

**EAST STROUDSBURG AREA SCHOOL DISTRICT
BOARD OF EDUCATION**

**SPECIAL BOARD MEETING FOR DISCUSSION OF THE PROPOSED 2011-2012 FINAL BUDGET
AND FOR GENERAL PURPOSES**

May 9, 2011

Carl T. Secor Administration Center – Board Room

7:00 p.m.

Minutes

- I. President Horace Cole called the meeting to order at 7:07 p.m. and led those present in the Pledge of Allegiance.
- II. **Members present were:** James Brunkard, Horace Cole, Robert Cooke, Douglas Freeman, Robert Gress, Robert Huffman and William Searfoss. Bet Hays and Audrey Hocker were absent.
- III. **School personnel present:** Andronikki Andrews, Eleni Angelopoulos, Michelle Arnold, Patricia Bader, Brian Borosh, Anthony Calderone, Rick Carty, Maria Casciotta, Lois Casella, Ann Catrillo, Mike Catrillo, Sue Conforti, Stacy Dickerson, Robert Dilliplane, Irene Duggins, Larry Dymond, Laura Follis, Eric Forsyth, Kim Holcomb, Tania Iannia, Sharon Laverdure, Irene Livingston, Kristin Lord, John Madas, Frederick Mill, Joanne Peters, Krystal Pino, Annelle Prefontaine, Deziree Price, Carolina Rodriguez, Patricia Rosado, Paul H. Schmid, Jim Shearouse, Dawn M. Smith, Melissa Smith, Fabiola Souffrant, Kim Stevens, Tom Williams, Steve Zall and Ann Zannella. Also present was: Thomas Dirvonas, Solicitor.
- IV. **Community members present:** Chris Angelopoulos, George Angelopoulos, Sheryl Angelopoulos, Christina Barbosa, Michael Beckenbach, Beth Clare, Devin Day, Charles DeGregorio, Audry Garrett, Roy Horton, Marjorie James, Donna Johnson, Ron Koch, Theresa Koch, Mike Meachem, Verona Meachem, Grace Ortega, Darnyl Sabino, Michele Saffer, Carmen Salemijo, Gary Summers and Judy Summers.

Dennis Morelli-Trane Corporation

V. **APPROVAL OF AGENDA**

ACTION BY THE BOARD:

Motion was made by Douglas Freeman to approve this agenda for May 9, 2011 (pages 1-2), as submitted. Motion was seconded by Robert Huffman and carried unanimously 7-0.

- VI. **ANNOUNCEMENT OF EXECUTIVE SESSION** -- An executive session was held this evening at 6:00 p.m. before this meeting for the purpose of discussing personnel, litigation and negotiations.
- VII. **ANNOUNCEMENTS BY THE BOARD**
- A. Mr. Cole stated that there is a Regular scheduled Board meeting at 7:00 p.m. on May 16th in the Board room.
- B. Mrs. Laverdure asked if a Property/Facilities Committee meeting was canceled. Mr. Brunkard stated that what happened was that there was a Property/Facilities Committee meeting that was to be held on April 14th but was postponed to May 5th; therefore, the Property/Facilities Committee meeting that was scheduled for May 12th was canceled.

VIII. **SUPERINTENDENT'S REPORT**

- A. Mrs. Bader stated that Mr. Dennis Morelli from Trane Corporation is here this evening to go over the documents that were set before the Board. She stated that this presentation is for the Resica project that they have spoken about for the past few months. Mr. Dennis Morelli, Trane Corporation, stated that he appreciates the time that the Board has given him tonight. He stated that he has about a ten minute presentation and then he will address

any questions or comments. Mr. Morelli stated that he would like to review what has culminated into what they call an Act 77 Project and discuss the Recommended Improvements, Financial Review, Energy Operational, Capital Costs Avoidance, Interest Cost Avoidance and Measurement and Verification Service. He stated that Resica Elementary was the focus of their efforts. Mr. Morelli stated that he will identify the energy conservation measures at Resica Elementary that will drive down some costs. He stated that he will explain what the projects are and identify, financially, how it will impact the school district.

Recommended Improvements Review:

Energy Conservation Measures:

Replace existing electric heating plant and associated controls with high efficiency propane fired heating plant and direct digital control (Patterson – Kelly boilers manufactured in East Stroudsburg).

Installation of web based Building Automation System with integration into existing district-wide Trane Tracer Direct Digital Control System existing in the district. Replace all remaining controls with direct digital control devices and control applications for the heating, ventilation and air conditioning systems for primary and secondary environmental comfort systems.

Replace existing fluorescent and incandescent, and interior Metal Halide lighting with T8 bulb and ballasts technology, compact fluorescent bulbs, reflectors and occupancy control applications in select areas.

Implement weather-stripping, caulking, and insulation of select areas where infiltration and exfiltration is occurring in building envelope.

Recommission existing air and water systems for balancing and required flow rates per system design.

Implement power factor correction for select distribution feeds.

Implement power management devices and applications of vending misers, power strips and power management software for select plug-in loads and PC power management.

Replace existing chiller and associated controls with high efficiency SEER chiller and direct digital control.

Replace existing pneumatic valve operators and damper actuators with electric devices, eliminate pneumatic air compressor and convert all control function and applications to direct digital control.

Implement Energy Dash Board and Behavioral Modification Training for school staff for energy conservation efforts of implemented projects and general energy conservation awareness. Provide BTU Crew training materials for teachers and students for classroom instruction made available to East Stroudsburg Area School District as a curriculum course as determined by district.

Installation of heat exchanger and associated controls to automatically utilize the new heating plant to generate the domestic hot water load during heating months of operation.

Financial review: Energy

Base project annual energy savings: \$87,892

Energy cost escalation factored at 3% annually equals a 20 year guaranteed accumulated energy savings: \$2,361,691

Financial review: Operational

- Equipment Repairs
- Parts
- Services

Reduction of annual operating spending

1. Base project annual operating savings: \$14,000

Operational cost escalation factored at 3% annually equals a 20-year guaranteed accumulated operational savings:
\$ 376,185

Financial review: Capital Cost Avoidance

Capital Cost Avoidance

Future replacement of Boilers

Future replacement of Luminaries (Lighting)

Future replacement of Controls

Future replacement of Chiller

ACT 77/39 project cost in 2011 \$1,840,708

Capital cost escalation of 3% equals a 5-year accumulated
cost avoidance savings: \$243,175 or average of \$48,635 per year

Financial Review: Interest Costs Avoidance

Avoided Interest on project in fiscal years 2016-2031 of *\$229,260

(*PFM provided amortization schedule of 2011 issue and 2015 issue less
principal amount)

Annual Measurement and Verification Service

Established baseline energy usage at Resica Elementary

- Building Model developed by 3rd party professional engineering firm (Pathfinder Engineering)
- Allows for incorporating changes of internal and external factors that impact energy use
- PA established most accurate method of measuring results
- Completed baseline comparison to alternative projects recommended in the ACT 77 project for Resica Elementary

Established Annual Guaranteed Energy Savings (\$87,892)

Annual reporting of energy savings results by Trane Energy Engineer

- Trending and data collection of key inputs that impact energy usage in building, i.e.
- Operating times of equipment
- Building space set points and temperatures
- Outdoor temperatures and humidity
- Building occupancy and use schedules
- The data is collected and compared to the building model previously developed and a report is generated to identify savings outcome achievement or savings deficit.

Guaranteed Savings Outcome

If annual reporting identifies savings outcomes have been exceeded, the district receives benefit of 100%.

If annual reporting identifies that savings shortfall occurred then, Trane reconciles the difference of the shortfall with payment, with cash payment or any other type of payment the district wishes.

The reconciliation of the guarantee is on an annual basis.

Mr. Morelli stated that he also provided a Pro Forma cash flow and a summary report that was provided previously for the school district to post.

