

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

January 10, 2011

OPENING ITEMS

1.01 Call to Order

A meeting of the Board of School Directors, Derry Township School District was held on Monday, January 10, 2011, in the District Office Board Room. Dr. Henry Donahue, Board President, called the meeting to order at 7:05 p.m.

1.02 Roll Call

Directors Present: Mrs. Beulah Chabal
Dr. Donna Cronin
Dr. Henry Donahue
Dr. Mary Beth Hagan
Mr. Christopher Morelli
Dr. William Parrish
Mr. John Gräb
Mrs. Ellen Sheffey
Mr. Charles Stover

Superintendent: Dr. Linda Brewer

Secretary: Mr. Stephen Rineer

Solicitor: Mr. Brian Jackson
Ms. Carol Steinour Young

Student Representative: Not Present

Press: Mr. Drew Weidman THE SUN

Representatives of the Administrative Staff: Mr. Dan Tredinnick, Dr. Bernie Kepler, Joseph McFarland, Ms. Sue King, Mr. Mike Murphy, Mr. Sam Elias, Mr. Peter Ebert, Ms. Laurie Wade, Mr. Al Harding, Dr. David Lillenstein, Ms. Lynn Dell, Ms. Lori Dixon, Ms. Jackie Castleman, Ms. Joy L. Mackenzie, Mr. Gregory Hummel, Mr. Dave Yarian,

Mr. Ed Consalo, and Ms. Lisa M. Sviben Miller.

Representatives of the Staff and Community: Honey Royer, Maryellen Sheehan, Gail Buckley, Jonas Sheehan, Sinisa Dovat, Diane Cerminan, Elizabeth Kotz, Julie Isaacson, Joel Hammer, Bruce Hancock, Anne Newman, Julie Larkin, Andrea Abruzzo, Teresa S. Umberger, Kirk S. Franklin, Susan Foxx, Brian Shiftlett, Megan Hulse, Julie Neal, Corinne Gibilterra, Cindy Hertz, Matthew Morelli, Nate Morelli, Michael Hulse, Sara Dieffenbach.

1.03 Flag Salute

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

APPROVAL OF MINUTES

2.01 Approval of the December 6, 2010 Re-Organization, December 6, 2010 Regular, and December 13, 2010 School Board Meeting Minutes

A motion was made by Mr. Gräb and seconded by Dr. Hagan to approve the minutes of December 6, 2010 Re-Organization, December 6, 2010 Regular, and December 13, 2010 School Board meetings. All Board members present signified by a Yes vote.

MOTION CARRIED

INFORMATION AND PROPOSALS

3.01 Announcement of Executive Session

Dr. Donahue: I'd like to announce that the Board met in Executive Session prior to this meeting to discuss matters of personnel and legal issues.

3.02 Recognition of Citizens (Agenda Items)

None.

3.03 Student Representatives' Report

Dr. Donahue: Our students aren't here, so there is no report.

3.04 Standing Committee Report

Dr. Donahue: Today, the Finance Standing Committee met, and Mrs. Sheffey will give us a report.

Mrs. Sheffey: Actually, I'm going to be very brief, because most of what we discussed will be presented to this Board separately.

The first thing was the bond refinancing. We have some very good news there. I believe Mr. Verdelli is on the agenda and I'll let him share that good news with everybody.

Dr. Kepler went over our pre-preliminary budget, which he will be giving that presentation later tonight, so I'll let him address that.

The last thing, Brian Straub was here and gave us a presentation of the local audit, and he will be giving a briefer presentation to the full Board later tonight, so I'll leave that to everybody else.

Dr. Donahue: Thank you, Mrs. Sheffey. I was remiss. I skipped over giving the audience an opportunity for residents or tax payers to address the Board on matters related to the agenda. This is the time to come up and talk about anything that's on the agenda. There will be a time later in the meeting to talk about non-agenda items.

3.05 Presentation - 2009-2010 Local Audit Report

Brian Straub: Good evening. First of all, I'd like to thank everybody for coming tonight to hear the audit report for last year. This is as big a crowd as I've seen. Just before we go any further, I've already given a presentation in quite a bit of detail to members on the Administration. Like Mrs. Sheffey said, we've already had a presentation in front of the Finance Committee. I'm going to try to go through this very briefly. If you have questions, I'll be glad to answer them at the end, but I know you have a lot on the agenda tonight, so we're going to go through this quickly, so bear with me.

Page 1 is the auditor's opinion for the year. It's an unqualified opinion, meaning that everything in this presentation is in accordance with generally accepted accounting principles.

The first 9 pages are the MD&A which is put together by the Administration - trying to hit certain highlights: financial information in this year's audit. I think it'd be a very good idea to read through that. There is some very valuable information on those 9 pages.

I'm going to skip over to Page 4 of the audit report which is the balance sheet for the governmental funds for June 30, 2010. The first column is the General Fund. I call your attention to, as of June 30, the bottom section; the General Fund had total fund

balances of \$7.37 million dollars as of June 30 made up of three different sections. There is \$853,000 of fund balance that's reserved. We have \$2.57 million dollars that is designated by the Board slightly over \$2 million dollars of that is in your retirement stabilization fund and half million dollars is in a fund set aside for future medical costs. Finally, there is an undesignated fund balance of a little over \$3.9 million, which is available for any purpose that the Board should designate or spend. That's based on the Board's policy of always having no more than 8% of the General Fund expenditures in the General Fund fund balance at the end of every year. So, to get to that, the School District transferred slightly under \$200,000 to the Capital Reserve Fund to balance it out at that 8% number for last year.

The next column is the Capital Reserve Fund. You'll see there that as of June 30th, the Capital Reserve Fund has slightly over \$4.7 million dollars of fund balance.

The third column is the Middle School Capital Projects Fund. That was the new money that was just borrowed this past year. You can see there that it has \$7.9 million dollars of the fund balance, however, almost 7.7 of that is already committed for future construction projects. So, there's slightly over \$230,000 still available. If there are any overages on that middle school capital project, the guess would be that the School Board would have to decide whether or not they want to pull the money out of the Capital Reserve to pay for anything that's still left over from the project.

Flip over to Page 6, first column is the General Fund. This is the statement of changes for the General Fund – revenues and expenses. The third number from the bottom on that first column shows the increase in the General Fund fund balance for the year. It was \$584,000 for fiscal year 2009-2010.

I'm going to flip back to Page 8. This is the budget – the actual comparison for the General Fund for last year. We had \$529,000 of positive variance in total revenues. We had a slightly over \$1.3 million dollar positive variance in all your expenditure categories for last year. You had originally budgeted for a \$1.2 million dollar deficit and, as I had stated, it came in at a positive \$584,000 for last year. There is a \$1.8 million dollar flip over from what you were expecting based on the original budget.

The next several pages are statements on the Food Service Fund, the Fiduciary Funds that the School District has. There are probably 30 pages of notes to the Financial Statements. I'm not going to go into detail on any of that information unless anyone has questions. There are combining schedules after that on the schedules that we may have had to summarize and total columns in front of the Financial Statements. There are summaries starting on Page 46 of the General Fund revenues and expenses for last year compared to the prior year. There is a 10 year comparison of General Fund revenues and expenses on Page 56 and some statistical information for 10 years on Page 57. That's the financial part of the audit for last year.

Are there any specific questions on any of those pages per se? If not, we also performed a single audit for the year, because your federal expenditures were over a

half million dollars. The two major programs from last year were IDEA, which includes the recovery IDEA stimulus money as well as the stabilization recovering money that you received. I think there is an audit report that you're going to be presented with that was just delivered tonight. There are no findings on the federal funds, so that's a clean report. I've also given the Board members two letters. One is a management letter, which shows that we did have one finding again this year, because of the fact that we were required to make a number of material adjustments during the process of the audit. In previous years, the Board has been fine with that finding, because the accounting department was doing other things at the time of the audit. There's also a communication to those in charge of governance that just gives a brief summary of whether or not there was anything unusual that occurred during the audit. I'm pleased to report that there was nothing out of the ordinary.

Any questions on any of the materials that you've been provided as part of this year's audit package?

Mr. Stover: Brian, I'd just like to thank you and your firm. You guys have continually done a great job with this.

Mr. Straub: Thank you.

Mr. Stover: We very much appreciate what you guys do. I just always like to point out one area that always comes up in your management report. I just want to read it because I think it's important that people understand why our budgets are what they are.

The District is required to provide educational opportunities for students with special needs and the cost to provide these programs continues to increase as a result of increased numbers of students identified with special needs as well as more complex and multi-faceted needs exhibited. While the Commonwealth of Pennsylvania continues to provide funding in this area, the cost of educating these students continues to escalate at a rate higher than the Commonwealth's reimbursement increases. In 2009-2010, special needs spending increased by \$349,704 while the Commonwealth funding increased only \$1,362.00.

There is just one example of why the state funding that we receive is not adequate to support our budget.

Dr. Donahue: Thanks, Chuck. Thank you very much.

Mr. Straub: You're welcome.

Dr. Donahue: Mrs. Sheffey wanted to add a point to her report prior to Mr. Straub's report.

Mrs. Sheffey: Yes, I forgot to mention and since we have so many people in the audience tonight, we are looking for two citizen advisors for our Finance Committee. I believe you can, Bernie is it on the website?

Dr. Kepler: Not currently. We have to get the application.

Mrs. Sheffey: We'll have it on there by tomorrow. Applications for citizen advisors for our Finance Committee will be on the website tomorrow.

Dr. Donahue: Thanks, Ellen.

3.06 Presentation - Sale of Series 2011 Bonds

Lou Verdelli: Good evening and Happy New Year to everyone. Back in November, you authorized the financing team to begin preparations for the refinancing of two of the District's existing bond issues, the 2006 and 2006(A) issues. Over the course of the last month and a half, the financing team has been working with the Administration and with your bond counsel to prepare all the necessary documents and to finalize the credit rating. We have that to report on tonight as well as the very successful sale of the bonds, which was conducted on Friday.

The first item I'd like to report is that, once again, Mr. Rineer did a great job in representing the District on the credit rating call. That's a pretty intensive call with two rating analysts firing questions about everything about the District from our economy to the employers in the area to the fund balance to the healthcare costs to tax collections and whether they're up or down and at what percent they're running at. He did a great job in preparing for that call as well as during the call. Once again, that's led to the District receiving a very high credit rating. S&P has reaffirmed the District's rating at AA+. We've talked a lot about that – the efforts that have taken over the last few years to get that rating up to where we're now just one notch away from the highest possible rating, which is AAA. They have reaffirmed that rating in connection with the refinancing. I do have the rating report. We won't go through that, but I'll just point out a couple highlights.

In terms of Page 1 and just a quick recap for you of what we're refinancing – the 2006 issue and 2006(A). The 2006 – there is \$4.6 million remaining and the interest rates range from 3.4% to 4.15%. We've actually passed the call date on that issue. This is the one that I reported back in November we were waiting on this other issue to get closer so that we could combine two issues into one for cost of issuance savings. So, that issue, we're passed its call date. The 2006(A), there is just over \$4 million remaining there – interest rates ranging from 3.9% to 4.25% and those bonds can be called this coming May 15.

