Public Financial Management Inc. (the “Financial Advisor”), as financial advisor to this School District, at such time as the termination payment to JPMorgan required under the terms of the Fixed Payer Swap does not exceed \$15,000,000 (the “Maximum Termination Price”); and

WHEREAS, The School Board has contemplated the authorization, sale, issuance and delivery of a series of fixed rate general obligation bonds, in one or more issues, in the maximum aggregate principal amount of One Hundred Five Million Dollars (\$105,000,000) (the “Bonds”), with the proceeds to be applied to (i) currently refund and retire the 2003 Note, (ii) make a termination payment required under the Fixed Payer Swap, (iii) construct additions and improvements to school buildings and facilities of this School District, and (iv) pay the costs of issuing the Bonds (collectively, the “Projects”), all in accordance with the Debt Act; and

WHEREAS, The School Board has considered the possible manners of selling the Bonds, provided for in the Debt Act, at public sale or private sale, by negotiation or upon invited bidding; and

WHEREAS, The School Board has determined that the Bonds: (a) shall be offered at private sale by negotiation; and (b) shall be offered for sale at a net purchase price of not less than 95.0% nor more than 110% of the aggregate principal amount of the Bonds issued (including underwriting discount and original issue discount or premium), plus accrued interest (collectively, the "Purchase Price"); and

WHEREAS, A Bond Purchase Agreement, dated March 16, 2009 (the "Proposal"), to purchase the Bonds has been requested and received from _____ (collectively, the "Purchaser"), and reviewed by the Financial Advisor, containing the financial parameters for, and conditions to, the issuance of the Bonds (the "Bond Parameters"), which will be supplemented by an addendum to the Proposal (the "Addendum") containing the final terms and conditions of the sale of the Bonds, consistent with the Bond Parameters; and

WHEREAS, The School Board desires to accept the Proposal, to award the sale of the Bonds, to authorize issuance of nonelectoral debt, and to take appropriate action and to authorize proper things, all in connection with the Projects, and all in accordance with the Debt Act; and

WHEREAS, The School Board has determined to appoint Manufacturers and Traders Trust Company (the "Paying Agent"), having a corporate trust office in Harrisburg, Pennsylvania, as the paying agent and sinking fund depositary for the Bonds.

NOW, THEREFORE, BE IT RESOLVED, by the School Board, as follows:

SECTION 1. The School Board hereby authorizes the issuance of the Bonds pursuant to this Resolution, in accordance with the Debt Act, to undertake the Projects, including

the termination of the Fixed Payer Swap. Rhoads & Sinon LLP is retained by this School District as its bond counsel in connection with the issuance of the Bonds.

SECTION 2. The School Board finds that it is in the best financial interests of this School District to sell the Bonds at private sale by negotiation and determines that the debt to be incurred pursuant to this Resolution shall be nonelectoral debt.

SECTION 3. The refunding of the 2003 Note is authorized under Section 8241(b)(1) of the Debt Act (reduction in total debt service over the life of the issue). The capital projects or facilities to be financed with the Bonds, and those originally financed or refinanced by the 2003 Note, vary between a remaining useful life of at least five (5) years and a remaining useful life of at least twenty-five (25) years, with the aggregate principal amount of the Bonds equal to the separate cost of each capital project or facility being stated to mature prior to the end of such useful life. The first maturity of principal of the Bonds will not be deferred beyond two years from the issue date of the Bonds.

SECTION 4. The School Board accepts the Proposal of the Purchaser, and the Bonds shall be awarded to the Purchaser in accordance with terms and conditions of the Proposal, including the Purchase Price. The School District's Business Manager or Superintendent is hereby authorized to approve the final terms and conditions of the Bonds, and the Addendum to be presented by the Purchaser, within the Bond Parameters and at such time as the Maximum Termination Price will not be exceeded. The Addendum so approved shall be executed and delivered by the President or Vice President of the School Board and included as a part of the Proposal accepted by this Resolution.

SECTION 5. The Bonds, when issued, will be general obligation bonds of this School District.

SECTION 6. The Bonds shall be issuable as one or more series, as fully registered bonds, without coupons, in denominations of \$5,000 principal amount or any integral multiple thereof.

Each of the Bonds shall bear interest from the interest payment date next preceding the date of registration and authentication of such bond, unless: (a) such bond is registered and authenticated as of an interest payment date, in which event such bond shall bear interest from said interest payment date; or (b) such bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such bond shall bear interest from such interest payment date; or (c) such bond is registered and authenticated on or prior to the Record Date next preceding the first interest payment date, in which event such bond shall bear interest from the dated date of the Bonds; or (d) as shown by the records of the Paying Agent, interest on such bond shall be in default, in which event such bond shall bear interest from the date to which interest was last paid on such bond. Interest on each of the Bonds shall be payable initially on a date selected by School District, and thereafter, semiannually, until the principal sum thereof is paid or provision for payment thereof duly has been made. Except as to distinguishing series or subseries, numbers, denominations, interest rates and maturity dates, the Bonds and the Paying Agent's certificates of authentication shall be substantially in the forms and shall be of the tenor and purport hereinafter set forth, with insertions and variations (including

CUSIP numbers) approved by this School District, the Purchaser and the Paying Agent, as may be appropriate for different series, subseries, denominations and maturity dates.

Principal, premium, if any, and interest with respect to the Bonds shall be payable in lawful money of the United States of America.

The principal of and premium, if any, on the Bonds shall be payable to the registered owners thereof or their transferees, upon presentation and surrender of the Bonds at the place or places set forth in the Bonds. Payment of interest on the Bonds shall be made by check mailed to the registered owners thereof whose names and addresses appear at the close of business on the fifteenth (15th) day next preceding each interest payment date (the "Record Date") on the registration books maintained by the Paying Agent on behalf of this School District, irrespective of any transfer or exchange of any Bonds subsequent to the Record Date and prior to such interest payment date, unless this School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the persons in whose names the Bonds are registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent on behalf of this School District to the registered owners of the Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names the Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

If the date for payment of the principal of or interest on any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized or required by law or executive order to close, then the date for payment of such

principal or interest shall be the next succeeding day that is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

SECTION 7. Registration of the transfer of ownership of Bonds shall be made upon surrender of any of the Bonds to the Paying Agent, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner thereof or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of any of the Bonds in the registration books and shall authenticate and deliver, at the earliest practicable time, in the name of the transferee or transferees, a new fully registered bond or bonds of authorized denominations of the same series, maturity and interest rate for the aggregate principal amount that the registered owner is entitled to receive. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same series, maturity and interest rate.

SECTION 8. This School District and the Paying Agent shall not be required to register the transfer of or exchange any of the Bonds then considered for redemption during the period beginning at the close of business on the fifteenth (15th) day next preceding any date of selection of such Bonds to be redeemed and ending at the close of business on the day of mailing of the notice of redemption, as hereinafter provided, or to register the transfer of or exchange any portion of any of the Bonds selected for redemption in whole or in part until after the redemption date.

SECTION 9. This School District and the Paying Agent may deem and treat the persons in whose names the Bonds shall be registered as the absolute owners thereof for all purposes, whether such Bonds shall be overdue or not, and payment of the principal of, premium, if any, and interest on the Bonds shall be made only to or upon the order of the registered owners thereof or their legal representatives, but registration of a transfer of ownership may be made as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Bonds, to the extent of the sum or sums so paid, and neither this School District nor the Paying Agent shall be affected by any notice to the contrary.

SECTION 10. This School District shall cause to be kept, and the Paying Agent shall keep, books for the registration, exchange and transfer of Bonds in the manner provided herein and therein so long as Bonds shall remain outstanding. Such registrations, exchanges and transfers shall be made without charge to bondholders, except for actual costs, including postage, insurance and any taxes or other governmental charges required to be paid with respect to the same.

SECTION 11. The Bonds shall bear interest, and a Purchase Price, resulting in yield(s) to maturity, and principal shall mature or be payable upon mandatory sinking fund redemptions, in the maximum amount, and in the fiscal years set forth in Exhibit A attached hereto and a made part hereof.

SECTION 12. The Bonds may be subject to optional redemption by this School District prior to maturity, on such date or dates and under such terms as may be determined in the manner described in Section 4 hereof. The Bonds may be subject to mandatory redemption prior to

maturity, determined in the manner described in Section 4 hereof, not in excess of any annual principal payment amount set forth in Exhibit A hereof.

SECTION 13. This School District appoints the Paying Agent as the paying agent with respect to the Bonds and directs that the principal of, premium, if any, and interest on the Bonds shall be payable at a designated corporate trust office of the Paying Agent, in lawful money of the United States of America.

SECTION 14. The form of the Bonds, including the form of Assignment and the form of the Paying Agent's Certificate, shall be substantially as set forth in Exhibit B, which is attached hereto and made part hereof, with appropriate insertions, omissions and variations.

SECTION 15. The Bonds shall be executed in the name of and on behalf of this School District by the manual or facsimile signature of the President or Vice President of the School Board, and the official seal or a facsimile of the official seal of this School District shall be affixed thereto and the manual or facsimile signature of the Secretary or Assistant Secretary of the School Board shall be affixed thereto in attestation thereof; and said officers are authorized to execute and to attest the Bonds.

SECTION 16. No bond constituting one of the Bonds shall be entitled to any benefit under this Resolution nor shall it be valid, obligatory or enforceable for any purpose until such bond shall have been registered and authenticated by the Certificate of Authentication endorsed thereon duly signed by the Paying Agent; and the Paying Agent is authorized to register and authenticate the Bonds in accordance with the provisions hereof.

SECTION 17. This School District covenants to and with registered owners, from time to time, of the Bonds that shall be outstanding, from time to time, pursuant to this Resolution, that this School District shall: (i) include the amount of the debt service on the Bonds, for each fiscal year of this School District in which the sums are payable, in its budget for that year, (ii) appropriate those amounts from its general revenues for the payment of the debt service, and (iii) duly and punctually pay or cause to be paid from the Sinking Fund (hereinafter identified) or any other of its revenues or funds the principal of and interest on each of the Bonds at the dates and places and in the manner stated therein, according to the true intent and meaning thereof; and, for such budgeting, appropriation and payment, this School District shall and does pledge, irrevocably, its full faith, credit and taxing power. As provided in the Debt Act, the foregoing covenant of this School District shall be specifically enforceable.

SECTION 18. There is created, pursuant to the requirements of the Debt Act, one or more sinking funds for the Bonds (collectively, the "Sinking Fund") including, if applicable, multiple series or subseries, or a mandatory sinking fund. The Sinking Fund shall be administered in accordance with applicable provisions of the Debt Act.

SECTION 19. This School District appoints the Paying Agent as the sinking fund depositary with respect to the Sinking Fund.

SECTION 20. This School District covenants to make payments out of the Sinking Fund, or out of any other of its revenues or funds, at such times and in such annual amounts, as shall be sufficient for prompt and full payment of all obligations of the Bonds when due.

SECTION 21. The School Board hereby authorizes the preparation of a Preliminary Official Statement for use in the marketing of the Bonds and authorizes the Superintendent of the School District to approve the form of such Preliminary Official Statement and a final Official Statement with respect to the Bonds of the School District, with such insertions and amendments as shall be necessary or appropriate to reflect the final terms and provisions of the Bonds, the accepted Proposal and this Resolution. The President of the School Board shall affix his or her signature to the Official Statement, as such officer, and such execution of the Official Statement shall constitute conclusive evidence of the approval of the Official Statement by the School Board.

SECTION 22. The President or Vice President and the Secretary or Assistant Secretary, respectively, of the School Board are authorized and directed, as required, necessary and/or appropriate: (a) to prepare, to certify and to file with the Department the debt statement required by the Debt Act; (b) to prepare and to file with the Department any statements required by the Debt Act that are necessary to qualify all or any portion of the debt of this School District that is subject to exclusion as self-liquidating or subsidized debt for exclusion from the appropriate debt limit of this School District as self-liquidating or subsidized debt; (c) to prepare and to file the application with the Department, together with a complete and accurate transcript of the proceedings for the required approval relating to the debt, of which debt the Bonds, upon issue, will be evidence, as required by the Debt Act; (d) to pay or to cause to be paid to the Department all proper filing fees required in connection with the foregoing; and (e) to take other required, necessary and/or appropriate action.

The School Board authorizes and directs that an appropriate borrowing base certificate be prepared for filing with the Department as required by the Debt Act. The President or Vice President and the Secretary or Assistant Secretary, respectively, of the School Board are hereby authorized to prepare and to execute, or to authorize the auditors of this School District to prepare and to execute, such borrowing base certificate.

SECTION 23. If applicable, as determined from the Proposal, the School Board authorizes and directs the purchase of municipal bond guaranty insurance with respect to the Bonds. The officers and agents of this School District are authorized and directed to take all required, necessary and/or appropriate action with respect to such insurance, as contemplated in the Proposal, including the payment of the premium for such insurance.

SECTION 24. The President or Vice President and the Secretary or Assistant Secretary, respectively, of the School Board are authorized and directed to contract with the Paying Agent for its services as paying agent for the Bonds and as sinking fund depository in connection with the Sinking Fund established for the Bonds.

SECTION 25. It is declared that the debt to be incurred hereby, together with any other indebtedness of this School District, is not in excess of any limitation imposed by the Debt Act upon the incurring of debt by this School District.

SECTION 26. The officers and agents of this School District are authorized to deliver the Bonds and to authorize payment of all costs and expenses associated with issuance of the Bonds as provided for in the Proposal, but only after the Department has certified its approval pursuant to the provisions of the Debt Act or at such time when the filing authorized to be

submitted to the Department pursuant to the Debt Act shall be deemed to have been approved pursuant to applicable provisions of the Debt Act.

SECTION 27. This School District covenants to and with purchasers of the Bonds (or any portion thereof intended to be exempt from federal taxation) that it will make no use of the proceeds of such Bonds, or of any other obligations deemed to be part of the same “issue” as any portion of such Bonds under applicable federal tax regulations, that will cause such Bonds to be or become “arbitrage bonds” within the meaning of Section 103(b)(2) and Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations implementing said Sections that duly have been published in the Federal Register or any other regulations implementing said Sections, and this School District further covenants to comply with all other requirements of the Code if and to the extent applicable to maintain continuously the Federal income tax exemption of interest on such Bonds.

