

BETHLEHEM AREA SCHOOL DISTRICT
BOARD OF SCHOOL DIRECTORS
REGULAR MEETING

MARCH 16, 2009

The Regular Meeting of the Board of School Directors of the Bethlehem Area School District was held on Monday, March 16, 2009, at 7:12 p.m. in the Auditorium of East Hills Middle School, 2005 Chester Road, Bethlehem, Pennsylvania.

REGULAR
MEETING

The Board Secretary called the roll:

MEMBERS
PRESENT

Members present: Directors Amato (arrived at 7:42 p.m.), Cann, Dexter, Follweiler, Haytmanek, Koch, McKeon, Tenaglia, and Leeson – 9. Student member representatives: Megan Kelleher and Lindsey Anderson – 2.

Others present: Dr. Joseph A. Lewis, Superintendent of Schools; Donald F. Spry II, Solicitor; Stanley J. Majewski, Jr., Board Secretary; administrators, members of the press, and other interested citizens and staff members.

OTHERS
PRESENT

At this point in the meeting, the Pledge of Allegiance was recited.

PLEDGE OF
ALLEGIANCE

President Leeson requested a moment of silent meditation.

SILENT
MEDITATION

2009 National Merit Scholarship Finalists and Commended Students

Over 1.5 million students took the preliminary SAT/National Merit Scholarship Qualifying Test (PSAT/NMSQT) and entered the National Merit Program, which is a nationwide competition for recognition and awards. The high performers were designated as semifinalists on a state representational basis. They had the opportunity to continue in the Merit Scholarship competition and advanced to finalist standing by meeting a number of additional requirements.

STUDENT
RECOGNITION

Dr. Lewis extended congratulations to the following students who achieved finalist status: Ajay Koti, Yiran Lin, Devyn Briggs, Tapan Oza, and Stephen Yoon.

Liberty High School Scholastic Scrimmage Team

The following students, under the direction of David Ambrose, were participants on the Varsity Scholastic Scrimmage Team and took first place in the eastern division of the Lehigh Valley Conference in December 2008: Colin Johnson, Sam Newman, Abhiroop Das, and Ben Kraft.

Dr. Lewis added that Ben Kraft also competed at Harvard/MIT on the Lehigh Valley Team, which placed first in the team round. They also placed first in the guts round. Overall, the team finished in second place, of which he noted was very impressive.

Dr. Lewis commented that all too often they hang gold around individuals who accomplished great things in the area of athletics, but he thought it fitting they also acknowledge their brightest students who competed on a very challenging level; not only in the region and state, but also on a national level. He commended the people who were representative of what Liberty, Freedom, and other schools had done to advance academics.

President Leeson also congratulated the honored students on behalf of the board and stated they were very proud. She added that they represented the best of which the schools had to offer.

President Leeson noted the next item on the agenda was a financial update, which was to be presented by Attorney Jens Damgaard and Mr. Scott Shearer. She explained that they were meeting at the moment with the newly formed authority and she requested to proceed to Courtesy of the Floor, if there was no objection from the board.

President Leeson reviewed that there were 17 people listed for Courtesy of the Floor. She pointed out that 15 individuals had indicated that they were interested in discussing SPARK. She explained that it was previous policy to have one or two people speak on behalf of an organization and said they tried to contact some of the people listed. She said that it was incumbent upon the board to listen to any comments that concerned the agenda prior to it being passed. To allow for enough time, she asked for one to two people from the SPARK group to address the board. She added that anyone who wanted to address the board afterward during the second Courtesy of the Floor, after the agenda, was welcome to stay. President Leeson said the group could also address the board at a separate meeting. She also stated that she would recognize the number of people who agreed with a spokesperson's position.

President Leeson proceeded with Courtesy of the Floor. Speakers are asked to come to the podium, stating their name and address. Public comment in the first session is limited to 30 minutes. Speakers are limited to three minutes each. The board requests that, when possible, all individuals supporting a like position on a topic select a speaker to present their views to avoid repetition. If that is not possible, all are welcome to speak. As per school board policy, generally, speakers are limited to taxpayers, residents, or employees of this school district. At the conclusion of the regular school board meeting, another block of time will be allocated for public comment. At that time, the same rules will apply.

COURTESY OF THE
FLOOR TO VISITORS

It is asked that speakers observe proper decorum, without personal attacks towards a specific individual or individuals. It is not the custom for the board to enter into a dialogue at these meetings about concerns. However, the board does listen with care to issues raised. Speakers will receive responses, in some form, by the administration.

The following persons addressed the Board of School Directors:

1. Tova Goldstein – 759 Blair Road, Bethlehem –
Parent Advisory Committee Representative –
Mrs. Goldstein stated that the parents were happy to hear that, as of now, the pay to play program was not being recommended to the Board of Directors. She said that overall communication in the district was discussed at length. Many parents were very happy with the new automated system for school delays and closings. Although money was a current issue, the parents discussed greater usage of the system for reasons such as automated calling for student absences, field trip updates, and notification of illness within the schools without sacrificing students' privacy. She added that Parent Portal was a wonderful device with many parents beginning to make use of the technology. The teachers were using the technology for listing long-range assignments and homework. The parents expressed that they would like all teachers to use the system because they liked to see the grades and being able to see what was going on with their children. Mrs. Goldstein added that not every school was fully participating. She said that Dr. Lewis assured them that it was being addressed. Supervision in the district, from teachers through administration was discussed and explained to the parent group. At the March meeting they covered two topics with one being a presentation on the new Broughal Middle School and the LEED (Leadership in Energy and Environmental Design) specifications involved. Mrs. Goldstein concluded that they also discussed enrichment and she noted that parents said there was a fair amount involving math but they wanted to see more enrichment in the ELA (English Language Arts) Program.
2. Joseph Petraglia – 2404 Lafayette Avenue, Bethlehem –
Mr. Petraglia stated he was a former principal of Broughal Middle School. He and his wife visited the site of the new Broughal Middle School to observe the construction progress every Sunday morning after attending church services and added that it was a wonderful sight to behold. He said they were concerned about how the students would be included in the lifeline of the school, namely the curriculum. He commented that Thomas Jefferson High School in Fairfax County, Virginia, was created and established to improve education in mathematics, science, and technology, and was very successful. According to a research study, it was recognized as the number one school in the nation. Industry and community were involved in the establishment of their curriculum and the school presently enrolled students from other districts to develop their gifts and skills.

Mr. Petraglia stated that he was aware that the school was highly selective and competitive, however, there was no reason why they could not raise their standards and designs so students would rise to that level of expectations. It was found that the creative environment of the school stimulated “intellectual curiosity” that was translated throughout the entire curriculum of the school. He pointed out that a ripple effect of learning became evident. They all knew that their students must be motivated to have a passion to learn. The environment of the science and technology school helped to provide self-motivation for the students. It would be a tremendous comfort for the dedicated teachers who were constantly searching and using various teaching strategies to help guide students to learn with the knowledge they had to share with them. Mr. Petraglia stated that he knew there was an awareness that the students in the United States did not rank highly with students in other world nations in the pursuance of science and mathematics, which was a much needed commodity in the twenty-first century. He said they could help to change the trend by investing time and money to include the science and technology standard as part of the school curriculum in the Bethlehem Area School District. The last time that Broughal Middle School had a major renovation and upgrade of the physical facilities was in 1978. They had the unique opportunity to face the scientific and technological demands in their twenty-first century by including the proposed science and technology curriculum in Broughal Middle School and the Bethlehem Area School District. If it was not introduced at the present time, he feared that the science and technology center would not have the same opportunity to later become a realization. Mr. Petraglia addressed the school board and said that as members they researched, analyzed, pondered, deliberated, and meditated to resolve their task and responsibility. He realized that they had many challenges in front of them and many obstacles to overcome, but he was respectfully asking them to consider the positive and decisive results that the science and technology center would have for the future of the students. He concluded that the students were their future and must be given the opportunities with great sacrifices on their own part.

3. Melissa Dunne-Porter – Kindergarten Teacher – Clearview Elementary School, Bethlehem –

Ms. Dunne-Porter addressed the profound benefits of the SPARK Program. With the standards higher than ever, it was essential that young children enter kindergarten with a basic knowledge of letters, mathematical skills, and pre-reading skills. She noted that it was amazing to observe how well the SPARK staff prepared children for kindergarten. She pointed out that the Pennsylvania Department of Education stated that early childhood education was vital to a student’s academic success. The SPARK Program was a high quality educational opportunity for children that laid the foundation for academic success.

Ms. Dunne-Porter reviewed that an article published from the National Academy Press titled, "From Neurons to Neighborhoods – The Science of Early Childhood Development" stated that from birth to age 5, a child's brain developed at a rapid pace. She further explained that it included child cognitive, emotional, and social potential. She quoted Joni T. Close, a senior program director at the Sisters of Charity Foundation in Canton, Ohio – "Who doesn't want their students to come to school ready to learn – what parent, what principal, what superintendent, and what school board member would disagree?" She asked how they could justify leaving behind a group of young students and not give them the opportunity to learn and grow, in a nation that promotes "No Child Left Behind." In the long run, eliminating the SPARK Program would wind up costing the district even more money. Research showed that students who participated in high quality early childhood opportunities were more likely to stay in school, attend college, and obtain jobs where they earned even more money. She said that early learning affected special education, juvenile, justice, and social welfare systems, all in a positive way. She asked them to consider the detrimental effect that it would have, not only on the children that attended the SPARK Program, but also on themselves as members of the community, if they were to eliminate the program.

President Leeson recognized quite a number of people who supported the speaker's point of view. For the record, she requested a raise of hands to acknowledge how many people supported her point of view and estimated that 75 to 80 people were in support of the SPARK Program.

4. Stephanie Trovato – Kindergarten Teacher – Fountain Hill Elementary School, Bethlehem –
Mrs. Trovato stated that she represented the kindergarten teachers from Fountain Hill Elementary as she read the following letter they composed:

Dear Mrs. Leeson, Dr. Lewis, and members of the school board,

We are writing to express our opinion about the SPARK Program in the Bethlehem Area School District. There is a difference between those who come to us from other preschool programs and those who come from SPARK. The kindergarteners that come to us with a background in the SPARK Program are ready for school. They know how to interact with others, they respect authority, and they have a thirst for knowledge. They usually know some of the basic skills, such as identifying colors and how to sit and listen to a story in a group. In September, we test all of their kindergarten students. We then pull the ones with the lowest scores into our full-day kindergarten program. It is rare that we have a SPARK student that qualifies for full-day kindergarten. SPARK students have scores that are too high. SPARK is the perfect name for this BASD Program because SPARK students shine.

Hopefully, this program will continue to impact the lives of preschoolers for many years to come.

*Respectfully yours,
Jeremy Ginsberg
Courtney Benedict
Amy Guerreiro
Stephanie Trovato*

5. Vivian Robledo-Shorey – Principal – Career Academy, Bethlehem –
Mrs. Robledo-Shorey thanked the community members, her staff, students, and school board members, who were present at the Basketball for a Cause event on Thursday evening. She stated that Mayor Callahan played against the students and everyone had a great time. They were able to raise \$700 of which half would be directed to support the skate park. She thanked everyone for their support, concluding that they looked forward to next year's benefit.
6. Tina Garcia – 1324 Montrose Avenue, Bethlehem –
Ms. Garcia stated that she was employed by the Department of Human Services in Northampton County and was a homeowner. She was also the proud parent of a Career Academy graduate. She asked if it was the board's intention to cut programs for poor children because they thought the parents did not vote. She explained that she only voted during the presidential race until her son opened her eyes to the fact that she needed to vote in the local election. She said that she planned to vote during the primary election and take along her son, his wife, and her daughter who will all vote. She expressed that they were prepared to defend the programs. Because of Career Academy, her son graduated from high school. Ms. Garcia stated that she did not expect him to graduate, because he was failing, but Career Academy helped him. She pointed out that they received federal funding for the programs and asked if they would return the money because they could not use them if they did not also contribute to the program. She concluded that other parents needed the opportunity to benefit from the program.
7. Sis-Obed Torres Cordero – 612 Prospect Avenue, Bethlehem – Director of the Council of Spanish Speaking Organizations –
Mr. Torres Cordero stated that he received many telephone calls from Spanish speaking parents who did not attend meetings. He said there was a lot of concern about the budget.

President Leeson explained that the budget was not on the agenda but they would have another budget hearing in April.

Mr. Torres Cordero said the concern was that the programs, which benefited low-income individuals and students, would be cut and other programs would be given a pass. He added that it was clear, from what he read in the newspapers, that they had a tough road ahead regarding the budget and making decisions. It was a hope and expectation that decisions would be made in an equitable fashion for all of the students in the district. He supported Mr. Petraglia's position on the science and technology center at Broughal Middle School and also supported the SPARK parents and Career Academy in their positions.

President Leeson stated that they would appreciate attendance at the budget hearings regarding the subjects discussed and she suggested giving alternative areas of which to cut. She reviewed that Mr. Torres Cordero indicated certain programs were getting a pass. She expressed that they wanted to hear about them either before or during the budget hearing.

8. Stephen Antalics – 737 Ridge Street, Bethlehem –
Mr. Antalics stated that last week there was a report on the NPR (National Public Radio) website with comments made by a gentleman who could have spoke this evening about opportunities for preschool children. He strongly supported it because he thought it was important to maintain the country as it was. Mr. Antalics said that the spokesperson was President Obama.
9. Lori Stom – 525 West Union Boulevard, Bethlehem –
Ms. Stom stated that she was a teacher at the SPARK Program and was present to provide the board members with copies of the parent testimonies, which were read at the last meeting.
10. Amanda Lewis – 2525 Main Street, Bethlehem –
Ms. Lewis stated that she had a petition to present to the Board of School Directors, which was organized by Jayme Janos, who could not attend the meeting. The petition requested that the board not reduce or eliminate funds required to maintain current and future operation of the SPARK Prekindergarten Program.

Ms. Lewis also commented that she was a parent of a student who was currently enrolled in the program with another child scheduled to enter the program in September. She said that the program made a huge difference in the progress her son made, noting that he could recognize letters and colors. She also said that he liked to go to the school everyday. She felt that the 5-day schedule was very important to her child and prepared him for kindergarten. Ms. Lewis shared her positive observations of the program, stating that she was very impressed, given her history of education in elementary education. She said that it was not her choice, but circumstances arose which had her change from private preschool to the SPARK Program.

Ms. Lewis noted that the decision and the opportunity to have him enrolled was a bright point to the circumstances. She expressed gratitude for the program and encouraged reevaluation so it would be there again in the fall.

11. Janice Williams – 3107 Lucas Drive, Bethlehem –

Ms. Williams stated that she was a kindergarten teacher at Marvine Elementary School. She added that she was a former SPARK teacher and began teaching in the program in 1992 and after seven years she moved to Marvine Elementary School. She said that she knew when she taught SPARK that it was a wonderful program and explained that she did not fully understand its impact until she moved to the elementary school. As a kindergarten teacher, she saw, first hand, the huge difference in the students who attended SPARK and those who did not. Approximately one-half of the kindergarten students at Marvine were from the SPARK Program. As others had mentioned, the children came to the classroom ready to learn and had the preliteracy skills necessary to begin to read and write. Ms. Williams stated that most of the children, that she had this year and previously, who came from the SPARK Program, were already exceeding the standards of the kindergarten curriculum at this point in the year. In addition to basic academic skills, they came to the classroom with independence and problem solving skills. She said it made the teachers' lives so much easier and allowed learning for the children at the beginning of the school year. She pointed out that research has shown that money spent on quality preschool education saved the district exponentially down the road. Ms. Williams concluded that as remedial support in the elementary schools was increasingly being cut, they could not afford to lose the one program that gets the children ready to learn.

President Leeson announced that they were moving on with the meeting, but there would be a second Courtesy of the Floor at the end of the meeting.

Dr. Lewis stated that Mr. Scott Shearer, from the PFM Group, would make the presentation along with Attorney Jens Damgaard, who was the district's bond counsel. He introduced the following members of the Bethlehem Area School District Authority:

- Mr. Luke Cunningham, who had served previously on the BAVTS Authority.
- Mr. Herman (Buddy) Webber was also an authority member with the BAVTS Authority.
- Deborah Watlington was a new member who expressed her interest through the advertisement.
- Michael Albarell was a local businessman with many years of experience and was also a great supporter of the district in terms of his time with strategic planning and other committees.
- David Arner was unable to attend the meeting this evening but was willing to serve on the authority.

DR. LEWIS –
INTRODUCTION OF
AUTHORITY MEMBERS
AND FINANCIAL
CONSULTANTS

Mr. Shearer stated that the overall goal was to minimize and shed some of the risks associated with the school district's debt portfolio and to get some of the debt service numbers back down in line closer to where they had been on a budget level. They were attempting to diversify the overall debt portfolio. He noted that page 5 reviewed the overall debt of the district. He focused on columns one through nine, which covered debt service requirements. They were not contemplating doing anything with columns two, three, and four, which were three series of bonds that were issued in 1998, 2001, and 2007 as traditional fixed rate bonds. He noted that they were coming in line exactly with where they were budgeted. He thought they would continue to do so because they were in a conservative, fixed rate mode. They were more focused on columns five through eight – specifically five and eight, which were the variable rate transactions and basically had the same set of circumstances. They were remarketed on a weekly basis by RBC (Royal Bank of Canada), had FSA (Financial Security Assurance) as the bond insurance, and they all had Dexia as the liquidity provider. He pointed out that all of the variable rate bonds were not trading the way they should be, which meant the interest rates were higher, causing an increase in debt service. There needed to be corrective action on two of the bonds because of deadlines. The other two in column six and seven were not doing too bad in comparison to the full package of the underlying variable rate bonds and the two interest rate swaps that were attached to each one of the bonds in columns six and seven. He explained that they were not performing exactly where budgeted, but the overall package, they were not doing badly. He explained that he would be reviewing column six in several months because they would be running into a different timeline. He reiterated that columns five and eight were their focus. Mr. Shearer said column five were the variable rate bonds issued through the West Cornwall Township Municipal Authority. They were approaching a very key deadline, in that the liquidity provider, Dexia, basically had a contract in place for several years at a time. The contract was due on May 23 and it was not being renewed. Dexia was one of the key players involved in the transaction. He added that the transaction could not survive without the involvement of the liquidity bank. He explained that the problem was because of the overall credit crunch in the market and there were really no opportunities to find a replacement liquidity bank in the present market so they had to settle some type of transaction prior to May 23. Mr. Shearer said there had been past discussion in that they were looking to refund the variable rate bonds issued through the West Cornwall Township Municipal Authority, with traditional fixed rate bonds, as well as simultaneously terminating the one interest rate swap that was associated with the bond issue. He stated that all of the other variable rate bond issues had two interest rate swaps with this one having one, which they would have to terminate by state law. He said that it would be the one resolution that bond counsel would review. They would look at refunding the West Cornwall Township Municipal Authority variable rate bonds with traditional fixed rate bonds.