The new issue, we went out into the market on Friday to price your bonds. We were originally scheduling to do it today to coincide with the sale tonight, but as I've reported and many of you have heard this over the years, we sometimes have these refinancings ready to go in early January after the market is coming off of a two week lull, and any new issues coming to market, because it's pretty much shut down during the holidays. Last week, even though it was, basically, a full business week, there were no other issues being priced in the entire state of Pennsylvania. We decided to bring the deal to the market on Friday. There was a very good reception. As I reported to Mr. Rineer, he had checked on the interest rates on Thursday and where we were able to go out into the market at Friday morning was even about 5 basis points better than where we were on Thursday. The end result is the savings are up pretty considerably from where we were a month ago when I had told you that interest rates were spiking. The market is obviously a function of supply and demand. Last week there were no Pennsylvania bonds, in fact it ended up being the only issue that was completed in the entire state of Pennsylvania last week. This week is scheduled to be back to normal. There's about 10 or 12 deals scheduled to price, so we really benefitted from being the first out of the box in 2011. Those interest rates produced a final net savings to the District of \$526,000. We had estimated those savings at around \$400,000 when I was here in November for the final approval to proceed. So, you can see that just that little bit of pressure on rates when we can get rates better, how quickly it translates into higher savings.

As we reported, we worked with the Administration to structure the savings over the next three budgets. It's actually about \$178,000 of savings spread over the next three years. I'll show you how that impacts the overall debt service picture. Next steps with your approval tonight, we would plan to settle the new issue on February 16.

On Page 2, just wanted to recap for you, again, we talk about the good credit rating the District enjoys. There are only two other districts that have a higher rating in Pennsylvania from S&P – that's Downingtown and Wissahickon at the AAA level. There you can see there are currently four districts in the AA+ category where we are: Great Valley, Lower Moreland, and Upper St. Clair being the others – obviously Philly and Pittsburgh suburbs. You can be very proud of the credit rating that we've been able to maintain.

On Page 3, this is the summary of all the District's debt service on each of the issues. Obviously, a schedule that's used by the Business Office for budgeting purposes. Over in the far right column, we've over the last couple of years; we've been working to maintain the debt service at about \$6.3 million per year. We had talked that that was going to be the running rate for at least the next three budgets and then the District does have a drop off in the debt service to about \$6.1 million and then down to about \$5 million dollars per year.

On Page 4, as a result of the refunding and targeting the savings over the next three years where that debt service was at the highest level, you can see there, I've

highlighted in yellow, that the debt service now will be about \$6.18 million per year for each of the next three budgets as opposed to \$6.36 million. That gets us so we've basically shaved off that peak that we were at and we're down at \$6.1 million, which is where we would have been in about four years, so it was a good way to spread the savings out instead of a one time savings for the budget using it to make the debt service more level over the next four budgets.

The next page, they are numbered in the lower right corner, but you can see that this is obviously the Standard and Poors credit rating report. Page 2 is where the language begins and just the summary at the top is sufficient to take a look at. What the rating really comes from and is based on is the strong and stable economic base of the District, the strong wealth and income levels, and the strong financial performance and fund balance that the District's maintained over the last few years. Certainly some comments about the leading employers – we all know who they are in our District. So, you might want to take a moment just to review these two pages in terms of what S&P sees when they look at the District from a financial standpoint.

The last few pages then are actually our numbers that breakout the total savings. I won't go through all of those. I did forget to mention what the new interest rate is on the new issue. It's all combined in the back, but the new issue, based on the rates that we obtained on Friday, has an interest rate of 2.95% for an issue that's over 10 years. Wow, we talked about interest rates aren't at the rock bottom that we saw in the fall, we're not far away from those all time low rates and being able to lock in a new issue at a 2.95% is certainly very good.

I would just mention, it was only a few months ago that we refunded the 2004 and 2005 issues and generated over \$700,000 of savings from that transaction. All tolled in this current year, we've recognized refinancing savings of just over \$1.2 million, so I'd be happy to answer any questions on any of the numbers before I turn it over to Mr. Twaddell who can review the bond resolution with you.

Dr. Donahue: Any questions for Mr. Verdelli? It seems like it's good news, Lin even for somebody's who is as financially inept as I am, it seems like we had a pretty good year as far as bonds.

Mr. Verdelli: It's very good news.

Dr. Donahue: Thank you.

David Twaddell: Good evening. David Twaddell from the law firm of Rhodes & Sinon serving as your bond and finance counsel working in cooperation with your District Solicitor and the Administration. Congratulations on a fantastic result. We have set before you the final copy of the Resolution. I mention for the record that the text of the Resolution in summary form has been advertised at least three days prior to this meeting and a draft copy of the Resolution has been available at the District Office for inspection. This may have been circulated prior to this evening, the only thing that's

different from this draft from that previously circulated is that the numbers have now been incorporated into this document.

In sum, this document constitutes your acceptance of the purchase proposal. The numbers that Mr. Verdelli has outlined, particularly as detailed and the schedules in the back do form the basis for a contract from RBC to purchase the bonds. Your decision to adopt this Resolution this evening would accept that offer, turn it into a binding contract although settlement won't incur until February 16, your acceptance of the contract will lock in the savings numbers. Any movements in interest rates will be at the risk of RBC.

The balance in the Resolution sets forth the form of the bonds, appoints Manufacturer's and Traders Trust Company to be the pay agent for the bonds, register and transfer agent, also exercises the District's option to redeem both the 2006 and 2006(A) bonds. As Lou mentioned, the 2006 bonds are currently callable and so we'll call them on the settlement date of February 16. The 2006(A) bonds being issued just slightly later can first be called on May 15 of this year, so that will be the call date. Because of the shortness of that escrow period, the plan of finance contemplates just making a gross deposit. We're going to put the entire amount that will come due on May 15 on deposit with M&T who is the paying agent for those bonds. There will be something earned on that, not much. Whatever it is will just go into the sinking fund for the 2011 bonds and slightly reduce the first interest payment that the District makes on those bonds.

Of course you are budgeting [not audible] and taxing power in support of the bonds and authorizing execution of the delivery of the bonds and the related closing documents. I'd be happy to answer any questions you may have about the Resolution. I would remind you that under Local Government Unit Debt Act, an Act that requires a roll call vote for a debt resolution.

3.07 Presentation - Proposed 2011-2012 Preliminary Budget

Dr. Kepler: Thank you, Dr. Donahue. Each year when we do the budget presentation, it's typically shortly after spring training and not NFL playoffs, but here we are in January. As we talked about in Finance Committee meeting, we're presenting the proposed preliminary budget due to the advanced schedule of our budget calendar. Under Act 1 law in the Commonwealth, if a school district even explores exceeding the Act 1 index under the rule of exceptions, then the budget calendar is accelerated and an adoption must occur 90 days prior to the primary. Here we are January 10 presenting the budget. What you see tonight, between now, Finance Committee meeting on January 24, the Board would be asked to approve a preliminary proposed budget for 2011-2012 at your February 7, I believe it is, regularly scheduled meeting.

I want to preface, and I hope to take it several times tonight, that this is a starting point, that the numbers we see tonight, we consider to be worst case scenario. As Mr. Straub presented earlier, from budget to actual, numbers for 2009-2010 came in better than

anticipated; EIT revenues were better than anticipated, and we're tracking well this year. So, it's a waiting game. Much of the work will take place between now and June when this Board would adopt a final budget. In that time, many Finance Committee meetings, General Service Committee meetings, and in this forum, staffing presentations, capital improvement budget presentations, much like occurs in the past. As Board members, it's really a three step approval process this year, rather than two. So, I'll remind you, in May, you will have the opportunity to approve preliminary budget, not the proposed preliminary, and then in June the final adoption. So, a lot of work to be done.

Interestingly, it's not a secret that our Act 1 index is the lowest we have on record at 1.4%. When we have 1.4% Act 1 index and you have revenues that are increasing at 1.81%, expenditures at 2.85% - that pay and balance obviously is slanted toward the expenditure end, so hence why we even begin to look at exceptions.

If you go back and look at budget calendar are some of the items I talked about. I wanted to hit the first two here more thoroughly in that, beginning January 17th, we will have our proposed preliminary budget available for public inspection here at the District office, and Mr. Rineer's office is working at publishing that in our newspapers for our legal notice as well. In that same legal notice, we intend to announce to the public that we intend to file for index exceptions with PDE so that we meet that February 22 deadline.

It's also an important time to indicate, because we are looking at index exceptions does not mean that this Board will ultimately decide to utilize those exceptions. Many of our neighboring districts have followed this budgeting calendar since its inception in 2006. This is the first time we, at Derry Township, have had to even consider the exceptions. So, again, please know, follow with us throughout this next 6 months process that what we present tonight is a starting point, we don't have to use those exceptions.

If you go to the next slide, the proposed preliminary budget – what I'm going to show tonight is a summary. We're going to get into the meat and potatoes of the details and then bring back a summary at the conclusion of the presentation. As a mathematician, it doesn't take much of one to notice a \$1.16 million dollar deficit budget being proposed tonight. It is important to note that that \$1.16 million dollar deficit does already include the proposed millage increase that you see presented. A 3.1% millage increase from 16.99 mills to 17.52 mills; 1.4 is our allowable index. That 1.4% index will generate \$433,000 of revenue. I'm going to show you information shortly that will show a deficit of \$500,000 from state and federal resources. So, the monies that the state and federal government are coming up short, below 0.4% index doesn't even cover what they're coming short on and it's you, the local taxpayer, who is paying the burden for our federal and state governments not having those funds or not distributing them to education.

When we consider Act 1 exception of special education – that is a look back; that is looking at 2008-2009 special education expenditures compared to 2009-2010. Roughly \$131,000 can be generated using that exception and you see that's a 0.41% increase.

When we look at PSERS, this Board has talked ad nauseum about PSERS rates. It's an appropriate time to publicly say to the Board that the 4.76-4.78 rates from 2007-2008, 2008-2009 where you budgeted 7.13 – we are current year at 5.64 and we budgeted 8.22 have allowed us to have that \$2 million dollar retirement rate stabilization fund and set the state where we're much better off. Our PSERS increase from 8.22 where we're budgeted to 8.65 is \$289,000 increase. Imagine, now if I was a betting man, I said this Finance today, there's probably 499 other districts out there that budgeted at 5.64 this year. They are seeing increases from 5.64 to 8.65. Just our 4/10 of a percent is \$289,000 for us. Imagine what they're facing. I'll show you some beyond 2011-2012 numbers shortly.

That's the composition of a .53 mill increase that is being proposed this evening. Again, this is early.

You can see our expenditure history here over time. For 6 years of data, 5 of which, through 2009-2010, is actual. You might look at this data at first and say – how can 2009-2010 data have a 6.21% increase to current year? That's where I make sure that you are aware that those are, as you heard tonight; those are actual numbers – audited numbers. That 2010-2011 number of \$51,457,000 is tracking well. I'm the aggressive one, I guess, and Mr. Rineer as Business Manager is the conservative one, so I guess we have to play those two roles, but I think that the \$51 million dollar number will come in lower than that figure. Thus, the 6.21% - when we budgeted, when that was just a budgeted number in 2009-2010, the 2010-2011 number was only 2.5% higher than budgeted. So, in essence, nearly a 4% decrease from budget to actual in that 2009-2010 expenditure. You see 2.85% recommended increase in expenditures. We'll talk about what are the big nuggets of what's comprising that 2.85%.

When you look at our budget, the biggest breakout, or, I guess, smallest breakout in essence, is that of "by function." When you take that nearly \$53 million dollars of expenditure and 51.94% of that stems from instruction. That's salaries, benefits for teachers, instructional aides, folks on the instructional side basically regular education – special education supplies, textbooks. It also includes our HACC tuition that we pay of nearly \$400,000 and our Dauphin County Technical School payment. To give you some perspective, current year, that number is \$26,069,000, so about a \$1.3 million dollar increase for that function.

We look at debt service – we've talked a lot about. It's clear to note that the numbers that Mr. Verdelli showed you tonight were a little higher than what you saw in Finance, solely because in Finance, we did not include the Dauphin County Technical School piece to that. That's why you saw numbers in the 5's.