SECTION 28. This School District hereby authorizes the optional redemption of the 2003 Note, and requests the redemption of the 2003 WCTMA Bonds, within ninety (90) days of the issuance date of the Bonds (the “Redemption Date”), in accordance with the rights and privileges reserved to this School District in the 2003 Note, in the 2003 Loan Agreement and as described in the Addendum.

The Secretary of the School Board is hereby authorized and directed to give irrevocable instructions to the paying agent for the 2003 Note (and trustee for the 2003 WCTMA Bonds) to redeem the 2003 Note and the 2003 WCTMA Bonds in accordance with this election of

the School Board, *following the acceptance of the final terms and conditions of the Bonds and Addendum as described in section 4 hereof.*

If applicable, this School District, simultaneously with delivery of the Bonds to the Purchaser, shall enter into a bond retirement agreement or an escrow agreement (collectively, the “Bond Retirement Agreement”) with U.S. Bank National Association (the “Escrow Agent”), acting as escrow agent and paying agent for the 2003 Note (and trustee for the 2003 WCTMA Bonds). The Bond Retirement Agreement shall provide for a deposit of Bond proceeds into an escrow account with the Escrow Agent sufficient to pay the debt service due on the 2003 Note (and the 2003 WCTMA Bonds) through the Redemption Date. The President or Vice President and the Secretary or Assistant Secretary, respectively, of the School Board are authorized and directed to execute, to attest, and to seal, as appropriate, and to deliver the Bond Retirement Agreement simultaneously with such delivery of the Bonds. The School District approves the Bond Retirement Agreement in form satisfactory to the Solicitor and Bond Counsel for this School District and as shall be approved by the officers of the School Board executing the same. Such approval of such officers shall be conclusively presumed to have been given by their execution of the Bond Retirement Agreement.

The officers and agents of this School District are hereby authorized and directed to take all such actions as may be necessary and appropriate to accomplish the redemption and retirement of the 2003 Note (and the 2003 WCTMA Bonds).

SECTION 29. The President, Vice President or Treasurer of the School Board, or the Superintendent or Business Manager, respectively, of this School District is each hereby

authorized and directed to execute and deliver agreements, orders or subscriptions for purchase of United States Treasury Certificates of Indebtedness, Notes or Bonds, State and Local Government Series ("SLGS"), other securities of the United States of America, collateralized certificates of deposit or other investments satisfying the requirements of 53 Pa.C.S. §8250, as described in the Refunding Report, from proceeds of the Bonds and, if applicable, other funds to be deposited under the Bond Retirement Agreement, and to do, to take and to authorize such other acts as shall be necessary or appropriate to provide for retirement of the payment of principal and interest on the 2003 Note (and the 2003 WCTMA Bonds), as described in the Refunding Report and this Resolution.

SECTION 30. The President or Vice President and the Secretary or Assistant Secretary, respectively, of the School Board are authorized and directed to sign documents and take appropriate actions to terminate the Fixed Payer Swap, under the conditions described herein.

SECTION 31. The Secretary of the School Board is hereby authorized and directed to execute and to submit to the Pennsylvania Department of Education, promptly following settlement for the Bonds, the appropriate application and other documents and information necessary to obtain stated reimbursement with respect to the debt service on the Bonds (including the filing of appropriate PLANCON Parts, as applicable).

SECTION 32. This School District shall enter into, and hereby authorizes and directs the President or Vice President of the School Board to execute, a Continuing Disclosure Certificate (the "Certificate") on behalf of this School District on or before the date of issuance and delivery of the Bonds. Such Certificate shall be executed and delivered to satisfy the terms and

conditions of the accepted Proposal for sale of the Bonds and Securities and Exchange Commission Rule 15c2-12, and shall be substantially in the form presented to this meeting, which is hereby approved, together with any changes therein made and approved by the executing officer of the School Board, whose execution and delivery thereof shall constitute conclusive evidence of such approval. A copy of the Certificate shall be filed with the Secretary of the School Board and shall be and hereby is made part of this Resolution.

This School District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Certificate. Notwithstanding any other provision of this Resolution, failure of this School District to comply with the Certificate shall not be considered an event of default with respect to the Bonds; however, any registered owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause this School District to comply with its obligations under this Section and such Certificate.

SECTION 33. The Bonds shall be made available for purchase under a book-entry only system available through The Depository Trust Company, a New York corporation ("DTC"). If applicable, at or prior to settlement for the Bonds, this School District and the Paying Agent shall execute or signify their approval of a Representation Letter in substantially the form on file with DTC (the "Representation Letter"). The appropriate officers of this School District and the Paying Agent shall take such action as may be necessary from time to time to comply with the terms and provisions of the Representation Letter, and any successor paying agent for the Bonds, in

its written acceptance of its duties under this Resolution, shall agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

SECTION 34. Notwithstanding the foregoing provisions of this Resolution, the Bonds shall initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Bonds of each maturity, and the following provisions shall apply with respect to the registration, transfer and payment of the Bonds:

(a) Except as provided in subparagraph (g) below, all of the Bonds shall be registered in the name of Cede & Co., as nominee of DTC; provided that if DTC shall request that the Bonds be registered in the name of a different nominee, the Paying Agent shall exchange all or any portion of the Bonds for an equal aggregate principal amount of Bonds of the same series, interest rate and maturity registered in the name of such nominee or nominees of DTC.

(b) No person other than DTC or its nominee shall be entitled to receive from this School District or the Paying Agent either a Bond or any other evidence of ownership of the Bonds, or any right to receive any payment in respect thereof, unless DTC or its nominee shall transfer record ownership of all or any portion of the Bonds on the registration books (the "Register") maintained by the Paying Agent in connection with discontinuing the book-entry system as provided in subparagraph (g) below or otherwise.

(c) So long as any Bonds are registered in the name of DTC or any nominee thereof, all payments of the principal or redemption price of or interest on

such Bonds shall be made to DTC or its nominee in accordance with the Representation Letter on the dates provided for such payments under this Resolution. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of this School District or the Paying Agent with respect to the principal or redemption price of or interest on the Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Bonds outstanding of any maturity, the Paying Agent shall not require surrender by DTC or its nominee of the Bonds so redeemed, but DTC (or its nominee) may retain such Bonds and make an appropriate notation on the Bond certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Paying Agent, upon request, a written confirmation of such partial redemption and thereafter the records maintained by the Paying Agent shall be conclusive as to the amount of the Bonds of such maturity which have been redeemed.

(d) This School District and the Paying Agent may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to holders of Bonds under this Resolution, registering the transfer of Bonds, obtaining any consent or other action to be taken by holders of Bonds and for all other purposes whatsoever; and neither this School District nor the Paying Agent shall be affected by any notice to the contrary. Neither

this School District nor the Paying Agent shall have any responsibility or obligation to any participant in DTC, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any such participant, or any other person which is not shown on the Register as being a registered owner of Bonds, with respect to (1) the Bonds, (2) the accuracy of any records maintained by DTC or any such participant, (3) the payment by DTC or any such participant of any amount in respect of the principal or redemption price of or interest on the Bonds, (4) any notice which is permitted or required to be given to holders of the Bonds under this Resolution, (5) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Bonds, and (6) any consent given or other action taken by DTC as holder of the Bonds.

(e) So long as the Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all notices required or permitted to be given to the holders of such Bonds under this Resolution shall be given to DTC as provided in the Representation Letter.

(f) In connection with any notice or other communication to be provided to holders of Bonds pursuant to this Resolution by this School District or the Paying Agent with respect to any consent or other action to be taken by holders of Bonds, DTC shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action, provided that this School District or the Paying Agent may establish a special record date for such

consent or other action. This School District or the Paying Agent shall give DTC notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

(g) The book-entry only system for registration of the ownership of the Bonds may be discontinued at any time if either (1) after notice to this School District and the Paying Agent, DTC determines to resign as securities depository for the Bonds, or (2) after notice to DTC and the Paying Agent, this School District determines that continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of this School District. In either of such events (unless in the case described in clause (2) above, this School District appoints a successor securities depository), the Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of this School District or the Paying Agent for the accuracy of such designation. Whenever DTC requests this School District and the Paying Agent to do so, this School District and the Paying Agent shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

SECTION 35. Any reference in this Resolution to an officer or member of the School Board shall be deemed to refer to his or her duly qualified successor in office, or other authorized representative, if applicable.

SECTION 36. This Resolution shall be effective in accordance with the Debt Act.

SECTION 37. In the event any provision, section, sentence, clause or part of this Resolution shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Resolution, it being the intent of this School District that such remainder shall be and shall remain in full force and effect.

SECTION 38. All resolutions or parts of resolutions, insofar as the same shall be inconsistent herewith, shall be and the same expressly are repealed.

DULY ADOPTED, by the School Board, in lawful session duly assembled, this
16th day of March, 2009.

BETHLEHEM AREA SCHOOL DISTRICT,
Northampton and Lehigh Counties, Pennsylvania

By: _____
(Vice) President of the Board of
School Directors

ATTEST:

(Assistant) Secretary of the Board of
School Directors

(SEAL)

EXHIBIT A

BETHLEHEM AREA SCHOOL DISTRICT
Northampton and Lehigh Counties, Pennsylvania
\$105,000,000 Maximum Aggregate Principal Amount
General Obligation Bonds
Annual Principal Payment Schedule*

School District Fiscal Year <u>(Ending June 30)**</u>	Maximum Yield to <u>Maturity (%)</u>	Principal Maturity or Mandatory Sinking Fund <u>Payment Amount (\$)</u>
2010	6.00%	\$ 2,390,000
2011	6.00%	\$ 2,480,000
2012	6.00%	\$ 2,835,000
2013	6.00%	\$ 2,890,000
2014	6.00%	\$ 2,505,000
2015	6.00%	\$ 2,565,000
2016	6.00%	\$ 2,630,000
2017	6.00%	\$ 10,155,000
2018	6.00%	\$ 11,810,000
2019	6.00%	\$ 12,265,000
2020	6.00%	\$ 13,735,000
2021	6.00%	\$ 14,305,000
2022	6.00%	\$ 14,930,000
2023	6.00%	\$ 3,675,000
2024	6.00%	\$ 2,375,000
2025	6.00%	\$ 650,000
2026	6.00%	\$ 670,000
2027	6.00%	\$ 690,000
2028	6.00%	\$ 710,000
2029	6.00%	\$ 735,000

*Includes principal maturities and mandatory sinking fund redemptions.

**Payment dates expected October 15.

EXHIBIT B

(FORM OF BOND)

[The following Legend is to be printed on any Bonds registered in the name of The Depository Trust Company or Cede & Co., its nominee: **“Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL in as much as the registered owner hereof, Cede & Co., has an interest herein.”**]

Number

\$

UNITED STATES OF AMERICA
COMMONWEALTH OF PENNSYLVANIA
COUNTY OF NORTHAMPTON AND LEHIGH
BETHLEHEM AREA SCHOOL DISTRICT
GENERAL OBLIGATION BOND, SERIES __ OF 200__

INTEREST
RATE

MATURITY
DATE

DATED DATE
OF SERIES

CUSIP

%

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____ DOLLARS (\$_____)

BETHLEHEM AREA SCHOOL DISTRICT, Northampton and Lehigh Counties, Pennsylvania (the “Issuer”), a school district existing under laws of the Commonwealth of Pennsylvania (the “Commonwealth”), for value received, promises to pay to the order of the registered owner named hereon, or registered assigns, on the maturity date stated hereon, upon

presentation and surrender hereof, the principal sum stated hereon, unless this General Obligation Bond, Series ___ of 200___ (the "Bond"), shall be redeemable and duly shall have been called for earlier redemption and payment of the redemption price shall have been made or provided for, and to pay initially on _____, and thereafter semiannually on June 1 and December 1 of each year, to the registered owner hereof, interest on said principal sum, at the rate per annum stated hereon, until said principal sum has been paid or provision for payment thereof duly has been made. Interest on this Bond shall be payable from the interest payment date next preceding the date of registration and authentication of this Bond, unless: (a) this Bond is registered and authenticated as of an interest payment date, in which event this Bond shall bear interest from such interest payment date; or (b) this Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event this Bond shall bear interest from such interest payment date; or (c) this Bond is registered and authenticated on or prior to the Record Date next preceding _____, in which event this Bond shall bear interest from _____; or (d) as shown by the records of the Paying Agent (hereinafter defined), interest on this Bond shall be in default, in which event this Bond shall bear interest from the date to which interest was last paid on this Bond. The interest on this Bond is payable by check drawn on _____ (the "Paying Agent"), or its successor. The principal of and premium, if any, on this Bond, when due, are payable upon surrender hereof at the designated corporate trust office of the Paying Agent. Payment of the interest hereon shall be made to the registered owner hereof whose name and address shall appear, at the close of business on the fifteenth (15th) day next preceding each interest payment

date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of this Bond subsequent to such Record Date and prior to such interest payment date, unless the Issuer shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owner of this Bond not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the person in whose name this Bond is registered at the close of business on the fifth (5th) day preceding the date of mailing. Principal, premium, if any, and interest with respect to this Bond are payable in lawful money of the United States of America.

This Bond is one of a series of bonds of the Issuer, known generally as "General Obligation Bonds, Series ___ of 200 ___" (the "Bonds"), all of like date and tenor, except as to numbers, denominations, dates of maturity, rates of interest, and provisions for redemption, in the maximum aggregate principal amount of _____ Dollars (\$_____).

The Bonds have been authorized for issuance in accordance with provisions of the Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the "Debt Act"), of the Commonwealth, and by virtue of a duly adopted resolution (the "Resolution") of the Issuer. The Debt Act, as such shall have been in effect when the Bonds were authorized, and the Resolution shall constitute a contract between the Issuer and registered owners, from time to time, of the Bonds.

The Issuer has covenanted, in the Resolution, to and with registered owners, from time to time, of the Bonds that shall be outstanding, from time to time, pursuant to the Resolution,

that the Issuer shall: (i) include the amount of the debt service for the Bonds, for each fiscal year of the Issuer in which such sums are payable, in its budget for that year, (ii) appropriate such amounts from its general revenues for the payment of such debt service, and (iii) duly and punctually pay or cause to be paid, from the sinking fund established under the Resolution or any other of its revenues or funds, the principal of and interest on each of the Bonds at the dates and place and in the manner stated therein, according to the true intent and meaning thereof; and, for such budgeting, appropriation and payment, the Issuer has pledged and does pledge, irrevocably, its full faith, credit and taxing power.