Mr. Robert Huffman asked if with the maintenance program do they provide any training and teach them what has to be done. Mr. Morelli stated that this is a great question and he should have touched upon this but he glossed over it. He stated that the only service that is included in the project is the measurement and verification. Mr. Morelli stated that Trane has put together these projects here and in the primary equipment, heating plant, cooling plant, as well as building controls. Trane is going to be providing training to the existing staff and also warranting those for the next three years when we implement it. Mr. Morelli stated that, at this point and time, the existing staff can make a decision if they want to continue or have them augment them, since they are not part of this initial program. He stated that they are being provided a three-year warranty on the parts and labor of those items. Mr. Huffman stated three years and the program is for 15 years. Mr. Morelli stated that it is a 20-year program and Trane will take care of the first three years and the district will have to determine if they want Trane to augment or allow the staff to continue doing what they are doing. Mr. Freeman asked if there is any cost

override from the price of \$1,840,708 in case we come into other situations that may be billed for something else or is this an all-inclusive price. Mr. Morelli stated that this is a design built project; therefore, if they miss something the onus falls on them to make it work. He stated that the outcomes that we have is it works or it does not work. Mr. Morelli stated that the change orders that may be traditional on a project do not exist in this project. Mr. Dirvonas asked if they have prevailing wages built into this. He stated, in other words, will the subcontractors and employees on the project be paid prevailing wage rates. Mr. Morelli stated that part of Pennsylvania Law under an Act 77, is to utilize prevailing wage rates and they are incorporated into this project. Mr. Gress stated that the Property/Facilities Committee has looked at this for about two years. He stated that this is why he is not asking questions because they have had different vendors who came to speak about the service they provide. Mr. Brunkard stated that they do not give enough credit from the inestimable help they get from Mr. Shearouse, Director of Maintenance, Mrs. Bader, Business Manager, and administration. He stated that this information has been looked at and bounced around and any questions that anybody might think of, have been answered a couple of times. Mr. Brunkard stated that they repeat them to make sure that they got it right the first time around.

Public Participation:

A. Mr. Mike Meachem stated that Mr. Morelli spoke about weather stripping and roof seams. He asked if there is any deficiency now. Mr. Morelli stated that there is and if you look at where the air infiltrates into the building, entranceways and exitways of the building and look at some of those doors, there are gaps that the air is coming in through. Mr. Morelli stated that there are areas where the roof, identified in the envelope review, that is attached to the walls of the building, there are spaces as well as in the drop ceiling. Mr. Meachem asked if this is something that just occurs as a result of the age of the building or is there construction deficiency. Mr. Morelli stated that this is not typically a construction deficiency but it is just as the building ages and settles. Mr. Meachem stated that Mr. Morelli mentioned recommissioning water flow and air flow delivery. He asked why would this deteriorate and have to be recommissioned. Mr. Morelli stated that it is due to the type of control that is in there over time, since they are mechanical in nature, will degrade and then the building needs to be recommissioned to make sure proper plugs, etc. are up dated. Mr. Meachem stated, “vending misers” he can see how they will help with LEDs because it adds up after a while. He asked if the energy dashboard is some type of gadget where the public gets to dial in and see how quick the meters are going. Mr. Morelli stated that you compare it to the dashboard on a car. He stated that if you want to see miles per gallon you can punch in a button on your dashboard and it is similar to this because if you want to identify the school’s energy usage for a particular day, you can punch into the computer. Mr. Meachem stated that you will have to arrange this with the ITEC people to have a button for the public to punch in order to see the energy usage of a certain school and see the dollars racking up. Mr. Morelli stated that it enables the students to participate, too. Mr. Meachem stated that Mr. Morelli spoke about line item savings and year flow. He stated that his concern is if there is anything that can happen internally by one of the district people that will, in anyway, void that warranty. Mr. Morelli asked warranty or guarantee? Mr. Meachem stated guarantee. Mr. Morelli stated that the guarantee stands as it is. He stated that if there are changes to the building, you have to incorporate them into the model to see what impact they have. Mr. Meachem stated that his concern is, and Mr. Huffman caught it, the whole concept of the three-year warranty on a twenty-year system. He asked what are the typical costs that would be associated with the remaining 17 years, depending on the decisions made by the Board. Mr. Morelli stated that as Mr. Shearouse’s staff experiences in any of the buildings equipment, mechanicals need to be maintained. He stated that the better it is maintained the longer the life expectancy of the equipment may be achieved. Mr. Morelli stated that there will be some repair cost down the road but hard to predict. Mr. Meachem stated that we are converting from electricity to propane. He stated that he heard, at a personal level, the type of cost savings that residents have projected in these types of conversion do not live up. Mr. Meachem asked where is the district’s safety net in this type of conversion. Mr. Morelli stated that, first of all, they have the building model by an independent party. He stated that they identify what level of savings can be achieved through this project that we are recommending to be implemented and Trane is backing them up through a guarantee. Mr. Morelli stated that the guarantee is established and reconciled with Trane. He stated that the programs have gone through extensive engineering and they have worked on it for some time, like some Board members mentioned. Mr. Morelli stated that they came to the conclusion that these are the best and can be tracked through third parties. Mr. Meachem asked what type of relationship has Mr. Morelli experienced in the past with this particular third party engineer. Mr. Morelli stated that Trane has utilized this company for about a half-dozen projects and have been used by other companies and they have been very accurate. He stated that the good thing about them is that they tend to lean on the conservative side. Mr. Morelli stated that they also take safety factor training and are required to do that. He stated that savings are achieved in excess of what they proposed in the guarantee.

- B. Ms. Beth Clare stated that Mr. Morelli spoke about a 20-year plan of savings but what is the initial cost. She stated that he spoke about how long it will take us to save and there is no doubt that Trane is good. Ms. Clare stated that right now propane costs more than electric for a lot of people. She stated that he is talking about long term savings but what is the initial cost. Ms. Clare stated that she knows with a house, in order to install all those kind of systems and go through all that, you do not see savings for about 3-4 years at least. She asked what is the projected cost and for how long before we actually start seeing a savings. Ms. Clare asked if it would be close to the 20-year point, especially with the prices of energy constantly going up. Mr. Morelli stated that he spoke about this quickly and asked everyone to turn to slide 8. He stated that the projected cost is \$1,840,708 and the savings start immediately. Mr. Morelli stated that when the program is done, the savings are drafted. He stated that he does not agree with the price of electricity being less expensive than propane. Mr. Morelli stated the Trane has done a thorough engineering analysis and electricity is approximately twice the cost of propane. He stated that the school district is paying 7.5 cents per KWH which is probably less than residential and propane cost is \$1.99. He stated that you would need to figure out how many BTUs and kilowatt hours of electricity was generated to calculate it out. Ms. Clare stated that the initial cost is about one million dollars but when do we start seeing the savings because right now we are not saving. She stated that we are not going to get our money back for years to come. Ms. Clare asked what is the incentive to do it now and why not wait. She asked if the maintenance and wiring is all covered or will it cost the district more to fix it. Mr. Gress stated that he has the breakdown of the cost that will answer all of her questions. Ms. Clare asked if it includes the cost for insulation and all other expenses. Mr. Gress stated that the worksheet has everything including bond issues, mortgage payment, energy cost fluctuations, etc. excluding the warranty after four years. Mr. Gress handed Ms. Clare a copy of the worksheet.
- C. Mr. Larry Dymond asked if we have negotiated a 20-year contract at \$1.99 a gallon for propane in order to make those numbers work. Mrs. Bader stated that we have not. Mr. Morelli stated that we cannot negotiate that long out. He stated that the district has to consider prices, knowing it will fluctuate and on all utilities. Mr. Morelli stated that it is typically driven by the price of oil. Mr. Dymond stated that, currently, the price is \$1.99 for the residential price. He asked if we are going to put in a storage system to negotiate some sort of long-term contract to buy wholesale, instead of retail because this would be a major benefit. Mr. Dymond asked who is the third party engineer that designed this. Mr. Morelli said it is Pathfinder Engineering from New York. Mr. Dymond stated that he recently read that Pocono Mountain got a PPL grant for fixtures of lights. He stated that Pocono Mountain is utilizing existing staff on odd hours and when the maintenance people have spare time, they change lights out and have been doing one building a year for the last three or four years. Mr. Dymond stated that if you can get free lights and utilize our current help to save that kind of money, you can't beat that rather than hire a contractor to do it. He stated that this is something for us to consider and we should also consider buying at wholesale because we are paying more than twice the price for propane and we can be buying natural gas for the East Stroudsburg Elementary School. Mr. Dymond stated that we should negotiate a wholesale contract and get it delivered in bulk which would even help at that school.