Support services – think of our directors our departments, transportation, buildings and grounds, food service, technology, business operations, etc. That number comprising about a 1/3 of our overall expenditures. This is only an increase of \$56,000 over current

year. You can see the work that's been done by our directors in keeping cost containment throughout their 2011-2012 budget.

The student community service fund transfers – a lot of this area consists of extracurriculars, athletics, what was once known as the athletic fund transfer is now part of the operating budget, but is in there – same dollars, just different accounting that PDE is requiring of us.

When you break that down by object, we are a people industry, a human capital network, so salaries / benefits. That is the biggest chunk of the money we spend here. As you can see, nearly 50% on salaries, pushing 20% in benefits across the board. Debt service is in there as part of the other financial uses, including debt service – over \$6 million dollars. Profession services comprise 6.4%: auditors, consultants, training, legal fees, and this number is down from 6.69% from current year. Purchase services at 5.2% - that is comprised of our advertising, our postage, cyber school costs, HACC, Dauphin County Tech School, our transportation for students with special needs, property insurance, and then property services at 4.1%: waste disposal, repairs, maintenance, sales contracts, etc. And 1.5% of property, consider that technology hardware, infrastructure type items.

Major impacts: what are they? From current year to next year, salaries and wages \$931,000; don't try to do math to say what are the increases based on salary. There are a lot of factors that play into this. We do have a new HESPA Agreement that the Board ratified, however, that's a small piece of this. In this number is an HEA Agreement that expires June 30, so what are teacher increases going to be like? We don't know. Negotiations are commencing in the next few weeks. Other factors are new positions. In Finance today, we talked about what new positions are in the budget. Again, staffing presentation in March, so a lot of work yet to be done and discussions to be had. In this number are a transfer of entity class, a special needs classroom that currently is operated by the IU. We are looking at bringing that back here to District. With that, there is a teacher and two aides, so increased costs on the staffing side, decreased costs we'll see on the special education side, so it's actually a win. We anticipate saving \$44,000 right off the bat in exchanging them becoming our staff versus paying the IU plus, also, tuition monies from consortium districts that will send their students. They will be paying us to provide that service versus paying the IU to provide that service.

Also in that number is an additional ESL teacher. We have one teacher in the District to serve our students who have primary home languages other than English. That number of students is pushing 50 for that one person to serve K to 12. There is a significant need to increase services to that student population. This year alone, I updated the Board when we did the data portfolio, we had over 80 students move to the District this fall with primary home languages other than English that had to be assessed, not all of them clearly needed service as oftentimes our population that have primary home languages other than English are rich in education.

In that number is a RN Nurse Assistant to help us with many of the students that we bring back to the District with specific medical needs: catheterization, feeding, etc., and that, again, is a support staff RN position supporting our school certified nurse. We currently share one between middle school and high school. This would have a nurse assistant in each building.

In that number as well is a technology position. I committed to our accountant, Kelly Martin, that after December 15, no changes would be made to this because she has to develop for us your budget narrative and one change permeates throughout the entire document, and she would string me up if I made changes. So, there is a budgeted figure in there that will come down significantly, because we're reassessing what we want this new position to look like. We want this position in technology to be more of a technician to help us with computer, help us with more hardware, one-to-one initiative, etc. We are seriously looking at the potential to contract that out to avoid (1) costs and (2) to avoid PSERS rates.

In special education, I mentioned earlier that based on the transfer of entity, increased salaries because of new positions and decreased costs, so why do I have special education as an increase. Well, it's an increase of \$95,000, not what Mr. Stover mentioned earlier, 2009-2010 was \$340,000 increase over the previous year. Right now we're maintaining that at a \$95,000 increase. We thank Lynn Dell for her work in cost containment there, as well as principals that work with her.

Technology: this is a big number, but I'd ask you to break this out into two. Last year in May our 2009-2010 expenditures were tracking quite well as you heard from Mr. Straub and we decided to help and assist with this year's budget. We paid forward \$300,000 of technology costs for those expenditures in 2009-2010 budget, literally removed them from this year. That \$300,000 is our regular computer replacement cycle or refreshment cycle, so we need to infuse that back into the expenditure budget. An additional \$300,000 is the one-to-one initiative phase in. It would be Part I of having one-to-one computing in Grades 6 through 12. Cyber schools and HACC an increase of \$63,000 - HACC is \$13,000 increase to their capital, cyber an additional \$50,000.

CAOLA – Capital Area Online Learning Academy – annually we are paying \$450,000-500,000 a year for Derry Township Students who attend cyber schools. We need to bring them back to District or keep other students from going. That takes revenues away from us as the state withholds those subsidies. We are looking to open our own online academy through the Capital Area Online Learning. There's initial cost to that, however, as I said, and there is history from neighboring districts that use this as a cost containment and literally cost savings measure that for every student that we're sending to cyber right now, it's costing us over \$10,000. If that student is a student with special needs, \$18,000-20,000. There is cost of \$24,000 for the contract and then you pay per course, etc., but we're looking at starting, at the high school level only, full time cyber. What I'd like to do is have some discussion at our January 24 Board meeting, because we met with the IU today and for them to assist us in preparing, they need some level of commitment from the Board regarding this budget item knowing you won't approve it

until June. If we wait until June to prepare, we're behind the 8 ball. So, there will be more on that in two weeks.

The pre-stated PSERS – a huge increase. Only 4/10ths of a percent, but you can see what that number looks like. PSERS impact: if you see current year of 2010-2011, 5.64% is the rate that the state is utilizing, however, we budgeted at 8.22 further increasing our retirement rate stabilization fund. This budget does not propose utilizing that retirement rate stabilization fund. We propose utilizing general funds. That fund would not build any larger, because the rate would be 8.65, we would be budgeting 8.65, so the retirement rate stabilization fund would remain consistent June 30, 2011 to June 30, 2012. We make that recommendation to you, the Board, based on looking at the future number of 2012-2013, 2013-2014, and 2014-2015. When a \$289,000 increase becomes over a million dollars, 1.3, 1.4, those numbers are significant, they are staggering. The House Bill that was passed to reduce these numbers helped, so these were going to be even higher, but they were a band-aid. You can see that these figures are exponentially hindering our expenditure side of our budget. That \$2 million dollars as Mr. Straub showed you. He assumed in his report that we were going to use some for 2011-2012 would run out by 2013-2014/2014-2015 if we utilized that in its fullest capacity. I anticipate our state legislature to not leave this issue alone. We're hopeful that they will continue to look at this as school districts as well as the Commonwealth can't possibly fund this.

Debt service: the total expenditure. We refinanced. This number will get better. We did not include that refinancing in this number either, so that 1202, I expect to see an 11 there by the time we're said and done in June. Thank you to Steve and his work with Lou and the financial team on that maneuver.

I present this to you as we continue to monitor enrollment. Middle School Phase 1 is moving along. The new library is under construction. By summer, the current library will be converted to classrooms and ready to roll for the fall, however, the building is, as Dr. King would tell you, we're stuffing kids in that building. We have two grades in there right now that are over 300 and they're packed for space. As we look at enrollment for the first time, K to 12, the District exceeded 3,600 students this fall. As I said in Finance, we'll be working closely with General Services, Finance Committee beginning this spring to really look at enrollment. We have some hard decisions as a Board and Administration on whether we move forward with Phase 2 of that middle school project. Should we, you saw tonight, that debt service payment is positioned with a drop in 2014-2015 and the finances would be able to be positioned that it would not take us up above that \$6.4 million speaking as an educator and not a financial guy.

I've talked a lot about cost increases, what are we doing for cost containment here as well? Salaries – each year we look at retirees. A citizen advisor asked me earlier this evening how many we anticipate? We anticipate up to four retirements this June. In 2008-2009, we had eight retirees, last year 14, I don't think we can continue at that phase. We're estimating that we'll get about 4 retirees this year with a savings of about \$40,000 a teacher. So, when we look at a \$1.2 million dollar deficit budget, right off the

bat there is \$120,000 that we would be able to see as a savings. I mentioned the transfer of entity that's saving us money. Utilities – Mr. Consalo has done a fantastic job over time of incrementally increasing budget expecting that electric spike to hit on rates. It hasn't gone as high as we expected, partially because of his work in working with the provider. He was able to sign another multi-year deal keeping those rate hikes in check. We're actually reducing this year's budgeted amount by \$200,000 for next year. Mr. Yarian, the same could be said in fuel costs. Although we're now monitoring that as we see fuel costs spiking or hitting back over \$3.20 for unleaded gas and much higher for diesel fuel, so that number might have to get adjusted as well. Debt service will no longer be \$86,000. That number will increase significantly as well. So the parameters that changed since December 15 when we finalized this are several hundred thousand dollars already to the good and it's January, so by June we expect a much better picture.

Before I move on to that next slide, some other things, just as an enhancements here of things we're doing to help with expenditures. The Board, Finance Committee, General Services – we've talked about student parking fees at the high school that we're looking at implementing, drivers education behind the wheel fees that become a cost neutral program to operate, looking at the potential for a three day summer closure. We had a meeting today to further discuss that idea to save on utility costs in the summer, cost control in Capital Area School for the Arts, summer school enrichment courses – trying to make those offerings be cost neutral to the District. We may be able to that through some unique means, rather than raising costs. It might tie in well with our four day summer, if we go to a three day closure, summer school could be Monday through Thursday. It might allow us to help with the cost neutral aspect of that. Athletic tickets going from \$2 and \$4 to \$3 and \$5 where most of our districts are at \$3 and \$5, so we're trying some other cost recovery items as a School District to help offset this budget.

When we look at revenues, I mentioned this earlier and I can't emphasize it enough – that local number was 84.5% currently. It's going up 1.2%. It's clear in this District more than other in the vicinity, the burden falls on our local taxpayers, our community members. As I said, the state and federal dollars are short \$500,000 next year from where they are currently, so you see those numbers are where we get our revenue.

Anticipated revenue for next year: we look at real estate taxes and you see a significant increase there. What's important to note is the budgeted amount in 2010-2011 we anticipate exceeding that number, therefore, the actual increase is not significant to hit that 32.6 mark. We believe that's a realistic number.

The Milton Hershey Trust contribution of \$1.745 million is a decrease. That is based on rolling quarters with better quarters rolling off and poor economic quarters rolling into that calculation. Amusement taxes from HE&R – you see the anticipated reduction. Earned income tax – again, there's one that we expect to clearly exceed that \$3.68 million dollar budgeted number. When that was budgeted, 2009-2010 was not tracking well. 2009-2010 bounced back in the spring, exceeded our budget in 2009-2010, and

by that time we're well developing the budget for 2010-2011, so we expect to hit that 3.8 number there in 2010-2011, so the 3.9 we believe is doable.

The pilot payment – that's the Giant center, Hershey Medical Center, and the Room One payments – we anticipate a slight decline there from the Giant Center pilot.

Investment earnings are barely worth speaking about. It was, I think we looked at numbers today in 2006 that number was one million dollars of income in a year, now \$78,000. So, you think about that in terms of millage, that's significant. That's about a 3% or more hike in millage just based on lost investment earnings.

Stimulus dollars are dried up. Our state used some of the federal dollars over the last two years to offset their regular contributions. They reduced their contributions, used federal dollars, those dollars are now dried up. We've already received notification not to plan on dollar for dollar replacement from that source. You can see local revenues of \$44.3 million dollars anticipated.

A little history that you can see – four years of audited data, current year's budgeted numbers, and next year's proposed. The picture painted here is, the take away from this slide, Derry Township is taxed based on need. In 2006, Act 1 came to us from the state legislature and gave us an annual index of what you, the Board can raise taxes. To date, we've not hit that max. In fact, in 2008-2009/2009-2010, we have a zero percent millage increase. Again, we've taxed based on need. If the Board taxed at the maximum rate, you'd be sitting on \$7.5 million dollars more from the local revenue, from the local taxpayer. That's not the point of saying you should have taxed that, the point is, taxed on need and over time what's that millage versus state/federal revenue and how does it compare with expenditure?