This Bond shall not be entitled to any benefit under the Resolution, nor shall it be valid, obligatory or enforceable for any purpose, until this Bond shall have been authenticated by the Paying Agent.

The Bonds are issuable only in the form of registered bonds, without coupons, in the denominations of \$5,000 principal amount or any integral multiple thereof. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and interest rate upon surrender of such Bonds to the Paying Agent, with written instructions satisfactory to the Paying Agent.

The Issuer and the Paying Agent may deem and treat the registered owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof, premium, if any, and interest due hereon and for all other purposes, and the Issuer and the Paying Agent shall not be affected by any notice to the contrary.

This Bond may be transferred by the registered owner hereof upon surrender of this Bond to the Paying Agent, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner of this Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of this Bond in the registration books and shall authenticate and deliver at the earliest practicable time in the name of the transferee or transferees a new fully registered bond or bonds of authorized denominations of the same series, maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive.

The Issuer and the Paying Agent shall not be required to issue or to register the transfer of or exchange any Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15th) day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day of mailing of the applicable notice of redemption, as hereinafter provided, or to register the transfer of or exchange any portion of any bond selected for redemption until after the redemption date.

The Bonds stated to mature on or after _____, are subject to redemption prior to maturity, at the option of the Issuer, as a whole, on _____, or on any date thereafter, upon payment of the principal amount thereof, together with accrued interest to the date fixed for redemption.

The Bonds stated to mature on or after _____, are subject to redemption prior to maturity, at the option of the Issuer, from time to time, in part, in any order of maturity selected by the Issuer, on _____, or on any date thereafter. If less than all Bonds of any particular

maturity are to be redeemed, the Bonds of such maturity to be redeemed shall be drawn by lot by the Paying Agent. Any such redemption shall be upon payment of the principal amount to be redeemed, together with accrued interest thereon to the date fixed for redemption.

The Bonds stated to mature on ____, and on ____, are subject to mandatory redemption prior to maturity, in the amounts and on _____ of the years set forth in the following schedules as drawn by lot by the Paying Agent in behalf of the Issuer:

Bonds Maturing on ____ :

<u>Year</u>	<u>Amount</u>
	\$ ____ ; and

Bonds Maturing on ____ :

<u>Year</u>	<u>Amount</u>
	\$ ____ .

Any such redemption shall be upon application of money available for the purpose in the Mandatory Sinking Fund established under the Resolution and shall be upon payment of the principal amount to be redeemed, together with accrued interest thereon to the date fixed for redemption. In lieu of such mandatory redemption, the Paying Agent, as sinking fund depositary, in behalf of the Issuer, may purchase, from money available for the purpose in the Sinking Fund established under the Resolution, at a price not to exceed the principal amount plus accrued interest, or the Issuer may tender to the Paying Agent, all or part of the Bonds subject to being drawn for redemption in any such year.

If this Bond is of a denomination larger than \$5,000, a portion of this Bond may be redeemed. For the purposes of redemption, this Bond shall be treated as representing the number of Bonds that is equal to the principal amount hereof divided by \$5,000, each \$5,000 portion of this Bond being subject to redemption. In the case of partial redemption of this Bond, payment of the redemption price shall be made only upon surrender of this Bond in exchange for Bonds of authorized denominations of the same maturity and interest rate and in aggregate principal amount equal to the unredeemed portion of the principal amount hereof; Provided, however, that should this Bond be registered in the name of The Depository Trust Company ("DTC") or Cede & Co., as nominee for DTC, or any other nominee of DTC, or any other successor securities depository or its nominee, this Bond need not be surrendered for payment and exchange in the event of a partial redemption hereof and the records of the Paying Agent shall be conclusive as to the amount of this Bond which shall have been redeemed.

Notice of redemption shall be deposited in first class mail not less than 30 days prior to the date fixed for redemption and shall be addressed to the registered owners of the Bonds to be redeemed at their addresses shown on the registration books kept by the Paying Agent as of the day such Bonds are selected for redemption. Failure to mail any notice of redemption or any defect therein or in the mailing thereof shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption as to which proper notice has been given.

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal, premium, if any, and accrued interest being held by the Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to

accrue and such Bonds or portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Resolution, and registered owners of such Bonds or portions thereof so called for redemption shall have no rights with respect thereto, except to receive payment of the principal to be redeemed and accrued interest thereon to the date fixed for redemption, together with the redemption premium, if any.

The Issuer, in the Resolution, has established a sinking fund with the Paying Agent, as the sinking fund depositary, into which funds for the payment of the principal of and the interest on the Bonds shall be deposited not later than the date fixed for the disbursement thereof. The Issuer has covenanted, in the Resolution, to make payments from such sinking fund or from any other of its revenues or funds, at such times and in such annual amounts as shall be sufficient for prompt and full payment of all obligations of this Bond.

It hereby is certified that: (i) all acts, conditions and things required to be done, to happen or to be performed as conditions precedent to and in issuance of this Bond or in creation of the debt of which this Bond is evidence have been done, have happened or have been performed in due and regular form and manner, as required by law; and (ii) the debt represented by this Bond, together with any other indebtedness of the Issuer, is not in excess of any limitation imposed by the Debt Act upon the incurring of debt by the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed in its name by the manual signature of the President of the Board of School Directors, and its official seal to be affixed hereto and the manual signature of the Secretary of the Board of School Directors to be affixed hereto in attestation thereof, all as of _____, ____.

BETHLEHEM AREA SCHOOL DISTRICT,
Northampton and Lehigh Counties, Pennsylvania

By: _____
President of the Board of School Directors

ATTEST:

Secretary of the Board of School Directors

(SEAL)

(FORM OF PAYING AGENT'S CERTIFICATE)

CERTIFICATE OF AUTHENTICATION; CERTIFICATE AS TO OPINION; AND
CERTIFICATE AS TO INSURANCE

It is certified that:

(i) This Bond is one of the Bonds described in the within-mentioned Resolution;

(ii) An original Opinion issued by Rhoads & Sinon LLP, dated and delivered on the date of the original delivery of, and payment for, such Bonds that is on file at such designated corporate trust office where the same may be inspected; and

(iii) _____ has issued its municipal bond insurance policy, as stated in the Statement of Insurance printed upon this Bond, a copy of which policy is on file at such designated corporate trust office where the same may be inspected.

_____, as Paying Agent

By: _____
Authorized Representative

Date of Registration and Authentication:

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED, _____, the undersigned, hereby sells, assigns and transfers unto

_____ (the "Transferee")
Name

Address

Social Security or Federal Employer Identification No. _____ the within Bond and all rights thereunder and hereby irrevocably constitutes and appoints _____, as attorney, to transfer the within Bond on the books kept for registration thereof with full power of substitution in the premises.

Date: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an institution that is a participant in a signature guarantee program recognized by the Securities Transfer Association.

NOTICE: No transfer will be made in the name of the Transferee unless the signature(s) to this assignment correspond(s) with the name(s) appearing upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification Number of the Transferee is supplied. If the Transferee is a trust, the names and Social Security or Federal Employer Identification Numbers of the settlor and beneficiaries of the trust, the Federal Employer Identification Number and date of the trust and the name of the trustee must be supplied.

(FORM OF STATEMENT OF INSURANCE)

STATEMENT OF INSURANCE

CERTIFICATE

I, the undersigned, (Assistant) Secretary of the Board of School Directors of BETHLEHEM AREA SCHOOL DISTRICT, Northampton and Lehigh Counties, Pennsylvania (the "School District"), certify that: the foregoing is a true and correct copy of a Resolution that duly was adopted by affirmative vote of a majority of all members of the Board of School Directors of the School District at a meeting duly held on March 16, 2009; said Resolution duly has been recorded in the minute book of the Board of School Directors of the School District; a notice with respect to the intent to adopt said Resolution has been published as required by law; said Resolution was available for inspection by any interested citizen requesting the same in accordance with the requirements of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania and such notice; and said Resolution has not been amended, altered, modified or repealed as of the date of this Certificate.

I further certify that the Board of School Directors of the School District met the advance notice and public comment requirements of the Sunshine Act, 65 Pa.C.S. §701 *et seq.*, by advertising the time and place of said meeting, by posting prominently a notice of said meeting at the principal office of the School District or at the public building in which said meeting was held, and by providing a reasonable opportunity for public comment prior to adoption of said Resolution, all as required by such Act.

I further certify that: the total number of members of the Board of School Directors of the School District is nine (9); the vote of members of the Board of School Directors of the School District upon said Resolution was called and duly was recorded upon the minutes of said meeting; and members of the Board of School Directors of the School District voted upon said Resolution in the following manner:

Loretta M. Leeson
Judith A. Dexter
Rosario S. Amato
Michele Cann
Irene Follweiler
Craig T. Haytmanek
Charlene A. Koch
Eugene C. McKeon
Benjamin M. Tenaglia, III

IN WITNESS WHEREOF, I set my hand and affix the official seal of the School District, this 16th day of March, 2009.

(Assistant) Secretary of the Board of
School Directors

(SEAL)

5. *Memorandum of Understanding with Local Police Department*

INFORMATION:

The Pennsylvania Emergency Management Services Code mandates that every school district, in cooperation with the local Emergency Management Agency, shall develop and implement emergency preparedness plans. The Bethlehem Area School District's plan as well as the Northampton and Monroe County Emergency Preparedness Committee, endorse the development of Memorandums of Understanding with all local police departments. The purpose of the agreements is to establish procedures to be followed when any incident occurs on school property, at any school sponsored activity, or on any public conveyance providing transportation to or from a school or school related activity. It is further the purpose of the Memorandums to foster a relationship of cooperation, mutual support, and the sharing of information and resources between parties as they work together to maintain the physical security and safety of the schools in our district.

RECOMMENDATION:

That the Board of School Directors approves the Memorandum of Understanding between the Bethlehem Area School District and the Fountain Hill Police Department.

**MEMORANDUM OF UNDERSTANDING
BY AND BETWEEN**

Fountain Hill Police Department
(Law Enforcement Authority/ Emergency Responder)

And

Bethlehem Area School District
(School Entity)

October 10, 2007
(Date)

I. Joint Statement of Concern

A. Parties

The following Law Enforcement Authority or Authorities/Emergency Responder enter into and agree to adhere to the policies and procedures contained in the Memorandum of Understanding:

Fountain Hill Police Department

The following School Entity or Entities enter into and agree to adhere to the policies and procedures contained in this Memorandum of Understanding:

Bethlehem Area School District

- B.** The purpose of this Memorandum is to establish procedures to be followed when any incident occurs on school property, at any school sponsored activity, or on any public conveyance providing transportation to or from a school or school sponsored activity.

C. It is further the purpose of this Memorandum to foster a relationship of cooperation, mutual support, and the sharing of information and resources between the parties hereto as they work together to maintain the physical security and safety of schools in the district.

D. School Priorities

1. Create safe learning environments which support each student's well-being and opportunities to reach their full potential while balancing and protecting the rights of all students within their authority.
2. Establish and maintain cooperative relationships with law enforcement/emergency responders.
3. Foster partnerships with law enforcement authorities/emergency responders for the education and guidance of students to create a school climate and knowledge base conducive to learning and personal growth.

E. Legal Authority

1. The parties to this Memorandum enter into this agreement in accordance with the provisions of the act of March 10, 1949 (P.L. 30, No. 14), as amended, 24 P.S. § 13-1301-A, et. Seq., requiring that by June 30, 1999, all school entities shall develop and implement a single memorandum of understanding in cooperation with each local law enforcement entity with jurisdiction over the school entity and the Pennsylvania State Police.
2. In so recognizing this legal authority, the parties acknowledge their respective duties pursuant to this Act and hereby agree to support and cooperate with one another in carrying out their joint and several responsibilities thereunder.

II. Media Relations

A. Release of Information

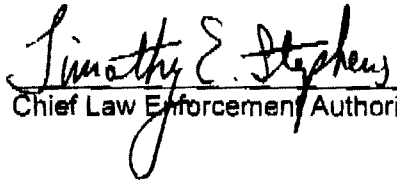
1. The release of information concerning incidents reportable to law enforcement authorities/emergency responders pursuant to the term of this Memorandum of Understanding shall be coordinated between law enforcement authorities and school entities.
2. The parties shall release as much information as is allowable by law with due deliberation given to the investigative considerations and the need to limit disruptions to school functions and protect the privacy of the students and staff involved.

III. General Provisions

- A. This Memorandum is not intended to and does not create any contractual rights or obligations with respect to the signatory agencies or any other persons or entities.
- B. This Memorandum may be amended, expanded, or modified at any time upon the written consent of the parties; but in any event must be reviewed and re-executed within two years of the date of its original execution and every two years thereafter.
- C. All parties to this Memorandum will communicate fully and openly with each other in order to resolve any problems that may arise in the fulfillment of the terms of this Memorandum.

AND NOW, this 24 day of October, 2007, the parties hereby acknowledge the foregoing as the terms and conditions of their understanding.

Superintendent/Administrative Director



Chief Law Enforcement Authority/Responder

School Entity

Law Enforcement Authority/Responder

Bethlehem Area School District School Board President

6. *Elementary School Open Enrollment Policy*

INFORMATION:

Since 1975, the Board of School Directors has annually approved the Open Enrollment Policy at the elementary school level. During the current school year, 217 elementary students were initially assigned throughout the district under open enrollment.

In general, parents, students, administrators, and teachers associated with this program are highly satisfied with its implementation. The administration believes that this unique board policy provides meaningful alternatives for parents and their children.

The final decision for approval is based upon assessing the impact of additional students on available space at the receiving school, as well as the effect of the loss of students at the sending school.

RECOMMENDATION:

That the Board of School Directors authorizes the administration to continue open enrollment at the elementary level for the 2009-2010 school year as per the attached policy.