Mr. Cole thanked the Trane Representative for their report. Mr. Morelli thanked the Board and Administrative Staff for working with them through this process and providing a professional courtesy to Trane to make sure this project meets the requirements of the district.

Mrs. Bader stated that this is the project that we are considering for new money when we refinance our bond issues next week. She stated that we were initially asking for 2.5 million dollars in new money. Mrs. Bader stated that this project is coming in at 1.8 million dollars but she is recommending that we continue with the 2.5 million dollars for other projects like the High School South and the J.M. Hill project which we are scheduled to do with the refinance of the next bond issue in November. She stated that one of the cost savings strategies for refinance is to anticipate any new money we might need because we do not have any refinances until 2014, after these two bond issues. Mrs. Bader stated that, in addition, some of the cheaper rates can be gotten by insuring that the debt is bank qualified which is under 10 million dollars, by doing the 2.5 million dollars now with the refinance and 2.5 million dollars in November. She stated that we are anticipating that we will have the money for the various projects that we have, such as High School South, J. M. Hill Elementary and Resica Elementary.

VIII. SUPERINTENDENT'S REPORT - Continued

- B. Mr. Shearouse stated that in the recent months in the High School North and Lehman Intermediate, they engaged in a program from Met Ed, who provides our electricity to all our buildings in our district, where they subsidize the purchase of new lighting for all gyms. He stated that our personnel have been replacing those lights at night. Mr.

Shearouse stated that at the end, we will have 130 lights which we will hope to sell. He stated that it is saving energy and being subsidized by Met Ed. Mr. Shearouse stated that we are also looking to Met Ed as Resica's project goes on, to see if that window of opportunity is still open to that lighting retrofit.

- C. Mr. Dirvonas stated that he would like to bring the Board and the public up to date on the Porter Township Initiative Petition. He stated that as you recall at last month's meeting, he gave you some information with regard to the status of the petition which has been filed by a parents/taxpayers group in Porter Township to have Porter Township withdraw from the East Stroudsburg Area School District and become part of the Wallenpaupack Area School District (Wallenpaupack). Mr. Dirvonas stated that they had a status conference in Pike County with Judge Kameen last Wednesday. He stated that the East Stroudsburg Area School District's (East Stroudsburg) administration and their financial advisor have been meeting with Wallenpaupack's and their financial advisor to try to reach a stipulation with regard to certain facts and figures in the event that this transfer of Porter Township from East Stroudsburg to Wallenpaupack should eventually occur. Mr. Dirvonas stated that we reached a tentative agreement on certain issues. He stated that we are still working on other issues. Mr. Dirvonas stated that, in the meantime, Judge Kameen has set a public hearing/court hearing for June 28 with an additional hearing date of July 5th, should that become necessary, keeping in mind that they are working on the issue before Pike County court right now on how the other obligations of East Stroudsburg are to be determined and transferred to Wallenpaupack in the event that the actual transfer of students does occur. He stated that Judge Kameen would be required to make a determination as far as how that allocation of debt would be handled. Mr. Dirvonas stated that once that is done, the matter is then transferred to the State Board of Education. He stated that the State Board of Education, we anticipate, would essentially start from scratch again at that point and will consider educational merits and financial issues. Mr. Dirvonas stated that they will make a final determination as to whether or not that transfer will in fact occur. He stated that should they decide against East Stroudsburg, that decision is, of course, subject to appeal with to the Pennsylvania Commonwealth court. Mr. Dirvonas stated that Judge Kameen, in Pike County, has indicated that he would like to make a final determination based upon stipulation and/or a hearing testimony and presentation of evidence, at the latest, by the end of August of this year. He stated that, at that point, it will go before the State Board of Education. Mr. Dirvonas stated that, from past experiences, the proceedings before the State Board of Education could take as long as two years. He stated that it can take long less than that but he is not sure. Mr. Dirvonas stated that they have a new Board of Education Secretary and have certain new members on the State Board of Education including, he believes, the Chairman. He stated that he is not sure if they are going to follow the same procedures or not. Mr. Dirvonas stated that, in addition, to the transfer of indebtedness, so on and so forth, it looks like the East Stroudsburg Area School District could stand to lose as much as or somewhere in excess of two million dollars a year in tax revenue. Mr. Dirvonas stated that this is certainly of interest to us and should be to everyone. He stated that it is not like there is a lot that can be done before the Pike County court at this point, but certainly when it gets to the State Board level. He stated that we would like to have some input from the taxpayers and parents as far as what their feelings are and as far as the transfer. Mr. Dirvonas stated that certainly a show of bodies at the State Board of Education level, we feel, would be helpful. He stated that if any of the parents or residents have an interest in this or have any questions can contact administration or his office for further information. Mr. Dirvonas stated that this is essentially the update at this point. He stated that in terms of dollars and cents, we could be looking at a substantial loss here. Mrs. Laverdure stated that we do have a group of concerned parents who have been in contact with her and have shared concerns that they would like to stay with the East Stroudsburg Area School District. She stated that we are letting them know when they can attend any kind of meetings that they are available to attend.

Public Participation

- A. Mr. Mike Meachem stated that Mr. Dirvonas said that there were certain things that they agreed upon. He asked what are they. Mr. Dirvonas stated that the first item is the method of allocation of the existing debt and other obligations. He stated that he believes that we are in agreement, at this point, that they should be done on the basis of assessed value. Mr. Dirvonas stated that we are also working on, if he can call it, the annual timetable for implementation. He stated that he believes that we have essentially agreed that the State Board would have to take action on or before December 1st of a given year for implementation of the actual transfer as of July 1 of the succeeding year. Mr. Dirvonas stated that this is basically because of STEB (State Tax Equalization Board) procedures; whereby, they establish the common level ratios for the coming years. He stated this is because both school districts have to look at starting their budget process in January of each year for implementation of the budget on or before June 30 of that year. Mr. Dirvonas stated if we have a State Board decision after December 1st, it makes it difficult, if not impossible, to plan their budgets for next year. He stated that these were a couple of main issues that they decided on. Mr. Dirvonas stated that we are still in the process of exchanging certain debt information. He stated that we have our financial advisors reviewing and giving us advice. Mr. Dirvonas stated that, certainly, if we can agree on some of these issues, it makes the court's function easier. He stated that if we cannot agree on these issues it is up to Judge Kameen to make the determination; and, if he makes the

determination that is not acceptable to either school district, then we can certainly appeal that determination to the Commonwealth court either before or while we proceed before the State Board.