Bringing this back together, as I said, about a \$1.16 million dollar deficit as we sit today. You take away the \$300,000 we have as budgetary reserve that, to my knowledge and history, we've not had to utilize, but it's there as a saving piece of money, brings us down to \$866,000. The things we've already talked about, debt service \$170,000; we're now down to \$700,000. Take a look at that technology position; we're now down to \$650,000. So, things tracking well, we very well will have some discussions about potentially a balanced budget. Keeping in mind though that this is already including a 3.1% millage increase.

A budget. What does that mean? We tried to highlight what is the average assessed value home in the District is \$150,000 and you can see the annual impact to various assessments on a 3.1% increase.

Any questions?

Dr. Donahue: Any questions for Dr. Kepler?

Mr. Stover: Bernie, I think this is a great start. It's extremely difficult to do this in January for the following year, but I think we have a good handle on where we're going, so I congratulate you and the staff on doing that. I'd like to just emphasize one key point and that has to do with the amusement tax, which is the 75¢ that we split per ticket with the Township. Hershey Entertainment and Resorts, through our negotiations and talking about raising the amusement tax or the amount that the District and Township get, they continually try and tell us that that fund is increasing by 35%. You gave me three years, I want to just quote, because in Finance we expanded it. So, in the year 2006-2007, we got 1.252; 2007-2008, we got 1.312; 2008-2009, we got 1.236; 2009-2010, we got 1.225; 2010-2011, we're looking at 1.228 and the following year that we're proposing in this budget, 2011-2012, we're proposing 1.2. I don't know where the 35% increases are, but they're not there.

Dr. Donahue: Thanks, Chuck. Any other questions or comments?

Mrs. Sheffey: I just would like to ask one question I should have asked you earlier Bernie, the cost recovery items, are those included in this budget presentation?

Dr. Kepler: Let me flip there, as I want to say some are, some are not.

Mrs. Sheffey: Okay.

Dr. Donahue: As Bernie is looking, I'll remind the Board members to state their names when we are reading the minutes we know.

Dr. Kepler: It's Slide 11. The retirements are not, so there is \$120,000 I didn't mention, so we're now down to under half a million. The transfer of entity, the utilities, fuel are, and I already said the debt service is not.

Mrs. Sheffey: But the items that we've been discussing in Finance Committee, the increased fees, making our drivers education cost neutral, and having our summer program being cost neutral, is any of that factored in here yet?

Dr. Kepler: Yes, those items are included.

Mrs. Sheffey: They are included, okay.

Dr. Kepler: Yes.

Mrs. Sheffey: And then I would just like to make a comment. Last year, we saw a proposed preliminary budget and, at that time, we were looking at a \$1.8 million dollar deficit, so this is much better than where we were last year at this point, although last year we had 14 retirements to offset that 1.8 and this year we won't have that. It looks bleak, but I think we're in much better shape than we were last year at this time.

I think we really need to, as the Finance Committee, and then this full Board really need to look at some of the new needs that are included in here. I'm mainly thinking about technology - that's a large number and the one-to-one laptop initiative. I think we should be looking at other ways to implement that. I know that there are other districts where students are allowed to bring laptops to school and that's not part of our plan, so maybe we can start looking at that and bringing that number down.

I just think we're in better shape than it looks. Sorry, Hank. I know you don't think so. I think we need to consider tapping into our reserves. I know that previous Board members who have been here longer than I are opposed to that, but reserves are set up for a reason to cover situations like we're in right now. I think we need to consider the fact that our reserves are growing and that this might be the year that we utilize them.

Dr. Kepler: I think, if I can comment, I think it's a wait and see game as well. Six months is a lot of time for us to get much closer on these expenditures and revenues. Steve said earlier tonight, the gubernatorial year has an additional month to present budget, so we won't see anything until March. We will track health care – right now we're tracking well. We're tracking over a half million dollars to the good on health care. It only takes a couple unfortunate circumstances and that no longer exists. As we get closer to May/June, I think we will be in much better shape.

The second piece you spoke to is regarding technology. I know it's difficult, because we don't know the precision within these numbers, but if for planning purposes, and we've talked about this before, we really need some clear direction from the Board on whether that is a go for us or not. If we have some discussions in Finance Committee on the 24th, check with Mr. McFarland, I don't know if he has a Curriculum Council meeting in that timeframe, we can talk about that, and then on February 7, it's our hope that we can have some direction from the Board on that item in particular.

Dr. Donahue: I have a question that stems from Ellen's question and maybe Steve can answer this. To the extent that we eat into our reserves, how will that affect our bond rating? As Mr. Verdelli alluded, one of the reasons we have a good bond rating is because we have a large reserve. How much do you have to cut into your reserve before it will negatively affect your bond rating?

Mr. Rineer: It's hard to say. The bond rating is a composite of a couple different factors. One is the strength of the local economy. As the economy improves, even if we would take some dollars out of our fund balance to support the programs, it probably would not have an impact, but having said that, if there are some difficulties in the local economy and we take some dollars out of our fund balance, then the rating agencies may say that the trend is not as positive as it has been and it may have an adverse affect on the bond rating. So, what does that mean? Well, that means that it doesn't affect bonds already issued, but if, in fact, we do go out with the middle school expansion in three years, a lower bond rating translates to increased risk. Risk is equal to reward. So, the bond market would have to be rewarded with taking on more risk

and that means higher interest rates and higher costs. It is incumbent upon us to budget as closely as we possibly can and to preserve that rating, because it ends up saving us a lot of dollars in the long term. I went to a budget update conference back in November put on by the PA Association of School Boards Officers and we were told that the state has informed us that, even though they can't provide revenue numbers and due to a Gubernatorial year, we won't have state revenue numbers until March that we're supposed to have next weekend. So, we're here in January and we're doing the best we can. It's early in the budget process. This budget is a journey. It's not a point in time and right now we're at a point in time and the journey will continue until June.

Dr. Donahue: Thank you.

Dr. Cronin: Just a quick question. I should have asked when you had the PSERS slide up, you had the graph and it showed the 8.6% that we have in our reserves that we're not going to use and that were a part of our increased budget will account for that, but what we're not using will help for the next two years it looked like?

Dr. Kepler: Clarification. We do not have 8.65% in reserve. That is the actual rate based on the new state legislation that we'll be paying 8.65% of our salary to PSERS. What we have in reserve is due to in 2008-2009 and 2009-2010, we budgeted at 7.13 and in current year we budgeted 8.22 although the index was 5.64, so we have the retirement rate stabilization fund at just over \$2 million dollars. At this point, our recommendation to the Board is not to tap into that \$2 million dollars to make up that \$289,000 hit in 2011-2012, because of what we see in 2012-2013 and beyond. We're seeing seven figure jumps in each of those three years and that's where we feel we can absorb the hit for 2011-2012. We can use that stabilization fund for the future.

Dr. Cronin: And how much of the future will that help us with. At what point are we desperate for state legislation to help us?

Dr. Kepler: Three years ago.

Dr. Cronin: But, we've been planning ahead, so it sounds like in two year's we're looking okay, but that third year we have our critical . . .

Dr. Kepler: There won't be a school district in the state beyond 2014 and 2015 that is in the black.

Dr. Cronin: We're in better shape than all of them.

Dr. Kepler: Absolutely. Much better.

Dr. Cronin: But, just to the 2014 school year.

Dr. Kepler: Correct. By 2014 . . .

Dr. Cronin: That's what I pretty much wanted to get clear.

Dr. Kepler: By June 30, 2014, that fund is gone.

Dr. Cronin: Got it.

Mr. Rineer: If I may, on the financial statements that you received, page MDA 9, the front of it, it shows that the retirement stabilization fund will be exhausted by 2013-2014.

Mrs. Sheffey: If we utilize it.

Mr. Rineer: If we utilize it.

Dr. Kepler: That's correct. It's an issue that the state legislature has to address or 500 school districts in the Commonwealth are in the red in 2014.

Mr. Rineer: I should mention to you, the way the state comes up with these projected retirement rates takes into consideration the balance in the retirement fund, but it also takes into account investment earnings. In the distant past, the amount of the school district contribution as a percent was very very low, it was down in the 1% range. That's because market values, stock market generally, was performing well. I don't need to remind too many folks about the stock market performance over the last two or three years. That's one of the big reasons why the retirement rates are increased. It's not the retirements in the system, it's not so much the school's funding and the employee fundings, it's market performance. When the market comes back, if it comes back or when it comes back, there's a loaded question for you, perhaps your crystal ball's better than mine. I can foresee a reduction of the PSERS rate, but we'll never see a return nor should we see a return down to the rates that we saw some years ago of 1% or 2%.

Dr. Donahue: Thank you. Any other questions for Bernie?

Mr. Gräb: Not a question for Bernie. I'm one of those members that was on the Board since the beginning of time, I just wanted to give a counterpoint. In the past, the fund balance was approximately \$15/16 million dollars, which means year after year after year to help keep taxes low. The problem with that is using one time money for recurring expenses and that's prior to Act 1. We had one particular year where in order to balance the budget, we had to raise taxes 24%, which did not sit well in the community. That final fund balance was spent to keep taxes lower, and I think we were fair to local entities. We re-assessed the properties in town, including paying back some taxes which they had paid in the past. Under Act 1, we will not have that opportunity for a 24% increase. Although I see where you're coming from with your utilization of the fund balance to help some of these budget balances, I would encourage us to be very judicious in that respect.

Mrs. Sheffey: John, I would never advocate for us to use our reserves on a recurring basis.

Dr. Donahue: Thank you John. Thank you Ellen. Any other comments or questions?

Dr. Kepler: If none, Dr. Donahue, I'd just like to close by thanking the administrative team. They've done a phenomenal job and starting in September and what we usually don't start with, so they were pretty wide eyed when we presented that we had to do this in the fall. They really, they went through every expenditure category and looked at actual expenditures in preparation for budget, so they've really sharpened pencils and they did a fine job in working through this, so thank you.

Dr. Donahue: Great, thank you.

UNFINISHED BUSINESS

4.01 Appointment of Delegates/Committee Members

Dr. Donahue: As President, I hereby invite the following to serve in the capacities as listed.

Delegates/Committee Members	December 2010 – December 2011
CAIU Permanent Representative:	Beulah Chabal
Dauphin County Technical School:	John Gräb Chris Morelli
Derry Township Parks and Recreation:	Bill Parrish
Founder's Park	Bill Parrish
Derry Township Joint Work Group:	Hank Donahue Ellen Sheffey Chris Morelli
Harrisburg Area Community College:	Donna Cronin

Safe Schools/Act 211: Donna Cronin

Tax Association:
12/01/2009 – 11/30/2011 Ellen Sheffey
12/01/2010 – 11/30/2012 Chuck Stover

Trojan Foundation:
(Board President or his/her designee) Chris Morelli
Co-Chairperson (Board) Chuck Stover
Co-Chairperson (Administration) Bernie Kepler

Communication Ad Hoc:
Chair (Board) Chuck Stover
Hank Donahue
Bill Parrish
Bernie Kepler
Dan Tredinnick

Curriculum
Committee/Curriculum
Council
Chair Mary Beth Hagan
Beulah Chabal
Hank Donahue

Co-Chairperson
(Administration) Joe McFarland

Finance Committee:
Chair (Board) Ellen Sheffey
John Gräb
Chris Morelli
Chuck Stover

Co-Chairperson
(Administration) Bernie Kepler
Steve Rineer

General Services
Committee:
Chair (Board) John Gräb

	Bill Parrish Chuck Stover Ellen Sheffey Bernie Kepler
Co-Chairperson (Administration)	
Building Oversight Committee (Ad Hoc): Chair (Board)	John Gräb Bill Parrish Chuck Stover Ellen Sheffey Bernie Kepler
Co-Chairperson (Administration)	
Human Resources Committee: Chair (Board)	Hank Donahue Beulah Chabal Mary Beth Hagan Chris Morelli
Co-Chairperson (Administration)	Bernie Kepler
Policy Committee: Chair (Board)	Beulah Chabal Chris Morelli Ellen Sheffey
Co-Chairperson (Administration)	Bernie Kepler
Time Study Ad Hoc: Chair (Board)	Hank Donahue Ellen Sheffey
Co-Chairperson (Administration)	Joe McFarland

***Board President is ex-officio member of each Standing Committee**

4.02 Unfinished Business

None.