MR. SCOTT SHEARER –
PFM GROUP

Although they did not decide on the final amount, the rough amount to refund the bonds was \$75,000,000 and the swap termination fluctuated minute-by-minute but could range anywhere between \$10,000,000 and \$15,000,000. He believed that \$15,000,000 was the cap number that bond counsel included in the resolution. The underwriter of the bonds needed to be discussed further with the board. His recommendation was to have at least two underwriters involved in the transaction because of the size of the deal, the current market conditions, the credit of the school district, and other factors. They felt the district would get a better overall rate with the transaction, at no additional cost, by having multiple underwriters. He noted that they were not looking for a decision on the underwriter this evening but were looking for approval of the documents in the parameter forms. He explained that the West Cornwall transaction, which the bond counsel would review, showed a maximum amount not to exceed \$105,000,000. The reason for the \$105,000,000 was to give the finance team the flexibility in sizing the new bond issue. He said the refunding component was approximately \$75,000,000 and the termination could be between \$10,000,000 and \$15,000,000, which totaled \$90,000. They were also allowing flexibility to borrow some new money for completion of Broughal Middle School or any other miscellaneous projects currently on the table. He emphasized that they did not have to pin down the exact amount of new money to borrow. He explained that the resolutions before them were in parameters format which meant maximum amounts and they could not issue more without coming back to the board. They were looking at shedding their variable rate exposure of approximately \$75,000,000. He recalled the total variable rate debt of approximately \$220,000,000 without factoring in the swaps. The West Cornwall Township refund would eliminate roughly \$75,000,000 of the variable rate exposure and would also eliminate approximately the same amount of the interest rate swap exposure, which included a lot of different risks associated with the transaction. They were starting the process laid out on day one, which was to start mitigating some of the risk. The market had improved so they were not seeing as high of a cost for funds as they were seeing on the debt in September or October of last year. The range was presently between 6 and 6.5 percent, but it was higher a few months ago. He said that they were looking at 4 to 4.25 percent and were locking it in to the most traditional and conservative type of debt instrument for the general obligation debt of the school district.

President Leeson inquired if anyone had questions on the West Cornwall issue.

President Leeson asked when the decision would be made on the amount of money to be borrowed.

Mr. Shearer replied that because of the structure of the resolution by bond counsel, it was extremely flexible and they could do the termination and the refunding of the West Cornwall together. They would probably want to designate it as different series of bonds to keep it separate.

Mr. Shearer added that it could also be done separately such as a couple of months apart. The overall goal was to add the new money to achieve economies of scale with the issuance cost. They would like to do them very close together, if not simultaneously. They wanted to settle the transaction where all of the old bonds were paid off, swaps terminated, and any new money given to the school district on May 1. They wanted to go out to market with the underwriters in early to mid-April, which meant they would want to know the final amount to borrow approximately one week before they went out to market. He suggested using April 1 as a target date for when they wanted to know the amount of money the school district wanted to include in the transaction. Mr. Shearer pointed out that it was dependent on market conditions and on state approval for the transactions. If the documents were approved this evening, the bond counsel would file everything with the state. He concluded that they would then price the actual bonds once they received approval from the Department of Community and Economic Development.

President Leeson asked if she was correct in that the current district debt would end around the year 2022.

Mr. Shearer replied affirmatively.

President Leeson asked if the new proposal would extend it to the year 2032.

Mr. Shearer referred to page 8 of the provided information and pointed out the existing structure of the West Cornwall debt. He noted the last principal payment of \$12,700,000 as the debt presently stood, matured on October 15, 2021. It was in the 2021 – 2022 fiscal year, but actually October of that year. He moved to page 10 and pointed out the pro forma refunding and termination component of the transaction. He explained that the current end date, 2021, was where they tried to amortize as much debt as possible within the same current structure. They went for a two-year extension, so they amortized roughly another \$3,300,000 between the two additional maturities, which was basically part of the termination amount. Because of the lower rate environment, they were able to refund the old West Cornwall bonds; pay the termination amount estimated around \$11,300,000, and still amortize it basically over the same time period with a two-year extension. He commented that they would only have about a \$200,000 - \$250,000 increase in annual debt service over the existing debt service, if they were still in a perfect world. He noted that it was a substantial decrease from where they were at the current time. They were only stretching it out to pay for the termination.

President Leeson commented that it was two years and they were only stretching \$3,000,000.

Mr. Shearer referred to page 11 and stated that if they proceeded with new money, with the example being \$6,000,000; it was structured out as a common twenty-year level debt structure. He stated that it ended in 2028.

Mr. Shearer said that they were stretching the refunding component out about two years and the new money was structured out over a period of twenty years to help lower the debt service payments.

President Leeson questioned the term, "local effort," and asked what it referenced.

Mr. Shearer referred to page 5, which contained the district's outstanding debt. He explained that the top half was gross debt service, which was what the school district paid to the banks, which then paid the bondholders on a fiscal year basis. It was called gross debt service, which was principal and interest due on debt. The bottom half was called local effort requirements. He explained that it was after the state's share of debt service payments. He pointed out the project eligibility percentages that the state assigned to the series of debt. It involved the Pennsylvania Department of Education and was based on pupil capacity and the type of project involved. It was multiplied by the district's aide ratio. When the numbers were multiplied, the state was basically reimbursing the school district approximately ten cents on a dollar. It was a little more for some issues and a little less for other issues. He pointed out that it would probably be seen in budget discussions as part of the state revenues received.

President Leeson asked if there was any change in the state reimbursement with the restructuring.

Mr. Shearer replied that there were a lot of calculations but for most of the transactions, the state had a rule referred to as the "never pay more" rule. They would not pay "x" amount over the life of the bonds. They were following all of the PDE guidelines for PlanCon to calculate it so there would be no negative repercussions in local effort for it.

Director Tenaglia reviewed that they were taking out \$75,000,000 of approximately \$220,000,000 in variable rate debt so they were roughly reducing the variable rate to exposure by one-third. He also reviewed that in Mr. Shearer's presentation, the current cost of funds on West Cornwall was approximately 6 to 6.5 percent.

Mr. Shearer explained that it was when they factored in the overall package of West Cornwall, which were the variable rate bonds and the swap on top.

Director Tenaglia commented that by going to the proposed structure, the cost savings predicted was roughly 200 basis points.

Mr. Shearer agreed.

Director Tenaglia addressed Mr. Shearer's analysis of the new structure, taking out West Cornwall and the associated swaps, but not incorporating any in the cost of issuance, but not including any additional monies.

Mr. Shearer replied that he was correct and that it was reflected on page ten.

Director Tenaglia referred to columns 13 and 14. He asked if it was the net cash difference and then the present value.

Mr. Shearer said he was correct. He said that there were multiple scenarios of how to show it. His numbers reflected the more conservative analysis, which meant that they were comparing the results. If they received approval and priced the new transaction, and received results similar to it, based on the interest rates from last week, it roughly showed an increase of \$250,000 annually. He added that it was based on if variable rate bonds and the West Cornwall swaps performing exactly the way they should, it would result in that rough increase on an annual basis. It was comparing the end result versus the perfect world scenario. If they showed the analysis in the way the existing West Cornwall was presently performing, they would see substantial savings on a fiscal year basis. He explained that it was a judgment call on how to show it. He wanted to keep it the same as what the board had seen the previous week.

Director Tenaglia stated that Mr. Shearer shared information regarding the timing of the issuance and that he anticipated Sullivan/Montgomery County issue and a much larger issue in the middle part of the state, which was not quite ready to go. It was his understanding that the earlier issue was postponed.

Mr. Shearer stated that many issues came to market and then were postponed again for various reasons. He noted there was a large transaction of approximately \$70,000,000 for a school district in Delaware County towards the middle to end of last week, but some of the larger issues contemplated were put on hold.

Director Tenaglia inquired if there was any advantage to try to come to the market earlier. He asked if the timeline that he provided was the most realistic.

Mr. Shearer thought they should possibly move a little earlier, but they still had some work to do as far as getting the credit rating, securing a bond insurance quote, and a few other items, which still might take a week or more. He did not think they would be ready tomorrow to do it, but, from what he heard, they would definitely be ahead of the other very large issue, which was potentially coming from an urban school district outside of the area.

Director Tenaglia inquired if any additional board actions would be required between now and the actual issuance of the debt.

Mr. Shearer explained that there was no further board action required. The bond counsel would review everything and highlight some of the points.

President Leeson suggested they move forward to the next focus.

Mr. Shearer addressed page 5, column 6, which were currently the bonds issued through the Shippensburg Borough Authority. They were basically correcting the two debt issuances that were through other authorities. The bonds were issued in the rough amount of \$40,000,000, through the Shippensburg Borough Authority a few years ago. He explained that it was one of the transactions discussed where the timeline was not as immediate as it was a few weeks ago. They still felt that it should be considered this evening and acted upon in the best interest of the school district. He reviewed that if the variable rate bonds stayed in bank bond mode for over six months, it would then rapidly accelerate the payments owed on the \$40,000,000. He pointed out that in column 8, the Shippensburg transaction went out to roughly 2032, which had approximately 23 years remaining. If they were back in the bank bond mode and they hit the rapid acceleration, they would have to amortize the \$40,000,000 principle over a 5-year period versus the 23-year period. It would obviously place a huge strain on the district's budget. He stated that the remarketing agent, RBC, was able to successfully remarket the bonds, out of bank bond mode and into a regular or better mode. It restarted the clock again for the 180 days. After several months of working with Wachovia, they had a good proposal, which they came up with to help with the transaction. He felt that if they did not take advantage of the Wachovia proposal, they would be back in the situation sooner than they thought. He commented on the news coming out of Europe as far as the future financial health of Dexia because their government was pumping a lot of money into it just as the U.S. government was pumping a lot of money into the U.S. banks. He said it was uncertain as to whether or not it would help Dexia's survival. He thought that the trend would be more bank bonds nationwide. It meant the variable rate bonds would start to trade higher, which would substantially inflate the overall cost of funds. They would be back in the bank bond mode and need to do something in a relatively short period of time. Since they had a good proposal from Wachovia, it was their recommendation to consider it. They did not know if they would still have the Wachovia proposal in a few months and he commented that they already asked them for an extension. He added that operations were different with consideration of the Wachovia/Wells Fargo merger. He stated that the timeline was not as imminent as the West Cornwall, but they still felt it to be extremely important, especially based upon recent events. He concluded that the action would be to refund column 8 – the Shippensburg Borough debt with a 2-year variable rate bank loan from Wachovia. At the point of maturity they would enter into a forward purchase contract to refund the bank loan with either another variable rate bond issue or a fixed rate bond issue and then terminate the related swap. Mr. Shearer explained that it was a two-step process and the West Cornwall was a one-step process. One of the reasons they had to perform a two-step process was because they did not want to presently terminate the swap.

Based on the overall structure of the bonds and the swap, they did not feel it was in the best interest of the school district to terminate them at this time. For various state law provisions, they would be transferring one of the swaps to the Bethlehem Area School District Authority. He reviewed that the West Cornwall bonds were being refunded and the Shippensburg issue (column 8) was involving the Bethlehem Area School District Authority. It would save on annual costs by keeping it more locally controlled. He explained that the way the law was written, if a district issued variable rate debt through an authority, the way the documents were drafted, they would receive reimbursement from the state on the higher rate, which was the swap rate, as opposed to the much lower variable rates. They were doing it not only to save ongoing costs, but also to keep the current reimbursement provisions. There might be a point in time when they would reconvene and potentially consider refunding the 2005 bonds, which were issued in the school district's name at the present time, and reissue them through the Bethlehem Area School District Authority to get additional state reimbursement than what they were currently receiving.

Director Tenaglia pointed out a correction to Mr. Shearer's reference of the column corresponding to the Shippensburg Authority. He noted that column 8 represented the authority instead of column 6.

Mr. Shearer agreed that column 5 referred to West Cornwall and column 8 referred to the Shippensburg Authority.

Director Cann inquired if they reconstituted the Bethlehem Authority was because the swap remained with the Shippensburg Authority.

Mr. Shearer agreed and stated that they did not want to terminate the swaps. Presently the Shippensburg Authority had two swaps attached to it; the fixed payer swap, which was supposedly synthetically locked in at a fixed rate, and it also had the constant maturity swap. The fixed payer swap was in the name of the Shippensburg Borough Authority, but the constant maturity swap was already in the name of the Bethlehem Area School District Authority. The real benefit was to keep the reimbursement at the same level on the underlying bonds.

Director Cann reviewed that the fixed payer swap was going from the Shippensburg Authority to the Bethlehem Authority. She asked about the disposition of the constant maturity swap.

Mr. Shearer replied that it was staying the same. It was already in the school district's name and it would stay that way. They would change it from being related to the Shippensburg bonds and were relating it to the Bethlehem Area School District Authority bond. It stayed in the name of the school district.

Director Dexter stated that they went over the fees and asked if he planned to do it separately.

Mr. Shearer agreed to address the fees at the present time. He began with the fees related to the West Cornwall transaction. He explained that based on the numbers, they would be issuing approximately \$91,000,000 of debt, which included the retirement of the West Cornwall bonds, paying the termination amount, and \$6,000,000 of new money. Based on the scenario, \$5,900,000 would be deposited into the school district's construction fund account and would be a new separate account, which would be segregated from other funds. The \$72,300,000 was estimated to pay off the West Cornwall bonds and the \$11,350,000, which fluctuated, was the estimated amount to terminate the related swap. Addressing the fee related line items; he explained that it was yet to be determined because the underwriters were not selected. He added that it would be based upon market conditions and the proposals received. The estimated number was roughly \$682,000. He thought it was somewhat conservative, meaning that it was on the higher side at present. He explained it was their job to negotiate it based upon the overall market, the credit of the school district, other transactions, and a host of other factors. He said that it was more than likely that they would be going with Assured Guaranty for bond insurance and noted that they submitted information but did not receive the estimate. It was estimated to be a little over \$500,000, but the final amount would be known next week. Mr. Shearer pointed out that the line item, which had a zero amount, was for original issue discount or original issue premium. He explained that bonds could be sold at a discount, at par, or at a premium. They assumed that the bonds were being sold at par. They would be working with the underwriters to see what would be the best way to structure the bonds to ultimately get the school district the best rates and the best true interest cost. He explained the additional "not to exceed" fees such as \$40,000 for bond counsel, an estimate of \$20,000 for solicitor, \$50,000 for their firm as financial advisor, \$25,000 was estimated for credit rating, \$10,000 estimated for various printing and distribution of the official statement and the preliminary official statement. He explained that it was a large document. The sum of \$2,000 was estimated for M & T Bank as the paying agent. The sum of \$2,000 was estimated for the escrow agent, U.S. Bank. They also had miscellaneous fees of \$30,000 included, which was related to the potential termination of the swap. PFM Asset Management, which was a different branch of their firm, would receive an estimated amount of \$25,000. It was in the interest rate management plan and based on the initial contract reviewed with the board in October. Bond Counsel for the transaction was \$3,500 and the solicitor would potentially be a small amount of the miscellaneous fee. It would ultimately be broken out in more detail, once they effectuated the transaction.

Director Koch inquired about the definition of GO Bonds.

Mr. Shearer defined GO Bonds as General Obligation Bonds and explained that they were the most traditional form of financing, which were backed by the taxing power of the school district.

Mr. Shearer moved on to page 18 and pointed out the estimated or “not to exceed” costs related to the Wachovia two-year bank loan. He stated there were fewer parties involved with the loan. The amount of the loan was roughly \$40,200,000 with roughly \$39,900,000 would go towards paying off the Shippensburg Authority bonds. The bank commitment fee, which was equivalent to 25 basis points or .25 percent, would be paid to Wachovia. The bond counsel estimate was \$35,000, the financial advisor estimate was \$50,000, and the solicitor estimate was \$17,500. He added that they left miscellaneous funds for bank counsel fee, swap transfer fees, and other miscellaneous fees. Mr. Shearer referred to page 22 and explained that it was a sample of what they might see in 2011 when they would do the permanent financing of the transaction to take out the bank loan. They would start out with roughly \$40,000,000 of a new transaction, whether it was a variable or fixed rate. Roughly \$40,200,000 would go to pay off the 2-year bank loan. They did not know if it would be variable or fixed-rate bonds so the underwriter’s discount would fluctuate. He reviewed that there would not be an original issue discount or premium if the bonds were variable rate. They would be sold at par. If they were fixed-rate bonds, there could be a number. Bond insurance was estimated. The cost of issuance was estimated at \$60,000 and included some of the broken out fees such as bond counsel, solicitor, financial advisor, credit rating, printing, paying agent, and escrow agent. He noted the fees were much lower in the 2011 transaction. Mr. Shearer explained that it was a more traditional cost of issuance and there was a lot of work done by all parties involved. There would be a lot more work involved up until settlement date, if they proceeded. The fees included the hourly-based fees from his firm to date and also what they expected until settlement.

Director Dexter reviewed that Mr. Shearer’s fees were hourly based. She inquired if any fees were to be paid to either PFM or PFM Asset Management that were not based on hourly fees.

Mr. Shearer replied that they would be the swap terminations and transfers discussed for the West Cornwall as per the contract. He said it was a \$10,000 base fee plus .25 of a basis point, which came to \$25,000 for the Shippensburg transaction and transfer of that swap. He added that the other potential amendment they would be doing was based upon the same formula and have a \$10,000 base fee, plus .25 of a basis point, which totaled \$25,000. They had already cut it down to \$17,000 with the chance they might be able to cut it down more. He noted that the label, financial advisor, meant that his group PFM was paid in Harrisburg so on all of the numbers ran to date. He reiterated that the swap transaction was hourly compensated, based on the contract. He pointed out that the hours to date totaled close to \$115,000, but they had shaved approximately \$15,000 off to get it down to \$100,000. They gave the district an additional discount by the elimination of hours to date. Other than listed, there were no other fees paid to PFM or PFM Asset Management.