Mr. Meachem asked where does the public factor into this negotiating continuance. Mr. Dirvonas stated that he would say that the public's role is probably going to be more important at the State level. He stated, in fact, at the State Board level, at least in the past, this procedure has been somewhat unusual in that the State comes to us. Mr. Dirvonas said, in other words, instead of the Board, its representatives and taxpayers having to go to Harrisburg, again in the past, Harrisburg has come to us. He stated that one of the reasons why, in the past, this process or procedure has taken so long, is that the State Board typically makes a couple of visits. Mr. Dirvonas stated that they would come to East Stroudsburg and will inspect East Stroudsburg's facility by driving around the district. He stated that they will go to Wallenpaupack and inspect their facility as well as drive around their district. Mr. Dirvonas stated that when it comes time to have the public hearings, they will have it locally rather than have the district representative, taxpayers and parents having to go to Harrisburg. He stated that this makes the process a little bit more open and available to the public. Mr. Dirvonas stated, like he said before, the new Secretary of Education and at the time, the Acting Secretary of Education, made a determination that that the requested transfer has educational merit. He stated that at the point, we get to the State Board level, we can question that. Mr. Dirvonas stated that we cannot question that at the Common Pleas court level in front of Judge Kameen. He stated that Judge Kameen is only looking at if the transfer takes place, how the debt and other obligations are going to be allocated and funded. Mr. Dirvonas stated that once we get to the State Board level, we are looking at educational and financial issues including the ongoing loss of those tax revenues not just for one year but for years to come. He stated that on the basis of the information that we have to date, it looks like most of the impact is going to hit Monroe County; therefore, there is going to be an impact and at the point that we get to the State Board Level, he believes public involvement will be very important. Mr. Dirvonas stated that he is not saying that it is not going to be important as far as show of support when we go before the local Board, but the function of the local court at this point is very limited. He stated that Judge Kameen has no control over saying he does not want this to happen. Mr. Dirvonas stated that the only control he has is over if this does happen, this is how it is going to happen financially. He stated that it does not hurt to have taxpayers in his courtroom. Mr. Dirvonas stated not that he is going to listen to any pleas or arguments as far as this is not a good thing; he said it might not hurt to have some people in case he asks who is in favor or who is not.

Mr. Meachem stated that Mrs. Laverdure stated that she has been contacted by parents concerning this issue. Does she know if the parents that contacted her have been in touch with the taxpayers who initiated this movement. Mrs. Laverdure said she does not know.

Mrs. Meachem asked at the State level, what would the public participation look like. She asked what would the district want it to look like. Mrs. Meachem asked if we are just going to sit in a room do nothing or what would that be for the public. Mr. Dirvonas stated that part of that participation would be why are you here, are you here as a parent, are you here because your are concerned with the educational merit, is it because of transportation issues or do you have children in the school district. Mr. Dirvonas stated that we would anticipate having, he thinks, certain taxpayers, residents and parents testify with regard to how this is going to impact them or their children. He stated that there are educational, transportation, sports programs and not to mention the financial aspects of it. Mr. Dirvonas stated that he does not know if the State Board is going to look at this in terms of the district losing over two million dollars a year. Mrs. Laverdure stated that they may look at the adverse impact it could have on Monroe County. Mrs. Meachem asked so you are saying if the public were at those State hearings, they would be asked to testify, but how will they know in advance. She stated that usually you go to things and you are there and the public is not entertained at all. Mrs. Meachem stated that she has been to them millions of time and the public is totally ignored; therefore, how will the public be getting involved because this is what she is not clear about. Mr. Dirvonas stated that, he thinks, as parties to number 1, both East Stroudsburg and Wallenpaupack, and the Porter Township initiative, the taxpayers who filed the petition, would be in a position to call witnesses. He stated that he is not suggesting that the State Board is going to sit there and have a parade of 500 witnesses saying the same thing. Mr. Dirvonas stated that it may well be at that point that some of this testimony and information would be presented in the nature of petition or an affidavit saying that we if called, will testify to the following, we are not in favor of this because 1,2,3,4 ,5, etc.. Mr. Dirvonas stated that one other thing that has happened in the past is that there have been taxpayer groups that have formed and intervened in the proceeding whereby they, just like the Porter Township initiative who filed the petition, become parties to the proceedings so they have a say in it. Mrs. Meachem asked in term of transportation to Pike County, will school be setting up buses for people to go if they wanted to go in masses so they will have this presentation in the room where it is being held. Mr. Dirvonas asked what hearings is she asking about. Mrs. Meachem stated the State hearings. Mr. Dirvonas stated that the State hearings are going to be here. Mrs. Meachem asked,

“where?” Mr. Dirvonas stated that he would guess probably in Porter Township. Mr. Dirvonas stated that this is something that the State Board is going to decide. He stated that if there are two hearings, they can hold one up North and one at Wallenpaupack. Mr. Dirvonas stated, again, typically they come to us because that way the public can be there rather than take a bus to Harrisburg. Mr. Meachem stated that Mr. Dirvonas had mentioned before that there is great possibility that this will have a dire and adverse effect on Monroe County. He asked what type of a reception would the district expect from the remaining Pike County residents. Mr. Dirvonas stated that he does not know that quite honestly. He stated that when this petition was initially filed, he does not know what information or what incentives were actually presented by the petitioners. He stated that it is his guess that it was essentially, if we get the transfer, that they are going to pay less taxes. Mr. Meachem asked is this not true. Mr. Dirvonas stated that he does not know because he did not sign the petition. Mr. Dirvonas stated that if you have any questions, call administration or call his office and let his secretary know what you are calling about. Mr. Dirvonas stated that the Board took action at the April meeting that indicated that they do plan to fully contest the transfer and this is what we are in the process of doing at this point. He stated any information or willingness to help or certainly if anyone is interested, please contact him and they will see what happens.

VIII. SUPERINTENDENT'S REPORT - Continued

D. Mrs. Patricia Bader, Business Manager, stated that she wants to remind the Board of the dates once again. She stated that she would like to have the 2011-2012 Proposed Final Budget approved at the May 16th Board meeting and based on tonight's meeting, she hopes to have something to bring to them for approval. Mrs. Bader stated that if that is not to be, then we have May 23rd, where we can schedule a Special Board meeting because we do have to have the Proposed Final Budget adopted by May 30th. She stated that there are other dates to consider in her timeline. Mrs. Bader stated that the budget that she is presenting tonight has a tax increase of 3.25%, which is down from the 6.65% that was in the approved preliminary budget. Mrs. Bader stated that on April 18th, she presented 3.46% which was the legal maximum. She stated that she heard comments that if perhaps it could go lower perhaps to 3.25%, so that is what this includes. Mr. Brunkard asked if what he is seeing is the same as what the Board has a hard copy in front of them with just a little bit of different formatting. He stated that he is seeing an overview of the 2011/12 budget but the one he has in front of him, has a subtitle under it. Mrs. Bader stated that the slide is not showing the whole chart. Mrs. Bader stated that what he has in front of him is the full information. Mrs. Bader stated that what she is presenting tonight is a slight decrease in tax revenue from what she presented on April 18th. She stated that, in addition, she has expenditures which are slightly different from what she presented on April 18th. Mrs. Bader stated that we had some minor adjustments between categories in the budget which represents \$77,000. She stated that it is basically some housekeeping issues and some reconciliation that her staff did between categories to reflect actual purchase orders and reserves. Mrs. Bader stated that she applied all budget cuts that were suggested on April 18th. She stated that she put out handouts of the April 18th handout because they were short last time so she provided extras on the table. Mrs. Bader stated that our total Proposed Final Budget expenditures are \$141,075,000. She stated that at that level, we have a use of fund balance of just under \$2,000,000. Mrs. Bader stated that this is not a one-time use but it would be an ongoing, continued use of fund balance because our revenues exceed our expenditures. Mrs. Bader stated that unlike the current year where we have a debt spike where she recommended using a \$2,000,000 of fund balance, this is a one-time debt spike that came down the next year. She stated that she did not raise taxes for this spike. Mrs. Bader stated that this kind of use of fund balance is ongoing and will continue to grow because it is for current operations. She stated that the administration continues to look into different items that can be trimmed. Mrs. Bader stated that they are looking at buses and perhaps the Board will have other suggestions tonight. She stated that the next slide has the amount of salaries by type of employee. Mrs. Bader stated that she is trying to give the Board an idea on how the budget is derived via object numbers and she will get to the definitions. Mrs. Bader stated that all salaries are object 100 and benefits are 200 but that is not enough information, so she continues to leave the salary schedule on her presentation and they have seen this before. She stated that the following are definitions of object codes from the accounting manual. Mrs. Bader stated that it gives everyone an idea of when the administrators use these codes why they are putting things in certain accounts. She stated that these codes come from the Pennsylvania Department of Education:

100 Personnel Services – Salaries - Gross salaries paid to employees of the LEA who are considered to be in positions of a permanent nature or hired temporarily, including personnel substituting for those in permanent positions. This includes gross salary for personnel services rendered while on the payroll of the LEA.