NEW BUSINESS

5.01 Anticipated Agenda Items for January 24, 2011 Public Meeting

1.	Approval of January 10, 2011 Board Minutes
2.	Standing Committee Report - Finance
3.	Presentation - 2011-2012 District Calendar
4.	Approval of December 2010 Finance Report
5.	Transfer of Payment
6.	Requests for Payment
7.	Approval of 2011 Township of Derry Tax Collection Association Budget
8.	Approval of Contract for Services with Capital Area Online Learning Academy (2011-2012)
9.	Requests for the Use of Facilities
10.	Approval of Derry Township Tax Collection Association Appointment
11.	Personnel
12.	Students of the Month - December 2010 & January 2011
13.	Announcement of Staff Development Conferences

5.02 Audit Report for the 2009-2010 School Year

The Administration recommended the approval of the audit report for 2009-2010 school year as presented by Mr. Brian Straub CPA, from the District's auditing firm of Waggoner, Frutiger & Daub.

Dr. Parrish moved the Board approve the audit report and was seconded by Mrs. Chabal.

Roll Call Vote:

Chabal – Yes

Cronin – Yes

Donahue – Yes

Gräb – Yes

Hagan – Yes

Morelli – Yes

Parrish – Yes

Sheffey – Yes

Stover - Yes

9 Yes

MOTION CARRIED

5.03 Resolution for the Sale of Bonds - Series of 2011

Mr. Lou Verdelli of RBC Capital Markets and Mr. Richard Wood of Rhoads & Sinon, LLP will review with the Board information regarding issuance of General Obligation Bonds, Series of 2011, to provide funds for the redemption of the Series of 2006 and Series A of 2006 bond issues, and to pay bond issuance costs.

The Administration recommended that Bond Counsel be authorized to proceed with closing the sale of bonds that was concluded Monday, January 10, 2010 and to adopt the resolution presented to the Board this evening authorizing the indebtedness and the issuance of the Bonds in accordance with the Pennsylvania Local Government Unit Debt Act.

Dr. Cronin moved the Board approve the resolution and was seconded by Mr. Gräb.

Roll Call Vote:

Chabal – Yes	Gräb – Yes	Parrish – Yes
Cronin – Yes	Hagan – Yes	Sheffey – Yes
Donahue – Yes	Morelli – Yes	Stover - Yes

9 Yes

MOTION CARRIED

5.04 Approval of Finance Report for November 2010

Mr. Rineer: The Administration recommended the approval of the November 2010 Finance Report as it appeared on the screen.

1.	The Treasurer's Report for the month ending November 30, 2010 was summarized as follows:	
	• General Fund Revenues	\$2,174,139
	• General Fund Expenditures	3,997,642
	• Balance of Cash Plus Investments (Includes \$4,750,265 Capital Reserve)	30,162,859
2.	The listed schedule of investment transactions for the period beginning November 1, 2010 through November 30, 2010 had totaled interest earnings of \$7,916 comprised of the following:	

	• General Fund	\$38
	• Money Market	6,639
	• Capital Reserve	1,239
	• PA Local Government Investment Trust	0
The average interest rate for November 2010 was 0.32%		
3.	The November 2010 expenditures for the paid bills for all funds totaled \$1,943,502 excluding net payroll, retirement contributions, and debt service.	
4.	The December 2010 expenditures for the unpaid bills for all funds totaled \$746,940.	
5.	The estimated expenditures of the General Fund for the month of December 2010 were in the following amounts:	
	• Operating Expenses	\$1,100,000
	• Utilities	142,500
	• Net Payroll (3 Pays)	1,931,000
	• Employer Provided Insurance	328,200
	• Payroll Deductions	951,000
	• Employer Payroll Taxes (FICA/RET)	557,000
	• Debt Service	<u>0</u>
	Total Estimated Expenditures	\$5,009,700

Mrs. Chabal moved the Board approve the Finance Report and was seconded by Dr. Cronin.

Roll Call Vote:

Chabal – Yes
Cronin – Yes
Donahue – Yes

Gräb – Yes
Hagan – Yes
Morelli – Yes

Parrish – Yes
Sheffey – Yes
Stover - Yes

9 Yes

MOTION CARRIED

5.05 Revision to High School English 9 Course Curriculum

The Administration recommended the approval of the revisions to the Hershey High School English 9 course curriculum which has been approved by the Curriculum Council.

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

Roll Call Vote:

Chabal – Yes
Cronin – Yes
Donahue – Yes

Gräb – Yes
Hagan – Yes
Morelli – Yes

Parrish – Yes
Sheffey – Yes
Stover - Yes

9 Yes

MOTION CARRIED

5.06 Approval of Overnight Field/Trip Excursion - High School Future Business Leaders of America - April 2011

The Administration recommended the approval of the overnight field trip/excursion as listed:

<i>Group:</i>	High School Future Business Leaders of America
<i>Number of Participating Students:</i>	35-40
<i>Grade Level:</i>	9-12
<i>Destination:</i>	Hershey Lodge and Convention Center
<i>Purpose:</i>	FBLA State Leadership Conference
<i>Depart:</i>	April 4, 2011
<i>Return:</i>	April 6, 2011
<i>Trip Leader:</i>	Doug Ruhl

Dr. Kepler: The District reserves the right to cancel the excursion based on events that could pose a heightened safety or security risk. Let’s hope that doesn’t occur, because they’re staying at the Hershey Lodge. In fact, they stay overnight and then attend and participate in a lot of the activities with other students in the evening, so let’s hope there’s no safety or security risk.

Dr. Donahue: Sounds like fun.

Dr. Parrish moved the Board approve the field trip excursion and was seconded by Dr. Cronin.

Roll Call Vote:

Chabal – Yes
 Cronin – Yes
 Donahue – Yes

Gräb – Yes
 Hagan – Yes
 Morelli – Yes

Parrish – Yes
 Sheffey – Yes
 Stover - Yes

9 Yes

MOTION CARRIED

5.07 Requests for the Use of School Facilities

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

<i>Group:</i>	Girls Scouts in the Heart of PA
<i>Date/Time:</i>	February 25, 2011 5:00 p.m. - 9:30 p.m.
	March 4, 2011 (Snow Date) 6:00 p.m. - 9:30 p.m.
<i>Requested Facility:</i>	Primary Elementary Multi-purpose Room, Cafeteria/Kitchen
<i>Event:</i>	Brownie Dance and Ice Cream Social
<i>Fee:</i>	None
<i>Group:</i>	Boys' Basketball
<i>Date/Time:</i>	March 4, 11, 18, 2011 5:00 p.m. - 10:00 p.m.
	March 5, 12, 19, 2011 7:00 a.m. - 9:00 p.m.
<i>Requested Facility:</i>	ECC Gym
<i>Event:</i>	Boys' Basketball Tournaments
<i>Fee:</i>	As per Lease Agreement
<i>Group:</i>	Boys' Basketball
<i>Date/Time:</i>	March 4, 11, 18, 2011

	5:00 p.m. - 10:00 p.m.
	March 5, 12, 19, 2011 7:00 a.m. - 9:00 p.m.
<i>Requested Facility:</i>	Middle School Gym
<i>Event:</i>	Boys' Basketball Tournaments
<i>Fee:</i>	As per Lease Agreement
<i>Group:</i>	Derry Township Parks & Recreation
<i>Date/Time:</i>	June 4, 2011 8:00 a.m. - Noon
<i>Requested Facility:</i>	High School Track
<i>Event:</i>	Hershey Track & Field Games - Local Meet
<i>Fee:</i>	None

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

Roll Call Vote:

Chabal – Yes
Cronin – Yes
Donahue – Yes

Gräb – Yes
Hagan – Yes
Morelli – Yes

Parrish – Yes
Sheffey – Yes
Stover - Yes

9 Yes

MOTION CARRIED

5.08 Personnel – Resignation

Dr. Kepler: The Administration recommended the approval of the following resignation as listed, and thanks Mr. Earl Grimm for his years of service as a bus driver.

Classified:
Grimm, Earl Bus Driver District-wide Reason: Retirement Effective: 01/19/2011

Dr. Parrish moved the Board approve the resignation and was seconded by Mrs. Sheffey.

Roll Call Vote:
 Chabal – Yes
 Cronin – Yes
 Donahue – Yes

Gräb – Yes
 Hagan – Yes
 Morelli – Yes

Parrish – Yes
 Sheffey – Yes
 Stover - Yes

9 Yes

MOTION CARRIED

5.09 Personnel – General

1.	The Administration recommended the approval of the following appointments:
	Classified:
	Durst, Adam (replacing Alex Waterland) Information Technology Intern District-wide Salary: \$10.00 per hour (no benefits) Effective: 01/11/2011 through 05/13/2011
	Eichman, Carmen Substitute Library Aide Elementary School Salary: \$10.65 per hour Effective: 01/11/2011 (pending receipt of Act 34, 151, and 114 clearances) Substitute Teachers' Aide Elementary School Salary: \$10.65 per hour Effective: 01/11/2011 (pending receipt of Act 34, 151, and 114 clearances)
	Grimm, Earl * Substitute Bus Driver District-wide Salary: \$16.48 per hour Effective: 01/19/2011
	Larkin, Julie Substitute Secretary District-wide Salary: \$14.16 per hour Effective: 01/11/2011
	Sickler, Amanda * (replacing Tabetha Gehman)

<p>Special Education Aide Middle School Level B: 6.5 hours per day Salary: \$13.52 per hour Effective: 01/11/2011</p>
<p>Weber, Roger * (replacing Earl Grimm) Bus Driver District-wide Level A: 5.25 hours per day Salary: \$14.56 per hour Effective: 12/09/2010 (retroactive)</p>
<p>Welton, Sandra (for Lindsay Broadbent) Substitute Part-time Secretary Elementary School Level A: 4.0 hours per day Salary: \$14.16 per hour Effective: To be determined (pending receipt of Act 151 clearance)</p> <p>Substitute Secretary District-wide Salary: \$14.16 per hour Effective: 01/11/2011 (pending receipt of Act 151 clearance)</p>
<p>Transfer of Classified Staff:</p>
<p>Bryner, Heather * From: Teachers' Aide Elementary School Level A: 4.0 hours per day To: Teachers' Aide Elementary School Level B: 6.75 hours per day Salary: \$12.16 per hour Effective: 01/03/2011 (retroactive)</p>
<p>Limited Service Contracts:</p>
<p>Dell, Hailey * Volunteer Assistant Varsity Track Coach High School Effective: 01/11/2011</p>

	<p>Laudermilch, Dale * Assistant Varsity Softball Coach High School Level II, Group C, Step 3 Salary: \$2,140 Effective: 02/28/2011</p>
	<p>Warner, David Volunteer Assistant Wrestling Coach Middle School Effective: 01/11/2011 (pending receipt of Act 151 clearance)</p>
2.	<p>The Administration recommended the approval of the following requests in accordance with District Policies 435 & 439:</p>
	<p>Baird, Julie Grade 2 Teacher Elementary School Paid/Unpaid Childbearing/rearing Leave Effective: On or about 03/14/2011 through 04/26/2011</p>
	<p>Shirey, Mandy Spanish Teacher High School Paid/Unpaid Childbearing/rearing Leave Effective: On or about 04/20/2011 through the end of the 2011-2012 school year</p>
3.	<p>The Administration recommended the approval of the following additions to the 2010-2011 Substitute Teacher List:</p>
	<p>Blackall, Colleen B.S. in Nursing from Villanova University (pending receipt of Act 114 clearance)</p>
	<p>Chiarelli, Elizabeth B.A. in Secondary English from Elizabethtown College</p>
	<p>Fried, Richard B.S. in Earth Sciences from The Pennsylvania State University with certification in Earth and Space Science</p>
	<p>Henry, Kelcey B.S. in Elementary Education from Millersville University of Pennsylvania</p>

	Lynn, Holly B.S. in Elementary and Special Education from Millersville University of Pennsylvania
	Phillips, Todd M.E. in Curriculum and Instruction from University of Nebraska with certification in Elementary Principal
	Rudy, Ryan B.S. in Elementary Education from The Pennsylvania State University
	Sema, Tammy B.S. in Elementary Education from Millersville University of Pennsylvania
4.	The Administration recommended the approval of the following addition to the 2010-2011 Guest Teacher List:
	Harner, Briana
*	This individual is currently an employee and/or volunteer. Clearances are on file.