Mr. Shearer stated that they had to calculate any potential arbitrage liability issues more specifically related to the Shippensburg transactions no later than 60 days after the closing of the transaction. He explained that they were new money bonds invested and because they were refunding it, there were a lot of IRS regulations as far as the yield and how it benchmarked what could earn interest. At that point in time, he stated that he would present an additional fee quote of approximately \$5,000 to \$10,000, if they wanted his firm to do it, but they would authorize it through a separate action. They needed to quantify if the district owed additional monies to the IRS for rebate purposes. They did not expect it to be the case, but the calculation needed to be performed to make sure everything was fine.

Director Tenaglia referred to page 22 and inquired about the “amount to prepay the note.” He conveyed that they were actually repaying the note. He reviewed that the Wachovia note replacing Shippensburg was a 2-year fixed term.

Mr. Shearer responded that it was a 2-year term, but if the market would open up prior to the end of the 2-year commitment, they could do step two sooner. He reviewed that the bank loan was a 2-year term, but it was prepayable at any time. It was set up to be flexible and they could do it sooner if the market allowed it.

Attorney Jens Damgaard stated that he was served as bond counsel to the school district and to the Bethlehem Area School District Authority. He reported that the authority had a reorganizational meeting this evening, having four board members present. He said they elected officers, adopted bylaws, approved various actions, and set meeting dates. They indicated that they were ready, willing, and able to assist the school district in the refinancing and implementation of the financing plan. He noted that there were very insightful questions and comments made by the members of the board and he thought they would be a very valuable part of the financing team in moving the items forward.

Attorney Damgaard stated that he wanted to touch upon the four resolutions the board had before them for action and implementation. The first resolution would extend the corporate life of the municipal authority. The authority was created in 1964 and had an initial life of 50 years. In order for the authority to assume the debt obligation from the Shippensburg Borough Authority, both the refinance bonds and the swap transactions, it was necessary to extend its corporate life, so that it extends at least beyond the final maturity date of the bonds, which was 2031. He reviewed that the resolution would extend its corporate life for 50 years or 2059. It would be advertised in the Legal Journal Newspaper in accordance with the Municipality Authorities Act.

ATTORNEY DAMGAARD –
RHOADS & SINON LLP

Director Dexter stated that there was a benefit to the district to re-establish the authority as opposed to going through the Shippensburg Authority or another authority. She thought that Mr. Shearer mentioned there was a two-fold financial benefit and asked Attorney Damgaard to reiterate it for board members who were not present for last week's conversation.

Attorney Damgaard replied that the Shippensburg Authority charged a fee for each transaction and would have done so again. Additionally, they had a solicitor, who charged a fee for each transaction. He pointed out that there might be fees associated with the review of their documents, but nothing compared to what would have been. It was his understanding that there would not be those fees associated with their local authority so there would be savings. In addition, the overall logistics of dealing with an authority that was a distance away. He thought that overall, it would be a more favorable scenario; both fee and structure wise because they would be having other meetings and document signing sessions which would make the transaction much better. It also opened up the opportunity to use the authority in other transactions of the school district, which would benefit by virtue of receiving additional state reimbursement on other issues that were currently in the school district's name. He thought it would be enhanced by the use of the authority.

Director Koch asked why they did not use the Bethlehem School District Authority, considering that it was much better.

Attorney Damgaard thought that the advisors at the time had a relationship with the other authority and that they could have access very quickly. The Bethlehem School District Authority was not active at that time and they had to delve into the state records to determine that they were still duly incorporated and could be reactivated. They thought it was worth the effort to reactivate the authority.

Attorney Damgaard stated that the next resolution effectively approved of the refinancing of the Shippensburg Borough Authority Bonds. They were going from variable rate bonds of that authority to a 2-year Wachovia Bank loan through the local authority, which would be followed by a refunding bond issue underwritten by Wachovia Securities in 2011, unless refinanced earlier if market conditions improved sooner. He explained that there was a note being issued by the school district to the authority, where the school district pledged its full faith credit and taxing power to make payments to the authority equal to the principal and interest on the Wachovia Bank loan and ultimately the bonds. It would also make the payments due on the swap being transferred from the Shippensburg Borough Authority to the local authority. The combination of those payments being paid by the district was eligible for reimbursement by the Department of Education, which was the benefit of using the authority as the conduit borrower.

Attorney Damgaard summarized that it authorized the note as a general obligation note of the district and authorized all of the related documents associated with the transaction. It was a note purchase agreement with the authority and had an attached loan agreement, which obligated the district to make the payments. He added that there was a schedule of payments which reflected a principle amount, not to exceed \$41,000,000, which would be further refined as the amount necessary to retire the Shippensburg bonds and to pay the cost of issuance. The swaps would remain in place but would be transferred in name.

Director Follweiler stated that it was her understanding that the overall restructuring package of all the bonds was really a cost avoidance versus an overall savings in that they were avoiding the excessive costs. She asked the financial advisors if they agreed with her statement.

Attorney Damgaard replied that he thought they were reducing the district's current payments on both principle and interest for the new Wachovia loan, which they were currently paying on the Shippensburg bonds, by virtue of the current dysfunction in the financial market. The interest rate on the net debt service payment would be under 2 percent. The local authority had incidental cost savings but the primary drive was to eliminate the two financial institutions that were having problems – FSA and Dexia.

Director Follweiler said that she was thinking about avoidance of future troubles with those two firms.

Attorney Damgaard stated that they were buying two years with Wachovia but they would still be faced with market conditions in May of 2011 when the note matures. He guessed that if the world got back to normal, they would probably issue another variable rate demand bond issue similar to what they had elsewhere with the weekly variable rate, which matched up with the swap. He commented that if market conditions dictated that it would be cheaper to lock in with fixed rate bonds and terminate the swap, they would do so, but in that case it would likely be done in the district's own name because the swap would be terminated and they would not need the conduit structure to get state reimbursement.

Director Dexter asked if the authority members established last week be paid.

Attorney Damgaard replied, "No."

Director Dexter inquired if he anticipated that they would be receiving money from any other districts or municipalities that might want to issue bonds through them.

Attorney Damgaard responded that it was not contemplated at the present time.

Director Dexter asked who received the money being paid to the Shippensburg Authority, which was \$20,000 per year for 2005, 2006, 2007, and 2008. She asked if it was distributed among the members of the authority.

Attorney Damgaard replied that he could not really say. He said they had other operations such as a sewer system so he presumed it would have found its way into supporting their operations.

Attorney Damgaard addressed the next resolution, which was associated with the swap transactions, particularly, the swap in the name of the Shippensburg Borough Authority, which would be moved to the name of the new local authority. There was an existing swap in the name of the school district, which was also attached to the Shippensburg Borough Authority bond issue. Since it would be retired, they must reassociate it, by law, with the new bond issue; both the 2-year Wachovia loan and the future bond issue to refund it. He explained that the attachments made it a big resolution with the interest rate management plan legally required to be prepared. It was discussed with the board at other sessions and talked about the payments which would be due on the various swaps of the school district, the various bond issues, and identified the unique risks associated with each swap and how it interrelated with the bond issues. He also noted the disclosure of some of the fees mentioned by Mr. Shearer. The proposed form of the swap documents was also attached. It consisted of three parts – the master documents, the schedule, and a proposed confirm, which contained the particular terms of the transaction and some schedules. In effect, it basically dealt with the swap transactions, both the fixed payer in the name of the Shippensburg Authority and now the new authority, and the CMS swap which was in the name of the school district alone.

President Leeson called attention the risk summary on page 13 of which she thought many were not previously familiar.

Attorney Damgaard referred to Appendix A – The Interest Rate Management Plan. He stated that each of the swaps had its own risk assessment, which identified the unique risks for each transaction.

President Leeson stated that the other one was located on page 29. She believed that the analysis was not necessarily the same, but the risk factors were primarily the same.

Attorney Damgaard commented that some of the risks were more relevant than others, depending on the structure.

President Leeson said that the unclear understanding of the risks had been a previous issue.

Attorney Damgaard addressed the fourth resolution, which was a version similar to what was in the packet delivered on Friday. He explained that there was a blank in the delivered version, which identified the underwriter, and they had hoped to determine it. He explained that a request for proposals was sent out by PFM to various underwriting firms seeking their responses but they did not receive those responses in time to actually make a selection. The present version identified the process of the request for proposal going out and then delegated the selection of the final underwriter at the recommendation based upon the responses. It otherwise authorized a general obligation bond issue out of fixed rate bonds of the school district with no involvement of the authority in the transaction in the maximum amount of \$105,000,000, for the purposes of refunding the West Cornwall Township Municipal Authority bonds, terminating the associated fixed payer swap, authorizing various funding for capital projects of the school district, and paying related costs. He recalled the earlier question about the requirement of other board actions. He pointed out that there was no more other formal action required regarding the resolutions or bonds, but they needed a decision with regard to the capital projects such as the final amount they wanted to include, if any. If they decided to hold off, in theory, they could just do the refunding and swap portion and then do the other later. Attorney Damgaard noted that there would be some costs associated with splitting them but it was possible. He explained that the parameters authorized the bonds to be issued, but then it delegated to the determination of the final terms until after the underwriter was selected and the termination amount for swap transaction was negotiated. They would not move forward with the refinancing unless the swap termination payment was equal to or less than \$15,000,000. As long as that could be accomplished, they were giving the authority to the financial advisor to make a recommendation. He stated that it sounded as if they would have multiple underwriters in the allocation of bonds and interest rates, which would be based on their analysis of the market at the time.

President Leeson inquired about the identity of the two underwriters.

Mr. Shearer replied that half a dozen underwriters who performed well in Pennsylvania were contacted. The top three, based on the structure of RFP, as far as the ability to cater to the retail orders versus the institution orders, were Janney Montgomery Scott LLC, RBC Capital Markets, and for the third place position he noted that he needed more information but it was either Wachovia or Boenning and Scattergood. He explained that they would have further discussions to decide the ultimate outcome. He added that RFP, which the board had the draft, was based upon multiple factors regarding their responses.

President Leeson stated that they discussed setting up a way of pulling the "trigger" without convening the entire board. She asked if a decision was made on how it would be structured.

Attorney Damgaard replied that it basically stated that the financial advisor would advise the administration and then they would convene in whatever group they decided. He added that it did not require a formal vote of the board at that level because the board was saying to go ahead as long as they could hit the amount. They were delegating the financial advisor to recommend the terms and identities of the underwriters.

President Leeson recommended discussing the matter during New Business.

Dr. Lewis addressed Attorney Damgaard stating that in Section 4 under the resolution spoke to the authorization of the chairperson and vice-chairperson.

Attorney Damgaard explained that it was a cooperative matter with the chairperson and vice-chairperson receiving recommendations from the financial advisor. He stated that it spoke about the business manager and superintendent being authorized to review the final terms and conditions.

Dr. Lewis commented that it was crafted like the board discussed which was a combined effort.

Director Dexter stated that Mr. Damgaard had mentioned about a process in the document for the underwriter selection.

Attorney Damgaard referred to exhibit A, located after the signature page and one would see the request for proposals, which were sent out by the Public Financial Management Group (PFM). He noted that they were awaiting the responses.

Mr. Shearer added that it would ultimately be decided upon his recommendation.

Director Dexter asked if the board would have to vote on it.

Attorney Damgaard replied that by the way it was crafted, the actual underwriters would be selected by the recommendation of the financial advisor.

President Leeson said that the current structure involved Mr. Majewski, Dr. Lewis, Director Dexter and herself. She said that it could be discussed if the board preferred a different structure.

Director Dexter expressed that she preferred to structure it a bit differently because she thought there were board members who had more knowledge about financial institutions and underwriters.

President Leeson agreed and added that it would not be a problem to discuss it during New Business.

Attorney Spry inquired if the decision was needed before the board acted on Item 4.

Attorney Damgaard replied that it stated chairman or vice-chairman so he thought the easiest way would be to consult with whom he deemed appropriate and then communicate it to them.

Director Dexter addressed Attorney Damgaard and stated that it would be okay but she had never been through the process so she did not know how much direct contact there might be between Mr. Shearer, him and the members who would be making the final decision on the underwriters. She said that she thought the best communication was direct and to remove the “whisper down the alley” piece.

Attorney Damgaard suggested a conference call when they knew and then whoever wanted to be on could be on. As long as President Leeson and Director Dexter were on, they would be okay.

Director Dexter agreed.

Attorney Damgaard commented that they could do the same with the swap. They would make a call when they had a recommendation and invite all board members to log on.

Director Dexter stated that she did not think they could all log on because of the Sunshine Act.

Attorney Spry said that they could deal with it on their end.

Director Dexter expressed that she was glad he was agreeable with the process because she thought that direct communication was best.

President Leeson said that it was her understanding that once they voted; the only other decision was for the capital projects, which needed to be determined in early April.

FREEDOM HIGH SCHOOL – Lindsey Anderson stated she was filling in for Will Velekei as student representative. She stated that the 6th marking period would be wrapping up by March 26. The parent-teacher conferences allowed students a half-day on March 5. She noted that many juniors took the SATs this past weekend, while other were preparing for the upcoming SAT/ACT test dates. The PSSA testing for reading and math would take place for juniors in the morning until 11 a.m. from Tuesday through Thursday.

STUDENT
REPORTS

With the incentive to have the rest of the day off, the juniors were feeling very positive about testing. She announced that Shikha Saxena and Kristen Lambert participated in the regional band festival at East Stroudsburg North High School from March 4 to March 7. She added that Katherine Liu would be traveling to Hazleton High School for the Region V Orchestra Festival. The spring musical at Freedom High School would be the *Wizard of Oz*, presented by the Freedom High School Theater Company. The shows would run from April 2 through April 4, at 7:30 p.m. with 2 p.m. shows on Saturday and Sunday, April 5. She also mentioned that Warner Brothers would be doing a documentary on the theater company and the production. The junior class student council was busy planning the junior/senior prom, which would take place at the Holiday Inn/Fogelsville with the theme of "Dancing In The Moonlight." Lindsey announced that Cole Clark won the 100-meter butterfly at district competition on February 27. He traveled to Bucknell University this past weekend to compete at the state level where he finished in 18th place. The Freedom Varsity Cheerleaders left for San Antonio, Texas on March 5 and returned on March 9. They participated in the national competition, earning a second place trophy. While competing in the event, the cheerleaders added educational value to the trip by visiting the Alamo and the wax museum. As the weather was warming, sports such as track, girls' soccer, baseball, boys' tennis, and softball, began practices to prepare for the approaching games and meets. The Relay for Life Team Committee, formed this year at Freedom High School, would be hosting its first annual Thon Event on April 25. The teams were being formed around the school by sports teams, clubs, and organizations with various newspapers scheduled to attend the event. Lindsey reviewed the National Merit Scholarship finalists as previously announced by Dr. Lewis.

LIBERTY HIGH SCHOOL – Megan Kelleher announced that Liberty High School was in full PSSA mode this week as testing was scheduled for the junior class. The sophomore and senior classes were very happy about the PSSA testing because it allowed extra time to sleep. She stated that a lot of attention was going to the juniors as they were trying to make the school proud this year. Their Latino Youth Leadership Club held their Teen Variety Explosion on March 13. The students auditioned for the chance to showcase their talents at the event and she heard the night was a huge success. Megan stated that four Liberty students received awards in the Science Olympiad Competition held at Moravian College on March 13. Soyeon Kim and Avani Pisapati received bronze medals in the Cell Biology Event and Alejandra Austria and Hannah Schwarzbach won gold medals in the "Write It – Do It" Event. She stated that four Liberty students won first place at the regional Pennsylvania Junior Academy of Sciences Competition and moved on to the state level. She noted that Caroline Vail, a senior student, received a perfect score. Musicians, Adam Stoltz, Joshua Wilson, and Christian Conrad, participated in the Region V Band Concert. The Liberty Girls' Basketball Team were 2009 District XI Champions. The school was very proud of them.

The swim team did amazingly well at districts, having students move on to state competition, including Patricia Leeson, who placed 2nd in the 50 and 100-yard freestyle. Megan concluded that the Liberty Grenadier Band Spring Concert would take place on March 27 and 28 with the chorus concert following on April 3.

Director Follweiler added that the upcoming Liberty High School's Alumni Band Concert was on Friday evening. She complemented Lindsey Anderson from Freedom High School for doing a wonderful job on her first presentation.

A motion was made by Directors McKeon and Follweiler to approve the minutes from the March 9, 2009 Board Curriculum and Board Facilities Committee Meetings. President Leeson inquired with Mr. Majewski about the status of Finance Committee Meeting minutes, noting that she had not seen any since November.

APPROVAL OF
COMMITTEE
MINUTES

Mr. Majewski replied that he checked with his new secretary today and explained that she was almost finished with the minutes from January. He hoped to see a draft of it within the next couple of days and she would then begin with the minutes for February.

Director Dexter inquired about the Finance Committee minutes from November 24, 2008. She noted that as of yesterday they were not posted online.

Mr. Majewski responded that he would check on the posting because he knew they were approved.

President Leeson pointed out a correction to the Board Curriculum Committee minutes of March 9. She said that on page 4, it was stated that she suggested a less expensive way to go by using projectors onto white boards instead of the flat screen televisions. She explained that it was not just because it was less expensive, but that it was more technologically advanced. She added that she had the opportunity to talk to some people from technology in addition to some architects and they were seeing that they were not putting televisions into new schools but rather putting in projectors because they could do all of the television functions plus so much more.

President Leeson requested the minutes be approved as amended. The motion was carried by voice vote.

Director Tenaglia stated that he had several questions and since they all pertained to recommendations 20 through 23, he made the motion to move the financial report and payment of the bills to be part of Item 13 on the agenda and cover it at that time.

APPROVAL OF
FINANCIAL REPORT/
PAYMENT OF BILLS

President Leeson responded that they normally did those items at the present time. She noted that Item 23 was an information only item.

A motion was made by Directors Cann and Koch to approve the acceptance of the financial report and payment of the bills. The motion was carried by voice vote.

Director Tenaglia stated that he sent an email to Mr. Majewski over the weekend with copies to the superintendent and his fellow board members. He referred to page 3 of the monthly bills and asked for clarification for a \$16,000 payment for legal fees.