200 Personnel Services – Employee Benefits - Amounts paid by the LEA on behalf of employees; these amounts are not included in gross salary, but are in addition to that amount. Such payments are fringe benefit payments; and, while not paid directly to employees, are part of the cost of personnel services.

300 Purchased Professional and Technical Services - Services that, by their nature, require persons or firms with specialized skills and knowledge. Included are the services of architects, engineers, auditors, dentists, medical doctors, lawyers, consultants, teachers, accountants, tax collectors, etc.

400 Purchased Property Services - Services purchased to operate, repair, maintain and rent property owned and/or used by the LEA. These services are performed by persons other than LEA employees.

500 Other Purchased Services - Amounts paid for services not provided by LEA personnel but rendered by organizations or personnel, other than Professional and Technical Services and Purchased Property Services.

600 Supplies - Amounts paid for material items of an expendable nature that are consumed, worn out, or deteriorate in use; or items that lose their identity through fabrication or incorporation into different or more complex units or substances.

700 Property - Expenditures for the acquisition of fixed/capital assets, including expenditures for land or existing buildings and improvements of grounds; initial equipment; additional equipment and replacement of equipment.

800 Other Objects - Amounts paid for expenditures not otherwise classified in objects 100 through 700.

900 Other Uses of Funds - This series of codes is used to classify transactions which record redemption of principal on long-term debt, authority obligations, fund transfers, and transfers to component units.

Mrs. Bader stated that the next slide, she has never shown before. She stated that this is our expenditure budget non-payroll expenditures broken down by object. Mrs. Bader stated that she tried to categorize all of our expenditures into eight different types. She stated that this page is really the key and she has back-up pages to each one of the columns. Mrs. Bader stated that the next slide has administration and the types of expenditures that we have, such as for copiers, systems, Board of Education, Business Office, Child Accounting, Curriculum, ITEC, Human Resources, Pupil Services, Security in the Administration building, Special Projects, Staff Development and Superintendent's Office. She stated that this amounts to just under 1.4 million dollars and are broken down by object code. Mrs. Bader stated that in the next slide, there are the secondary buildings, which include the intermediate and high schools. She stated that these are the principals' budgets broken down by object. Mrs. Bader stated that in the next slide, there are the elementary buildings. She stated, again, the principals submit to them their purchase orders and requisitions. Mrs. Bader stated that the total of all elementary buildings is just under \$900,000 and broken down by object code. Mrs. Bader stated that she failed to mention that the administrators have their budget information with them tonight; therefore, if there are any questions about the specific objects that are being budgeted, they are prepared to discuss it. Mrs. Bader stated that the next slide has the district student costs. She stated that these are all the costs that we still pay, outside of the building cost of what the teachers and principals are given. Mrs. Bader stated that these are additional expenses driven by the students, whether it be special education, out of district placements, MCTI, grants etc. She stated that this amounts to \$13,000,100. Mrs. Bader stated that the next slide has district-wide costs. She stated that we provide security in all buildings, medical, library, legal fees, insurance, large fixed assets, utilities, new copier contract savings, senior citizen rebate, debt service and budgetary reserve which amount to \$21,700,000. Mrs. Bader stated that the next slide has the district maintenance and custodial services. She stated that we have contracted building maintenance, sewer plans, capital reserve plans and district custodial costs which are under \$2,000,000. She stated that there is transportation in the district office, bus garage, bus buyback transaction, IU transportation for regular and alternative education as well as special education amounts to under \$5,300,000. Mrs. Bader stated that in the next slide there is the district technology. She stated that we have technology initiatives which are the proposed first year of student computers and we have years 2,3 and 4 with the amounts that we already entered into. Mrs. Bader stated that the present value of capital lease, district communication and software maintenance and our district instructional technology amounts to \$4,400,000. She stated that this is just another way of viewing our budget. Mrs. Bader stated that she was not sure if it would shed any light or generate any more questions. She stated that this was a new format that she wanted to try since she was not presenting a budget significantly different than what she presented on April 18. Mrs. Bader stated that she wondered if a new format would be at all helpful to the Board in understanding the complexity of our school district.

Mr. Freeman stated that he watches the after-school buses drop off students and there are 2-3 students where buses are supposed to hold 72 students. He stated that we are spending a lot of money in after-school busing. Mr. Freeman asked if we can look at the cost of canceling the after school buses and see what the savings would be. He stated that this is just a proposal and he is not saying to do it or not but just to look at the cost difference. Mrs. Laverdure stated that we can look at this but this is part of their contract at this particular point but we are now in negotiations. Mr. Freeman stated that he is aware of this. Mr. Freeman stated that another thing is that we are not cutting back staff like

the Pocono Mountain School District is. He stated that they are laying off 80 teachers but we never want to do that here. Mr. Freeman stated that the principals should look to cut back wherever they can for this year and see what happens for next year. He stated that everyone, principals and anyone in administration, should look at the budget to see where we can save pennies and send something back with that. Mr. Brunkard stated that he wished Mr. Freeman was fully informed on this but as we get back to the body of this, he is particularly concerned with the fact that he does see an indication that we are going to be letting some teachers go. Mr. Freeman stated not in the grand scheme of things like Pocono Mountain. Mr. Brunkard stated that this may not be but he did not want Mr. Freeman's statement to stand without the reflection and truth that there will be discussion as we move forward about teachers and so forth.

Mr. Gress stated that he missed it at the last meeting but he did not realize that they were getting rid of non-renewable teachers. He stated that he knows they were eliminating LTS but he did not realize that one line item. Mr. Gress stated that in the past, this has hurt the district because in some other areas where people left, the teacher have had 2-3 years of training, learned the programs and learned what we are doing. He stated that we are going to have retiring. Mr. Gress stated that the high school lost one hell of a math teacher, lost a gym teacher, etc. He stated that subsequently people retired and we did not hang onto a teacher a year or two. Mr. Gress stated that when he looked at the schedule class sizes are 27, 28, and 29 in 3rd, 4th and 5th grade. He stated that at the last meeting he said he can see why the Long Term Subs have to go because they were hired for that but he will not support this. Mr. Gress stated that he said this before, that elementary class sizes should be small and remain small because that is where you get the benefit. He stated that he has been in the classrooms and has read books in different classrooms. Mr. Gress stated that while there may be 18, 19, 20, or 21 kids in those classrooms, some of those children are like 5-6 kids. He stated that you may have 3-5 adults with some of the different children in the classroom. Mr. Gress stated that then you have the classrooms for the upper learners. He stated that if they get too big it creates problems with learning, too. Mr. Gress stated that this is my personal opinion and he missed it at the last meeting. He stated that if he would have seen it but he did not see the wording there of non-renewals, he would not have supported that. Mr. Gress stated that he believes that in the long term, we are going to pay for it because they are the least paid teachers in the district. Mr. Gress stated that he realizes that some of the trend has decreased a little bit but we will have teachers retiring next year and we will have to rehire and although he knows some will be rehired, he won't support cutting them.