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

Roll Call Vote:

Chabal – Yes
Cronin – Yes
Donahue – Yes

Gräb – Yes
Hagan – Yes
Morelli – Yes

Parrish – Yes
Sheffey – Yes
Stover - Yes

9 Yes

MOTION CARRIED

DELEGATES REPORTS

6.01 Dauphin County Technical School Report

Mr. Gräb: Just a quick school report. The Dauphin County Technical School Joint Committee met in December to reorganize. There was not a quorum, hopefully everyone has received their mail ballot and returned them. We also had a preliminary presentation of the Technical School budget which is coming in close to about a 1.4% increase. That’s about it. We will be meeting again this coming Wednesday.

Dr. Donahue: Thank you. Any questions for Mr. Gräb?

6.02 Harrisburg Area Community College Report

No report

6.03 Capital Area Intermediate Unit Report

Mrs. Chabal: The next meeting for the Capital Area Intermediate Unit will be on January 27.

6.04 Derry Township Tax Collection Association Report

Mr. Stover: The Tax Association met on December 14, primarily what we did was approve the budget, which we will be voting on at our next meeting. We will be meeting January 27 and primarily we will be reorganizing at that meeting. The Dauphin County Tax Collection Committee met in December as well, primarily working out – most of the meeting was in executive session primarily to work on the contract details with the EIT proposed collector. We will be meeting again on January 19. That's my report.

Dr. Donahue: Great. Thank you, Mr. Stover. Any questions for Chuck?

SPECIAL REPORTS

7.01 School Community Information Report

Mr. Tredinnick: Thank you, Mr. President. On your way in and, for Board members at your desks, hopefully you found a colorful little postcard here. This is for the unveiling of a community mural that the Community Taskforce was instrumental in setting. Actually, it was about a two year project from the time this was initially implemented until the conclusion here with the unveiling on February 13. During that period of time, we have over 1,000 members of the community, including a significant number of our own school students participate in creating this mural, so I just want to make you aware of the fact that the mural is now complete. It will be on permanent display at Hershey High School and we will have the official unveiling of that in a ceremony here in February. Please mark that on your calendar and we hope you're able to attend.

Dr. Donahue: Thank you, and at the risk of sounding immodest, I was given the opportunity to help paint this. It was brought up the Penn State Cancer Institute. If you look real closely, it's right where it's gone out of the lines, but I made that little paint

there. I'm pretty proud of that, that's the best painting I've ever done. Thanks, Mr. Tredinnick.

7.02 Board Members' Report

None.

7.03 Acting Superintendent's Report

Dr. Kepler: I do have a brief report, Dr. Donahue. Just to highlight a couple of the efforts these two administrators and beyond are making in terms of having programs come here to Derry Township.

The first, Mr. Murphy – tie directly in with the efforts for high school restructuring is hosting the documentary film called Race to Nowhere will be held Thursday, February 10 at the high school beginning at 7:00 p.m., I believe. It's a documentary speaking about the pressures of high school youth in today's American society, so we encourage as many parents to come out and see that film as it dovetails nicely with a lot of what we're talking about with restructuring.

Secondly, I'll let Mr. McFarland speak to the workshop he's putting together through the Susan Burns Health Center entitled Drugs 101, a Parent Workshop. So, Joe, if you can give an overview?

Mr. McFarland: Yes, that will be on Wednesday, March 30, also in the high school at 6:30. I encourage all parents, grandparents, Board members, and staff to attend that as well. It is just for parents, it is not for students. They will actually set up a mock bedroom scene that you will go through first and then they will talk about that and talk about what's in the bedroom scene that actually can be drug paraphernalia that parents often would not notice. Very informative session. I would encourage everyone to attend. It's March 30 starting at 6:30 and you can register on the website, just as you are for the restructuring meetings, if you go to the right hand section where it says 'View Calendar' and you go in through there, you just click on March 30, the Drugs 101 and you will be registered for that.

Female Voice: Do you have to register to attend?

Mr. McFarland: Yes, you do need to pre-register for that. The deadline is March 15 for preregistration, because we need to give an exempt number to the Burns Center.

Dr. Donahue: Thank you. Just as part of the President's report, I'll give a brief report. There was a Curriculum Council meeting January 3. We discussed several issues, probably the most relevant was, I'm going to see if I can get this right and if I can't, Joe you can help me. According to state mandate, we weren't teaching anatomy exactly

correctly. We were teaching reproductive anatomy, we were teaching gender specific reproductive anatomy, meaning that we taught girls what their anatomy was and boys what their anatomy was. It turns out we're supposed to be also teaching the other opposite sex what their anatomy is. Is that correct?

Mr. McFarland: Yes.

Dr. Donahue: So, we made that change and we talked a lot about how to incorporate, and I think this is really important, 21st century learning skills into our curriculum, which sounds a little touchy feely, but it really, I believe, is the sort of thing that makes one successful in college and, more importantly, beyond college and that's leadership skills, interpersonal skills, how to work in a team. I think it's very important that we keep our eye on incorporating this into curriculum. The challenge, of course, is how to assess progress in this area as you can imagine you can't do a multiple choice assessment on interpersonal skills, but that was a very interesting discussion, I thought, it's something that I think is important that we have to keep our eye on.

Mr. McFarland: Yes, and if I can just add a little bit more to that health curriculum update for 5th grade.

Dr. Donahue: Please.

Mr. McFarland: In the standards, it is for 6th grade, by the end of 6th grade, students need to understand the anatomy of male and female reproductive systems, just as we would teach digestive, circulatory, the reproductive system is also one of those. There will be a parent information letter coming home and the video that is used is actually from the Brain Pop videos that are used instructionally and many curricular areas. There will be a link to that that parents can watch that first. It is fairly nondescript. It does use proper terminology and only covers the anatomy of the reproductive system.

Dr. Kepler: If I can add just to clarify, that has been processed through Curriculum Council at the first approval. There's a second presentation and approval here in their next meeting in the next few weeks, February 4, and then the full Board would see a motion following that for adoption this spring for our current 5th grade.

Dr. Donahue: Thank you. I think you made that a little more clear than I did.

7.04 Board President's Report

Dr. Donahue: I'll take this opportunity to give a very brief update on the search for a superintendent. The profile, all this data, has been collected online. The profile has been established of the type of person we want, promotional materials have been sent out. The next step that we have to do is March 9, we'll meet with the search firm and go over a list of applicants and make a short list. So, we're progressing nicely with the

process of selecting – interviewing and then selecting a new superintendent. Any questions regarding that process?

RECOGNITION OF CITIZENS (Non-Agenda Items)

8.01 Recognition of Citizens (Non-Agenda Items)

Jonas Sheehan: I've sent a couple of e-mails to the Board and I'm here to talk to you about the item that I've described in the e-mail. One of my sons was involved in an incident with another student on the way home from school. Although I'm perfectly happy to get into the details of that episode, that's not actually why I'm here to talk to you. I'm here to talk about how the episode was handled after that. My son was interviewed by his principal, Lori Dixon, in the presence of my wife and myself. I interview people every day and I teach people how to interview patients every day. The technique was, to put it nicely, biased; to put it less nicely, marginally competent for someone whose charge it is in her job to investigate these sort of issues. Other kids were interviewed before and after my sons. Later, one of the kids came to the house, a friend of my son came to the house, and I said, "My son's downstairs." He said, "Actually, I came to talk to you." He said, "I talked to the principal today, and I felt like they were trying to get me to change my story." So, a 10 year old kid felt the same way. That child's mother had concerns as well. We had the opportunity to meet with Dr. Kepler, along with the parent of the other child and expressed those concerns. He said you'd take our comments under consideration and get back to us. You did get back to us in a short time and told us that the District supported Mrs. Dixon's decision. I didn't get any more details than that about what the process was to go from our conversation to that decision to support.

In the meantime and in the interim, I've probably discussed this situation with six of the kids who were closely, in proximity, to the episode. I'm not going to pretend I'm unbiased, but I'll tell you, I did my best to put the story my son told and the story Mrs. Dixon told me together.

Of the six kids I talked to on multiple occasions, their story was consistent and uniform with my son's, maybe it's not the right story, but it's consistent. It's very different from the story I got from the District. So, I was given the opportunity, along with my wife and our attorney, to meet with Linda Brewer and the School Solicitor to try to hash this out. What I said to them was there's an episode and there's a story that Mrs. Dixon arrived at through a process that I have some concerns about and another parent has some concerns about. Even a 10 year old kid has some concerns about it. Then there's a story that I got from six kids consistently, again, I'm not saying my story's 100% right, but I am saying it's consistent and it's very different than the other story. With two parents having concerns about the process on this arm and these stories being so separate, it seemed to make sense to me that having another person be involved to try to put these two stories together and explain again would make sense. I was told by the Solicitor and the Superintendent that, in fact, the School Resource Officer had

interviewed the kids and came up with the exact same story as the principal and now I should feel comfortable that they had it right and stop looking for the story I wanted as opposed to looking for the truth. Our meeting with the Superintendent focused on that issue of having after several requests, why wasn't somebody else involved? And the discussion about the Officer being involved was the central part of that meeting, so it was stated, restated, confirmed, clarified, expanded upon. There was no misunderstanding in the communication in that room. Of course, the School Resource Officer, I had a chance to speak with her later, she didn't interview anyone.

I'm still, I have several issues. One is these widely disparate stories, which I don't think we can put together two months later with 10 year kids, but I think the technique in which this investigation was undertaken should be evaluated. Two parents concerns, I think, is legitimate concern. Maybe that's been done, none of that's ever been communicated to me.

The issue along the way has been we've come to the District and we've come to the Board and we've come to person after person with concerns and we get almost nothing back – no information, no communication. Several of you are here on the platform of responsiveness to parental concerns and I can tell you, I don't feel that way. We've run into a number of other people who don't feel that way as well.

And then, I guess, finally, not only is there an external communication problem, but there's an internal communication problem. I don't know how the Solicitor and the Superintendent presented to me that the School Resource Officer had been personally involved. Maybe they were given bad information from someone else, intentionally or unintentionally, maybe they were given the right information and gave me bad information intentionally or unintentionally. But, there maybe four or five issues along the way that I think are a big concern from an administrative standpoint if I performed my job this way, I'd be in big trouble. I just haven't seen any answer to those four or five concerns at all.