Mr. Majewski replied that it was a payment to an attorney as a part of a settlement and release agreement related to a special education piece. He anticipated that they would receive reimbursement of the full amount from AIG as soon as they cut the check. He explained that there was a timeline on the payment in the settlement release and they needed to forward the check.

Dr. Lewis commented that the attorney was assigned by AIG.

Mr. Majewski said that he believed it was the opposing attorney.

Director Tenaglia stated that for the record, he asked Mr. Majewski for certain documentation regarding wire transfers which he provided and he would hold further questions until the next Finance Committee Meeting.

Director Tenaglia addressed page 16 of the monthly bills, there was an account titled, 2005-2007 Bond Issue with total expenditures of approximately \$1,600,0000. While there were a few items dated in March, the vast majority of the expenditures were paid in February. He questioned the Treasurer's Report where they had an M & T Investment Group 2007-2008 Bond Fund, which had a change in balance for the month of February of approximately \$40,000. He inquired if there was another component of the bond fund they were not being shown.

Mr. Majewski replied that there was nothing that they were not being shown. He said they had approximately \$3,200,000 they were looking to transfer on March 20. They were waiting to see if there were any additional bills on the March 19 payment. At that time they would be transferring all of the funds out of the bond fund, in order to be able to make the general fund whole for payments that it had funded.

Director Tenaglia asked if he was waiting for a maturity in the bond fund to have the proceeds to make a transfer to the general fund for the expenditures.

Mr. Majewski replied that he did not believe it was related to a maturity. He said there was no transfer at the end of February so they were taking a look at accumulating those costs. They would have the information to make the transfer on March 20.

Director Tenaglia asked if one of the funds would have to be overstated.

Mr. Majewski responded that presently they would not because nothing came out of the M & T funds to reduce them, which was why there was very little movement in the M & T funds.

Director Tenaglia pointed out that in the monthly transaction report, he showed the expenditures coming out of the bond fund, so he must have had a negative balance somewhere.

Mr. Majewski replied that he was correct and that it would be an interfund loan which would be created as a result of the payments. When they transfer the funds from the bond fund to the general operating fund it would release the interfund loan because the cash was taken out of a different fund. They had the expenditure going to the bond fund and at that point, if it did not have the cash, an interfund receivable needed to be created because the cash was being used out of another fund. They then needed to transfer cash over, which they were doing with the transfer on March 20 in order to be able to release the interfund loan and make the cash whole in both of the accounts.

Director Tenaglia commented that at the present time the treasurer's report overstated the value of the 2007-2008 Bond Fund.

Mr. Majewski responded that right now the treasurer's report reflected exactly what was on the statement so it would not overstate it, however, the financials would end up showing that there was cash due from the general operating fund to the capital account. It was not that the treasurer's report was overstated because the treasurer's report was based upon the deposits and investments in each of those accounts. What they were looking at on the financials was where they had cash which was due from one to the other and once that was transferred then they would see the cash reduced in M & T and properly reflected on those statements and properly reflected on the treasurer's report.

Director Tenaglia stated that if nothing else transpired at the end of March, the 2007-2008 fund would be approximately \$1,600,000 less.

Mr. Majewski said there was a transfer of \$3,200,000.

Director Tenaglia commented that they also were carrying a deficit from the prior month.

Mr. Majewski replied that it was exactly what he was stating. There was no transfer in February. He said that he had indicated that March 20 was the planned date for the transfer.

Director Tenaglia asked Mr. Majewski to explain the negative balance in the undistributed taxes versus the \$4,300,000 balance that he had at the end of January in the budget information.

Mr. Majewski replied that monies came in and the tax employees reconciled the accounts. Before it was placed into any account, they would be deposited into an undistributed account. They needed to verify and reconcile the appropriate amounts. What had occurred was that there was an overtransfer of approximately \$40,000, which was the negative amount and they needed to adjust it down to zero.

Director Tenaglia asked Mr. Majewski to explain where the revenue shortfalls from the last month were now projected to be \$1,200,000 less.

Mr. Majewski stated that it was primarily in two areas. Until all of the undistributed taxes were reconciled, they were still working off of some projections. If they looked at the real estate revenue recognition and the projection as it presently was through February, it would be the same amount. He explained that it was because there were no more collections at this point of current real estate taxes with everything being turned over. Anything else would be delinquent. He noted that there was always the possibility that if there was a tax appeal and it was one that they were required to refund, it might go down, but presently he had nothing in the pipeline. The other area that had come down was real estate transfer taxes. They appeared weaker than what he had anticipated. He needed to reduce the projection.

Director Tenaglia made the statement that they were no longer using Berkheimer for the 2008 real estate taxes.

Mr. Majewski agreed and noted that they had two elected tax collectors but the City of Bethlehem was their tax collector.

Director Tenaglia reviewed that they had received everything collected from the City of Bethlehem for 2008.

Mr. Majewski agreed.

Director Tenaglia noted that Mr. Majewski changed the number of projections in the expenditures, with the board expenditures increased by \$90,000, and staffing reduced by \$491,000.

Mr. Majewski replied that the \$90,000 increase reflected the increase in legal costs which was discussed in the past. He added that current information allowed him to judge where they should be and he needed to make a higher projection than previously. With respect to the teacher staffing account, he looked at the biweekly average pays and extrapolated the remaining pays, which allowed him to reduce his projection on that account, based upon the current information.

Director Tenaglia addressed Reading Recovery[™] and instructional material reserves. He asked why Mr. Majewski projected not to expend the full amount authorized.

Mr. Majewski responded that at this point he knew they were making every effort to be able to conserve on expenditures and until something came up that indicated a requirement, there was no additional planned expenditure.

Director Tenaglia stated that he did not believe the administration had advised the board of the expenditure cuts regarding Reading Recovery[™] and instructional material reserves for the current fiscal year.

Mr. Majewski replied that he did not believe that they cut Reading Recovery[™] and it might have had some additional funding sources but they did not need to use anything from the general operating fund. He added that it was possible but not anticipated at this point.

Director Tenaglia commented that his present projections were that they would not fully expend those funds by the end of the current fiscal year. He asked why.

Mr. Majewski responded that based upon current activity, it was quite likely that the funding required to maintain the program was coming from other sources and it would not need to come from the general operating fund. He said that it was not that they had cut any activities.

Director Tenaglia stated that he thought that when they cut Reading Recovery[™] they had indicated that the administration agreed that any additional funding sources would be used to reinstate the program that was reduced.

Mr. Majewski replied that when they looked at the account, based upon the dollar amount, it was based on supplies and not staffing. If the Reading Recovery[™] people had any needs, it would have been provided from those funds. He stated that they appeared to be operating fairly well with their resources at the present time. They were not told that they could not spend the money but it was not anticipated that they would need additional funds. As far as he knew they were operating well enough with the provided supplies.

Director Tenaglia stated that at the time they did the budget, there was a lot of angst on both the administration and board about the reduction of expenditures. They came up with a number that administration told them was realistic and now it was projected that they would not fully expend the monies budgeted. He commented that he was at a loss as to understanding.

President Leeson said that she thought she heard them state that it was not personnel but supplies.

Director Tenaglia commented that if they had a savings in supplies then why couldn't they reallocate it to personnel.

President Leeson said that it would be a different question and she was not sure if he heard that it was not personnel.

Director Tenaglia thought the point was that they cut reading and had indicated that they would try to restore it if at all possible. If they had savings in one area, he asked why they could not use it to place an additional person to at least spend the full amount.

Dr. Lewis commented that the projected amount was \$15,000 and the new projection was \$8,600. They could hardly hire anybody for \$6,500.

Director Tenaglia thought they might be able to get a person to come in for an extra two or three hours per week.

Dr. Lewis replied that they were not underserved. He explained that people were being thrifty and consuming carefully. It was an effort to reduce expenditures and emphasized that they were not cutting reading instruction and no one was going without.

Director Tenaglia stated that they were not spending the amount authorized on those two programs.

Dr. Lewis responded that they were not spending it but they were underspending the entire budget wherever possible. He added that Mrs. Cintrón was often coming forward with additional sources, which might be in small amounts, but they offset expenditures.

Director Tenaglia stated that they had increased interscholastic athletics by \$150,000, accounts receivable went down by \$123,000, and employee benefits were \$1,000,000 less than what was projected last month, while at the same time data processing increased by \$81,000 and technical services increasing by \$37,000.

Dr. Lewis replied that the budget was \$180,000,000, which would have variations. It would never be a perfect projection to expenditure ratio. He did not have the answers to his questions, but there would be areas underspent and areas overspent. He said they were trying to hold the line on all fronts, which was why they would be seeing the variances.

Mr. Majewski referred to the change in accounts receivable. They were tax collection costs. If fewer taxes were collected, the percentage was tied to the amount of taxes. If they recognized less revenue, the costs would decrease for the collection costs. He noted that during the months of December, January, and February, there appeared to be a spike in health benefits, which he attempted to reflect the cost increase. He hoped the monthly costs would stay below, and it had successfully come below it, so he modified his projections based upon current trending information which showed what occurred at the end of the year were probably just anomalies and not the beginning of a new trend.

Director Tenaglia said that he did not touch upon debt service because there were a lot of variables because of the debt structure; however, they presently projected to exceed budgeted amounts in technical services by \$216,000 and data processing by \$115,000. He did not understand where there was budget discipline if their projections were to exceed those budgeted amounts by such a wide margin.

Mr. Majewski replied that once he heard the technical services explanation; he would see that the term, "lack of budget discipline" was not be the correct choice of words. He explained that they paid the bills in advance and then received E-rate reimbursements. He pointed out that he tried to take a more conservative view with the projections because the check had not arrived. They would either come in or they would establish a receivable by the end of the year. Once they identified the amount, it would then eliminate the negative balance. Until he received verification, he would rather show that it would not be coming in until he had absolute proof from the federal government regarding the payment. He remarked that it was not a lack of budget discipline but actually a more conservative view of the present projections. He said that he would rather slightly overstate them than come back and state they were going to be short.

Director Tenaglia inquired as to why that receivable was different than the other receivables.

Mr. Majewski stated that it was different because of the thought process regarding the federal government. They were not sure when the money would come or what they would be approving in the cycle. They would be eventually notified and when it occurred, they would then recognize it as revenue.

Mr. Majewski added that every receivable was not viewed the same way, because there needed to be an evaluation of the reliability, based upon the ability of the organization to communicate with some type of definite source or promise that it would be coming, in addition to the dollar amount. They needed to individually view each of them and respond accordingly.

Director Tenaglia asked if his projections for receipt of E-rate reimbursement spilling over into the next fiscal year.

Mr. Majewski replied that he was not even certain that they would be in this year. He said that typically, they would get them by the end of the year, but there was also the possibility of delays because of the federal process. As they had indicated when going through with the projections, the further along into the year, they would become more accurate, because of more information received. They needed to recognize that every month there might be additional information and as it was gathered, it would be included. He believed they wanted him to provide them with something that was void of any unpleasant and negative surprises, which was what they were getting now. He believed the projections were reasonably accurate because of the methodology, which showed that a certain number could be supported when placed "here." He thought he was providing reliable information and was not trying to understate expenditures or overstate revenues. He concluded that because of their financial position, he thought the board would prefer his approach.

President Leeson asked Director Tenaglia if he wanted to review budget information when there were more significant monthly changes during a finance meeting.

Director Tenaglia replied that he was still confused because the projected numbers he looked at was what administration was projecting for the end of the fiscal year. If Mr. Majewski had a reasonable expectation that he would be receiving funds before the end of the fiscal year, he asked if it should have been factored into his projection.

Mr. Majewski commented that he was correct. He knew there was an anticipated receipt, but he thought the key was that he believed the timing would be reliable and the amount would be something he felt certain was coming. Until he knew when, he would not book the receivable because he thought it was not in the district's best interest for him to guess and then try to change it later. He explained that once they received information about a proven obligation to make a payment, they would then recognize the revenue, but not sooner.

Director McKeon stated that they were projecting a \$146,000 overrun in Career Academy, RASA, and alternative education. He asked if they could receive an analysis of the cause for the next Finance Committee Meeting.

Director McKeon had concern that some of the alternative education programs were listed to be analyzed for possible discontinuation. He said that the reflection of the overrun did not bode well for those programs and he had serious concerns.

Mr. Majewski said that he would perform a detailed analysis as opposed to just an internal overview and he would provide it at the next Finance Committee Meeting.

Director Follweiler commented to Mr. Majewski that the budget was presently \$1,200,000 overspent. She said that she just heard him explain that some of it was a timing issue with some reimbursements coming back. She noted that one of the major yearly goals was to underspend the budget and presently they were in an overspend mode with no fund balance. She said that she was highly concerned that they were in the middle of the budget for next year and asked where they would obtain the \$1,200,000.

Mr. Majewski replied that they were making every effort to attempt to find areas to cut. As discussed in September with updating since that time, there was quite a dysfunction in the capital markets, which had caused a problem in the debt service line item. Even though they might be having reductions in various expenditure areas, it still was not sufficient in size to be able to compensate for the anticipated overage in the debt service budget. If it was eliminated from the consideration of the projections, it could be seen that they would be underspent in the anticipated expenditure budget. Mr. Majewski pointed out that the revenue side was a different issue in that even if they would underspend the budget, he did not anticipate they would be receiving all of the revenue that was budgeted. He explained that the economic downturn had shut them down on a dime with no assessment increases and weakened real estate transfer taxes. In addition, the reduction of the federal interest rate had hurt their investment income.

Director Follweiler stated that with essentially three months remaining in the fiscal year, they could run out of money before the end of the year. She requested that the question be added for the next Finance Committee Meeting about their exact options if they would run out of money before the end of the school year.

Mr. Majewski said that they were not on a cash basis for accounting, which meant that even though they had a negative fund balance, they recognized certain obligations on the books, which would indicate some negative numbers, however, the actual disbursement of the cash might take place over a future period of time. They were looking at where they were at the moment and thought that if they took a look at where they were with revenue receipts and their expenditures, they would still be in a positive area. The projections would show them to be overspending which was different than cash. He anticipated scheduling a discussion on a tax and revenue anticipation note in the month of May during a Finance Committee Meeting.

Director Follweiler stated that she knew that Mr. Majewski worked very hard on the revenue side and knew that the revenues and tax collections were down. She did not foresee it getting better moving forward so they had to remember that increased taxes might not be the option because people were going to run out of their ability to pay the taxes. They had to “beef-up” their analysis of more programs. She pointed out that community members mentioned other programs that perhaps were not being looked at and she suggested that they be brought forward because they needed to look at the lack of revenue and how they would continue to run the basic services of the district.

Director Dexter commented about the email from Director Tenaglia and stated that he requested an explanation when there were significant changes in the budget numbers from month to the next. She thought it would be helpful if it accompanied the budget report.

Mr. Majewski stated that he knew the document was provided at the Finance Committee Meeting earlier this month to give the opportunity for questions. He said he was trying to provide the same information, twice during the month so they had a chance to review it and ask questions. He added that he would signal where there were changes in the projections. He said that he would be glad to add a narrative to it if it would be helpful for them as they were going through the monthly reviews.

President Leeson inquired if the board members wanted a narrative to accompany the document. She noted that the majority of members had shown interest and requested that Mr. Majewski provide the information.

Mr. Majewski agreed.

President Leeson requested a roll call vote on Items 20, 21, and 22. The question was called with roll call as follows: Yea, Directors Koch, McKeon, Tenaglia, Amato, Cann, Dexter, Follweiler, Haytmanek, and Leeson – 9

The motion passed 9 – 0.

President Leeson reported that an executive session of the Board of School Directors was held earlier dealing with personnel, student discipline, and litigation issues.

President Lesson brought attention to information from Representative Tim Mahoney, who was reintroducing a bill to consolidate school districts for local tax reform.

ROLL CALL –
ACCEPTANCE OF
FINANCE REPORT/
PAYMENT OF BILLS –
ITEMS 20, 21, and 22

PRESIDENT’S
COMMUNICATIONS/
SPECIAL MEETINGS

Dr. Lewis announced the Region XIII PTA Reflection winners as follows:

SUPERINTENDENT'S
REPORT/FEDERAL
PROGRAMS UPDATE

Visual Arts

First Place – Joseph Altemose – Hanover Elementary

Third Place – Alexander Dailey – Farmersville Elementary

Photography

Second Place – Colin Shue – Spring Garden Elementary

Third Place – Kevin Raneri – Farmersville Elementary

Third Place – William Pelletiers – Hanover Elementary

Literature

Second Place – Megan Bittle – Hanover Elementary

Music

First Place – Miranda Hoehn – Governor Wolf Elementary

Third Place – Alex Thomas – Farmersville Elementary

Dance

First Place (Intermediate) – Christina Youwakim – Farmersville Elementary)

Third Place (Intermediate Video) – Rebecca Docteroff – Farmersville Elementary)

Dr. Lewis reviewed district swimming results and acknowledged the following winners: Cole Clark (Freedom High School) – 17th place – 100 butterfly

The Liberty High School Relay Team of Lauren Leon, Andie Breslin, Randi Bosch, and Patricia Leeson – 11th place – new school record and All American record

Taryn Lushinsky – (Liberty High School) – 12th place – 100 backstroke – new school record and All American record

Patricia Leeson – (Liberty High School) – 2nd place – 50 and 100 yard freestyle – new school record and All American record

Dr. Lewis announced the addition of two agenda items for the record and public note:

Page 11 – Item 11 – Addition of a Title I Conference – One attendee from the district and another from the nonpublic sector as required by Title I.

Page 21b – Item 15 – Addition to Nominations for Appointment – The administration recommended the appointment of John Burns for the position of Chemistry Teacher at Liberty High School.

Dr. Lewis said he did not have a State and Federal Program Report this evening.

President Leeson asked Dr. Lewis if he had further information on the stimulus package.

Dr. Lewis replied that he, Mr. Majewski, and other cabinet members would be participating in a webinar tomorrow. In addition, he, Mr. Majewski, and Mrs. Cintrón would be traveling to Penn State University to meet with the secretary of education on March 22 regarding the stimulus package and Title I, relative to the stimulus money. He noted that all expenses were to be paid by the Pennsylvania Department of Education.

President Leeson inquired with Dr. Lewis about the change in meeting schedules.

Dr. Lewis stated that Mr. Majewski spoke with Attorney Damgaard and Mr. Shearer and it was recommended that the April 14 Finance Committee and Facilities Committee Meetings to April 6. Additionally, with their continued permission, he requested to move the April 21 Human Resource and Curriculum Committee Meetings to April 14. The Budget Hearing would be held on April 22 and the Regular Board Meeting would be held on April 27.