BETHLEHEM AREA SCHOOL DISTRICT'S ELEMENTARY SCHOOL OPEN ENROLLMENT POLICY

Parents may request to send their child to an elementary school other than the one that serves their regular attendance area. Requests for open enrollment must be made using a "Petition for Open Enrollment" form, available at their home school. Petitions must be submitted to the Child Accounting Department, 1516 Sycamore Street, Bethlehem, Pennsylvania 18017. Requests will not be accepted earlier than **May 1** or later than **July 1**. Parents moving into the district after July 1 but prior to the end of the first quarter may request open enrollment for their child at the time of registration.

Consideration for open enrollment requests will be determined by the following criteria:

- Space availability in a particular school and grade after resident students are assigned
- Exceptions may be made for fifth grade students who are in good standing and who were accepted for open enrollment in the prior school year.
- Students who have successfully been enrolled in a building under open enrollment in previous years
- Siblings of students who are currently enrolled in the open enrollment school will be given priority consideration. There is no guarantee that all children from one family will be accepted for open enrollment based on the criteria above.
- Requests for open enrollment assignments out of a building will not cause that building's student enrollment to fall below a limit established by the Board of School Directors.
- Parents who elect to apply for open enrollment agree that their child will comply with all of the following conditions:
 - The student will not exceed six tardies.
 - The student will not exceed 10 cumulative days of absence.
 - The student will not have two or more academic failures in one marking period.
 - The student will have no Code of Conduct infractions resulting in suspension.
 - The student will not be picked up late at student dismissal more than three times.

Failure to comply with these conditions of open enrollment may result in the child being returned to his/her resident school and will result in the child being denied the open enrollment privilege for the following year.

- Parents must confirm their intent to accept the open enrollment assignment with the open enrollment school by **August 3**. Failure to notify the principal by this date may result in the child being assigned to his/her resident school.

Once a student has been accepted into a building under the open enrollment option, that student will not be permitted to transfer to another building within the district at any time during that school year.

Parents must assume full responsibility for transporting their child.

Parents should seriously consider open enrollment requests to elementary schools where students matriculate into their resident middle school since there is no open enrollment at the secondary level.

Open enrollment is approved for one year only. Parents must reapply each year. Acceptance into a school under open enrollment does not guarantee that a student's entire elementary school career will be spent at that school.

Open enrollment procedures will be reviewed each year.

7. *Student Discipline - #0951050, #0953608, and #0962163 – Adjudications*

INFORMATION:

The Board of School Directors of the Bethlehem Area School District has received and reviewed the following information regarding misconduct by three students in violation of District Policy 233.

RECOMMENDATION:

That the Board of School Directors adopts the proposed adjudications relating to Student Numbers: 0951050, 0953608, and 0962163.

8. *Cintas Corporation – Cintas Scholastic Grant Program*

INFORMATION:

The Cintas Corporation provides specialized services to businesses of all types throughout North America. Among their corporate products are first aid and safety equipment. The company has established the Cintas Scholastic Grant Program, which will award automated external defibrillators (AEDs) at no cost to selected schools nationwide. This initiative reflects the concern that sudden cardiac arrest (SCA) claims more than 250,000 lives in the U.S. annually, and approximately one case of sudden cardiac death occurs every three days in organized youth sports. With access to AEDs, lives could be saved. The Cintas Corporation has defined this as a priority in order to benefit the children, families, and community members who routinely gather at schools and participate in the activities offered.

RECOMMENDATION:

That the administration be authorized to submit a Cintas Scholastic Grant Program application to provide an automated external defibrillator (AED) to Lincoln Elementary School at no cost to the district.

9. *Pennsylvania Pre-K Counts*

INFORMATION:

The Office of Child Development and Early Learning (OCDEL) at the Pennsylvania Department of Education has called for applications for the continuation of Pennsylvania Pre-K Counts programs. As in previous years, this grant will make high quality pre-kindergarten opportunities available to three (3) and four (4) year old children and their families throughout the Commonwealth.

Funding will be made available to all Pennsylvania communities through a competitive application process with priority given to school districts and other providers who serve children at risk of academic failure. The Bethlehem Area School District received a grant during 2008-2009 for a Pennsylvania Pre-K Counts Continuation Grant and later received an Expansion Grant. In all, we were able to serve 60 children in the four year old program and 40 children in the three year old program.

RECOMMENDATION:

That the administration be authorized to prepare and submit a Pre-K Counts Continuation grant application to OCDEL in the amount of \$627,000 for a Pennsylvania Pre-K Counts program for 2009-2010 school year.

10. *School Improvement Grant - AYP*

INFORMATION:

The Pennsylvania Department of Education (PDE) has notified the Bethlehem Area School District about school improvement funding for each school in the district in an AYP improvement rating category. The goal for this program is to improve student achievement. Four Bethlehem Area School District schools are eligible for \$9,000 each. The schools are Fountain Hill Elementary School, East Hills Middle School, Freedom High School, and Liberty High School.

RECOMMENDATION:

That the administration be authorized to submit to the Pennsylvania Department of Education a grant application for School Improvement-AYP in the amount of \$36,000.

11. *Conference/Staff Trip Attendance***RECOMMENDATION:**

That the following conferences for staff be approved:

March 26-29, 2009 National Coalition of ESEA Title I Parents Wilmington, Delaware	\$1,264.75 Federal/Title I
April 2, 2009 Annual Recertification for Asbestos Management Planner Boiling Springs, Pennsylvania	484.76 General
April 5-8, 2009 Pennsylvania Association of Federal Program Coordinators' Conference Champion, Pennsylvania	2,443.34 Federal/Title I
April 16-18, 2009 Annual Early Childhood Conference Philadelphia, Pennsylvania	2,649.93 State-Pre-K Counts

12. *Field Trip Attendance***RECOMMENDATION:**

That the following overnight student trips for students and staff be approved:

March 4-7, 2009
(2 Liberty High School Students)
Wrestling – States
Hershey, Pennsylvania
\$1,762.69
Athletics/Substitute Costs

March 12-14, 2009
(2 Freedom High School Students and 7 Liberty High School Students)
PIAA Swimming State Championships
Lewisburg, Pennsylvania
3,223.56
Athletics/Substitute Costs

April 29-May 2, 2009
(2 Broughal Middle School Students)
2009 Student Symposium
Houston, Texas
300.00
All other costs paid by NASA Explorer
School Program Except Substitute Costs

May 6-7, 2009
(2 East Hills Middle School Students)
National History Day – State Level
Millersville, Pennsylvania
584.00
General/Substitute Costs

13. *Resignations*

RECOMMENDATION:

Administrative

- | | | |
|----|-------------|-------------------------|
| 1. | NAME: | Crawford, Edward |
| | ASSIGNMENT: | East Hills, Principal |
| | REASON: | Retirement |
| | EFFECTIVE: | July 7, 2009 |

13. Resignations**RECOMMENDATION:*****Instructional***

1. NAME: **Bates, Felicia**
ASSIGNMENT: Clearview, Guidance Counselor
REASON: Retirement
EFFECTIVE: June 10, 2009
2. NAME: **Gombocz, Patricia**
ASSIGNMENT: Clearview, Grade 2 Teacher
REASON: Retirement
EFFECTIVE: June 10, 2009
3. NAME: **Marques, Linda**
ASSIGNMENT: Liberty, English as a Second Language Teacher
REASON: Retirement
EFFECTIVE: June 10, 2009
4. NAME: **Mueller, Jennifer**
ASSIGNMENT: District-wide, Speech Therapist
REASON: Personal
EFFECTIVE: May 5, 2009
5. NAME: **Snyder, Mary**
ASSIGNMENT: James Buchanan, Grade 3 Teacher
REASON: Retirement
EFFECTIVE: June 10, 2009
6. NAME: **Vetter, Linda**
ASSIGNMENT: James Buchanan, Grade 1 Teacher
REASON: Retirement
EFFECTIVE: June 10, 2009
7. NAME: **Wescocoe, Richard**
ASSIGNMENT: Liberty, Health and Physical Education Teacher
REASON: Retirement
EFFECTIVE: June 10, 2009

13. *Resignations*

RECOMMENDATION:

Noninstructional

1. NAME: **Burgos, Erika**
 ASSIGNMENT: Attendance Monitor
 REASON: Personal
 EFFECTIVE: February 9, 2009

2. NAME: **Dodson, Patricia**
 ASSIGNMENT: Liberty, General Kitchen Help
 REASON: Retirement
 EFFECTIVE: June 15, 2009

3. NAME: **Yob, Rita Ann**
 ASSIGNMENT: Child Care Aide
 REASON: Retirement
 EFFECTIVE: August 20, 2009

13. Resignations**RECOMMENDATION:*****Miscellaneous***

1. NAME: **Evans, Karen**
ASSIGNMENT: Bus Driver
REASON: Retirement
EFFECTIVE: June 5, 2009
2. NAME: **Heffernan, Richard**
ASSIGNMENT: Bus Driver
REASON: Retirement
EFFECTIVE: June 6, 2009
3. NAME: **Karwacki, Jeffrey**
ASSIGNMENT: Liberty, Head Cross Country Coach
Liberty, Assistant Track and Field Coach
REASON: Personal
EFFECTIVE: Conclusion of the 2008-2009 school year
4. NAME: **Langmayer, Alicia**
ASSIGNMENT: Liberty, Assistant Girls Soccer Coach
REASON: Personal
EFFECTIVE: March 2, 2009
5. NAME: **Matus, Richard**
ASSIGNMENT: Freedom, Assistant Girls Basketball Coach
REASON: Personal
EFFECTIVE: March 5, 2009
6. NAME: **Medina, Jose**
ASSIGNMENT: Freedom, Assistant Girls Basketball Coach
REASON: Personal
EFFECTIVE: February 19, 2009
7. NAME: **Nolan, Sean**
ASSIGNMENT: Fountain Hill, Permanent Day-to-Day
Substitute
REASON: Personal
EFFECTIVE: March 17, 2009

13. Resignations

RECOMMENDATION:

Miscellaneous (continued)

- | | | |
|----|-------------|--|
| 8. | NAME: | Schnettler, Jenny |
| | ASSIGNMENT: | Bus Driver |
| | REASON: | Personal |
| | EFFECTIVE: | February 28, 2009 |
| | | |
| 9. | NAME: | Valvanis, Joanna |
| | ASSIGNMENT: | Nitschmann, Permanent Day-to-Day
Substitute |
| | REASON: | Personal |
| | EFFECTIVE: | March 9, 2009 |

14. *Leaves of Absence*

RECOMMENDATION:

Administrative

1. NAME: **Bast, Kathleen**
 ADDRESS: Easton
 ASSIGNMENT: Coordinator of Literacy/ELA K-12
 REASON: Family Medical/Childrearing Leave of Absence
 EFFECTIVE: Family Medical Leave of Absence to begin on
 May 12, 2009, until the end of the day on
 August 6, 2009
 Childrearing Leave of Absence to begin on
 August 7, 2009, until the end of the day on
 August 21, 2009

14. *Leaves of Absence***RECOMMENDATION:*****Instructional***

1. NAME: **Deily, Jennifer**
 ADDRESS: Bethlehem
 ASSIGNMENT: Freedom, Social Studies Teacher
 REASON: Family Medical Leave of Absence
 EFFECTIVE: March 9, 2009, until the end of the day on
 June 4, 2009

2. NAME: **Possinger, Lynette**
 ADDRESS: Effort
 ASSIGNMENT: Lincoln, English as a Second Language Teacher
 REASON: Family Medical Leave of Absence
 EFFECTIVE: March 18, 2009, until the end of the day on
 April 8, 2009

3. NAME: **Schmittel, Julie**
 ADDRESS: Nazareth
 ASSIGNMENT: Liberty, Science Teacher
 REASON: Family Medical Leave of Absence
 EFFECTIVE: March 18, 2009, until the end of the 2008-2009
 school year

14. *Leaves of Absence***RECOMMENDATION:*****Noninstructional***

1. NAME: **Henshaw, Victoria**
 ADDRESS: Allentown
 ASSIGNMENT: Family Development Specialist
 REASON: Family Medical Leave of Absence
 EFFECTIVE: February 23, 2009, intermittently

2. NAME: **Koehler, Debra**
 ADDRESS: Bethlehem
 ASSIGNMENT: Liberty, Teacher Assistant
 REASON: Family Medical Leave of Absence
 EFFECTIVE: February 23, 2009, intermittently

3. NAME: **Snyder, Susan M.**
 ADDRESS: Bethlehem
 ASSIGNMENT: Freedom, Monitor
 REASON: General Leave of Absence
 EFFECTIVE: March 17, 2009, until the end of the day on
 March 20, 2009

15. *Nominations for Appointment***RECOMMENDATION:*****Instructional***

1. NAME: **Nolan, Sean**
 ADDRESS: Allentown
 COLLEGE, DEGREE: Pennsylvania State University, B.S.
 ASSIGNMENT: (.2) Farmersville/(.1) Clearview/(.1) Thomas Jefferson,
 Academic Integration Specialist
 STATUS: Temporary Professional Employee
 SALARY: \$15,756, prorated (Bachelor's, Step 1)
 EFFECTIVE: March 17, 2009

2. NAME: **Scherr, Richard J. Jr.**
 ADDRESS: Perkasie
 COLLEGE, DEGREE: Temple University, B.S.
 Immaculata College, M.S.
 ASSIGNMENT: District-wide, School Psychologist
 EXPERIENCE: 5 years, Pennsylvania
 STATUS: Long-term Substitute
 SALARY: \$48,866, prorated (Master's +30, Step 6)
 EFFECTIVE: March 17, 2009, terminating at the end of the 2008-2009
 school year, or upon the return of M. Sharp-Ross

15. *Nominations for Appointment*

RECOMMENDATION:

Instructional

- | | | |
|----|------------------|---|
| 1. | NAME: | Burns, John M. |
| | ADDRESS: | Allentown |
| | COLLEGE, DEGREE: | Kutztown University, B.S. |
| | ASSIGNMENT: | Liberty, Chemistry Teacher |
| | STATUS: | Temporary Professional Employee |
| | SALARY: | \$39,389, prorated (Bachelor's, Step 1) |
| | EFFECTIVE: | March 17, 2009 |

15. *Nominations for Appointment*

RECOMMENDATION:

Noninstructional

- | | | |
|----|-------------|--|
| 1. | NAME: | Schmidt, Sherri |
| | ADDRESS: | Bethlehem |
| | ASSIGNMENT: | SPARK II, General Kitchen Help, 1 hour daily |
| | SALARY: | \$11.18 per hour |
| | EFFECTIVE: | March 17, 2009 |

15. *Nominations for Appointment***RECOMMENDATION:*****Miscellaneous***

1. **ASPIRE Program**
(After School Programs for Instruction, Recreation, and Enrichment)
Helper
District-wide
Viejo-Ayala, Veronica
SALARY: \$7.15 per hour
2. **Coach**
Liberty High School
Girls Soccer
Assistant Coach Terry, Daniel New \$3,291.00
3. **Credit Acquisition Program**
Teachers
Erdman, Karla
Giannantonio, Amy
SALARY: \$32.04 per hour
4. **Job Training/Work Experience**
Code: 10-1200-151-000-3517-00001
That the exceptional students be approved for the work experience program.
5. **Second Language Guide**
Sessegolo, Beverly
SALARY: \$10.40 per hour
6. **Summer Central Registration**
Prosser, Linda
Roseman, Kathryn
SALARY: \$19.02 per hour, not to exceed 8 days each
7. **Transportation – Part-time Bus Driver**
Ortelli, Edward
SALARY: \$15.68 per hour

15. *Nominations for Appointment*

RECOMMENDATION:

Substitutes

Instructional

Ahner, Tiffany
Kunkletown

Broczkowski, Gail
Bethlehem

Fritchen, Philip
Bethlehem

Gombocz, Patricia
Bethlehem

Mueller, Jennifer
Bethlehem

15. *Nominations for Appointment*

RECOMMENDATION:

Substitutes

Noninstructional

De Castro, Percy
Lodi, New Jersey

Henn, Gail
Bethlehem

Rehm, Kimberley
Bethlehem

Swingle, Deborah
Bethlehem

16. *Schedule of Meetings for the Board of School Directors*

RECOMMENDATION:

That the Board of School Directors approves the attached schedule of meetings for July 2009 through June 2010.