Mr. Brunkard stated that Mr. Freeman spoke about this and this is why he brought it up in the first place. He stated that Mr. Gress spoke on this issue as well. Mr. Brunkard stated that he does not believe that it has been the direction of the Board and its full cognizant and its thoughtful attention to have a reduction in force at this time. He stated that he thinks as the process and ongoing part of our communication between the school district and the Education Association has been a reluctance to do anything beyond really consequential things we have done, to allow for a thoughtful and cost savings reduction in staff. Mr. Brunkard stated that we have in our current contract that this year and next year only, teachers will have the opportunity to retire and take a retirement incentive. He stated that we have that incentive in place. Mr. Brunkard stated that allowing that incentive to work, it works for all parties to allow teachers who are anticipating retirement to take the retirement at a point where it benefits them and at the same time to have our higher paid teachers leave in numbers. Mr. Brunkard stated that this is going to happen anyhow but we constructed it in a way that we have the likelihood of encouraging it in the upcoming year and in the following year in numbers. He stated that this has been part of our construct of the contract. Mr. Brunkard stated that, at the same time, we have always negotiated and he thinks we have a rapport with our teachers where we have a sense of supporting them and treating them as part of this community because they are the backbone of our schools. He stated that our schools are only going to be as good as the teaching staff that we have. Mr. Brunkard stated that we need the consistency and certainty of it. He stated that one can say losing six teachers is only 1% of our school staff but if you are one of those six or any numbers of teachers and you happen to be the one that is losing the position, it affects you and the whole of the teaching community. Mr. Brunkard stated that it is a poor message and not justified under the numbers that we have. He stated that people can say "Willy Nilly" that we are losing school population but he does not see the justification in those numbers or has the certainty of it. Mr. Brunkard stated that what he is certain of is that we have a process in place that will allow for a number of teachers to retire and to lose teachers by attrition which is how we should be losing our teachers. Mr. Brunkard stated that it will also be a cost savings to the taxpayers. He stated it is better to lose one \$80,000 paid teacher compared to two \$40,000 paid teachers. Mr. Brunkard stated that these are his thoughts.

Mr. Cooke stated his thoughts are, and he thought about this for a while, that if there is indeed a loss in teachers here he must have been asleep when this was presented to him because he does not remember this in the discussion. He stated, "Shame on me if this was there and I did not pay attention".

Mrs. Laverdure stated that it is not shame on him, but she would like to say that maybe she did not articulate it carefully enough but it was the item on line #1 which is TPE, Temporary Professional Employee. She stated that the

Board clearly gave her direction not to go after furlough which is the tenured instruction. Mrs. Laverdure stated that in looking at where they can balance the budget, she has to say that she is the Superintendent but she is a teacher first and she really does care about education. She stated that doing this is not an easy thing at all; however, when you walk into the Superintendent role you have a responsibility to the community and taxpayers to make sure that anything you present to the Board and the community is fiscally responsible. Mrs. Laverdure stated that she would never want to hurt the children because this is not what she is about. She stated that we have downsized and going back and looking at the elementary level, we see that we have lost children and are back to the 2004/2005 school year student population. Mrs. Laverdure stated that this is sometimes mindboggling to think about because we were growing so quickly, therefore, we were hiring quite a few but this has phased back. She stated that her expertise is in elementary and, with that in mind, she does not like large class sizes either; however, the class sizes she is presenting for next year are extremely responsible. Mrs. Laverdure stated that we do not know what we are going to lose, so we are trying to get a handle on it at this particular point. She stated that she made a commitment and when she talks to a person face to face and looks that person in the eye that they will be brought back, absolutely in the order of seniority. Mrs. Laverdure stated that we had communication with the teachers' association every step of the way. She stated that she had dialogue and communication on how we were going to do this. Mrs. Laverdure stated, "Did I like doing it, no but we have". Mr. Brunkard stated that she is hearing from at least three members of the Board that they did not understand the implications and the sandwiching of the positions that are being talked about. Mrs. Laverdure stated that it is not sandwiching because it was number one on the list under TPE, Temporary Professional Employee. She stated that in the future, she will make sure that we discuss each one of those.

Mr. Gress stated that he appreciates Mrs. Laverdure saying this but he must have been asleep too but he is being this but at J. M. Hill Elementary you are losing a teacher to retirement, which is fine, but he guesses he did not ask the right questions. Mrs. Laverdure stated that maybe she did not give him the right information. Mr. Gress stated that at the State they are cutting stronger than what he said last month. He stated that he was very clear last month when he said about class sizes. Mr. Gress stated that there may be 26, 27, 28 or 29 in a class. Mrs. Laverdure stated that we do not know if we will have those amounts. Mr. Gress stated that some of the schools may have lost 30 kids but we are getting rid of two teachers. Mrs. Laverdure stated that this is how drastically the numbers have gone down. Mr. Gress stated that he realizes and people have to continue calling there. He stated that he emails everyday and no one emails him back about the voucher situation. Mr. Gress stated that people cut and we cut and that means that they will give us less. He stated that they do not fund anything anyway. Mr. Gress stated that people talk about the test scores and when we increase sizes we have problems with the transient population. He stated that he believes that the class sizes in the elementary schools, especially, need to remain small. Mrs. Bader stated that she would like to remind the Board how many students are going to cyber charter schools. She stated that it is about 225 students in the 2011/2012 school year. Mrs. Laverdure stated that we do have a plan to pull more students into our own Virtual Academy which will certainly help. She stated that if we can expand into grades 7 & 8 and then enter into a program through the IU to subcontract support and have computers as well as internet and technology assistance, where it would cost \$1,500 for that, it will save approximately \$7,500 for every student that we can pull back. Mrs. Laverdure stated that we are looking at real significant ways to address this as well because this is important for the charter piece, especially since we do not get reimbursement at this point. She stated that if we have them in our district, we do. Mr. Brunkard stated that for the certainty and clarity of the information, is it six teachers. Mrs. Laverdure stated that it is six at this point. Mr. Cooke stated that Mrs. Laverdure stated that the Educational Association was involved every step of the way although this is not on them in any way, shape or form and it should not be; but, did they offer any suggestion as to how to prevent any of this from happening. Mr. Cooke said the onus is not on them.

Mrs. Catrillo stated that as president of the Education Association, Mrs. Laverdure came to her with whatever information is put forth. She stated that at the budget meeting, she saw the first line and saw TPE and she knows what that means. Mrs. Catrillo stated that she also knows that when the Board said no furloughing that it is for professional staff. She stated that it is her job as Association President to make sure everything is done correctly with protocol, which she did. Mrs. Catrillo stated that it is not her job as you said and she will re-state that, to question the Superintendent if she has Board approval or not. She stated that her assumption is that she does and that is the way it was handled.

Mrs. Bader stated that she wanted to get direction from the Board as to what kind of budget to bring back. She asked if she should bring back a budget with the maximum tax increase for the proposed final and we can certainly drop that beyond that for the final. Mrs. Laverdure stated that we will have to find about \$400,000 for that. Mrs. Bader stated that going back to the maximum, it is going to yield about \$280,000

Mrs. Laverdure stated that we cut to 3.25% based on recommendation of Board. Mr. Cooke asked what does this figure represent. Mrs. Bader stated that they will be going from the tax rate, which is in this presentation of 3.25% for the two counties combined, and go back to 3.46% which is about \$280,000 additional added to our budget. Mr.

Cooke asked if this would include these jobs. Mrs. Bader stated that we are already in a deficit of just about \$2,000,000 and it would help bring that deficit down. She stated that what Mrs. Laverdure is saying is that those positions would be about \$480,000 so we will still need about \$200,000 if the Board wanted to call it a wash or we can dip into the fund balance. Mrs. Bader stated, again, she warns the Board that dipping into the fund balance for regular expenditures that are ongoing and that are not one time, is kind of dangerous because those expenses escalate every year and tax dollars do not catch up and never do. She stated that it can cause repercussions down the road. Mrs. Laverdure stated that she knows that we are looking at this year; however, she needs to look at next year as well. She stated that we cannot look at this budget in isolation from what is down the road because we cannot, due to too many things looming like PSERs and government funding. Mrs. Laverdure stated that we may get some money; but, we do not know and we cannot look at this budget in isolation.