I've written an e-mail to the Board over a month ago and the only answer I got was 'we take this seriously,' but it's a month. I guess what I wanted to understand tonight is where do stand in that process and what have you or haven't you found?

Dr. Donahue: Thank you very much. Are there other citizens that would like to comment on this and then I would respond to what you said, but if there's other people that want to comment on this, if not, I'll respond to you now.

Cindy Hertz: I wasn't going to – thank you sir for your comments. Five years ago, I stood here and several of us commented on the same thing. It's been five years and the same thing is happening. You have to question who is in charge. I think many of us know there's obviously going to be change. I hope that's taken into consideration. This Board has heard us. They have not listened to us. The request was to take and hold people accountable for their own action. That has not been done and it's been proven by this comment tonight. I'm very very disappointed in this Board and the people that

we reached to five years ago. It's been five years and it's still going on. I have a story I could tell you, but it's not my story to tell anymore, but it's been five years. Thank you, sir. I hope you have good luck and I do support what you say and I hope many in the community will reach out and support you as well. Thank you.

Dr. Donahue: Thank you. So, I take this opportunity to address your question. We have looked at this and I don't want to sound superficial, but we do take this very seriously. I take it very seriously personally, because I have children in this School District. We take the safety of the children extremely seriously. That's the most important thing. We take the process very seriously also. The Human Resources Committee, that I chair, and is made up of members of the Board, we looked at the process of how this was handled and we looked at the actions that the School District took. We believe that the actions they took, the Human Resources Committee, believes that the actions that the School District took were appropriate. We have not yet communicated that to you, other than the communication that came from me via Mr. Tredinnick, because we haven't had an opportunity to meet with the full Board to advise the full Board as to our opinion on the outcome of the investigation. We met with the full Board today and the full Board accepts the Human Resources Committee recommendation that the investigation, if you want to call it that, was appropriate. The outcome and the actions that were taken by the District were appropriate. We will communicate that to you in a more formal mechanism, but we couldn't before, because we just hadn't met to be honest.

Mr. Sheehan: Well, I guess my question is then, what do you think was appropriate? Do you think appropriate response was two parents come with the same legitimate sounding concern and receive no, perhaps you investigated it, but the proper way to evaluate this process would be to duplicate it and have the children had been interviewed again early on and validate, you're a scientist, you validate the process. But, to look at it from a month or two later and say, yeah, we got that right. I don't know how you can say the right decision was made. I don't know of any, I don't know what the process was to evaluate this, but if it was to look at papers two months later written by the people involved two months ago, I don't know how you can validate the process in a decision.

Dr. Donahue: We've been looking at it since the concern first came to us which was sometime mid-November. We've had outside counsel investigate it. The Board doesn't investigate, obviously. We look at information that's given to us and we evaluate that.

Mr. Sheehan: So, the Board agrees with the Superintendent and the Solicitor giving the false information in a personal meeting in front of my attorney, not just me.

Dr. Donahue: I don't agree with that.

Mr. Sheehan: You don't agree?

Dr. Donahue: No, I don't. I don't think the Board agrees with that either.

Mr. Sheehan: So, you agree with which part of the process?

Dr. Donahue: The outcome.

Mr. Sheehan: The outcome meaning the punishment for my son.

Dr. Donahue: The overall outcome of the whole process.

Dr. Kepler: Dr. Donahue? I'd like to just comment briefly, particularly because I have a principal in the back of the room who interviewed students, not only in the presence of a parent, but also in the presence of another staff member. Separate legal counsel inquired with those individuals, shows no signs of any leading questions, has stories from students that do differ from what's presented this evening. I actually had a parent approach me and say, "My child did not go to speak to another parent. That parent came and sought me." If we look at science, once a story is out there, part of that science is tainted, if you will, the different perspectives, there's different conversations – from a 10 year old they're going to have a hard time recalling specific facts. Hence, why no second or follow up interviews were conducted. In the same breath, we had parents saying please don't pull my child out of class again to talk about this. I want them to be educated.

Also, you speak about the type of principal that Lori Dixon is. In a recent issue, here's an e-mail excerpt that I got from a parent, and actually Mrs. Dixon got it:

Hello Mrs. Dixon. Just wanted you to know that I really appreciate your call and the clarity you gave me about the incident. It has been all over e-mails and Facebook, but I wanted you to know that I was thankful for the clarity I received and encouraged all the mothers to start leading their children in truth or someone else will be leading them. I am just very resolved to NOT gossip or slander, so I'm not talking negatively about this situation. I appreciate all you do to lead, guide, and direct our students.

Sincerely, and I'll leave that anonymous at this time.

Mr. Sheehan: So, let me see if I have this straight, because I'm just not sure I understand the Board's position. Two parents brought the same concern to the District and the way to handle that was to ask the person about whom the concerns were – did you get this right? Because no one else was there, right? You have Ms. Robino who was there who wouldn't answer any question I directed to her and said nothing. The entire situation was directed by Mrs. Dixon. We have two parents, myself and my wife, and the parent of another child who met with you personally and had concerns about the investigation technique. So, three parents came with the same concerns and the way you handled that was, did you do this right? Is that what I'm hearing?

Dr. Donahue: So, what you're hearing is that we've heard from our counsel and we've heard from the administration and the Board, as a whole, feels that the situation was handled correctly.

Mr. Sheehan: Am I privy to the manner in which that decision was made? The information that was considered?

Dr. Donahue: Do you want to speak to that?

Mrs. Steinour Young: I will be happy to respond to Dr. Sheehan. My name is Carol Steinour Young for anybody in the audience who does not know me. I am the Solicitor who Dr. Sheehan has said has attended a meeting with him and his wife and his attorney. All I can say with regard to your description of that meeting Dr. Sheehan is that it was not quite accurate. With respect to the investigation, as we discussed with the Board this evening, this was reviewed by two professionals, Mrs. Dixon, Mrs. Robino, for some reason, that is not clear to me, you have been laser focused on Mrs. Dixon and Mrs. Dixon was not the individual who was solely responsible for these interviews. For whatever reason, Dr. Sheehan and Mrs. Sheehan, you just seem to ignore a lot of the reality of the situation. If I may continue, this was reviewed by Mrs. Dixon, Ms. Robino, Officer Kepple, who was involved in the investigation as well. There was a point in time where there might have been charges filed, under policy and procedure, if charges were going to be filed, Officer Kepple would have interviewed the children.

Mr. Sheehan: That's not what you told me.

Mrs. Steinour Young: Because, let me finish . . .

Mr. Sheehan: Absolutely. Go ahead. I'm waiting.

Mrs. Steinour Young: Because Officer Kepple learned at some point in the process that charges were not going to be filed, it is policy and procedure not to re-interview the children. Neither Dr. Brewer nor I remember saying anything at that meeting about Officer Kepple re-interviewing the children. Had we made that statement, we would have been incorrect. That's all. An incorrect statement. No attempt to falsify anything, no attempt to cover anything up. We believe that the investigation was done correctly, policies and procedures were followed, the full Board has considered the issue and has deemed all of the actions to be appropriate.

Mr. Sheehan: I'm aware that's what Carol thinks. Now, Carol, I would like to point out my attorney who was also present at that meeting. . .

Dr. Donahue: Excuse me. I'm going to let you finish, and I'm saying this to both of you, we can't adjudicate this here. We can't a trial. We want to hear from you, but we can't make decisions here and that sort of thing.

Mr. Sheehan: But, I think there are some factual things that are incorrect. In that meeting, it was explicitly stated multiple times by Carol and Linda Brewer that the Officer had interviewed these kids. My attorney will testify to that. I'll testify to that. I'm happy to do something simple like a polygraph.

Dr. Donahue: This isn't, as I said, this is not a trial. It's not a court of law, so we're not here to . . .

Mr. Sheehan: But, you can't make your decision, Hank based on false information. What I'm saying is you've got a pile of garbage and you're trying to process garbage and make a decision. What you just heard about, perhaps unintentionally misspeaking, that's 100% false.

Dr. Donahue: Alright, that's your opinion, we're not going to decide that tonight though.

Maryellen Sheehan: I would just like to add one thing. I actually have spoken to an attorney with the Department of Education who agrees there is, in fact, a problem here. He encouraged us to go to the Board, to you all as the Board, to provide us with direction on how to resolve this.

Dr. Donahue: I think Carol . . .

Mrs. Steinour Young: May I respond to that? With regard to the Pennsylvania Department of Education, we have a letter in my hand dated January 7, 2011. We understand that you've made a formal complaint. This is the finding:

This office has concluded that the allegations in the complaint, even if found to be true, would not be sufficient to warrant professional discipline.

That's the letter.

Mr. Sheehan: Right. so, what the letter means is that was not covered under – this behavior was not covered under the specific Act under which the complaint was filed. What the state attorneys and the Department of Education have told us is, it's not covered under this narrow Act, but we recognize a problem and the way to handle this is take it to the Board, and if the Board doesn't give you satisfaction, you have recourse through the state.

Dr. Donahue: So . . .

Mr. Sheehan: And you're a lawyer and you should know that.

Dr. Donahue: Just to make it clear, we came to our decision as a Board before we ever even saw our letter, so that did not influence our opinion. You certainly have the right to disagree with our decision and take what actions you need to, but we can't just discuss

it on and on tonight here. By the way, I appreciate your attitude and your sense of civility, because I know this is very emotional for people that have kids. I appreciate the manner in which you're handling this.

Mr. Sheehan: You know it's personal for me . . .

Dr. Donahue: Sure.

Mr. Sheehan: . . . because my child was involved.

Dr. Donahue: Sure.

Mr. Sheehan: But beyond that, it's a community issue, and this room isn't full because of the budget tonight. So, I think, again, parental concern responsiveness is something that we've heard over and over and apparently, you've been hearing it for years. I can tell you that neither I nor my wife, nor the parent of the other student involved feel like our concerns were responded to appropriately.

Dr. Donahue: I appreciate that, but I want to make it clear, and I appreciate, as I said, the way you've presented this. I appreciate your opinion, but the Board has reached their decision on this and, as far as the Board is concerned at this point, we will not be taking any further action.

Mr. Sheehan: I can understand that. I think that's a failure. I think it's a personal failure, because each and every one of you knows the situation better than this, but I accept your decision at this level.

Dr. Donahue: Thank you. Are there any other citizens that would like to make comments on non-agenda items?

Teresa Umberger: Back on October 11, I was in here and I had requested and was told at my request that there would be roundtables for the parents, the students, and graduates, and I wanted to know how the graduate, the alumni roundtables have gone since they've been here over the Christmas vacation? I've asked my daughter in the high school many times if she's had an opportunity to express since she is the one that has to buy in to a change of schedule or buy in to anything that we want to do. What are they being presented with from an administrative or being presented from their council. She came home today and showed me her new schedule because they're getting ready to do course selection of 75 days of a block schedule and then looking at another 75 days of a block schedule with a 30 day for elective. So, I want to know if that a 5th type of schedule that's looking to come out and where are we with the alumni interviews for how they have fared going on and where are the students.

As far as the parent roundtable, I felt like it was very directed and that we didn't get a lot of opportunity to talk until maybe the last portion of it. There were a lot of teachers there that gave one aspect of something and there were two students there, and I'm not quite

sure why the two students were invited to the parent roundtables where we could sit and talk to the administration about it. I thought it was going to be student roundtables where the kids got a chance to talk with the Administration and not have maybe contrived power at the beginning of it that took up half of the time.