These meeting dates are subject to change based on prior notice to the public and are in compliance with the Sunshine Law (Act 84 of 1986).

**SCHEDULE OF MEETINGS
FOR THE BOARD OF SCHOOL DIRECTORS**

JULY 2009 THROUGH JUNE 2010

Date	Time	Meeting and Location
Monday, July 13	6:00 p.m. 7:15 p.m.	Board Facilities Committee Meeting Board Human Resources Committee Meeting (Dining Room, Education Center)
Monday, July 20	6:00 p.m. 7:30 p.m.	Board Curriculum Committee Meeting Board Finance Committee Meeting (Dining Room, Education Center)
Monday, July 27	7:00 p.m.	Regular Board Meeting (Auditorium, East Hills Middle School)
Monday, August 3	6:00 p.m. 7:15 p.m.	Board Facilities Committee Meeting Board Finance Committee Meeting (Dining Room, Education Center)
Monday, August 10	6:00 p.m. 7:00 p.m.	Board Curriculum Committee Meeting Board Human Resources Committee Meeting (Dining Room, Education Center)
Monday, August 17	7:00 p.m.	Regular Board Meeting (Auditorium, East Hills Middle School)
Tuesday , September 8	6:00 p.m. 7:15 p.m.	Board Facilities Committee Meeting Board Finance Committee Meeting (Dining Room, Education Center)
Monday, September 14	6:00 p.m. 7:30 p.m.	Board Curriculum Committee Meeting Board Human Resources Committee Meeting (Dining Room, Education Center)
Monday, September 21	7:00 p.m.	Regular Board Meeting (Auditorium, East Hills Middle School)
Monday, October 12	6:00 p.m. 7:15 p.m.	Board Curriculum Committee Meeting Board Finance Committee Meeting (Dining Room, Education Center)
Monday, October 19	6:00 p.m. 7:30 p.m.	Board Facilities Committee Meeting Board Human Resources Committee Meeting (Dining Room, Education Center)
Monday, October 26	7:00 p.m.	Regular Board Meeting (Auditorium, East Hills Middle School)

**SCHEDULE OF MEETINGS
FOR THE BOARD OF SCHOOL DIRECTORS**

JULY 2009 THROUGH JUNE 2010
(Continued)

Date	Time	Meeting and Location
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Monday, November 2	6:00 p.m. 7:15 p.m.	Board Curriculum Committee Meeting Board Finance Committee Meeting <i>(Superintendent's Conference Room, Education Center due to Election Day setup on first floor)</i>
Monday, November 9 Plans	6:00 p.m. 6:30 p.m. 8:00 p.m.	Special Board Meeting – School Improvement Board Facilities Committee Meeting Board Human Resources Committee Meeting <i>(Dining Room, Education Center)</i>
Monday, November 16	7:00 p.m.	Regular Board Meeting <i>(Auditorium, East Hills Middle School)</i>
Monday, December 7	6:00 p.m.	Reorganization Meeting <i>(Dining Room, Education Center)</i>
Monday, December 14	7:00 p.m.	Regular Board Meeting <i>(Auditorium, East Hills Middle School)</i>
Monday, January 11	6:00 p.m. 7:15 p.m. 8:00 p.m.	Board Facilities Committee Meeting Board Finance Committee Meeting Special Board Meeting – eRate Approvals <i>(Dining Room, Education Center)</i>
Tuesday , January 19	6:00 p.m. 7:30 p.m.	Board Curriculum Committee Meeting Board Human Resources Committee Meeting <i>(Dining Room, Education Center)</i>
Monday, January 25	7:00 p.m.	Regular Board Meeting <i>(Auditorium, East Hills Middle School)</i>
Monday, February 1	6:00 p.m. 6:30 p.m. 7:00 p.m.	Board Facilities Committee Meeting Board Finance Committee Meeting Budget Hearing <i>(Dining Room, Education Center)</i>
Monday, February 8	6:00 p.m. 7:30 p.m.	Board Curriculum Committee Meeting Board Human Resources Committee Meeting <i>(Dining Room, Education Center)</i>
Monday, February 22	7:00 p.m.	Regular Board Meeting <i>(Auditorium, East Hills Middle School)</i>

**SCHEDULE OF MEETINGS
FOR THE BOARD OF SCHOOL DIRECTORS**

JULY 2009 THROUGH JUNE 2010
(Continued)

Date	Time	Meeting and Location
Monday, March 1	6:00 p.m. 7:15 p.m.	Board Facilities Committee Meeting Board Finance Committee Meeting <i>(Dining Room, Education Center)</i>
Monday, March 8	6:00 p.m.	Board Curriculum Committee Meeting

	7:30 p.m.	Board Human Resources Committee Meeting (<i>Dining Room, Education Center</i>)
Monday, March 15	7:00 p.m.	Regular Board Meeting (<i>Auditorium, East Hills Middle School</i>)
Monday, April 12	6:00 p.m. 7:15 p.m.	Board Facilities Committee Meeting Board Finance Committee Meeting (<i>Dining Room, Education Center</i>)
Monday, April 19	6:00 p.m. 7:30 p.m.	Board Curriculum Committee Meeting Board Human Resources Committee Meeting (<i>Dining Room, Education Center</i>)
Monday, April 26	7:00 p.m.	Regular Board Meeting (<i>Auditorium, East Hills Middle School</i>)
Wednesday, April 28	6:00 p.m.	Public Budget Hearing (<i>Auditorium, East Hills Middle School</i>)
Monday, May 3	6:00 p.m. 7:15 p.m.	Board Facilities Committee Meeting Board Finance Committee Meeting (<i>Dining Room, Education Center</i>)
Monday, May 10	6:00 p.m. 7:30 p.m.	Board Curriculum Committee Meeting Board Human Resources Committee Meeting (<i>Dining Room, Education Center</i>)
Monday, May 17	7:00 p.m.	Regular Board Meeting (<i>Auditorium, East Hills Middle School</i>) (tentative adoption of the budget)

**SCHEDULE OF MEETINGS
FOR THE BOARD OF SCHOOL DIRECTORS**

JULY 2009 THROUGH JUNE 2010
(Continued)

<u>Date</u>	<u>Time</u>	<u>Meeting and Location</u>
Monday, June 7	6:00 p.m. 7:15 p.m.	Board Facilities Committee Meeting Board Finance Committee Meeting (<i>Dining Room, Education Center</i>)
Monday, June 14	6:00 p.m. 7:30 p.m.	Board Curriculum Committee Meeting Board Human Resources Committee Meeting (<i>Dining Room, Education Center</i>)
Monday, June 21	7:00 p.m.	Regular Board Meeting (<i>Auditorium, East Hills Middle School</i>) (final adoption of the budget)

17. *Bid Award – Bids Opened March 11, 2009 – Lawn Care Services***INFORMATION:**

Bids were received and publicly opened at noon, Wednesday, March 11, 2009, for:

Lawn Care Services

The bids have been tabulated and reviewed by the appropriate administrative and supervisory personnel. The recommendation of awards is based upon the lowest responsible bidders meeting specifications. (The Tabulation of Bids is attached.)

RECOMMENDATION:

That the administration be authorized to award contracts for a three-year period beginning March 17, 2009, to the lowest responsible bidders meeting specifications as indicated on the attached Tabulation of Bids.

Lawn Care Services (Cutting of Grass, Shrub Trimming,
and Leaf Removal/General Clean Up)

Brian's Landscaping
1463 Kelchner Road
Bethlehem, Pennsylvania 18018

Landmark Landscape
902 Mud Lane
Northampton, Pennsylvania 18067

Cherry Valley Lawn Care
RR #5 Box 5420
Saylorsburg, Pennsylvania 18353

Searock's Lawn Care
534 Bauer Road
Bath, Pennsylvania 18014

Crafted Landscaping, LLC
2418 Hay Street
Easton, Pennsylvania 18042

Spengler's Lawn & Tree Care
725 Fourth Avenue
Bethlehem, Pennsylvania 18018

Green Space Building & Design
6542-A Lower York Road #198
New Hope, Pennsylvania 18938

TruGreen®
764 Roble Road
Allentown, Pennsylvania 18109

BETHLEHEM AREA SCHOOL DISTRICT
Bethlehem, Pennsylvania

Bid Opening: March 11, 2009

March 16, 2009

**TABULATION OF BIDS FOR
LAWN CARE SERVICES
(Price Per Cutting of Grass)**

	Brian's Landscaping	Cherry Valley Lawn Care	Crafted Landscaping LLC	Greenleaf Landscape Systems	Green Space Building & Design	Landmark Landscape
Asa Packer	No Bid	\$ 145.00	No Bid	\$232.00	\$ 179.00	\$ 422.00
Calypso	\$ 56.00	75.00	No Bid	45.00	85.00	No Bid
Clearview	No Bid	100.00	No Bid	246.00	152.00	288.00
Donegan	No Bid	75.00	No Bid	195.00	245.00	No Bid
Farmersville	No Bid	250.00	No Bid	290.00	239.00	528.00
Fountain Hill	No Bid	100.00	No Bid	174.00	137.00	No Bid
Freemansburg	No Bid	140.00	No Bid	195.00	132.00	343.00
Governor Wolf	No Bid	80.00	\$239.00	145.00	87.00	211.00
Hanover	No Bid	85.00	No Bid	325.00	105.00	290.00
James Buchanan	No Bid	175.00	No Bid	125.00	131.00	422.00
Lincoln	No Bid	100.00	108.00	116.00	79.00	158.00
Marvine	No Bid	120.00	209.00	261.00	149.00	290.00
Miller Heights	No Bid	285.00	No Bid	309.00	189.00	422.00
Rosemont	58.00	75.00	No Bid	43.00	61.00	No Bid
SPARK Early Childhood	78.00	85.00	94.00	176.00	97.00	316.00

BID AWARD

40 specifications mailed

13 bids received (1 bid deposit did not meet specifications and was not considered)

BETHLEHEM AREA SCHOOL DISTRICT
Bethlehem, Pennsylvania

Bid Opening: March 11, 2009

March 16, 2009

**TABULATION OF BIDS FOR
LAWN CARE SERVICES**

(Price Per Cutting of Grass - page 2)

	Land-Tech Enterprises	RTM Property Maintenance	Searock's Lawn Care	Spengler's Lawn & Tree Care	TruGreen®	TruGreen Landcare®
Asa Packer	\$ 129.00	\$ 800.00	\$ 85.00	\$ 80.00	No Bid	\$ 624.00
Calypso	49.50	400.00	47.00	35.00	No Bid	No Bid
Clearview	126.00	700.00	73.00	80.00	No Bid	349.00
Donegan	188.00	No Bid	169.00	150.00	No Bid	No Bid
Farmersville	228.00	700.00	185.00	190.00	No Bid	992.00
Fountain Hill	136.00	No Bid	124.00	120.00	No Bid	No Bid
Freemansburg	137.00	700.00	114.00	115.00	No Bid	450.00
Governor Wolf	91.00	600.00	80.00	75.00	No Bid	338.00
Hanover	138.00	1,000.00	82.00	85.00	No Bid	374.00
James Buchanan	138.00	900.00	124.00	110.00	No Bid	624.00
Lincoln	88.00	500.00	74.00	70.00	No Bid	No Bid
Marvine	170.00	700.00	189.00	140.00	No Bid	498.00
Miller Heights	215.00	900.00	174.00	175.00	No Bid	1,038.00
Rosemont	48.00	No Bid	45.00	35.00	No Bid	No Bid
SPARK Early Childhood	98.00	No Bid	74.00	55.00	No Bid	No Bid

BID AWARD

40 specifications mailed

13 bids received (1 bid deposit did not meet specifications and was not considered)

BETHLEHEM AREA SCHOOL DISTRICT
Bethlehem, Pennsylvania

Bid Opening: March 11, 2009

March 16, 2009

**TABULATION OF BIDS FOR
LAWN CARE SERVICES**

(Price Per Cutting of Grass - page 3)