Mr. Brunkard stated that he is very reluctant and always has been and is always for maximum taxes. He stated that he supports a tax raise within the confines of what we are talking about. Mr. Brunkard stated that the highest tax raise that we are lawfully allowed to give will not measure up against known inflationary factors in our budget. He stated that he looks at some line items that are only 1% or 2% of our budget but are going up 20%. Mr. Brunkard stated that he looks at some of the largest areas in our budgets and he knows that we are going to experience a 6% or 7% first year increase in them. He stated that he sees very few areas where we are taking things down. Mr. Brunkard stated that, at the same time, he sees areas where we cut and underspend year after year, where at some point we are going to have to pay for the repairs on buildings that we let go. He stated that every year, we go through what we should do and put them in order and give them eight levels of priority. Mr. Brunkard stated that when the time comes back to look at those things, we chose between the first level of priority and do only those things where some of those things further down the list are things that we should be doing and that will save us money. He stated that there are a lot of things that are not in the budget that he would like to see in the budget. Mr. Brunkard stated that he would like to see a strings program for the elementary children. He stated that there is no reason we should not have that or put it into the budget. Mr. Brunkard stated that it seems unthinkable to talk about expanding areas that we have because we are harnessed to those bad practices that we put in place. He stated that this is probably an overstatement; but, we made decisions that have propelled us forward in the way that we spend our money. Mr. Brunkard stated, frankly, the amount of money that we have the possibility of raising taxes this year, does not meet our needs. He stated that he is certainly not for cutting anymore than that.

Mrs. Laverdure stated that they will need some direction on what to bring back in the proposed final budget. Mr. Brunkard stated that he hopes she knows his position. Mrs. Laverdure stated that he said maximum taxing. Mr. Cooke stated that if Mrs. Bader is looking for direction from him, then he will say to keep those jobs as much as possible. He stated that he would like her to do the impossible job of keeping the taxes low and maintain those positions. Mr. Cooke stated that this would be the direction from him because he believes those positions are necessary.

Mr. Cole stated that he does believe the intent tonight was not to take any official action or vote on the proceedings of the evening.

IX. PUBLIC PARTICIPATION – LIMITED TO AGENDA ITEMS

- A. Mr. Gary Summers stated that he has three comments and one from each item on the agenda. He stated that he does not know what to make of the Porter Township item. He stated that he heard that Mr. Dirvonas stated that the district is going to lose about \$2,000,000 worth of revenue. Mr. Summers stated that he would like to see an income statement. He asked if Porter Township is a money loser or money maker. Mr. Summers stated that he would like to see revenues and expenses to help him better understand whether he should support this or not. Mr. Summer stated that he understands about the debt allocation but he would like to see what it costs the district for the students and about the revenues. He stated that the district does not have to answer this tonight but at their convenience give that to him. Mr. Summers stated that on the Resica project, he thinks he heard \$1,800,000 capital cost. He stated to take a look at the unrestricted fund balance and pay cash for the stupid thing. Mr. Summers stated that we do not need to take on any more debt but to try to do that before we do anything else. He stated that he understands what you are trying to do on your budget and he appreciates it; however, the thing that amazes him is that he hears conversations about, "oh woe is me". Mr. Summers stated that he remembers the "woe is me" conversations when we approved the 2009-2010 school year budget but then we ran an \$18,000,000 operating surplus that year. He stated that at the end of the year, we did an \$18,000,000 operating surplus. Mr. Summers stated that somehow, magically, we can work our way through these things and end up generating surpluses of \$18,000,000. He stated that he hopes we are not sitting on that kind of situation this year and making everyone here concerned about what may or may not happen. Mr. Summers stated that he hopes this is not the case. He stated that he knows what we have done in the past and he knows what we are trying to do but said, "Let's not have a repeat of things like in the past".

B. Ms. Darnyl Sabino stated that she has a child in East Stroudsburg Elementary. She stated that first she wants to comment on the sentence that Mrs. Laverdure said about losing students because East Stroudsburg Elementary has not. Ms. Sabino stated that she would like to know what school Mrs. Laverdure is speaking about because she is a little confused why Mrs. Laverdure is saying we are losing students. Mrs. Laverdure stated that the district has lost population across the district. Ms. Sabina asked when. Mr. Cole stated that they have lost students for the past several years. Ms. Sabino stated that Mrs. Laverdure is telling her that East Stroudsburg Elementary lost students but we had 800 last year and they still have 800 this year. She asked where is Mrs. Laverdure saying that we lost students. Ms. Sabino stated that the reason that she is asking because they are the ones that are losing the most teachers and it is not making any sense to her. Mrs. Laverdure stated that it does not mean that we are losing all those teachers. She stated that we will be shifting teachers around, where we have surpluses in other buildings. Ms. Sabino stated that her building is full to capacity; so how are they losing a teacher from every single grade. Mrs. Laverdure stated that they are not necessarily losing a teacher in every single grade. Mrs. Laverdure stated that because of seniority, she was bound to let teachers go by seniority. She stated that East Stroudsburg Elementary happened to have the most teachers in that category that had the least amount of seniority. Mrs. Laverdure stated that just because East Stroudsburg Elementary would lose a teacher, we would transfer someone from another building in the district to fill that void. Ms. Sabino stated but if our team works so well together to pass the PSSAs for the last three years, why would she bring someone else into the mix. Mrs. Laverdure stated that she understands what you are saying but because of seniority, she is bound to do that. Ms. Sabino stated that it is ridiculous that she is going to take away six teachers and bring six more. Mrs. Laverdure stated that East Stroudsburg Elementary is slated to get four teachers but there were also retirees. Ms. Sabino stated that if someone is retiring, then that is an open spot at East Stroudsburg Elementary. Mrs. Laverdure stated that East Stroudsburg Elementary was slated for four but there are also some long term substitutes, and other people filling in. Ms. Sabino stated that they were all in classrooms all year long so she is bringing in new teachers to take their place. Mrs. Laverdure stated that due to some individuals that have personnel issues, the district brings in a long term substitute because we have to hold that position for someone since they are on a medical or different kind of leave. Ms. Sabino asked if the district is filling all positions that they are losing including the retirees; therefore, we are not going to have larger classes. She stated that her son has 24 students in his class now but how much will it be next year, 37. Mrs. Laverdure stated, "No it will not be that size". Mr. Gress stated that it may be 27. Mrs. Laverdure stated that East Stroudsburg Elementary is slated to have 20 in kindergarten, 24 in first grade, 23 in second grade, 24 in third grade, 23 in fourth grade, and 26 in fifth grade, depending if they lose any students over the summer. Mrs. Laverdure stated that these are very comfortable class sizes at East Stroudsburg Elementary. Ms. Sabino stated that they are but not if you take away teachers because they are not going to have those numbers. Mrs. Laverdure stated that these numbers are with the teachers gone. Ms. Sabino stated that no there is no way that her son's first grade class is going to be that number with an entire classroom less next year. Mrs. Laverdure stated that she has the information. Mr. Gress stated that we have the numbers and the first grade class and it is still projected to be 119; therefore, next year's second grade will be the same, 119. He stated that other grades like fifth grade will drop by 43 students because they will go to J. T. Lambert. Ms. Sabino stated that fourth grade into fifth grade is losing 43 students then where are they going. Mr. Gress stated that fourth grade has 136 students going to fifth grade and fifth grade has 179 going to J. T. Lambert. Ms. Laverdure stated that she can show her the numbers later if she would like to see them. Ms. Sabino stated that many parent here tonight would like to see the numbers because they are moms and do not understand what she is talking about. Ms. Sabino stated that Mr. Gress is saying that our fourth grade is not going to be the same amount in fifth grade. Mr. Gress stated that this is not what he is saying. He stated that the current fifth graders are leaving and probably kindergarten numbers will be large. Ms. Sabino stated that this does not mean we can afford to lose six teachers. Mr. Gress stated that he agrees and she heard his position. Ms. Sabino stated that she agrees with his position. Ms. Sabino stated that they were speaking about the \$2,000,000 renovation project at Resica Elementary and now they are talking about this great loss of students, so who is to say that the school is going to be here in twenty years if there is such a loss of students. Mr. Freeman stated that we still have to maintain it and you cannot let it crumble. Ms. Sabino stated that you keep talking about a loss of students and she sees the same amount of students every year. Mr. Freeman stated that there was a decrease to the 2004 student numbers which means that is a major decrease. Ms. Sabino stated that the district spent over \$100,000,000 on four schools in the last decade and now we are getting rid of teachers. Mr. Freeman stated that they still have to maintain them. He stated that we are mandated by the State to do a lot of things, so we have to do what we have to do. Mr. Freeman stated that we cannot let buildings just go. Ms. Sabino stated that she is not saying to let them go, by any means. Mr. Freeman stated that when there is a spike again we already have the schools paid at a cheaper rate than when we built them. He stated that we can rehire teachers again when there is an increase in student population. Ms. Sabino stated that she understands but we keep saying that we are going to hire teachers when there is an increase in students but we have the same amount. Mr. Freeman stated that we do not have the same amount and that is where she is missing it. Ms. Sabino stated that East Stroudsburg Elementary is losing their teachers. Mr. Freeman stated, as we explained, they are not losing teachers but they are being replaced by other teachers. He stated that they are getting rid of certain positions and