Dr. Donahue: Thank you. So, I would say, in these set of situations, we're not necessarily prepared to answer question. That said, I'll put Mr. Murphy and Dr. Kepler on the spot to see if they can answer those particular questions.

Mrs. Umberger: Thank you.

Mr. Murphy: Good evening. I'm sorry. I have no idea what schedule you'd be looking at that shows any 75 day . . .

Mrs. Umberger [Not at microphone]: . . . classes today when she was looking at scheduling for next school year.

Mr. Murphy: Can you ask her to stop and show it me. I'd love to see what that is, because I have no recollection at all of what that would be.

Mrs. Umberger [Not at microphone]: Okay. I tried to find it on my laptop and I couldn't find it.

Mr. Murphy: Yes, if you can, please. I'm sorry. I have no idea what that's about that's why I'd like to see that. As far as Ms. Umberger's concerns about the roundtables. I don't know if you want me to go line by line on the various points made. We are in the process of organizing them for students. We are going to do that in school. We're working through our student council to do that. Parent roundtables are continuing. We have actually two scheduled just this week. We have others coming up. If they become full or we see more need to be added later on in February and March, we're going to continue to do that. I apologize if they end and folks don't feel like they had the chance to discuss all of their points, but I can assure you that I end every one with you don't have to limit coming to one of these, you're welcome to come to as many as you want. I certainly encourage that. I also tell folks that if they have anything they want to talk in any great depth and they'd like to sit down with me one on one, I'd be happy to do that. We'll give people as much time as they want in order to feel comfortable that they're getting the information they need in order to truly understand some of the things we're talking about. So, we will continue to do that. The talking, the planning, and everything still goes forward. I think we're making some really good progress; we're hearing some really good things from folks. We've received some ideas that I think are worth considering, and we're doing that. I think the process is going real well and I enjoy meeting with the folks.

Dr. Donahue: Thank you.

Dr. Kepler: To echo what Mr. Murphy has said, Mr. McFarland and I are splitting our attendance among those some 11 or 12 roundtables. The session or two that I've been in attendance, I thought had good dialogue and better understanding when we left the session. In an earlier Board note to the Board, I communicated some weeks ago that student roundtables were going to be forthcoming, so that has been communicated and is in the works from weeks and weeks ago, so that's my addition.

Mrs. Umberger: Will there be any presentation to the parents, because there were well over 100 parents at that informational meeting giving us what the findings were from these roundtables. I would like to have the findings from the student roundtables. I'd like to know what the student input is and what they are seeing this as being.

Dr. Donahue: I don't want to give Bernie and Mike more work, but I have thought about it. I think maybe a follow up to the town hall meeting might be good where we say: this is what we said at the town hall meeting, this is what we've learned sort of thing.

Dr. Kepler: To respond to that Dr. Donahue, we have discussed how to best provide feedback and Mr. Murphy is continuing to update the FAQs piece that as we have questions positioned to us, we're providing answers in that written document. Then, the timeline will clearly have a formal presentation, public work session most likely. We'll speak to you, the Board, on the format for that, but throughout the spring we have set dates in mind. Off the top of my head I don't recall those, I know I included them in your Board packets. I want to say, we were looking at as early as April or May with that public meeting with a final recommendation to you, the Board, and parents would certainly be privy to that meeting.

Dr. Donahue: So it sounds like there is already a plan to do something that along the lines of what you're suggesting, Mrs. Umberger.

Mrs. Umberger: Still not too late to do a Facebook or Tweet for alumni, because of going back to school and trying to get their input about how many classes they got to take and what kind of electives they got to take.

Dr. Donahue: It's way too late for me to do a Facebook.

Dr. Kepler: I've never tweeted and say that in the sessions I've attended and Mr. Murphy, myself, Mr. McFarland, just as any District representative has said, we will have a schedule in place that does not minimize electives for students. We've clearly said that. Children, high school students, they won't like me saying the word 'children', sorry guys, will have 8 classes that they will be able to take. We are committed to that. We heard you, the community, and we will put forth a recommendation that does not eliminate those electives.

Mrs. Umberger: Okay.

Dr. Donahue: Thank you, Mrs. Umberger. Any other citizens?

Brian Shiflett: Good evening. Happy New Year to you all. I have actually three things I wanted to hit on tonight. I'll start with the restructuring. First of all, I've been pretty active on this issue as a parent, and I'm very frustrated. To date, the meetings on this topic have felt like gatherings of groups of interested and concerned community members who have been invited to review a dissertation, but we've only been given the executive summary to read. We understand through all the discussions that there are needs for instructional curriculum reform coupled with relevant staff development and enhanced professional collaboration. Those are some of the major points I've gotten out of all this. Certainly, I get it. I get it. But, many of us understand also that the success or failure of such reform efforts is dependent on how well we plan and execute the details. Those details have not been forthcoming. This is an excellent opportunity to roll out some strong proposals for each of the initiatives and let the District community help vet the ideas. Not only do we need to ensure that the individual initiatives are sustainable and implementable on their own, but we must also ensure that the deployment of initiatives work well as a whole. Do we have the management structure, the tools, and resources to do this successfully? How can we tell when we haven't seen any of the details? The high level restructuring proposal was inherently complex, because it involves changes to the curriculum, teaching strategies, the master schedule, course selection, graduation requirements, staff development, and many more things. Let's start working on those plans together so that when a proposal ends up here, in front of this Board, you will have the confidence that there has been many competent folks that have considered not only the merits of the core initiatives, but have also rigorously considered how best to implement the proposal within the existing framework of District resources.

Basically, if you don't do that, in the spring you're going to get a proposal that's going to up here and you're not going to have any confidence that this thing has been well vetted. Then you're going to ask Mr. Murphy what does the community think about this proposal, and he's maybe going to have one meeting of input to gather and given the way these meetings have gone, that's not going to be sufficient. This is complex. It deserves more than one meeting.

My proposal to the Board tonight and this is just my recommendation, actually it's more to Administration is let's stop these roundtables now. Let's just kind of put a hiatus on this, because we've actually got, I think, eight more scheduled. It's tying up a lot of staff time. Take that staff time and let's get some strong proposals together. Let's get some details laid down and then restart up those roundtables, get those proposals out, restart the roundtables, and let's get the community involved in vetting those proposals. Then, after that process is concluded, you're going to get a proposal and it's going to be a lot more comprehensive, the strengths and vulnerabilities of this proposal will be much better understood, and frankly, I think you're going to end up with a stronger proposal in front of you.

If you don't do that, if you continue on the same path, there are consequences. I think the community is going to feel, and they do today, that they are not invested in this

process. That basically, it's a done deal, okay? It doesn't matter what we say, and we know there's going to be maybe a little – we hear you community, but we're going to do what's going to be done, and we're not going to be invested in the proposal. So, good luck implementing it, because we're going to demand positive results immediately. If we don't get them, this community is going to be up here demanding heads, okay?

Now, let's just say you do involve the community up front, make it more of a collaborative process. What happens? First of all, you get free consulting expertise. I am amazed at the talent you have out in the community. You get these folks energized, they work with you, and they give you great input. You're not going to agree on everything, but there's going to be like intelligent debate, you know, stuff that really strengthens proposals. That's one thing you're going to get – free consulting expertise. Tough budget year, right? Free consulting. Sounds good. Second thing you're going to get is you're going to get invested community. We're going to feel like hey, we have skin in this game. We did have some input. We may not agree on everything that came out of it, but at least, you know, we're invested. So that we're going to have more patience to see this implementation through. Let's, you know, we know there's going to be challenges. This is tough stuff to implement across all 90+ high school teachers, so let's just say that some things are a little bit harder to implement than we expected. We'll have more patience with you, because we understand. We are part of the process.

That's what I wanted to say so my recommendation is, let's get some proposals, detailed proposals out in front of the community, then do the roundtables, then let's, you know, have a big, okay, now it's like get the proposal in place, get some more input, bring it to the Board, yay/nay, go forward. That's my input on that.

Different topic. I'd like to thank the District for providing me copies with the superintendent search criteria survey data. I was really excited last month when I saw the announcement that said, hey, we've received ballpark of 400 responses to that survey seeking input. The engineer, the mathematician in me was very excited and said, there's a wealth of data in that survey and I was really interested to see the priority list that came out. When I got the data from the District through a right to know request, I crunched it, and the first conclusion I made was that Ray Associates did a really good job of getting that top 10-12 list of criteria that represents District-wide perspective. They did very good job. I don't think I could have done better with the data that was collected. However, you're not paying them to do a lot more data analysis on that survey, but I want to volunteer to be able to do it. I think there's more insight in that survey data than what's been put in front of you so far. Already, I've gained some insight, just as one of the stakeholders, that I think it's worth sharing to you all and maybe you even want to share it with the candidates down the road, because different stakeholders have different perspectives and you can learn a lot from that survey data. I'm going to get some people who can help me in a statistically valid manner, mine that data, ring out some more insight and get it to you. I'd like to do that by the first Board meeting in February to stay ahead of . . .

Dr. Donahue: Can you get it to us a week earlier, please?

Mr. Shiflett: I'll check with my staff. Thanks, Dr. Donahue. I think having the community involved in the survey and the selection process is really beneficial.

Last topic. If the high school administration wants to keep the lines of communication open between the high school and the community, please don't repeat what happened last month. I borrowed that "let's keep the lines of communication open." That line came from the high school's bully advisory team webpage, which along with the District calendar, announced a high school bully advisory team meeting for December 16. At 7:30 that morning before I left the house, I verified the event on the District calendar, but when I arrived to school, I was told the meeting was held a week earlier. So, I find ironic the inability to communicate the basic meeting date and time of the meeting that's supposed to be the conduit to keep the lines of communications open between the school and the community. So, if you share that irony with me, we can chuckle over it some time. I really think that we have limited opportunities to do things together between the high school administration and the community. Let's not mess it up. We can do better. Thanks. Have a good night.

Dr. Donahue: Thank you and I appreciate your volunteering to help out with the search committee, and I'm sure the administration will take your comments under consideration regarding how these roundtables are going. Are there community members who would like to comment?

Dr. Cronin: Can I make a comment? I'm sorry. Can I make a quick comment?

Dr. Donahue: Sure.

Dr. Cronin: I just, I find it hard to believe that five years has passed since Cindy, I had to write your name down, was here. I just want to make a simple suggestion that the Board possibly look at one of the issues that the Sheehans had brought up, just in deference to, not only their passion, but obviously people in the room here, may or may not be here for the budget, I don't know. There was one issue that I know struck me as something different from what we had discussed, and I just thought it might be important just to review that one more time before we close or slam the door on what they discussed.

Dr. Donahue: What are you asking?

Dr. Cronin: If we could, we kind of closed the door on their case at the Board level, but there was one thing that at least I noticed that was brought up by them that I found different than prior discussions and thought it might have merit for us to discuss that before we indeed close the door. I don't know when that could be, maybe the next Exec or something, but there's at least one point that I would like to . . .

Dr. Donahue: I don't know what you're talking about, but . . .

Dr. Cronin: Just one point I'd like to share that I picked up that's different.

Dr. Donahue: You want to share it now or at some other point you want to share it?

Dr. Cronin: I think some other point with the Board in Exec would be more appropriate.

Dr. Donahue: Alright, no problem.

ADJOURNMENT

9.01 Adjournment

Dr. Donahue: The next public School Board meeting will be held Monday, January 24, 2011 starting at 7:00 p.m. in the District Office Board room.

Dr. Cronin moved to adjourn, with a second by Dr. Hagan and, approved by unanimous voice vote by all members. The meeting was adjourned at 9:04 p.m.

Respectfully submitted,

Stephen E. Rineer
Secretary to the Board
Approved at the January 24, 2011 meeting

Dr. Henry Donahue
President of the Board

LDM