	Brian's Landscaping	Cherry Valley Lawn Care	Crafted Landscaping LLC	Greenleaf Landscape Systems	Green Space Building & Design	Landmark Landscape
Spring Garden	No Bid	\$ 175.00	\$219.00	\$178.00	\$ 133.00	\$ 396.00
Thomas Jefferson	\$ 48.00	100.00	74.00	38.00	44.00	No Bid
William Penn	52.00	100.00	No Bid	38.00	44.00	No Bid
Broughal - year 3 only*	No Bid	100.00	No Bid	110.00	105.00	No Bid
East Hills	No Bid	575.00	No Bid	495.00	503.00	No Bid
Nitschmann	No Bid	100.00	No Bid	206.00	119.00	290.00
Northeast Complex	No Bid	175.00	399.00	200.00	175.00	528.00
Freedom	No Bid	525.00	No Bid	574.00	511.00	No Bid
Liberty	No Bid	275.00	244.00	270.00	201.00	No Bid
Maintenance	22.00	75.00	No Bid	26.00	39.00	No Bid
Education Center	No Bid	75.00	109.00	116.00	77.00	158.00
Lafayette	No Bid	75.00	99.00	60.00	65.00	No Bid
Corner property - Freemansburg Ave. & Farmersville Rd.	No Bid	150.00	49.00	55.00	63.00	No Bid
Monocacy Bldg.	No Bid	75.00	No Bid	45.00	34.00	52.00

BID AWARD

40 specifications mailed

13 bids received (1 bid deposit did not meet specifications and was not considered)

*Broughal decided by coin toss

BETHLEHEM AREA SCHOOL DISTRICT
Bethlehem, Pennsylvania

Bid Opening: March 11, 2009

March 16, 2009

**TABULATION OF BIDS FOR
LAWN CARE SERVICES
(Price Per Cutting of Grass - page 4)**

	Land-Tech Enterprises	RTM Property Maintenance	Searock's Lawn Care	Spengler's Lawn & Tree Care	TruGreen®	TruGreen Landcare®
Spring Garden	\$132.00	\$ 600.00	\$120.00	\$125.00	No Bid	\$ 599.00
Thomas Jefferson	43.50	No Bid	38.00	35.00	No Bid	No Bid
William Penn	48.50	No Bid	43.00	35.00	No Bid	No Bid
Broughal - year 3 only	145.00	No Bid	120.00	100.00	No Bid	No Bid
East Hills	535.00	No Bid	475.00	500.00	No Bid	1,854.00
Nitschmann	154.00	No Bid	190.00	135.00	No Bid	321.00
Northeast Complex	198.00	No Bid	170.00	180.00	No Bid	424.00
Freedom	590.00	No Bid	475.00	500.00	No Bid	2,021.00
Liberty	270.00	No Bid	204.00	275.00	No Bid	450.00
Maintenance	38.00	No Bid	24.00	20.00	No Bid	No Bid
Education Center	78.25	No Bid	69.00	60.00	No Bid	No Bid
Lafayette	68.50	No Bid	64.00	40.00	No Bid	No Bid
Corner property - Freemansburg Ave. & Farmersville Rd.	75.00	No Bid	50.00	40.00	No Bid	No Bid
Monocacy Bldg.	38.00	No Bid	34.00	20.00	No Bid	No Bid

BID AWARD

40 specifications mailed

13 bids received (1 bid deposit did not meet specifications and was not considered)

BETHLEHEM AREA SCHOOL DISTRICT
Bethlehem, Pennsylvania

Bid Opening: March 11, 2009

March 16, 2009

**TABULATION OF BIDS FOR
LAWN CARE SERVICES
(Price Per Shrubbery Trimming)**

	Brian's Landscaping	Cherry Valley Lawn Care	Crafted Landscaping LLC	Greenleaf Landscape Systems	Green Space Building & Design	Landmark Landscape
Asa Packer	\$ 47.00	\$200.00	No Bid	\$150.00	\$ 275.00	\$ 199.00
Calypso	38.00	150.00	No Bid	150.00	175.00	No Bid
Clearview	127.00	200.00	No Bid	300.00	275.00	499.00
Donegan	78.00	150.00	No Bid	150.00	275.00	No Bid
Farmersville	128.00	200.00	No Bid	150.00	275.00	100.00
Fountain Hill	123.00	200.00	No Bid	150.00	225.00	No Bid
Freemansburg	43.00	200.00	No Bid	150.00	200.00	50.00
Governor Wolf	53.00	200.00	89.00	150.00	175.00	199.00
Hanover	57.00	200.00	No Bid	150.00	250.00	299.00
James Buchanan	48.00	200.00	No Bid	150.00	275.00	100.00
Lincoln	87.00	200.00	159.00	150.00	175.00	399.00
Marvine	63.00	200.00	109.00	150.00	195.00	99.00
Miller Heights	63.00	250.00	No Bid	150.00	275.00	199.00
Rosemont	15.00	200.00	No Bid	150.00	150.00	No Bid
SPARK Early Childhood	25.00	250.00	68.00	150.00	175.00	199.00

BID AWARD

40 specifications mailed
13 bids received (1 bid deposit did not meet specifications and was not considered)

BETHLEHEM AREA SCHOOL DISTRICT
Bethlehem, Pennsylvania

Bid Opening: March 11, 2009

March 16, 2009

**TABULATION OF BIDS FOR
LAWN CARE SERVICES**

(Price Per Shrubbery Trimming - page 2)

	Land-Tech Enterprises	RTM Property Maintenance	Searock's Lawn Care	Spengler's Lawn & Tree Care	TruGreen®	TruGreen Landcare®
Asa Packer	\$ 66.00	\$250.00	\$ 50.00	\$ 45.00	\$ 50.00	\$ 53.00
Calypso	59.00	250.00	50.00	25.00	70.00	No Bid
Clearview	135.00	250.00	75.00	70.00	110.00	527.00
Donegan	98.00	No Bid	79.00	80.00	70.00	No Bid
Farmersville	138.00	250.00	129.00	125.00	135.00	195.00
Fountain Hill	145.00	No Bid	99.00	95.00	115.00	No Bid
Freemansburg	58.00	250.00	45.00	40.00	55.00	No Bid
Governor Wolf	60.00	250.00	54.00	50.00	60.00	425.00
Hanover	75.00	250.00	59.00	55.00	70.00	395.00
James Buchanan	65.00	250.00	60.00	50.00	65.00	474.00
Lincoln	98.00	250.00	80.00	60.00	80.00	No Bid
Marvine	74.00	250.00	63.00	60.00	75.00	237.00
Miller Heights	74.00	250.00	65.00	60.00	85.00	342.00
Rosemont	58.00	No Bid	20.00	20.00	49.00	No Bid
SPARK Early Childhood	58.00	No Bid	50.00	35.00	65.00	No Bid

BID AWARD

40 specifications mailed

13 bids received (1 bid deposit did not meet specifications and was not considered)

BETHLEHEM AREA SCHOOL DISTRICT
Bethlehem, Pennsylvania

Bid Opening: March 11, 2009

March 16, 2009

**TABULATION OF BIDS FOR
LAWN CARE SERVICES**

(Price Per Shrubbery Trimming - page 3)

	Brian's Landscaping	Cherry Valley Lawn Care	Crafted Landscaping LLC	Greenleaf Landscape Systems	Green Space Building & Design	Landmark Landscape
Spring Garden	\$189.00	\$200.00	229.00	\$500.00	275.00	449.00
Thomas Jefferson	58.00	200.00	99.00	150.00	175.00	No Bid
William Penn	44.00	200.00	109.00	150.00	175.00	No Bid
Broughal - year 3 only	135.00	150.00	No Bid	250.00	275.00	No Bid
East Hills	361.00	350.00	No Bid	500.00	295.00	No Bid
Nitschmann	179.00	200.00	No Bid	250.00	275.00	399.00
Northeast Complex	204.00	250.00	399.00	250.00	275.00	849.00
Freedom	138.00	375.00	No Bid	350.00	300.00	No Bid
Liberty	89.00	400.00	254.00	350.00	275.00	No Bid
Maintenance	24.00	150.00	No Bid	150.00	175.00	No Bid
Education Center	139.00	150.00	164.00	250.00	175.00	399.00
Lafayette	N/A	N/A	N/A	N/A	N/A	N/A
Corner property - Freemansburg Ave. & Farmersville Rd.	N/A	N/A	N/A	N/A	N/A	N/A
Monocacy Bldg.	N/A	N/A	N/A	N/A	N/A	N/A

BID AWARD

40 specifications mailed

13 bids received (1 bid deposit did not meet specifications and was not considered)

BETHLEHEM AREA SCHOOL DISTRICT
Bethlehem, Pennsylvania

Bid Opening: March 11, 2009

March 16, 2009

**TABULATION OF BIDS FOR
LAWN CARE SERVICES**

(Price Per Shrubbery Trimming - page 4)

	Land-Tech Enterprises	RTM Property Maintenance	Searock's Lawn Care	Spengler's Lawn & Tree Care	TruGreen®	TruGreen Landcare®
Spring Garden	\$175.00	\$250.00	\$147.00	\$145.00	\$ 170.00	\$ 527.00
Thomas Jefferson	190.00	No Bid	50.00	40.00	80.00	No Bid
William Penn	105.00	No Bid	50.00	40.00	150.00	No Bid
Broughal - year 3 only	148.00	No Bid	136.00	130.00	150.00	No Bid
East Hills	366.00	No Bid	361.00	360.00	395.00	942.00
Nitschmann	175.00	No Bid	165.00	160.00	190.00	510.00
Northeast Complex	126.00	No Bid	122.00	120.00	140.00	1,264.00
Freedom	260.00	No Bid	245.00	235.00	290.00	848.00
Liberty	248.00	No Bid	225.00	220.00	285.00	316.00
Maintenance	58.00	No Bid	24.00	20.00	50.00	No Bid
Education Center	164.00	No Bid	134.00	120.00	160.00	No Bid
Lafayette	N/A	N/A	N/A	N/A	N/A	N/A
Corner property - Freemansburg Ave. & Farmersville Rd.	N/A	N/A	N/A	N/A	N/A	N/A
Monocacy Bldg.	N/A	N/A	N/A	N/A	N/A	N/A

BID AWARD

40 specifications mailed

13 bids received (1 bid deposit did not meet specifications and was not considered)

BETHLEHEM AREA SCHOOL DISTRICT
Bethlehem, Pennsylvania

Bid Opening: March 11, 2009

March 16, 2009

**TABULATION OF BIDS FOR
LAWN CARE SERVICES**
(Price Per Leaf Removal/General Clean-Up)

	Brian's Landscaping	Cherry Valley Lawn Care	Crafted Landscaping LLC	Greenleaf Landscape Systems	Green Space Building & Design	Landmark Landscape
Asa Packer	\$280.00	\$400.00	No Bid	\$900.00	\$ 375.00	\$ 350.00
Calypso	98.00	250.00	No Bid	225.00	275.00	No Bid
Clearview	210.00	250.00	No Bid	500.00	375.00	299.00
Donegan	No Bid	250.00	No Bid	450.00	375.00	No Bid
Farmersville	448.00	300.00	No Bid	450.00	375.00	299.00
Fountain Hill	274.00	250.00	No Bid	425.00	300.00	No Bid
Freemansburg	139.00	300.00	No Bid	425.00	300.00	299.00
Governor Wolf	280.00	350.00	279.00	425.00	275.00	349.00
Hanover	218.00	300.00	No Bid	425.00	350.00	299.00
James Buchanan	280.00	300.00	No Bid	450.00	375.00	349.00
Lincoln	97.00	250.00	239.00	425.00	225.00	249.00
Marvine	238.00	300.00	249.00	425.00	275.00	249.00
Miller Heights	285.00	400.00	No Bid	400.00	375.00	230.00
Rosemont	246.00	200.00	No Bid	425.00	275.00	No Bid
SPARK Early Childhood	242.00	400.00	199.00	550.00	275.00	399.00

BID AWARD

40 specifications mailed

13 bids received (1 bid deposit did not meet specifications and was not considered)

BETHLEHEM AREA SCHOOL DISTRICT
Bethlehem, Pennsylvania

Bid Opening: March 11, 2009

March 16, 2009

**TABULATION OF BIDS FOR
LAWN CARE SERVICES**

(Price Per Leaf Removal/General Clean-Up - page 2)

	Land-Tech Enterprises	RTM Property Maintenance	Searock's Lawn Care	Spengler's Lawn & Tree Care	TruGreen®	TruGreen Landcare®
Asa Packer	\$228.00	400.00	\$200.00	\$180.00	No Bid	\$ 237.00
Calypso	228.00	400.00	400.00	100.00	No Bid	No Bid
Clearview	228.00	400.00	175.00	150.00	No Bid	395.00
Donegan	228.00	No Bid	500.00	125.00	No Bid	No Bid
Farmersville	430.00	400.00	390.00	350.00	No Bid	293.00*
Fountain Hill	336.00	No Bid	500.00	150.00	No Bid	No Bid
Freemansburg	228.00	400.00	190.00	100.00	No Bid	263.00
Governor Wolf	248.00	400.00	224.00	215.00	No Bid	227.00
Hanover	228.00	400.00	189.00	180.00	No Bid	158.00*
James Buchanan**	336.00	400.00	290.00	280.00	No Bid	158.00*
Lincoln	155.00	400.00	149.00	100.00	No Bid	No Bid
Marvine	228.00	400.00	400.00	150.00	No Bid	316.00
Miller Heights	336.00	400.00	500.00	100.00	No Bid	440.00
Rosemont	248.00	No Bid	259.00	250.00	No Bid	No Bid
SPARK Early Childhood	248.00	No Bid	259.00	250.00	No Bid	No Bid

BID AWARD

40 specifications mailed

13 bids received (1 bid deposit did not meet specifications and was not considered)

*cannot accept services without mowing of specific property

**James Buchanan decided by coin toss

BETHLEHEM AREA SCHOOL DISTRICT
Bethlehem, Pennsylvania

Bid Opening: March 11, 2009

March 16, 2009

**TABULATION OF BIDS FOR
LAWN CARE SERVICES**

(Price Per Leaf Removal/General Clean-Up - page 3)