Director Dexter commented that the webinar mentioned by Dr. Lewis was also available to school board members. She added that some board members wanted to have a better understanding of how the stimulus money could be spent. She pointed out that the one scheduled for tomorrow was already full but she registered for the same presentation to be held on Thursday, from noon until one o'clock for which she registered.

President Leeson stated that she heard that several students were attending the state competition for Pennsylvania Junior Academy of Science. She reviewed that they were funding the students' trip.

UNFINISHED
BUSINESS

Dr. Lewis agreed and noted that Mr. Zieger was organizing the event.

Director Koch stated that she had asked for a record of the SPARK students regarding their disposition after attending the program. She wanted to know how many students went on to kindergarten in the district and how many attended charter schools or moved out of the district. She thought it might be helpful with their decisions.

Dr. Lewis replied that they replied in the budget memo question response. He explained that there was some difficulty because of a shift in the tracking systems and they were looking at some alternative tracking. They could not do it through their system because the SPARK students were not in the prior tracking system. He stated that Marilee Ostman was working on the alternative tracking.

Director Follweiler commented that she thought they received an email with some information regarding Director Koch's request. She also brought attention to the information on the Driver Education Program, which was in their packet. She said that she was interested in how many students were eligible for the program and how many students participated in the program. She pointed out that there was excess information, which was great, but one had to read into it to determine how many students were eligible and how many participated. She asked if they could receive the information regarding only those two numbers.

Mr. Majewski explained that part of what was needed when he filed for the Driver Education subsidy, was to indicate the number of classroom students. He said that he should be able to go back to obtain the number of students who received classroom education for Driver Education because it required both six hours of classroom instruction as well as "on the road" instruction as part of the qualifications. He stated that he would add the information to the report. He asked if she was interested in a percentage or identifying the number of students who potentially could have been on the road.

Director Follweiler replied that it could be either, but in the decision on the recommendation to cut the "on the road" program, it was mentioned that it was not being utilized. She said that the figures reported as 50 or 70 percent would be just as well as having the actual numbers in order to get an idea.

Director Tenaglia stated that he and Director McKeon visited SPARK last Thursday. In response to their visit, he noted that Mrs. Ostman sent the board an email, which stated, "Of the 1884 children who have already completed the SPARK Program, 1500 or 79.6 percent are still enrolled within the Bethlehem Area School District."

President Leeson inquired with Mr. Majewski about a response regarding the audit report and if they were doing anything to rectify any of the identified situations.

Director Dexter asked if Mr. Majewski brought copies of the pertinent parts of the audit as she had requested.

Mr. Majewski replied that approximately 30 to 40 copies were made available to the public and he had copies for distribution to the board as well as the solicitor and superintendent.

Director Tenaglia asked if they were having additional commentary or what was included in the original audit report.

President Leeson asked Mr. Majewski if it was the audit itself.

Mr. Majewski replied that it was the actual audited financial statements.

Director Tenaglia commented that it was the same report they had.

Director Koch asked if the discussion would be lengthy regarding the audit.

President Leeson replied that they were looking for a response to the findings.

Director Koch expressed that she thought it would be lengthy and she had to leave. She requested that Director Tenaglia forward her a copy of the email regarding the SPARK communication.

Director Koch departed the session at 11:20 p.m.

Director McKeon noted that Mr. Gorman, the auditor, was present and asked if he would be willing to address the categories in terms of the severity of the levels.

Mr. Gorman stated that he was not present to speak and explained that Mr. Majewski requested that he attend the meeting to answer direct questions or questions regarding what Mr. Majewski spoke about and also anything that Mr. Majewski wanted to ask him.

Mr. Majewski explained that anytime there was a discussion, he wanted to have all of the individuals involved together in the event of questions or concerns. He added that he was available and would be willing to answer any questions. He stated that Mr. Gorman did a terrific job when he made his presentation so he was not prepared to add anything to his comments.

President Leeson said that she understood that the board was more interested in the remedies and what they would do to ensure that there would not be any deficiencies or findings next year. She had the understanding that they would be looking at administration's response, which she noted they had some in written form.

Mr. Majewski referred to the back of the document, explaining the corrective action plan as follows:

Item 1 – Mr. Majewski explained that with the capital reserve fund transfer, there was a misinterpretation of the section where it would have applied. It was viewed as being a Section 690, under the school code. He said that Mr. Gorman accurately brought it to their attention regarding another section of the municipal code where it should have applied, therefore that type of transfer will not be recommended nor would it occur in the future.

Item 2 – Mr. Majewski referenced accounts payable and noted the issue occurred in a summer transition when an assistant business administrator was retiring with another one coming. The transaction was not viewed as an ongoing issue. There was a need for some communication as to what was done and what needed to be done. He noted that Mr. Gorman commented in the audit about records that his firm used in order to be able to review the accounts payable balances. In the past, once they were reconciled to their accounts, the auditor had not requested the records and instead of accumulating more paper than was needed at the time, they were disposed. Based upon the auditor's request, they were saving the records and would make them available. He viewed it as a transition problem where they were still trying to acquire a better understanding of the needs of the auditors when they came in. Their attempts were to provide whatever their needs in order to have an efficient and well run audit. Just as when the auditors come into the Bethlehem Area School District, they did not know their operation, seeing it for the first time as well, so there was a learning curve as to what they had, how they operated, and what they did. Those were the types of things that over time, created a better relationship between the two organizations, so that they knew what they were looking for and the auditors knew how the district was run so they could more effectively have the audit completed.

Item 3 – Mr. Majewski discussed the accrued tuition payable. He noted one extraneous transaction with the activity. He stated that in all honesty, he did not understand why they debited one payable and credited another because it did not affect the bottom line in any way, it did not change the fund balance, it did not flow into any revenue or expenditure account, and served absolutely no purpose whatsoever. His assumption was that it was something that may have had been done because of either a prior accountant or something that old software had required. He said that it was no longer necessary, needed and had no value. He did not believe that it could necessarily viewed as a weakness, but it was definitely not necessary.

Director Follweiler asked if Mr. Majewski would review every item and then receive questions.

Mr. Majewski said that he was going to discuss every item and if there were questions, he would then respond to them.

President Leeson asked Director Follweiler if it was agreeable with her.

Director Follweiler agreed and stated that she did not want to miss her opportunity to go to the questions she had.

Item 4 – Mr. Majewski looked at the state's subsidy receivable. He explained that they had some ongoing issues primarily with debt service; however, there was a lack of adequate review by the parties who were typically responsible.

Mr. Majewski noted that the revenue had come in and there should have been a release or an adjustment of the receivable. He knew from his perspective, there were at least several other times during the year where he sat down with the involved parties and inquired about the status of the balance sheet accounts and did a review. He stated that he could offer no reason why this one should have continued and was missed. They pulled together the new assistant business administrator as well as the accounting staff and he believed there was now a very clear understanding of what his expectations were with the review and how the records were to be maintained. He offered some background as to what occurred. If they were anticipating, at some point, revenue coming in and they were capable of defining the dollar amount, they would establish the receivable and recognize the revenue; however, they needed to continue with follow-up because when revenue was received, if it was not current and was part of the revenue that was set-up through the receivable, they risked the double counting of revenue. They needed to make certain that when they established a receivable and already recognized the revenue, when the cash came in, that it was not part of the receivable. If it was part of the receivable, then remove it from their books and not recognize it again as revenue.

Item 5 – Mr. Majewski addressed the capital reserve technology fund. He explained that the computer loan fund was established well before his arrival by board action and he was almost certain that it was around 1991. It was maintained in an account to be able to see the remaining balances, receivables, and the cash. If they continued the path with the budget discussions, they would be eliminating the computer loan account, which would no longer be an ongoing item because they would not have a computer loan program.

Item 6 – Food Service Fund Inventories – Mr. Majewski stated that once again, he believed that it had everything to do with the expectations during prior audits and the expectations of the current auditors. There was documentation on detail that once it was taken, it was not maintained. It was not requested that they maintain it. He said that he understood why it was being requested and supported it. It would not be eliminated and be made available to the auditors when they came to perform the audit.

Item 7 – Food Service Fund (other accounts receivable) – Mr. Majewski explained that he viewed it differently than the auditors and commented that he could not say that in this case that one was right and one was wrong. It all depended on how one viewed the allowance for doubtful accounts. They had people who owed balances to the school district and to recognize them as receivables was not inappropriate and was proper to do; however, because they were people who typically had difficulty paying or may or may not have paid, he took an extremely conservative point of view and did not book the receivable and only booked the revenue.

Mr. Majewski stated that there might have been payments made through a collection agency so as not to increase revenue when he thought that it was revenue that was highly unlikely to be received or he was not certain as to what amount they would be receiving. When he looked at the size of the revenue that they would book as a receivable versus the overall operation and dollar value generated by the operation; he viewed it as not material, which was why they took a different view on booking the receivable. Mr. Majewski stated that they had agreed to establish the receivable with the need to maintain it and hopefully the finding would go away.

Item 8 – Payroll Liabilities – Mr. Majewski stated that it was associated with the FICA and retirement adjustments. He said they reconciled the accounts and it was incorrect. To the best of his knowledge, they were going with the prior auditors starting balance which might have been the issue. With the continued review and reconciliation and with a starting balance that everyone could agree upon; it should not be an ongoing issue.

Item 9 – Payroll Liabilities – Mr. Majewski noted that in reviewing some of the payroll accounts which were reconciled on a monthly basis. He stated that their employees would go through it. There were items which were generally smaller in nature that would be unreconciled. It was the only account that they had like that and there was the possibility of a software issue, but he did not have an explanation as to why they had the unreconciled amounts. He said that the accounts were reconciled on a regular basis but the person doing the reconciliation could not always accurately identify the reason for a miscellaneous difference.

Item 10 – Real Estate Tax Collection – Mr. Majewski stated that there was a form and methodology that tax collectors were supposed to be reporting to the district. At the present time, they had the City of Bethlehem, Berkheimer plus the City of Bethlehem in prior years; however, neither party had conformed. He stated that the City of Bethlehem did not conform to the provided format so they had their own people go through the reports, do the reconciliation based upon the provided format. Until they were satisfied that everything had been reconciled, it was where they would see revenue maintained in an undistributed account. Once they were comfortable with the reconciliation, then the account would be relieved. He reviewed that the current real estate tax collector, the City of Bethlehem, did not provide them with reports in that format. He added that requests were made, but he knew they were struggling with their new software. He stated that the district would continue to work with them and try to insist that there was a format that needed to be provided to them in order to be able to conform to the DCED (Department of Community and Economic Development) requirements.

Items 11 and 13 – General Fixed Assets – Mr. Majewski said there were a number of issues when they looked at fixed assets with some referring to tagging or the lack of some type of system. He expressed that he wanted to combine Items 11 and 13 in the discussion. He explained that they had fixed asset software and looked at invoices, identified the areas that met the criteria for them to be placed into the fixed asset system; however, there were not tags and they did not have a system, a person, or a department that was identified as being responsible for going through and identifying transfers and/or removals from the fixed asset system. When they had auctions or sales, the items could be identified, but there was no foolproof system to be able to show all of the items removed from the fixed asset system and to take them off of the current system. Mr. Majewski explained that they did not have central warehousing where all items received would be identified or tagged. He said they did not have the software at the present time to be able to identify inventory nor did they have the type of tagging system that could be scanned as soon as an asset was moved so it could continue to be tracked. In order to have that type of system to take the item off of a finding, they needed to have somebody identified as an asset manager. As long as they did not have central warehousing or a central receiving system, it would be highly unlikely that they could say with a great deal of certainty that they had all of the items. He explained that once they went into the building, it became difficult to track them down. They would be tagged, identified, and recorded before they went into a building. He concluded that it could not be done at the present time and he did not anticipate having the ability to be able to get the item off of their audit finding list, at least by the end of the year. He expressed that he did not know how next year looked, but if they did not make any changes, the item might continue beyond the next year or two.

Item 12 – Athletic Fund Ticket Sales – Mr. Majewski addressed the ongoing process of ticket sales and collections. The system that was in place at the present time, barring collusion, would work, should work, and had adequate internal controls. Because of the possibility of collusion, ticket takers and game help workers would get an inservice with the athletic directors and they would be notified to never do anything with the tickets other than their responsibility. It meant that if one was selling tickets, they would take the money, hand the ticket to the individual and the person who would take the tickets would make sure it did not go anywhere other than into an area which would identify that it was a sold ticket. They would then take the sold tickets, which would be numbered, identify the number of tickets sold, and reconcile it to the cash to ensure accounting of all tickets and cash. Mr. Majewski pointed out that no system was foolproof; however, they would try to ensure there was increased discussion with all of the workers and increase the monitoring of activities so that the system in place, which should be working, continued to work. He brought attention to a problem with one deposit but it was not a problem with the deposit rather it was a problem with the paper documentation getting to the business office in a timely manner.

Mr. Majewski stated that they were able to see the deposit on the records and it was done properly; however, without the documentation, they had a difficult time identifying the source of revenue. Mr. Majewski said that there were discussions with those employees, reinforcing the idea that every piece of paper and proper documentation needed to timely and completely flow through the business office. He added that there was also discussion with the employees in the business office, where it was his expectation that if they found something that was without documentation, there would be no excuse for them not to follow-up and continue following up until they received documentation. If they could not get it or had resistance in obtaining the documentation, they would then inform their supervisor who would get involved. If that person was unsuccessful, he would then get involved. He explained that one way or the other; they were going to accelerate their areas where there might be failings of documentation on transactions. He said that there had been very few of those, but he could not say that there had been none. He believed that Mr. Gorman's employees found that the vast majority of transactions were properly documented with everything attached, but it was their goal to not just have a vast majority but rather that every transaction had the supporting documentation.

Item 14 – Day Care Fund Expenses – Mr. Majewski stated there were three checks, which did not have proper supporting documentation. He noted that one was for a vendor, Michael's and another one was for Staples. He explained that there was not a lack of documentation, but it was once again in the wrong office. The employees did some follow-up and didn't receive it right away and forgot about it. It was not acceptable. He pointed out to keep in mind the thousands of transactions they did and they were two items that did not have documentation. The other item was a check for the postmaster. He explained that typically it did not have attached documentation but it was not an excuse and they were going to ensure they received an attached receipt from the post office. It was their goal to eliminate the finding. He said that they should make sure that every check written and every transaction, including revenue sources, could be supported with another type of documentation, which could be provided to the auditors to support accuracy.

Director Follweiler stated that Director McKeon earlier addressed the level of severity regarding the observations in the audit. She stated that Mr. Gorman had seven material weaknesses and a number of significant deficiencies. When he delivered the report, he used the phrase, "If the error exceeded 20 percent of materiality, it fell into the significant deficiency." She believed more than that was more serious than the material weakness. She stated that the first seven items described by Mr. Majewski were material weaknesses which were, in her opinion, very severe, and as a board, they needed to discuss the recommendations with Mr. Majewski about corrective action in the future. She thought that perhaps two months into the road, they could ask Mr. Majewski to audit the process he had put into place to ensure that the material weakness could not occur again.

Director Follweiler asked Mr. Majewski if there were written policies in place so the discrepancies could be audited at a future date.

Mr. Majewski stated there were no written policies. They had what he believed to be appropriate and good business practices. Every good business practice indicated that every transaction needed to have some type of supporting documentation. When they looked at the items he discussed, where they might be some lack of documentation, he needed them to recognize the many tens of thousands of transactions they had. The number without appropriate was small, but still too many.

Director Follweiler stated that the reason she specifically asked about the written procedures was because one of the corrective actions or explanations was due to an organizational change due to the retirement of one employee and the oncoming of another. Had there been a written work instruction, anyone coming into the position would have done it the same way due to the training of the policy. She found the more that can be put in writing, the easier it would be for the new person on the job to have a step-by-step process, such as a flow chart. She understood there was a huge number of transactions, but she also understood the reason for an audit was not to look at each and everyone of them so if a number of discrepancies were found, it usually could be extrapolated to some number or percentage of the actual transactions done. She also noted that in the explanation from administration, all were described as significant discrepancies, which concerned her that the level of Mr. Gorman's concern for the first seven to be much more severe than the second seven, perhaps was missed.

Mr. Majewski explained that there was an assumption that there was not any type of written guidelines nor was there information available to someone new coming in from the prior person. If one could put themselves into a position where they were brand new in the district and were responsible for the audit; they had all of the written documentation, but were struggling to find your way around a new building and new accounting system. He believed that Mrs. Morton did an extraordinarily job of getting herself up to speed. He added that a lot of it had to do with the fact that there was a time where the prior person who had retired came in and worked with her and had schedules and details. The fact that they were able to run as smoothly as they did with the year-end closes was a strong testimony to the fact that they had all of things in place and the one transaction he discussed where they had the issue where there was a posting, they could always improve. The material weakness they were talking about was not necessarily on the number of transactions or the weakness of the operation but it had to do with the dollar amount. It could be one transaction which could define it as a significant weakness, when in fact, if one had 100,000 transactions, then 99,999 were done well, which did not indicate that they had a weak operation. It meant that he needed to report the transaction in a certain manner in order to comply with the requirements of auditing standards.

Mr. Majewski stated that they did view them very seriously but he was far more concerned, in all honesty, if the report coming out said that they could not identify the transactions or they did not have proper recording and he could not accurately report the financial results of the school district to the board. He said that it was not true and they knew it was not true because when they were trying to make projections, the fact that they could get as close as they could by the year-end meant that they had reporting systems that accurately reported the records. He explained that with any type of audit they took a look at those and every organization, no matter how well run, there was always room for improvement. Mr. Majewski stated that they were in the middle of the trenches every day and it was the auditors' responsibility to the board and to him as well, to be able to help make a good operation run even better. He never viewed the auditors' visit as a bad occurrence, nor did he take anything they said lightly. He tried to put it into perspective and then respond to it accordingly.

Director Follweiler agreed and pointed out that she was audited yearly in her own profession and appreciated the work that went into an audit. Her real concern was that he seriously took what Mr. Gorman said, which was that the management letter was the largest he had ever written. She believed that they could learn a lot from it and they could find the areas for improvement in the next year. Her final point was that there were other items which were not in Mr. Majewski's response such as controlled deficiencies and other recommendations. She requested if the board could have a small discussion on issue that he would want to highlight which was not currently in his letter.