	Brian's Landscaping	Cherry Valley Lawn Care	Crafted Landscaping LLC	Greenleaf Landscape Systems	Green Space Building & Design	Landmark Landscape
Spring Garden	\$308.00	\$300.00	\$269.00	\$425.00	\$ 375.00	\$ 449.00
Thomas Jefferson	278.00	250.00	139.00	350.00	275.00	No Bid
William Penn	336.00	300.00	No Bid	350.00	275.00	No Bid
Broughal - year 3 only	163.00	250.00	No Bid	425.00	375.00	No Bid
East Hills	463.00	500.00	No Bid	975.00	400.00	No Bid
Nitschmann	218.00	350.00	No Bid	400.00	375.00	399.00
Northeast Complex	393.00	400.00	809.00	475.00	375.00	499.00
Freedom	No Bid	450.00	No Bid	975.00	400.00	No Bid
Liberty	385.00	500.00	369.00	450.00	375.00	No Bid
Maintenance*	40.00	150.00	No Bid	350.00	275.00	No Bid
Education Center	No Bid	200.00	374.00	350.00	300.00	349.00
Lafayette	No Bid	200.00	100.00	350.00	275.00	No Bid
Corner property - Freemansburg Ave. & Farmersville Rd.	N/A	N/A	N/A	N/A	N/A	N/A
Monocacy Bldg.	No Bid	200.00	No Bid	450.00	275.00	199.00

BID AWARD

40 specifications mailed

13 bids received (1 bid deposit did not meet specifications and was not considered)

*Maintenance decided by coin toss

BETHLEHEM AREA SCHOOL DISTRICT
Bethlehem, Pennsylvania

Bid Opening: March 11, 2009

March 16, 2009

**TABULATION OF BIDS FOR
LAWN CARE SERVICES**

(Price Per Leaf Removal/General Clean-Up - page 4)

	Land-Tech Enterprises	RTM Property Maintenance	Searock's Lawn Care	Spengler's Lawn & Tree Care	TruGreen®	TruGreen Landcare®
Spring Garden	\$336.00	\$500.00	\$225.00	\$190.00	No Bid	\$ 316.00
Thomas Jefferson	155.00	No Bid	400.00	150.00	No Bid	No Bid
William Penn	336.00	No Bid	400.00	150.00	No Bid	No Bid
Broughal - year 3 only	336.00	No Bid	400.00	190.00	No Bid	No Bid
East Hills	690.00	No Bid	399.00	350.00	No Bid	424.00
Nitschmann	248.00	No Bid	500.00	230.00	No Bid	340.00
Northeast Complex	348.00	No Bid	500.00	315.00	No Bid	1,053.00
Freedom	725.00	No Bid	700.00	700.00	No Bid	565.00
Liberty	585.00	No Bid	500.00	350.00	No Bid	632.00
Maintenance	155.00	No Bid	44.00	40.00	No Bid	No Bid
Education Center*	185.00	No Bid	155.00	155.00	No Bid	No Bid
Lafayette	155.00	No Bid	100.00	70.00	No Bid	No Bid
Corner property - Freemansburg Ave. & Farmersville Rd.	N/A	N/A	N/A	N/A	N/A	N/A
Monocacy Bldg.	185.00	No Bid	150.00	75.00	No Bid	No Bid

BID AWARD

40 specifications mailed

13 bids received (1 bid deposit did not meet specifications and was not considered)

*Education Center decided by coin toss

18. *Bid Award – Bids Opened March 2, 2009 – Xerographic Paper – White*

INFORMATION:

Bids were received and publicly opened at noon, Monday, March 2, 2009, for:

Xerographic Paper – White

The bids have been tabulated and reviewed by the appropriate administrative and supervisory personnel. The recommendation of award is based upon the lowest responsible bidder meeting specifications. (The Tabulation of Bids is attached.)

RECOMMENDATION:

That the administration be authorized to award a contract to the lowest responsible bidder meeting specifications as indicated on the attached Tabulation of Bids.

Xerographic Paper – White

Paper Mart, Inc.	
151 Ridgedale Avenue	
East Hanover, New Jersey 07936	<u>\$61,437.60</u>

Account Code: 10-0171-00

Xerographic Paper is inventoried and charged to building budgets as paper is requisitioned from the maintenance warehouse.

BETHLEHEM AREA SCHOOL DISTRICT
Bethlehem, Pennsylvania

Bid Opening: March 2, 2009

March 16, 2009

**TABULATION OF BIDS
FOR
XEROGRAPHIC PAPER – WHITE**

	Cost for 2,520 Cartons (3 Truckloads)
CMF Business Supplies, Inc.	\$ 64,940.40
Five Thousand Forms, Inc.	86,058.00
Office Depot*	23,872.80
Paper Mart, Inc.	61,437.60
RIS Paper Company, Inc.	65,242.80
Unisource Worldwide, Inc.	68,846.40
Whiteman Tower	65,872.80
Whiteman Tower	73,533.60
xpedx	69,552.00

BID AWARD

15 specifications mailed
9 bids received
* one truckload

19. *Tax Payments for 2009-2010 School Year***INFORMATION:**

Taxing districts may implement a procedure for the payment of taxes by installments through the adoption of a resolution. The installment plan allows for no discounts, but a penalty of ten percent is added to each installment on the date it becomes delinquent. A maximum of four installment payments are permitted.

RECOMMENDATION:

- a. That real estate taxes are paid in full will be due and payable according to the following schedule:

<u>DUE DATE</u>	<u>PAYMENT TYPE</u>
Monday, August 31, 2009	Discount (2%)
Friday, October 30, 2009	Base (10% penalty will be added thereafter)

That the real estate tax installment plan for the payment of 2009-2010 school taxes be divided into four equal payments with due dates as specified herein. If the installment is not paid and received within this period, a penalty of ten percent will be added to each delinquent installment. No discounts will be allowed on installment payments. Installment payments may not commence after the first installment due date:

<u>INSTALLMENT DUE DATES</u>	
First	Monday, August 10, 2009
Second	Monday, September 21, 2009
Third	Monday, November 2, 2009
Fourth	Monday, December 14, 2009

- b. That per capita taxes are due and payable in full, according to the following schedule:

<u>DUE DATE</u>	<u>PAYMENT TYPE</u>
Monday, August 31, 2009	Discount (2%)
Friday, October 30, 2009	Base (10% penalty will be added thereafter)

20. *Budgetary Transfers – 2008-2009*

RECOMMENDATION:

That the administration be authorized to make budgetary transfers in the 2008-2009 General Fund Budget as set forth in the attachment.

BETHLEHEM AREA SCHOOL DISTRICT
Bethlehem, Pennsylvania

BUDGET TRANSFERS
2008-2009 SCHOOL YEAR
MARCH 2009

<u>FROM</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
1300	Vocational Education	\$ 637,127
TOTAL BUDGET TRANSFERS		<u>\$ 637,127</u>

<u>TO</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
5100	Debt Service	\$ 637,127

21. *Treasurer's Report*

RECOMMENDATION:

That the Board of School Directors approves the Treasurer's Report dated February 28, 2009.

REPORT OF THE TREASURER
February 1 through February 28, 2009

BEGINNING CASH AND INVESTMENT BALANCE

Wachovia Bank - Cash Management	2,653,943.66
Bank of America - General Account	1,001,467.18
Pennsylvania School District Liquid Asset Fund	14,002,058.69
Wachovia - Worker's Comp Trust Fund	643,104.72
Pennsylvania Local Government Investment Trust	77,633.49
Pennsylvania State Treasurer Invest Program	6,117,775.93
Wachovia Money Market	54,754.01
Bank of America Money Market	44,595.05
Commerce Bank Money Market	1,128.69
Sovereign Bank Money Market	28,965.66
PSDLAF - Term Investments	21,000,000.00
KNBT Bank - Scholarship Fund	45,971.98
KNBT Bank - Scholarship Fund	112,000.00
M&T Investment Group - 2007A Bond Fund	11,969,034.51

TOTAL CASH AND INVESTMENT BALANCE \$ 57,752,433.57

MONTHLY RECEIPTS

Local Sources	1,727,726.88
State Sources	4,409,454.38
Federal Sources	1,146,067.92
Other Financing Sources	0.00

\$ 7,283,249.18

MONTHLY DISBURSEMENTS

Monthly Bills Paid	8,317,897.78
Payroll	7,632,982.19
Debt Service	1,067,251.84

\$ 17,018,131.81

TOTAL FUNDS AVAILABLE

\$ 48,017,550.94

ENDING CASH AND INVESTMENT BALANCE

		<u>Interest Rate</u>
Wachovia Bank - Cash Management	6,145,290.86	0.750%
Bank of America - General Account	1,001,467.18	0.350%
Pennsylvania School District Liquid Asset Fund	1,668,159.15	varies .636 to 1.008%
Wachovia - Worker's Comp Trust Fund	642,147.85	0.040%
Pennsylvania Local Government Investment Trust	77,696.66	1.060%
Pennsylvania State Treasurer Invest Program	6,266,262.74	0.857%
Wachovia Money Market	54,758.21	0.100%
Bank of America Money Market	44,605.78	0.310%
TD Bank Money Market	1,129.04	0.350%
Sovereign Bank Money Market	28,984.96	0.870%
PSDLAF - Term Investments	20,000,000.00	see attachment
KNBT Bank - Scholarship Fund	45,971.98	3.750%
KNBT Bank - Scholarship Fund	112,000.00	4.300%
M&T Investment Group - 2007A Bond Fund	11,929,076.53	3.974%

TOTAL CASH AND INVESTMENT BALANCE \$ 48,017,550.94

Interest Received for February; to be posted in March \$ 46,386.73

Respectfully Submitted,

Anne M. Morton
Treasurer

Bethlehem Area School District
Capital Reserve Fund
For the Period of January 28, 2009 thru February 28, 2009

Fund Balance at January 27, 2008		\$	1,379,324.53
2008-2009 Revenue Received-Interest Income		\$	-
2008-2009 Expenditures			
Financial Management System	\$	9,075.00	
(software, hardware, support services)			
Advertising	\$	981.31	
Roof Repairs			
(Calypso, Farmersville, Fountain Hill, East Hills)			
Floor Repair			
(Freedom, Freemansburg, Fountain Hill)			
Fountain Hill Gym Repairs			
Freedom Tennis Courts			
Freedom Locker Room Repairs			
Parking Lot Lighting			
(East Hills, Freedom)			
Nitschmann Heat Pump			
Freedom HVAC			
Freedom Emergency Power			
Freedom Security			
Fire Alarm Replacement			
(Thomas Jefferson & William Penn)			
(2) 24 capacity buses			
Engineering			
		\$	<u>10,056.31</u>
Fund Balance at February 28, 2009		\$	1,369,268.22

22. *Monthly Bills*

RECOMMENDATION:

That the bills, which have been reviewed as to correctness by the appropriate Business Office staff and verified by the treasurer, be approved for payment. A copy of the bill list is available in the Business Office of the Education Center, 1516 Sycamore Street, Bethlehem, Pennsylvania, for review.

23. *Budget Information*

INFORMATION:

Presented for information is the statement of the Condition of the Budget by major accounts.

BETHLEHEM AREA SCHOOL DISTRICT

2008-2009 REVENUES

Description	A	B	C	D	E	F	G
	2008-2009					2007-2008	
	Budget	Realized 24-Feb-09	Unrealized \$ (B-A = C)	Unrealized % (C / A = D)	Projected June 30, 2009	Realized June, 2008	Realized February, 2008
CURRENT REAL ESTATE	101,612,861	98,987,213	(2,625,648)	-2.58%	98,987,213	97,165,864	(352,966)
INTERIM REAL ESTATE	1,300,000	835,165	(464,835)	-35.76%	950,000	1,566,283	(2,035)
PUBLIC UTILITY REALTY	172,000	153,055	(18,945)	-11.01%	153,055	162,642	162,642
PAYMENTS IN LIEU OF TAX	121,000	145,266	24,266	20.05%	145,266	120,798	120,798
UNDISTRIBUTED TAXES		(36,583)	(36,583)	-	0	0	99,575,178
PER CAPITA TAX SECT 679	240,000	228,942	(11,058)	-4.61%	250,000	242,396	(94)
PER CAPITA TAX ACT 511	240,000	228,942	(11,058)	-4.61%	250,000	242,396	(94)
LOCAL SERVICES TAX	485,000	196,258	(288,742)	-59.53%	250,000	136,722	92,192
EARNED INCOME TAX	11,200,000	6,512,585	(4,687,415)	-41.85%	10,845,000	10,400,810	6,245,526
REAL ESTATE TRANSFER TAX	2,800,000	1,432,116	(1,367,884)	-48.85%	2,000,000	2,508,341	1,616,816
MERCANTILE TAX	2,200,000	1,108,582	(1,091,418)	-49.61%	1,965,000	2,414,521	1,362,382
DEL. REAL ESTATE	2,800,000	2,845,268	45,268	1.62%	3,300,000	3,393,910	2,298,262
DEL. PER CAPITA SECT 679	70,000	32,357	(37,643)	-53.78%	50,000	58,890	45,775
DEL. LOCAL SERVICES TAX		0	-	-			
DEL. MERCANTILE TAX	380,000	610,264	230,264	60.60%	700,000	323,786	263,766
TOTAL LOCAL TAX SOURCES	\$ 123,620,861	\$ 113,279,432	\$ (10,341,429)	-8.37%	\$ 119,845,534	\$ 118,737,357	\$ 111,428,150
INTEREST ON INVESTMENTS	2,400,000	557,517	(1,842,483)	-76.77%	770,000	1,685,398	1,220,559
DRIVER ED LAB FEES	13,250	10,050	(3,200)	-24.15%	13,150	12,500	9,550
RENTALS	10,000	17,573	7,573	75.73%	20,000	10,148	6,873
CONTRIBUTIONS		1,329	1,329		1,329		
TUITION FROM PATRONS	320,000	259,854	(60,146)	-18.80%	410,000	377,893	240,121
SRVCS. / OTH LOC GOV UNITS	15,000	2,000	(13,000)	-86.67%	2,000	22,020	21,610
MISCELLANEOUS REVENUE	100,000	23,973	(76,027)	-76.03%	100,000	185,312	31,554
REFUNDS FROM PRIOR YEAR EXP		3,956			3,956	12,913	12,913
TOTAL OTHER LOCAL SOURCES	\$ 2,858,250	\$ 876,252	\$ (1,985,954)	-69.48%	\$ 1,320,435	\$ 2,306,185	\$ 1,543,180
TOTAL LOCAL SOURCES	\$ 126,479,111	\$ 114,155,684	\$ (12,327,383)	-9.75%	\$ 121,165,969	\$ 121,043,542	\$ 112,971,329
BASIC INSTRUCTIONAL SUBSIDY	22,955,949	10,390,101	(12,565,848)	-54.74%	22,955,949	21,980,025	12,355,323
CHARTER SCHOOLS	1,268,300	669,948	(598,352)	-47.18%	1,472,000	1,286,786	780,880
TUITION : ORPHANS/CHILDREN	315,000		(315,000)	-100.00%	350,000	349,693	164
HOMEBOUND INSTRUCTION			-				
VOCATIONAL EDUCATION	200,000	85,224	(114,776)	-57.39%	162,365	182,650	110,369
DRIVER EDUCATION	10,745		(10,745)	-100.00%	9,765	10,605	10,605
MIGRATORY CHILDREN	2,200		(2,200)	-100.00%	3,500	3,520	
SPECIAL EDUCATION	6,570,240	3,923,284	(2,646,956)	-40.29%	6,614,900	6,453,560	3,850,080
TRANSPORTATION	2,088,000	1,228,568	(859,432)	-41.16%	2,367,350	2,180,482	1,099,676

BETHLEHEM AREA SCHOOL DISTRICT

2008-2009 REVENUES

Description	A	B	C	D	E	F	G
	2008-2009					2007-2008	
	Budget	Realized 24-Feb-09	Unrealized \$ (B-A = C)	Unrealized % (C/ A = D)	Projected June 30, 2009	Realized June, 2008	Realized February, 2008
RENTALS AND SINKING FUND	1,550,000	179,546	(1,370,454)	-88.42%	1,300,000	1,307,669	566,554
HEALTH SERVICES	394,420	372,677	(21,743)	-5.51%	372,677	390,767	
PROPERTY TAX RED. ALLOCATION	4,720,061	4,720,061	(0)	0.00%	4,720,061		
SOCIAL SECURITY	3,237,479	2,512,767	(724,712)	-22.39%	3,300,000	3,744,087	2,192,336
PSERS - PENSION CONTRIBUTION	2,107,793	1,453,843	(653,950)	-31.03%	3,187,000	3,172,473	1,512,906
IMPACT AID	50,000	1,678	(48,322)	-96.64%	50,000	62,930	
TOTAL STATE & FEDERAL SOURCES	\$ 45,470,187	\$ 25,537,697	\$ (19,932,490)	-43.84%	\$ 46,865,567	\$ 41,125,247	\$ 22,478,892
PROCEEDS FROM EXTENDED TERM FINANCING						1,707,344	
INTERFUND TRANSFERS	250,000	125,000	(125,000)	-50.00%	250,000	2,800,000	2,850,000
SALE OF FIXED ASSETS	7,000	10,470	3,470	49.57%	15,000	13,642	13,642
INDIRECT COSTS			-		0	66,750	
TOTAL OTHER SOURCES	\$ 257,000	\$ 135,470	\$ (121,530)	-47.29%	\$ 265,000	\$ 4,587,736	\$ 2,863,642
TOTAL REVENUE	\$ 172,206,298	\$ 139,828,851	\$ (32,381,403)	-18.80%	\$ 168,296,536	\$ 166,756,525	\$ 138,313,863
UNRESERVED FUND BALANCE			-		(\$5,123,617)		
TOTAL FUND APPROPRIATED BALANCE	\$ -	\$ -	\$ -		\$ (5,123,617)	\$ -	\$ -
TOTAL DISTRICT REVENUE	\$ 172,206,298	\$ 139,828,851	\$ (32,381,403)	-18.80%	\$ 173,420,153	\$ 166,756,525	\$ 138,313,863

June 30, 2008 Fund Balance

(\$3,169,965)

Projected June 30, 2009 Fund Balance

(\$8,293,582)

2008-2009 EXPENDITURES BY PROGRAM

Includes Year-To-Date February Information

			2008-2009					2007-2008	2007-2008	
PROGRAM	PROGRAM CODE	Responsible Office	A	B	C	D	E	F	G	H
			2008-2009 APPROVED BUDGET	2008-2009 AMENDED BUDGET	2008-2009 PROJECTED EXPENDITURES JUNE 30, 2009	2008-2009 UNEXPENDED BUDGET \$ (B - C = D)	2008-2009 UNEXPENDED BUDGET % (D / B = E)	2008-2009 EXPENDED BUDGET INCLUDING ENCUMBRANCES as of Feb. 24, 2009	2007-2008 EXPENDED BUDGET INCLUDING ENCUMBRANCES as of February, 2008	2007-2008 EXPENDED BUDGET FINAL ACTUAL EXPENDITURES as of June, 2008
BUILDING ALLOCATION	100	PRIN	1,428,603	1,428,603	1,160,000	268,603	18.80%	957,239	1,172,691	1,417,189
BOARD	AA	SUPT	347,150	347,150	500,000	(152,850)	-44.03%	400,920	160,111	274,834
CABINET	AB	SUPT	1,174,552	1,025,282	1,073,309	(48,027)	-4.68%	719,356	817,237	1,226,818
BUDGETARY RESERVE	AC	SUPT	100,000	100,000	-	100,000	100.00%	0	0	0
SUPT OFFICE-EQUIPMENT REPLACEMENT RESERVE	AD	SUPT	7,000	7,000	-	7,000	100.00%	0	53	2,256
SUPERINTENDENT'S OFFICE	AE	SUPT	178,300	178,300	50,000	128,300	71.96%	33,560	109,845	154,803
BUILDING STAFF	AF	SUPT	6,201,461	6,238,461	6,253,901	(15,440)	-0.25%	4,066,696	3,981,225	6,240,994
PUBLIC RELATIONS	AN	SUPT	21,143	21,143	38,500	(17,357)	-82.09%	21,433	70,687	124,907
STAFFING-TEACHERS	CA	HR	58,379,392	58,351,041	58,000,000	351,041	0.60%	29,097,903	28,994,592	57,420,979
CHILD ACCOUNTING DEPARTMENT	CD	HR	242,013	242,013	234,500	7,513	3.10%	138,557	134,772	227,557
STAFFING-TEACHER ASSISTANTS	CE	HR	2,481,187	2,481,187	2,468,000	13,187	0.53%	1,514,394	1,427,063	2,532,971
STAFFING-SUBSTITUTES	CG	HR	1,273,000	1,273,000	1,300,000	(27,000)	-2.12%	716,448	709,921	1,299,660
HUMAN RESOURCES DEPARTMENT	CK	HR	399,575	399,575	325,150	74,425	18.63%	237,771	242,330	331,381
STUDENT ACTIVITIES	D1	C&I	244,236	244,236	184,100	60,136	24.62%	118,679	121,933	283,999
CREDIT ACQUISITION PROGRAM	D2	C&I	27,785	27,785	55,000	(27,215)	-97.95%	27,957	23,976	54,940
CURRICULUM ENRICHMENT ACTIVITIES	D3	C&I	130,000	130,000	60,000	70,000	53.85%	47,201	99,388	191,261
CAREER ACADEMY/RASA/ALTERNATIVE EDUCATION	D4	C&I	512,761	541,112	687,000	(145,888)	-26.96%	367,637	510,475	953,738
TESTING - K-12	D5	C&I	30,000	30,000	5,000	25,000	83.33%	3,700	13,209	14,196
ACADEMIC INTERVENTIONS	DA	C&I	100,000	100,000	140,000	(40,000)	-40.00%	91,964	72,847	137,457
MUSICAL INSTRUMENT REPAIR	DD	C&I	37,000	37,000	35,000	2,000	5.41%	26,105	23,655	34,016
DEPARTMENT OF INSTRUCTION	DE	C&I	286,600	286,600	194,600	92,000	32.10%	96,387	132,013	303,431
READING RECOVERY/PROJECT READ	DF	C&I	28,212	28,212	15,000	13,212	46.83%	8,626	24,640	26,526
INSTRUCTIONAL MTLs RESERVE	DG	C&I	500,000	500,000	409,474	90,526	18.11%	409,474	732,481	683,771
EQUIPMENT REPAIR	DM	C&I	13,000	13,000	13,000	0	0.00%	12,475	19,142	11,116
PLANETARIUM	DO	C&I	2,444	2,444	-	2,444	100.00%	0	2,575	2,578
SUMMER SCHOOL - SECONDARY	DQ	C&I	50,000	50,000	56,584	(6,584)	-13.17%	56,584	143,051	143,062
DRIVER EDUCATION	DS	C&I	90,125	90,125	79,500	10,625	11.79%	40,290	62,018	98,483
ASST SUPERINTENDENT FOR CURR & INSTRUCT	DT	C&I	630,006	593,006	385,000	208,006	35.08%	267,895	416,578	598,443
INTERSCHOLASTIC ATHLETICS	DU	C&I	1,532,629	1,532,629	1,450,000	82,629	5.39%	1,023,663	993,074	1,418,521
INTRAMURALS	DV	C&I	74,000	74,000	72,000	2,000	2.70%	26,591	39,258	87,824
ATTENDANCE SERVICES	E4	STD SVCS	86,160	86,160	91,335	(5,175)	-6.01%	51,771	63,620	99,655
MINORITY AFFAIRS/GOV. PROGRAMS/GRANTS	EB	STD SVCS	29,939	29,939	25,000	4,939	16.50%	16,201	18,358	26,131

2008-2009 EXPENDITURES BY PROGRAM

Includes Year-To-Date February Information

PROGRAM	PROGRAM CODE	Responsible Office	2008-2009						2007-2008	2007-2008
			A	B	C	D	E	F	G	H
			2008-2009 APPROVED BUDGET	2008-2009 AMENDED BUDGET	2008-2009 PROJECTED EXPENDITURES JUNE 30, 2009	2008-2009 UNEXPENDED BUDGET \$ (B - C = D)	2008-2009 UNEXPENDED BUDGET % (D / B = E)	2008-2009 EXPENDED BUDGET INCLUDING ENCUMBRANCES as of Feb. 24, 2009	2007-2008 EXPENDED BUDGET INCLUDING ENCUMBRANCES as of February, 2008	2007-2008 EXPENDED BUDGET FINAL ACTUAL EXPENDITURES as of June, 2008
SPARK - EARLY CHILDHOOD/SUMMER	EC	STD SVCS	629,992	629,992	579,000	50,992	8.09%	344,372	385,548	648,246
SCHOOL RESOURCE OFFICERS	EF	STD SVCS	281,000	281,000	290,000	(9,000)	-3.20%	218,624	328,053	311,097
HOMEBOUND INSTRUCT/REGULAR ED.	EG	STD SVCS	155,000	155,000	180,000	(25,000)	-16.13%	82,026	96,817	211,633
HEALTH SERVICES - MEDICAL	EH	STD SVCS	51,822	51,822	42,000	9,822	18.95%	21,638	19,034	39,261
HEALTH SERVICES - DENTAL	EJ	STD SVCS	10,364	10,364	9,000	1,364	13.16%	1,848	4,909	8,781
STUDENT SERVICES	EK	STD SVCS	2,500	151,770	48,500	103,270	68.04%	31,046	3,315	11,835
GUIDANCE (SUMMER)	ET	STD SVCS	35,000	35,000	40,000	(5,000)	-14.29%	33,229	27,774	35,461
ENGLISH ACQUISITION	EY	STD SVCS	260,963	260,963	240,000	20,963	8.03%	150,975	173,473	257,651
BUSINESS DEPT-ACCOUNTS PAYABLE	GA	F&A	1,006,527	1,006,527	946,500	60,027	5.96%	758,987	749,700	934,866
BUSINESS DEPT-ACCOUNTS RECEIVABLE	GB	F&A	1,024,077	1,024,077	802,000	222,077	21.69%	432,437	452,880	1,658,911
DEBT SERVICE	GC	F&A	19,298,602	19,298,602	22,800,000	(3,501,398)	-18.14%	15,965,615	12,294,063	17,755,157
EMPLOYEE BENEFITS	GD	F&A	29,826,642	29,826,642	30,000,000	(173,358)	-0.58%	16,980,157	17,082,272	31,450,643
INSURANCE	GE	F&A	643,658	643,658	615,000	28,658	4.45%	468,727	565,760	613,658
INTERSYSTEM PAYMENTS	GF	F&A	20,746,441	20,746,441	21,100,000	(353,559)	-1.70%	16,048,687	14,081,506	18,775,592
PHOTOCOPIERS	GP	F&A	607,692	607,692	530,000	77,692	12.78%	259,819	409,407	618,810
SPECIAL EDUCATION	LF	SPEC ED	545,959	545,959	541,000	4,959	0.91%	426,442	497,527	737,837
HOMEBOUND INSTRUCTION / SPECIAL ED.	LG	SPEC ED	30,000	30,000	37,000	(7,000)	-23.33%	19,245	10,552	36,862
MAINTENANCE / CUSTODIAL DEPARTMENT	NA	B&G	11,002,051	11,002,051	9,600,000	1,402,051	12.74%	5,740,986	5,828,321	9,677,581
MAINTENANCE DEPT - SUPPLIES	NE	B&G	459,600	459,600	453,000	6,600	1.44%	343,460	359,198	481,757
MAINTENANCE DEPT - CONTRACTED SERVICES	NF	B&G	966,500	966,500	1,050,000	(83,500)	-8.64%	755,500	868,225	1,120,546
TRANSPORTATION DEPARTMENT	NT	B&G	4,521,504	4,521,504	4,500,000	21,504	0.48%	2,878,743	2,796,859	4,482,223
TECHNICAL SERVICES	TK	TECH	650,186	650,186	867,000	(216,814)	-33.35%	724,917	644,828	772,720
INFO & COMMUNICATIONS TECHNOLOGY DEPT.	TL	TECH	2,078,389	2,078,389	1,940,000	138,389	6.66%	1,662,207	1,603,076	3,577,237
DATA PROCESSING DEPARTMENT	TN	TECH	733,556	733,556	849,200	(115,644)	-15.76%	571,630	565,939	840,709
TOTALS			\$172,206,298	\$172,206,298	173,420,153	(\$1,213,855)	-0.70%	\$105,518,794	\$101,181,854	\$171,482,567