Mr. Majewski replied that he would be glad to take the time to review it at any time because he believed in the operation and believed they did a good job. He explained that there was a learning curve with any type of change. If one read through some of his responses, regarding a new employee, it was their people trying to learn what was expected. They did not typically have that when they had an auditor for one, two, or three years because it could run smoothly. He said that people came in, the expectations were known, and folks knew how to prepare. The auditors knew your people, knew what was where and things worked well. The first year always had some bumps and they had some of those bumps, but the second year would be different. He explained that they were a good operation, they brought in a lot of folks at one time and they needed to be prepared. He liked the way they operated. He commented that when an organization was expected to provide certain documents for a number of years in a different manner than the new auditor, they needed to adapt. He questioned if one was right or wrong with respect to what the auditors did and stated, "no." He explained that it was different and he valued the differences because it kept them on their toes. He said that he appreciated what they did and looked forward to his coming because he wanted a fresh set of eyes to look at what they did.

Mr. Majewski stated that he also needed the board to understand that it was the first time they had come into their operation and tried to tell them what type of documents were needed, had their folks look at what they were talking about, understand what was needed and be able to adapt. For example, he discussed where his folks made copies and his reasoning was that he did not like to see originals leaving the office. He commented that Mr. Gorman approached him and requested the originals. He went to his people and directed them to give them the originals because there was potential to “doctor up” copies. He did not believe they had a problem afterward. He said it was noted in the audit report and personally he was not sure why because it was resolved as soon as it was requested. Mr. Majewski concluded that when they looked at some of the issues, he did not believe they were material weaknesses but were part of a learning curve.

President Leeson questioned Mr. Gorman, stating that she was aware that auditors changed at times so he went into new situations frequently. She pointed out that he told them that it was the largest management letter ever written. She asked if he found other municipalities and school districts to have the same learning curve or same type of situation.

Mr. Gorman replied, “yes.” He stated that he took over another school district last year and they had a ten-page management letter. He explained that his techniques, audit philosophy, and procedures found more problems than some of his peers. He said that it did not necessarily mean that his peers did a bad job but it just meant that he was more thorough in the job that he did. He pointed out that he discovered things that might not otherwise be discovered. Mr. Gorman stated that Director Follweiler was correct with regard to the large dollar amounts of the material misstatements and it only took one transaction to create the problem (a.k.a. the \$2,500,000 transfer as a perfect example). He replied to Mr. Majewski’s comments about the operation to at least enlighten the school board. He explained that most governments, with some exceptions to the rule, record their records throughout the year on the cash basis of accounting. He listened earlier that Mr. Majewski did projections and he did not think he necessarily did it based on cash. He thought that he tried to combine it with the basis of accounting, which was used in the general fund, which was modified accrual. He knew that Mr. Majewski was using more than cash numbers, but his records that were maintained in the business office, were maintained, for the most part, on the cash basis of accounting. He noted that expenses were recorded throughout the year when the bill was paid and receipts were recorded when the money came in and not when it was anticipated. Normally, what happened in most governments was that at the end of the year, reconciliations were done or should be done at staff levels to reconcile and record the unpaid bills at the end of the year and to record the anticipated revenues that met the criteria to report it as receivables at the end of the year. Mr. Gorman said that a lot of the issues pertaining to the material weaknesses and significant items had nothing to do with the cash transactions.

They did not find any documentation problems with the majority of the transactions which occurred in the school district. Those noted were some documentations missing in daycare, very minor ones in the athletic fund and no documentation problems in the general fund, as it pertained to the payment of the bills. There was proper documentation and proper approval process throughout the whole process. They did notice that the recognized receivables and recognized unpaid bills were inaccurate. Mr. Gorman pointed out that the balances on the books were wrong and if an asset was wrong, it meant that the revenue had to be wrong during another time period. He said that if the liability had the wrong balance, it meant that the expenditure side was wrong. It had an effect on the overall bottom line of the fund balance if an asset or liability balance was incorrect, so the issues had a material effect on the overall financial position of the school district, which was why they were included in the report. He classified them, with some exceptions, as reconciling problems and problems in the reconciliation process towards the end of the year when somebody was trying to determine the unpaid bills at the end of the year and what were the revenues anticipated to come in but would not be in until July 1 or thereafter. He commented that some of that recording, in the past years, when he was not the auditor, were inaccurate, which he and his group detected. They were material differences and as a result they had to make adjustments to the opening fund balance.

Mr. Gorman expressed that there were other issues such as accounts payable. He took exception to Mr. Majewski's statement that it was something they demanded. He said that each auditor was different and he understood where Mr. Majewski was coming from, because if one was never asked for the information in the past, they did not necessarily provide it, unless requested by the auditor. He stated it was obvious that he did not receive the requests in the past because it was a procedure the prior auditor did not choose to do, which was their option. One of the procedures he performed was to request all of the unpaid bills at the end of the year to tie them to what was recorded on the computer system as the unpaid bills or the account balance. Mr. Gorman explained that they could not provide it and they did not know what made up the accounts payable. He made certain adjustments and found one major error in recording a transaction. They had \$1,600,000 of unpaid bills and nobody could tell him how it was composed. He explained that it had nothing to do with his request but it was a problem with the controls because of the way the system ran, the invoice posting lists were the only evidence that anybody could provide to show him what made up the balance. The invoice posting lists were destroyed because after the ladies posted the invoices into the system and the bills went for payment, subsequent to that, they destroyed the invoice posting list. He noted that the problem, which they did not recognize at the time, but he had since made them aware, was that they could not show him the balance and what made up the balance at that point in time because the system did not have that kind of detail. If one looked at the detailed transactions that flowed through the accounts payable liability account, they would not find sufficient detail regarding the ending balance.

Mr. Gorman stated that it was almost humanly impossible to trace every debit and credit in the account. The time consumption alone would not be cost effective. He said that as a general rule he did not want to demean the fact that they had a lot of hard working people and a good staff of hard working personnel to do the best job as possible. For the most part they maintained good record keeping. He could not state when the issues originated and noted that a lot of the issues originated prior to the 2007-2008 fiscal year. He was trying to bring attention to them so they were corrected in the future. He could not answer why they occurred. Mr. Gorman said that he interviewed and asked some of the staff. Some told him that balances were on the books like that for five years. One person told him that the tuition payable issue they talked about which Mr. Majewski had a hard time understanding why the former assistant business manager debited one payable and credited another. He pointed out that he was told by one of the staff accountants that it was done that way for twenty years. Although it did not have an affect on the fund balance, it created two inaccurate account balances on the balance sheet. He added that they offset each other so it did not affect the bottom line but it did not make the error right; it was still wrong.

Director Tenaglia referred to page 10 – “Other Auditor Recommendations,” where Mr. Gorman reviewed the following:

- The request for management to provide an electronic file.
- The request for management not to make any further adjustments to the books and records after the soft close
- The discovery that district personnel had made numerous adjustments to the grant fund subsequent to the soft close, which required the auditing staff to spend an additional 18 hours to reimport files.
- The business administrator informed the auditor that he gave instructions to everyone not to post any adjustments to the computer system
- At the start of the audit difficulty was encountered during the interim visit with district personnel. They requested invoices over a certain dollar amount to be pulled, but it was not done. Initially, photocopies of documents were provided when originals were requested.
- During the course of the initial fieldwork at the end of August and beginning of September, they discovered that the district was not prepared for the audit. The Eden fund balance had to be eliminated by auditors to match revenues because district personnel did not have the time to perform the adjustments.
- Bank reconciliations were not completed for June 30, 2008.
- They realized that it was the first audit conducted by their firm for the district and that personnel might not have been familiar with the audit approach, but management was aware in June 2008 that they would be conducting fieldwork beginning August 26.

Director Tenaglia commented that it seemed that the district was not prepared, they did not follow instructions, and they came in during August and things had not been done since June. He brought attention to the corrective action plan on page 122 and stated that management's response was that it was a result of a dismal fund balance position of the school district, current debt market conditions, and the unwillingness of a new board to discuss the Nitschmann project. Director Tenaglia commented that he found it to be a total mischaracterization of the board's position with regard to Nitschmann.

Director Tenaglia reflected on the accounts payable situation and the retention of invoice postings with a \$1,600,000 adjustment. The balance of the state subsidy receivables had an incorrect for 5 years having a \$1,300,000 adjustment. The capital reserve technology fund had no documentation for year-end invoices. The food service account had \$168,000 in accounts receivable. He did not understand why they had such a large outstanding balance. He noted the discrepancy of approximately \$120,000 between what was shown as outstanding and what was turned over to Creditech. He did not find that to be an immaterial amount of money. They talked about payroll liabilities, which were incorrect by \$133,000. Director Tenaglia commented that it did not sound as if the auditor was pleased with the overall preparation and financial performance of the district.

Mr. Gorman replied that it could improve dramatically. As far as the comments regarding the preparation of the beginning visits for the audit; he explained that he made multiple visits and one of the things he asked was for clients to pull invoices over a certain dollar amount for each particular fund. They did not know the dollar amount until he sent them a letter. The staff pulled invoices with the documentation of the items which exceeded the dollar amount. Instead of spending time and charging clients to pull the invoices out of the files, his staff could look at the invoices and verify accurate documentation, verify whether the items were true legal expenditures of the school district and were recorded in the proper period and recorded with the proper value. He explained that none of the invoices were pulled at the time they requested when they first arrived. He noted that he communicated with the assistant because Mr. Majewski gave her the list of requested items at the time of their first initial visit. They were told that they could not pull the invoices because there was a pulled cash account and there was no way to determine what bills were paid out of which funds. He stated that the check register run was not run by fund and the check register in the Eden system did not state the account number where it was posted, so it was very difficult to be able to take a check register and be able to pull the invoices from the 2005-2007 Capital Projects Fund, from the athletic fund, the activities fund, the capital reserve fund, or from the general fund. Mr. Gorman stated that everything he stated was true and there was a way to do it but it required a lot of work. He said that they had to make up the lists to get the invoices pulled.

Mr. Gorman stated that he did not believe it was his function as the auditor and he had an issue with it and brought it to attention so that it would be corrected for future audits. He added that his staff spent approximately 47 hours of time to devise the lists, separating the checks by fund, where they pertained, in order to get the invoices pulled by the accounts payable staff. He thought there was a combination of problems with people below Mr. Majewski's level not understanding how to pull the lists because they were never requested to do so in the past. He could only go by the information he received. He did not work for the previous firm and did not know their procedures in their work program and only went by what he requested in his program. Mr. Gorman explained the reasoning why the information was included was for management to take the corrective action so that future audits flowed more freely with less troublesome problems from a clerical standpoint. The errors were listed as material weaknesses because the dollar amounts were material and were material adjustments that had to be made in order to get the records as close as possible to accurate. He reiterated that there were issues and problems, which needed to be addressed. For example, the first one listed was like a nonrecurring issue which would not occur and if somebody in a supervisory role reconciled the asset and liability balances before the auditor arrived and verified that the balances were correct, they would not have future issues. He had hoped that by bringing attention to it would prevent it from happening in the future. He added that a lot of the issues were somewhat inter-related because they pertained to balance sheet, asset, and liability accounts. If they fixed one, it would be very easy to fix the others. Mr. Gorman concluded that it did not matter whether he was auditing the district for the second, third or twenty-sixth year; he was different every year and that was why he had clients for over 30 years. He noted that his procedures changed on an ongoing basis.

Director McKeon commented that he was very disappointed with the outcome of the audit. He hoped the deficiencies would have been much less. He had some concern with the opening balance, which made it difficult for Mr. Gorman to reconcile. He also had concern about people taking inventories and then destroying the records, which compounded the issue. It bothered him because if it had been audited in the past, one of the requirements would be not to destroy anything. He was also concerned about the lack of collection on the student food accounts. He thought it was a lot of money out there that could have been utilized for something else. He commented that it was sitting out there and probably this year, those same families who were deficient with their bill might be incurring another bill this year.

Mr. Majewski responded that Director McKeon's assumptions were wrong. The people who were involved were typically in a position where they applied for a free or reduced price lunch and until they were approved, they were expected to pay, but they would not. The balances were turned over to collection and they did not just forgive them.

Mr. Majewski did not believe the board was in a position to say that if a person did not have money in an account, they would not feed them in school and make them go hungry. He explained that it would be the decision if they did not want a deficit balance. He thought it would be contrary to their policy. They tried to work with the families and parents to correct the problems. There was in excess of \$4,000,000 in the account with some carried over that might not have been collected. They did make the effort to collect and they had a limit with the people who owed the district money. After they had a large balance and had missed payments, they were not provided with hot lunches, but rather a cold lunch. It was a very touchy area when it came down to children, unless they wanted to take a hard line and say that if a student owed money, they would not be provided with food and as a result they would not have the calories to pay attention in the classroom. He thought they did a fine job of balancing by putting pressure on the families to collect the monies and trying to weigh the needs of the students.

Director McKeon stated that collegiately, if one did not pay the bill, they did not graduate, whether it was a parking ticket or a book bill. It seemed petty but he thought it could be considered as a mechanism. He thought that pressure should be placed on the collection agency to be more proactive. He also brought attention to athletic sales and was concerned that when he attended wrestling and basketball matches, he casually observed that they still were not tearing the tickets. He pointed out that the entire ticket was being handed over to the ticket collector, which could create a flaw of potentially "double-selling" the ticket. He said that Mr. Gorman would never see it because if they took that overage of cash out of the till, it would be gone. He thought the ticket should be torn and the ticket buyer given the other half. He was also concerned about the tax collection agencies being slow to turn over tax dollars. He assumed the city of Bethlehem charged a fee and inquired if the cash receipt came in net of fee.

Mr. Majewski replied that the cash receipt came in as gross and they would be billed a fee so the two transactions were kept separate.

Mr. McKeon commented that if they were not in compliance, then they should serve notice that the fee would not be paid.

Mr. Gorman stated that the biggest problem was not just the school district's problem. He said that the employees tried diligently to proof out the duplicates. They got to the point where they were ready to throw up their arms because the money was coming in, but the city could not tell them whether it was for a current tax duplicate or an interim real estate bill, and that was where the underlying problems in proofing out the duplicate. They were not doing it from a tax collector's standpoint, which they should be, and if they were not, then Mr. Majewski's staff had to do it.

They were not able to do it, which was why there was an undistributed tax account. The staff did not know where to put it because they did not know what made up the incoming taxes. They were not being provided the information on a timely basis.

Director McKeon responded that the issue of having the money inhouse and having to reclassify it was minute to him. The issue was an agency or a collector being slow in turning the money over to the district. He commented that it was nice cash flow for a location such as the city of Bethlehem. His issue was not the redistribution or reassignment of the tax receipt but rather if they were slow, he thought it might have been a tactic. Director McKeon thought they should be given one warning and if it happened again, they should not pay their fee. He concluded that he was absolutely disappointed in the outcome of the audit.

Director Amato stated that he understood they had an audit report which caused everyone to feel that they did not have a good accounting process. He pointed out that he sat on the board for 14 years and recalled that they previously had three other auditors. They did not spend the amount of time going over those reports, in the past 14 years, that they spent tonight. He asked if they had three of the worst auditing companies in the country that came in to the district and told them they were doing fine. He commented that suddenly they get someone who told them they were “going to hell in a hand basket.” He said that Mr. Majewski and his group had taken the audit report, recognized their deficiencies, and would put a process in place to correct it. He asked if they would sit at the meeting until midnight to continually beat Stanley and his group or would they move on. He thought they did enough criticism in the last 55 minutes and now Mr. Gorman was chiming in again. He thought it to be unprofessional and wrong.

President Leeson responded that they had a responsibility to the citizens who paid tax dollars.

Director Amato interrupted stating that they had the same responsibilities over the last 14 years and those auditors did not find anything wrong, to this magnitude, with their process.

Director Dexter requested point of order, stating that she wanted President Leeson to be allowed to finish her thoughts as the chairperson of the meeting. She stated that she would like to hear a response about the audit from Dr. Lewis. She did not mean going point by point because they heard it from Mr. Majewski. As the chief officer of the school district, she wanted to know Dr. Lewis’ reaction to the audit recommendations and what he believed needed to be done as a follow up in administration to ensure that next year’s audit would not have these difficulties.

Dr. Lewis replied that he had read it multiple times and thought it was perhaps a classic case of fact that was absolutely ascertainable and he thought that Mr. Gorman and his team found those facts. His overall impression was that they needed to be cautious that they did not look at weaknesses, whether they were material or significant, and translate that into blatant mismanagement and fraud. He thought that it was noted by Mr. Gorman. Dr. Lewis stated that he did not want to overgeneralize, but, from his perspective, he was always concerned that the bottom line balanced and something was not askew. He thought there were some very valid suggestions and was convinced that Mr. Majewski had internally dealt with his staff in those areas. Dr. Lewis also noted that Mr. Majewski disagreed with Mr. Gorman on some points and because he was not an accountant, he would not weigh in on one side or the other on those opinions, because he thought they might be a matter of practice or interpretation. It was his position that when an auditor came in, they should be given what they requested, in the manner which they asked, and in a timely way. He thought there was no question that there was a learning curve and he did not think that Mr. Majewski pointed at everything as being the result of a learning curve. He thought there was some genuine disagreement. Most importantly, he thought there were some very hard recommendations that needed to be corrected in the area of reconciliations, in a timely way and before year's end. Dr. Lewis expressed that he thought Mr. Majewski had addressed it such as the 10-month employee versus a 12-month employee being in charge of reconciliation. He said that Mr. Majewski and his entire cabinet knew how he felt about redundancy, noting that they needed to build in redundancy in the divisions and he thought he was constantly doing it. When someone left, they needed to have someone else who understood how processes occur. A reporter recently asked him if he had confidence in Mr. Majewski and the answer was unequivocally "yes." He explained that he had worked with a lot of business managers and pointed out that it was a highly technical area. He agreed with Mr. Gorman in that one major misplaced number such as \$133,000 or \$2,500,000 resonated throughout the entire balance sheet. He thought the long and the short of it was that there were some very valuable recommendations, which he believed were put into practice. He believed that it was the first go around with the auditing firm having some learning curves and he thought it was a good idea that throughout the year, they periodically look at how adjustments were implemented and if reconciliations were occurring in a satisfactory way to Mr. Majewski and his staff.

Director Dexter stated that the response to the reasons for the transfer of the \$2,500,000 from the capital reserve to the general operating budget was incorrect and not factual. She inquired if Dr. Lewis drafted the response or had anything to do with it.

Dr. Lewis replied that he did not draft it and stated that Mr. Majewski noted that he was the originator of all of the responses. He did not want quibble over it, but he thought the one point that people were a bit testy about was the line that said, "the unwillingness of a new board to discuss the Nitschmann project."

Director Dexter commented that it was not the whole thing. She pointed out that all three reasons were unfactual.

Dr. Lewis said that it could have been drafted to simply state that Mr. Majewski premised his move on the fact that in the school code, when monies were not used within a five-year period, for their intended use, there was the ability to move it. According to the municipalities act, it was not permitted. He thought that Mr. Majewski was trying to explain how his rationale was developed.

Director Dexter addressed the discussion regarding the current state of debt service, the current state of the fund balance, and the unwillingness of the new board to consider the Nitschmann project. With regard to the unwillingness of the new board, she asked Dr. Lewis to realize that the new board was not even elected at the point when the transfer was made and just a month prior to that, she believed that President Leeson suggested the assembly of a citizen's task force to look at the Nitschmann options, so it was really under consideration at that time.

Dr. Lewis replied that he recalled it and he said that he could not answer for Mr. Majewski but his interpretation was that it was a result of the dismal fund balance, which could not be denied and the current debt market conditions, which could not be denied. As he stated, if they were talking about a revision, he thought the fact that the Nitschmann project was improbable or would not be funded because of...he thought that he was simply elaborating. He concluded that he looked at items one, two, three as Mr. Majewski trying to explain his rationale.

Director Koch addressed point of order. She asked Attorney Spry if they were crawling dangerously close to a discussion of a district employee. She thought they were embarrassing the hell out of him and they should not be doing that.

Attorney Spry replied that the questions were really related to what was in the corrective action.

Director Koch expressed that she heard many discussions about what Mr. Majewski did or why he did them and so forth and to her that was discussing an employee. She thought that discussion should happen in executive session.

Attorney Spry responded that he did not think it was an issue and at this point he thought the questions related to the rationale for the corrective action.

Director Dexter stated that her real concern about that particular answer was her view that what was stated in there was not truthful and the audit did not just rest with the district. She said that the audit went to the state, other financial institutions, and it was out there for the public. Her real concerns were associated with all three reasons given and she did not care if it was Mr. Majewski or Dr. Lewis who responded, but at the time they made the transfer, they did have a fund balance, or so they were told. She said that in November 2007, they were told that they had a fund balance and it was not a large one. She thought the minutes stated that it was \$524,000 and as it turned out, retrospectively, they probably didn't have that much. The fund balance was not the reason in September 2007 and the current debt service, which existed now, could not have been the reason in September 2007 because that situation also was quite different than what it was. In fact, in March 2008, they had a presentation from someone who came forward to tell them that the debt market was good and to borrow more money so that they might build Nitschmann, which was actually the discussion they had. Director Dexter stated that her question really had to do with how they came up with that reason. She knew that they would not make that kind of transfer again, but the underlying problem for her, in particular, was how it happened that the explanation was written which she did not think had a basis in fact.

Dr. Lewis replied that he did not write it and deferred to Mr. Majewski. He expressed that he gave her his interpretation as honestly as he could answer.

Mr. Majewski responded that everyone could view their facts differently. He noted that Director Dexter's opinion and his opinion would be different. When they looked at the response and if they were looking at the audit itself and trying to resolve audit issues, to be hung up on that right now missed the bigger point of the issue with the capital reserve transfer, which they would not do again. Anything beyond that, with it, might tend to be just down to ego and who felt that they were right and wrong. When it came down to taking a look at how one felt about the interpretation of how things were said versus another person, it was just that two people agreed sometimes to disagree. It was not intended to be malicious. It was intended to be able to make a statement and they might have viewed it differently in order to be able to support why the transfer was there, but it was never intended to be anything malicious nor should it be viewed as being in that manner. Whether or not it was inaccurate; he thought it was like anything else when one looked at the facts and they interpreted them as they saw it. It did not necessarily make one right and one wrong.

Director Dexter commented that she was not in it for an ego thing. She stated that as the business manager for the district, her concern was that the board could rely on your credibility and the credibility of the finances.

When she saw that in there, and looked back to see if it was really justified and she did not really hear an explanation except to say, "Oh well, let's not focus on that," it caused her great concern. If she did something like that, she would be looking at the books herself. She noted that when she looked back at the discussion about the transfer in the budget hearing minutes, she found that it was recommended to the board in order to give money back to the taxpayers and in other words, that they not tax additional money. By that she realized that the transfer was not recommended in a malicious way and she agreed with Mr. Majewski there, but she was puzzled why that explanation wasn't in the report. When there was an explanation that was not true, it more than puzzled her; it astonished her.

Mr. Majewski referred to Section 690 and commented that she would then be less astonished and probably more educated as to why some of those things were constructed in that manner. He explained that when the board put money into an account under Section 690, if the reasons for its use did not materialize, then they had the ability to be able to transfer it back. They needed to be able to justify if they were going to make the transfer and the reasons did not materialize. It was what came down to the basis for it, so it was not about his credibility. He stated that he would hope that there was a whole lot more when one takes a look at a person's actions over a period of time and in her view of the statement which made her have that type of judgment about his credibility. The section itself defined that there was no longer the need, so the justification would end up supporting what the section said at that time. Further follow-up after this was written and had to do with the review and with Mr. Gorman on the municipal code. Mr. Majewski said that his interpretation was absolutely correct, which was why he was not arguing against it. He explained that it was written prior to that time and he was sorry that it troubled her or that she felt there was a lack of credibility, but when one looked at the law, it tailored into the justification to allow for it to occur.

Director Follweiler spoke to Director Dexter's point and stated she might be confused. She noted that Director Dexter stated that she found in the meeting minutes that the transfer had occurred in September 2007. She asked if Mr. Majewski agreed that the transfer occurred in September 2007.

Mr. Majewski stated that he agreed.

Director Follweiler commented that she would say that the new board took office in December of 2007, so therefore Director Dexter was correct in that it could not be the unwillingness of a new board because in September 2007, those folks had been in office for a minimum of a year and a half or almost two years.

Mr. Majewski noted that when one looked at the board which was seated in 2003, it was different in 2007 by any way, shape, or form with the membership. It would be the new board because it might be different than in 2003 when the money was deposited. They were taking a look at the new board based upon the current activity in membership. Because of the differences that had occurred on the board, she was taking a different view of the new board, whereas the board that was in 2003 might not have been the same board in 2007 by several people. It would have been the new board because it was a different composition than in 2003. He knew there were now issues but when they took a look at how he would have stated "new board," it was not a political response. It raised the fact that in 2003 there were different members than in 2007.

Director Follweiler replied that she understood his statement better now because she interpreted, and thought that Director Dexter stated, that he meant the current board by the new board.

Dr. Lewis stated that it did not say current board, but rather "a" new board.

Mr. Majewski said that it had to do with different membership when they looked at when the money was deposited.

Director Dexter pointed out that she thought that she was the only member that was different from 2003 and she threw her full support behind the Nitschmann project.

Mr. Majewski commented that he believed that they had some differences where they had appointments. Even one, two, or three people were different on the board. He knew there were views between board members and the way they viewed each other or even administration, but when he stated the "new board," it had to do with the fact that it was not exactly the same board so it was not a recognition of new versus old in the way it was presently viewed. It was new versus comparing 2003, which was in effect during 2007-2008. He stated that he needed to try to separate some of the current feelings that one might have and just take a look at the fact that it was different and the board was new.

President Leeson requested to ask Mr. Gorman a question. She stated there were two issues on fixed assets and Mr. Majewski noted that they would be very difficult to remedy. She asked if Mr. Gorman had other school districts that were able to remedy their fixed asset issues.

Mr. Gorman replied that it was a big issue dealing with the new current accounting principles that governments had to follow so it would not be easy. It was not an easy accomplishment because of the limitation of resources, meaning personnel to be able to keep track of fixed asset records.

Mr. Gorman agreed with Mr. Majewski in that regard. He explained that there were multiple issues in the finding with one having to do with the fact that it would not require a lot of money. When GASB Statement 34, which changed the financial reporting model for governments, came out in 1999, one of the requirements was to record capital assets and to keep records to depreciate those assets over time, including the value of land. When the appraisal was done a number of years ago, the land was never valued. He could not tell whether they were told to do so or weren't told or if it was an oversight. He recommended that management either contact the appraisal company or take action on their own to go to the courthouses in Lehigh and Northampton Counties to try to get the value of the district owned land. It would actually increase and support a better financial position as the government as a whole than what was presently there because there were missing assets, which were not recorded on the books. He explained that they were not general fund assets and it had nothing to do with their annual budget, but rather the government-wide statements that reported all of the assets and all of the liabilities, including all debt. He noted that there were some asset values missing because the land was never appraised. They were supposed to report or record the historical cost of the land or an estimate of the cost and use the price level tables published by the Department of Commerce. If they knew when the land was purchased, they could go back to the year to find the price level index to multiply out the values. Mr. Gorman said that most of his clients' appraisal companies did so, but there were a couple that had forgotten and went back to revisit the issue to attempt to record it. He noted that the district owned a lot of land, but they had to consider when the land was purchased so it might not be a lot of money. He suggested that someone look at it to help increase the valuation of assets. A tagging system was a challenge for every government, because it required manpower. By using appraisal companies and custodial staff to the best they possibly could, there was a struggle to keep an accurate count. He pointed out that 95 percent of capital assets were in nonmovable form such as a building, an attachment to the building, playground equipment, large boilers, or wall fixtures. He said he would need a tag to determine whether a purchased copier existed because it was a movable object, such as the laptops. He noted that the technology system operation was excellent at the present time. They had taken steps to remedy the previous problems with the theft or disappearance of laptops.

President Leeson asked the board if there were any more questions or comments.

Director Tenaglia brought attention to the memorandum from the superintendent regarding the Ninth Grade Technology Challenge. He explained that it was a result of the budget hearing and stated that none of the twenty students who took the test achieved the 90 percent criteria to test out of the course.

The memo also said that the adjustment began two years ago when they first realized that students entering ninth grade already had the skills being taught. Director Tenaglia found that statement to be somewhat contradictory to the fact that the 20 students who took the test did not pass it.

Dr. Lewis replied that the students who took the test did not take the course. He said that the rigors of the course were changed which was the intention of the statement. It wasn't the rigors of the eighth grade program that were changed but the rigors of the ninth grade program were changed in response to the fact that there were many kids coming in who said, "I already have these skills," along with teachers telling them that they had the skills. The course was changed and was totally refocused which was why that set of skills were given to those students who wanted to test out and they didn't make the grade. Director Dexter stated that at the recent Curriculum Meeting, she requested research to support the specific recommended curriculum. She said that she received approximately 800 pages of articles and read probably 600 pages, but she really wanted administration to hone in and provide her with the research which they felt best supported the idea that the specific curriculum they were proposing for Broughal served the needs of the students. Director Dexter noted that some of the articles which she received were quite interesting and were about education in general, high school drop-outs, the need for America to become more competitive with other nations, Arkansas high school students and how their college professors perceived them, and the fun of blogging, but she requested the research. She explained that she did not need it printed, but just wanted to know about the studies which told them that the programs they had developed would be successful in educating their students in science, so they would reach the goals stated.

Dr. Lewis agreed to obtain the information.

Dr. Lewis presented the following Recommendations of the Administration:

RECOMMENDATIONS
OF THE
ADMINISTRATION

Director Follweiler asked if Item 20, the budget transfers, was discussed. She recalled discussing the treasurer's report and the monthly bills.

President Leeson stated that they did not necessarily discuss it but all three items were together, so they voted on those three items. She noted that there was the opportunity for questions and did not believe there were any at that time. She asked Director Follweiler if she had a question on the budget transfer.

Director Follweiler replied that she wanted Mr. Majewski to explain it.

President Leeson recommended going through the first 19 recommendations and then they could request Mr. Majewski to address the issue.

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° Information Item Only

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.

The administration's recommendations 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, and 19 were considered together.

**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.

The administration's recommendations 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, and 19 were considered together.

**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 LOAN COMMITMENT 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 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 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, from time to time, its School Revenue Bonds (the “BASDA Bonds”) in an aggregate principal amount sufficient to lend the School District the funds required to undertake 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 97% 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 hereto as Exhibit “B”.

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 thirty (30) 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 "C" 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 as set forth in the "Term Out Loan" schedule included in Exhibit "C". 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 "C".

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 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.

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 "B"

FORM OF GENERAL OBLIGATION NOTE

UNITED STATES OF AMERICA

COMMONWEALTH OF PENNSYLVANIA

BETHLEHEM AREA SCHOOL DISTRICT

(Northampton and Lehigh Counties, Pennsylvania)

GENERAL OBLIGATION NOTE,

SERIES OF 2009

\$41,000,000

, 2009

KNOW ALL MEN BY THESE PRESENTS, that BETHLEHEM AREA SCHOOL DISTRICT, Northampton and Lehigh Counties, Pennsylvania (the "School District"), for value received, hereby acknowledges itself to be indebted and to pay to the BETHLEHEM AREA SCHOOL DISTRICT AUTHORITY or registered assigns, the principal sum of FORTY ONE MILLION DOLLARS (\$41,000,000), and to pay interest from _____, 2009 on the unpaid principal amount hereof at a variable rate plus certain ongoing expenses equal to the School District's Rate (as defined in the hereinafter-mentioned Agreement), and to pay all other amounts due under the Agreement (as defined below), provided however that in no event shall interest be payable at an annual rate in excess of thirty percent (25%) per annum. Interest on this Note shall be calculated on the basis of a 365- or 366-day year for the number of days actually elapsed. Interest on this Note shall be payable on the first Business Day of each month, or such other day as shall be determined in accordance with the hereinafter-referenced Indenture and as set forth in the Agreement, commencing with the first month following the issuance of this Note (each an "Interest Payment Date") to and including _____, 20___. The principal of this Note shall be payable in installments on the dates and in the amounts set forth in Exhibit "A" hereto. Principal of and interest on this Note are payable in lawful money of the United States of America upon presentation of this Note at the corporate trust office of Manufacturers and Traders Trust Company, as loan paying agent (the "Loan Paying Agent"), in Harrisburg, Pennsylvania; upon presentment hereof any such payments shall be noted by the Loan Paying Agent hereon.

This Note is a duly authorized note of the School District designated as "General Obligation Note, Series of 2009." This Note is issued in accordance with the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, as reenacted and amended (the "Act"), and pursuant to a Resolution of the Board of School Directors of the School District duly enacted on _____, 2009 (the "Resolution"). The Note is issued for the purpose of

financing or refinancing a capital project of the School District and toward the costs of issuing the Note.

This Note may be prepaid at the option of the School District upon 45 days prior written notice to the Loan Paying Agent as a whole or in part as more fully provided in the Agreement.

Under the laws of the Commonwealth of Pennsylvania, this Note and the interest thereon shall at all times be free from taxation within the Commonwealth of Pennsylvania, but this exemption does not extend to gift, estate, succession or inheritance tax or to any other taxes not levied or assessed directly on this Note or the interest thereon. Profits, gains or income derived from the sale, exchange, or other disposition of this Note are subject to state and local taxes.

This Note is in registered form and is transferable by the owner hereof by assignment registered on the books of the Loan Paying Agent The School District and the Loan Paying Agent may treat the registered owner of this Note as the absolute owner of this Note for the purpose of receiving payment hereof and of interest due herein for all other purposes and neither the School District nor the Loan Paying Agent shall be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal of or interest on this Note, or for any claim based hereon, against any member, officer or employee, past, present or future, of the School District or of any successor body, as such, either directly or through the School District or any such successor body, under any provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, and all such liability of such members, officers or employees is released as a condition of and as consideration for the execution and issuance of this Note.

It is hereby certified that the approval of the Department of Community and Economic Development of the Commonwealth of Pennsylvania for the School District to issue and deliver this Note has been duly given pursuant to the Act; that all acts, conditions and things required by the laws of the Commonwealth of Pennsylvania to exist, to have happened or to have been performed, precedent to or in the issuance of this Note or in the creation of the debt of which this Note is evidence, exist, have happened and have been performed in regular and due form and manner as required by law; that this Note, together with all other indebtedness of the School District, is within every debt and other limit prescribed by the Constitution and the statutes of the Commonwealth of Pennsylvania; that the School District has established a sinking fund for this Note and shall deposit therein amounts sufficient to pay the principal of and interest on this Note as the same shall become due and payable; and that for the prompt and full payment of all obligations of this Note, the full faith, credit and taxing power of the School District are hereby irrevocably pledged.

The School District and the Bethlehem Area School District Authority (the "Authority") entered into a Loan Agreement dated as of _____, 2009 (the "Agreement"). The Authority has assigned certain of its rights under the Agreement to Manufacturers and Traders Trust Company, as trustee under a Trust Indenture, dated as of the date of delivery of the hereinafter-mentioned Bonds, as amended (the "Indenture"). The occurrence of an Event of Default under the Agreement shall constitute an Event of Default hereunder, whereupon the Authority or the Trustee may pursue any remedies under the Agreement or the Act. The

provisions of the Agreement are incorporated herein by reference.

Pursuant to the Indenture, the Authority has issued its \$41,000,000 School Revenue Bonds (Bethlehem Area School District Project), Series of 2009 (the "Bonds"). The "School District's Rate" as used herein means the School District's Rate (as defined in the Agreement) in effect from time to time.

This Note shall not be entitled to any benefit under the Resolution nor be valid or become obligatory for any purpose until this Note shall have been authenticated by the Loan Paying Agent, by execution of the certificate endorsed hereon.

IN WITNESS WHEREOF, Bethlehem Area School District, Northampton and Lehigh Counties, Pennsylvania, has caused this Note to be signed in its name by the signature of the President of the Board of School Directors of the School District and its corporate seal to be hereunto affixed and duly attested by the signature of the Secretary of the School District.

Bethlehem Area School District
Northampton and Lehigh Counties, Pennsylvania

By: _____
President, Board of School Directors

(SEAL)

Attest:

Secretary

AUTHENTICATION CERTIFICATE

This Note is the Bethlehem Area School District, General Obligation Note, Series of 2009, described in the within-mentioned Resolution.

Manufacturers and Traders Trust Company, as Loan
Paying Agent

By: _____
Authorized Representative

Date of Authentication: _____, 2009

EXHIBIT “A”

Principal Amortization Schedule

**Principal
Payment Date**

**Principal
Payment (\$)**

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 2nd 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.

The administration's recommendations 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, and 19 were considered together.

**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, AND WHICH ARE SECURED BY THE GENERAL OBLIGATION NOTE, SERIES OF 2007 OF THIS SCHOOL DISTRICT, 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, associated with the 2007 SBA Bonds; 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 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 multiple series 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 and the CMS Swap to the 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 Refunding Note), (2) any payments by BASDA under the Fixed Payer Swap, (3) any payments by BASDA under the CMS Swap, (4) 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), 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 amendment 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, 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 Swaps to BASDA.

SECTION 2. The Board hereby requests BASDA, in accordance with the 2009 Refunding Note Resolution, to issue and reissue the BASDA Bonds and accept the transfer of the Swaps 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" and to name BASDA as the counterparty to JPMorgan thereunder. 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 Swaps, 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 the Bank Bonds Rate 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 Swaps, 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 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 SBA 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

APPENDIX B

AMENDED CONFIRMATION TO Fixed Payer Swap

APPENDIX C

AMENDED CONFIRMATION TO 2007 CMS SWAP

APPENDIX D

NOVATION AGREEMENT

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 \$14,000,000. 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.

The administration’s recommendations 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, and 19 were considered together.

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

RESOLUTION

INCURRING NONELECTORAL DEBT TO BE EVIDENCED BY GENERAL OBLIGATION BONDS IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF ONE HUNDRED MILLION DOLLARS (\$100,000,000), 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 1998 and Series A of 2001; and

WHEREAS, WCTMA, at the request of the 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 School Board has determined to optionally redeem and retire the outstanding principal balance of the 2003 Note, and terminate 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 under the terms of the Fixed Payer Swap does not exceed \$14,000,000 (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 Million Dollars (\$100,000,000) (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 and (iv) pay the costs of issuing the Bonds (collectively, the “Refunding Project”), 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 _____ (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 Refunding Project, 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 depository 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 Refunding Project, 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 Project 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 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 fifteen (15) 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 depository 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 depositary 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
\$95,000,000 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>
2009	6.00%	\$,000
2010	6.00%	\$,000
2011	6.00%	\$,000
2012	6.00%	\$,000
2013	6.00%	\$,000
2014	6.00%	\$,000
2015	6.00%	\$,000
2016	6.00%	\$,000
2017	6.00%	\$,000
2018	6.00%	\$,000
2019	6.00%	\$,000
2020	6.00%	\$,000
2021	6.00%	\$,000
2022	6.00%	\$,000

*Includes principal maturities and mandatory sinking fund redemptions.

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 June 1, ____, 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 June 1, ____, 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 June 1, _____, 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 depository, 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

Name (the "Transferee")

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.

The administration's recommendations 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, and 19 were considered together.

**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

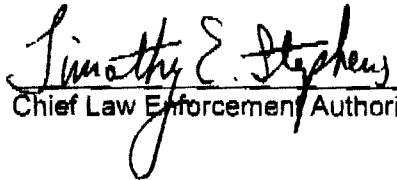
1. The release of information concerning incidents reportable to law enforcement authorities/emergency responders pursuant to the term of this Memorandum of Understanding shall be coordinated between law enforcement authorities and school entities.
2. The parties shall release as much information as 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.

The administration's recommendations 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, and 19 were considered together.

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.

The administration's recommendations 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, and 19 were considered together.

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.

The administration's recommendations 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, and 19 were considered together.

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.

The administration's recommendations 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, and 19 were considered together.

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.

The administration's recommendations 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, and 19 were considered together.

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

The administration's recommendations 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, and 19 were considered together.

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

The administration's recommendations 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, and 19 were considered together.

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 |

The administration's recommendations 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, and 19 were considered together.

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

The administration's recommendations 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, and 19 were considered together.

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

The administration's recommendations 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, and 19 were considered together.

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).

The administration's recommendations 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, and 19 were considered together.

**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
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	6:00 p.m. 6:30 p.m. 8:00 p.m.	Special Board Meeting – School Improvement Plans 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 (Dining Room, Education Center)
Monday, March 8	6:00 p.m. 7:30 p.m.	Board Curriculum Committee Meeting Board Human Resources Committee Meeting (Dining Room, Education Center)
Monday, March 15	7:00 p.m.	Regular Board Meeting (Auditorium, East Hills Middle School)
Monday, April 12	6:00 p.m. 7:15 p.m.	Board Facilities Committee Meeting Board Finance Committee Meeting (Dining Room, Education Center)
Monday, April 19	6:00 p.m. 7:30 p.m.	Board Curriculum Committee Meeting Board Human Resources Committee Meeting (Dining Room, Education Center)
Monday, April 26	7:00 p.m.	Regular Board Meeting (Auditorium, East Hills Middle School)
Wednesday, April 28	6:00 p.m.	Public Budget Hearing (Auditorium, East Hills Middle School)
Monday, May 3	6:00 p.m. 7:15 p.m.	Board Facilities Committee Meeting Board Finance Committee Meeting (Dining Room, Education Center)
Monday, May 10	6:00 p.m. 7:30 p.m.	Board Curriculum Committee Meeting Board Human Resources Committee Meeting (Dining Room, Education Center)
Monday, May 17	7:00 p.m.	Regular Board Meeting (Auditorium, East Hills Middle School) (tentative adoption of the budget)

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

JULY 2009 THROUGH JUNE 2010
(Continued)

Date	Time	Meeting and Location
Monday, June 7	6:00 p.m. 7:15 p.m.	Board Facilities Committee Meeting Board Finance Committee Meeting (Dining Room, Education Center)
Monday, June 14	6:00 p.m. 7:30 p.m.	Board Curriculum Committee Meeting Board Human Resources Committee Meeting (Dining Room, Education Center)
Monday, June 21	7:00 p.m.	Regular Board Meeting (Auditorium, East Hills Middle School) (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

The administration's recommendations 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, and 19 were considered together.

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)

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.

The administration's recommendations 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, and 19 were considered together.

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)

RECOMMENDATIONS OF THE ADMINISTRATION – March 16, 2009

19. *Tax Payments for 2009-2010 School Year* (continued)

Director Follweiler moved the administration's recommendations 1 through 19. Director Tenaglia seconded the motion. The question was called with roll call as follows: Yea, Directors McKeon, Tenaglia, Amato, Cann, Dexter, Follweiler, Haytmanek and Leeson – 8

ROLL CALL
RECOMMENDATIONS
1 through 19

The motion passed 8 – 0.

The administration's recommendations 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, and 19 were considered together.

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.

Director Follweiler asked if Item 20, the budget transfer, was discussed. She recalled discussing the treasurer's report and the monthly bills.

President Leeson stated that they did not necessarily discuss it but all three items were together, so they voted on those three items. She noted that there was the opportunity for questions and did not believe there were any at that time. She asked Director Follweiler if she had a question on the budget transfer.

Director Follweiler replied that she wanted Mr. Majewski to explain it.

President Leeson recommended going through the first 19 recommendations and then they could request Mr. Majewski to address the issue.

After roll call on recommendations 1 through 19, Mr. Majewski addressed the budgetary transfers.

Mr. Majewski stated that there was a change in the accounting function for the debt service payments made to the Vo-Tech school. The amount seen represented the amount of budget they had for the payments. Instead of having them charged to a Voc-Ed function, they would be charging them to a separate debt service function. They needed to move the money where they had the expenditures.

The administration's recommendations 20, 21, and 22 were considered together.

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		\$ 637,127

<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.

The administration's recommendations 20, 21, and 22 were considered together.

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
CD INVESTMENTS**

Date Purchased	Amount Purchased	Interest Rate	Anticipated Interest	Maturity Date	Account
September 18, 2008	\$ 10,000,000.00	3.10%	\$218,273.97	June 1, 2009	PSDLAF TERM
November 3, 2008	\$ 1,000,000.00	2.59%	\$ 8,515.07	March 3, 2009	PSDLAF CD
December 8, 2008	\$ 1,000,000.00	2.28%	\$ 12,430.68	June 25, 2009	PSDLAF CD
December 8, 2008	\$ 1,000,000.00	2.28%	\$ 12,493.15	June 26, 2009	PSDLAF CD
December 8, 2008	\$ 1,000,000.00	2.28%	\$ 12,680.55	June 29, 2009	PSDLAF CD
December 8, 2008	\$ 1,000,000.00	2.28%	\$ 12,743.01	June 30, 2009	PSDLAF CD
January 5, 2009	\$ 1,000,000.00	1.46%	\$ 7,280.00	July 6, 2009	PSDLAF CD
January 5, 2009	\$ 1,000,000.00	1.46%	\$ 7,320.00	July 7, 2009	PSDLAF CD
January 5, 2009	\$ 1,000,000.00	1.46%	\$ 7,360.00	July 8, 2009	PSDLAF CD
January 5, 2009	\$ 1,000,000.00	1.46%	\$ 7,400.00	July 9, 2009	PSDLAF CD
February 3, 2009	\$ 1,000,000.00	1.46%	\$ 7,280.00	August 3, 2009	PSDLAF CD
June 27, 2008	\$ 112,000.00	4.30%		June 27, 2009	KNBT Scholarship
August 28, 2008	\$ 45,971.98	3.75%		May 28, 2009	KNBT Scholarship

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.

The administration's recommendations 20, 21, and 22 were considered together.

President Leeson requested a roll call vote on Items 20, 21, and 22. The question was called with roll call as follows: Yea, Directors Koch, McKeon, Tenaglia, Amato, Cann, Dexter, Follweiler, Haytmanek, and Leeson – 9

ROLL CALL
ITEMS 20,
21, and 22

The motion passed 9 – 0.

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

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
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
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)

After roll call on recommendations 1 through 19, Mr. Majewski addressed the budgetary transfers.

Mr. Majewski stated that there was a change in the accounting function for the debt service payments made to the Vo-Tech school. The amount seen represented the amount of budget they had for the payments. Instead of having them charged to a Voc-Ed function, they would be charging them to a separate debt service function. They needed to move the money where they had the expenditures.

BETHLEHEM PARKS AND RECREATION COMMISSION – President Leeson stated that the meeting was not scheduled until Thursday, so she did not have a report.

COMMITTEE
REPORTS

COLONIAL INTERMEDIATE UNIT 20 – Director Dexter stated that she had attended the Budget Hearing on the same evening. She preferred to wait until next month to provide a report.

NORTHAMPTON COMMUNITY COLLEGE BOARD OF TRUSTEES – Director Koch had departed from the meeting at 11:20 p.m.

BETHLEHEM AREA VOCATIONAL-TECHNICAL SCHOOL – Director Tenaglia stated that the joint committee of the Bethlehem Area Vocational Technical School held its monthly meeting at the school on March 9. Directors Leeson, Haytmanek, McKeon, and Dr. Lewis attended the meeting in addition to himself. The joint committee handled routine administrative matters. A significant development was that a purchase offer was received for the student built home. Administration was optimistic that a signed contract would be forthcoming.

DUAL ENROLLMENT – Director Cann stated that there was a meeting at the beginning of the month. It was noted that 145 students utilized the dual enrollment system. She said it was a good number but the program could accommodate quite a bit more, in particular, low income and minority students, if they wanted to be true to the mission of the program. One of the actions being taken was for a short survey to be distributed to high school juniors by Mrs. Cintrón's office to see the degree of the student's awareness and interest in the program.

Dr. Lewis commented that he spoke with Dr. Scott this week regarding some suggestions on the part of the Dual Enrollment Committee about exploring the option of offering some courses on site with the community college.

ILICK'S MILL BOARD – Director Follweiler served on the board and noted that they received their certificate of occupancy for the mill, which was a big landmark for the group.

President Leeson said there was a need to discuss the “trigger” situation. She pointed out that Dr. Lewis, Mr. Majewski, Director Dexter, and herself were authorized individuals when the financial advisor gave a recommendation to act on behalf of the board. She inquired if the board wanted to make a change or modification to the system.

Director Follweiler stated that if it was the will of the remaining board, she recommended that the chairperson of the Finance Committee, Director McKeon also be included.

Director McKeon said he had the utmost confidence in the four designated individuals in that if there was a “bug,” they would make every attempt to contact the board. His concern was what they saw with the potential of getting out of some of the operations such as canceling CMS where time was of the essence to get it done. He thought that everyone involved would be diligent enough that if there was a rock in it, they would raise the flag.

Dr. Lewis stated that the only requirement expressed to them was to be sure to have two officers in the event that one was unreachable. If they looked at the documents, as stated, either the president or vice president could sign on it. He thought that if Directors Tenaglia or McKeon wanted to be included in the discussion, if they were available, there would be no problem. Dr. Lewis inquired with Attorney Spry about the number of members on the committee.

Attorney Spry advised that it was fine as long as they had less than five board members.

President Leeson thought that when they obtained the information, they could make individual calls very quickly, to let everyone know the proposition, if they had a window of time.

Dr. Lewis commented that he preferred, as a first option, to get as many as people on a conference call, to hear the same message.

President Leeson inquired about the Sunshine Law regarding the situation.

Dr. Lewis replied that as long as they stayed under the number.

President Leeson stated that if the four of them were on a conference call, and they had a window of time, they could make contact.

Dr. Lewis thought it could not be done because that was getting into deliberation.

Attorney Spry advised that they could do it individually but they had to make individual contacts. He did not know if it would be practical.

Mr. Majewski noted that two of the four people presently involved were school directors and they could have two more directors.

Director Dexter suggested that they attempt to reach Directors McKeon and Tenaglia because they were the two board members who had more familiarity with board financial matters. If they could not reach them, then they could contact her or Director Leeson. She was aware that they read the financial news and they knew the reputations of the institutions.

President Leeson inquired if there were other interested board members. She concluded that the aforementioned members of the board would be the designated contacts.

Dr. Lewis commented that they would attempt to have all four members involved

The following individuals addressed the Board of School Directors:

COURTESY OF THE
FLOOR TO VISITORS

1. John Del Vecchio – 2061 Tenth Street, Bethlehem –

Mr. Del Vecchio brought attention to the budget information and pointed out that as stated by Director Amato last month, they would still have a 2.9 percent tax increase. He said that he still did not agree with the figures on the backside of the document. He recommended that for the next board meeting, they provide a detailed report of all expenses per program minus the state aid money per program so it stated the actual cost to the district of each program. He thought when they looked at the budget and the programs in the next three or four months, they should want to keep the budget as accurate as possible. He said they could not show an expense on a budget in two different areas, so they had to show it in one area and not in the other to have a balanced budget. By doing that, they were not actually seeing the cost per program of the final expense minus the state aid received for the program. He concluded that they should have the exact data, as much as possible, before they pass the budget.

President Leeson asked Mr. Del Vecchio to show her an example of what he discussed after the meeting.

Mr. Del Vecchio agreed to show her how there were not certain expenses shown in the information provided.

2. Lorna Velazquez – 210 Tenth Avenue, Bethlehem –

Ms. Velazquez stated that she was the mother of three girls who attended school in the district and was also a part of the team at Calypso Elementary School. She said that she was present to advocate for the SPARK Program, noting the many personal gains that she had reaped from having her daughter attend the program four years ago.

When her daughter entered the program, she was virtually uncontrollable and had a very short attention span. Without the resources available to her through the experts at the SPARK Program, she would not have been able to deal with the situation at hand. With the support of the SPARK teachers, she was able to seek assistance to find that her daughter had ADHD. At present, with the help of medication, she is able to focus, do better academically, and had stronger positive self-esteem. Ms. Velazquez pointed out that her daughter used to say that she did not want to be alive at the age of five. She did not know where she would be today without the caring professionals at the SPARK Program. Their early intervention helped her to place her daughter on the right track and she knew she was doing well today because of their support. She also shared that she had grown as a mother and a professional with thanks to the SPARK Program. She recalled that the staff taught her how to shape her career and most importantly, her ability to become a more involved and attentive mother. She believed that the parent involvement component, at the beginning of a child's education, was the key to eliminating many of the barriers faced by families. Ms. Velazquez emphasized that if the SPARK Program was eliminated, many families would suffer and the students would need more services upon entering elementary school. In continuing to fund the SPARK Program, they would be eliminating the need for many expensive interventions later in their children's educational career. She said that she wished they could empathize with the guilt she felt as a working mother. She felt bad that she did not have the time to teach her youngest daughter how to write her name, which was a skill that she knew was important. She credited the early intervention program, Kelly Braun and her staff at the Calypso Childcare and Preschool Program, who helped her child to grow. Thanks to the dedication of the professionals in the program, her daughter did not only learn to write her name and letters, but had developed the beginning skills of both reading and writing. It would never have been possible without the early interventions, which were so essential to the future success of so many students. She asked what more evidence was needed to prove the necessity of all early intervention programs and their incredible childcare centers. At the present time, in their nation's development, even the newly elected president was advocating for parental involvement and early intervention. She pointed out that he continuously stressed the importance of early childhood education and interventions, beginning at an even earlier age than the current age requirement for SPARK. She stated that it should be a model for them in continuing to build strong foundations for their children. Ms. Velazquez concluded that on behalf of her daughter, the families she worked with at the Calypso Family Center, and the working parents in the school district, they continue to shape the future of their families, one child at a time, and not cut the programs.

On another note, Ms. Velazquez brought attention to the media coverage, which, she said usually seemed to be negative. She explained that she was representative as a mother, and part of the Hispanic community and not as an employee. She wanted to briefly express how she felt about Dr. Craig Haytmanek and the importance of his position on the school board. She met him over ten years ago and from day one he treated her as if she were one of his colleagues and not the girl who was cleaning up after him in the operating room. She stated that he attended her housewarming party and wedding and shared her Hispanic customs, culture, and food. She believed that he was always connected to and was a huge support to the Hispanic community. She had personally seen and experienced the dedication and devotion that he always had when it came to their unique culture. He was a true caring professional, who was dedicated to the community, families, and the education of students. She thought it would be a great loss if was not able to remain on the school board. Ms. Velazquez added that when she arrived at the meeting, two of the SPARK teachers actually remembered her by last name and her daughter's first name. She concluded that she thought their actions spoke for them.

Directors Follweiler and Dexter moved to adjourn the meeting, which carried by voice vote. The meeting adjourned at 11:50 p.m.

ADJOURNMENT

Attest,

Stanley J. Majewski, Jr.
Board Secretary