East Stroudsburg Elementary School is not losing a lot at all. Mr. Freeman stated that the numbers are right here and the school district will be glad to give her a copy of it. Ms. Sabino stated that she would like the school district to have more than three minutes to talk about something because she has so much more to say.

- C. Mr. Mike Meachem stated that he is looking at the sheet that was handed out this evening and after doing some quick math, it looks like after we look at retirees and vacancies it amounts to 39 people. He stated that at this point, in talking about 39 people, we are looking for making up a shortfall of about \$248,000. Mr. Meachem thanked the Superintendent for posting on the website the certified statement from the public accountant. He stated that there is something he does not understand because on page 43 of that statement it says that we have roughly \$35,000,000 in investments. Mr. Meachem stated that the way that he is looking at it is that these 39 people are an investment to continuity of the system. He stated that they established a relationship in those schools with the children and the students. Mr. Meachem asked if there is any way that we can look at transferring the assets. He stated that if we got \$35,000,000 it can be to maintain those human assets. Mr. Meachem stated that we can translate those dollars into people so we can maintain the continuity of the teaching staff in that school because, the way that he looks at it and in all the reports that have been offered to them, East Stroudsburg Elementary is a beacon. He stated that they are meeting the State standards and flourishing. Mr. Meachem stated that if he is not mistaken from the math he has looked at, they have the largest population. He stated that he would think, that we would think, most importantly about saving our human assets. Mr. Meachem stated that on page 43 of the report, it says that we have \$35,000,000 in investments. He asked if there is any way that we can look at delving into those investments to deal with the other investments that we have. Mr. Meachem stated that going further into this report, there were questions that he has about it. He stated, with the risk of beating a dead horse, we are looking at long term substitutes but have any of them been denied tenure so that they were eligible for being released. Mr. Meachem asked over how many schools was this spread across and he is getting the impression from hearing this that this is basically in large part hitting one school. He asked in our allocation of staff, are we telling him that we are looking to keep an inexperienced body there, if in fact this should ever happen. Mr. Meachem stated that he does not think these layoffs should be, but be the last alternative. He asked why only one school instead of it being spread out across because, when you do that, it will cause a ripple effect within the continuity. Mr. Meachem stated that we are looking at the list that says that we are losing eight people and they are all coming from one building. Mrs. Laverdure stated that it is six teachers. Mr. Meachem stated that he is asking the Board if we have \$35,000,000 in investment and you invest for rainy days and it is pouring, can we transfer that investment to maintain a level of continuity. He stated that something tells him that for whatever reason and he does not know whether there was miscommunication or a breakdown in communication, while he recognizes that they may have visited it on the collective bargaining level, but something happened with the communication at the Board level. Mr. Meachem stated that he recognizes times are tough but anyone of the children that had these teachers at the elementary level are our foundation and, in fact, this is the school that has many students in it and are making AYP; therefore, this is something we do not want to touch. He stated that he is not saying that we want to see transferring of schools at all. Mr. Meachem stated that if there is a way to look at those investments to make this all go away. He stated that he would think this would be an interesting thing to do.

Mr. Cole stated that this \$35,000,000 in assets that Mr. Meachem is talking about is not any agenda item that was discussed tonight; therefore, he rules it out of order. Mr. Meachem stated that he mentioned it since it is there and thanked Mrs. Laverdure for putting it up on the website. He stated that he likes the fact that the district puts these tools on the website. Mr. Cole stated that he can bring the item up but it is not up for discussion.

- D. Mr. Mike Beckenbach thanked Mr. Brunkard, Mr. Gress and Mr. Cooke on their comments in support of the teachers. He stated that he has a question for the Superintendent. Mr. Beckenbach stated that he wants to be clear on something. He stated that she said we have a decrease of eight positions in the budget but she mentioned six. Mr. Beckenbach asked where are the other two coming from. Mrs. Laverdure stated that they were assimilated from other means. Mr. Beckenbach stated so there are six because something that also happened earlier was that Mr. Brunkard stated that if we went up to the maximum tax increase, it will only take us halfway there of what we need. He stated that two of those people, he would imagine, through retirement or assimilation are the highest paid people, so we are probably two-thirds of the way there. Mrs. Laverdure stated that it would be retirement or through resignation but she would have to check. Mr. Beckenbach stated that either way, we are talking about six teachers that are non-tenured; therefore, we are probably more in the area of a cost savings somewhere around \$310,000 rather than \$478,000 and getting \$250,000 puts us 80% of the way. Mrs. Laverdure stated that it will put us much closer. Mr. Beckenbach stated that he wanted to be clear because there was a presentation to the Board that we are only halfway there so the Board was asked what do they want to do about. He stated we are 80% of the way there, so what do you want to do about that. Mr. Beckenbach stated that he wants to discuss a paper that the teachers were discussing because it was said that there are no recall rights but there was a statement made from the table tonight that there was a recall right for the released teachers. Mrs. Laverdure stated that legally, we do not have to have a recall right; however, she made the guarantee that we would do that. He stated that this is great news for all you

folks out there. Mr. Beckenbach stated that he does not have any kids in the district but having seen what the district has done over time and being a taxpayer and having been generally supportive of the way the Board has moved on the district over time, his interest is if we are cutting educators that has an impact on his community. Mrs. Laverdure stated that she had this conversation with the Association President as well. Mr. Beckenbach stated that the Association President came up and made that statement earlier and that was fantastic. He stated that Mr. Meachem stated that East Stroudsburg Elementary is a beacon school. He stated that when you were looking at cutting educators and he spoke about the meat of it coming from East Stroudsburg Elementary, he assumes that we looked within the district when cutting positions. Mrs. Laverdure stated, "Absolutely". Mr. Beckenbach stated that East Stroudsburg Elementary has performance going for them. He asked was there any consideration given to how teachers perform in classroom settings where they have a significant amount of students with special needs, educational support, etc. because we have teachers that are performing really well and helping to bring the numbers up. Mr. Beckenbach stated that they have been performing at those average scales whatever score medians we are looking at, teachers are performing well in what might be trying circumstances. He stated that he was wondering if we took a look at that when we were looking at who to cut. Mrs. Laverdure stated that we looked at all situations in all the buildings and there are other buildings that are performing extremely well, too. Mr. Beckenbach stated that he is speaking about the individual instructors. Mrs. Laverdure stated that our collective bargaining agreement precludes us from looking at teachers in certain ways other than seniority. Mr. Beckenbach asked if there are two teachers at Middle Smithfield Elementary and four teachers at East Stroudsburg Elementary and are they the junior teachers in the district? Mrs. Laverdure stated, "Yes, by seniority but there are long term substitutes also who have less years". Mr. Beckenbach stated that he means the non-tenured teachers and asked if they are the four junior teachers in the entire school district. Mrs. Laverdure stated that he is correct. Mr. Gress stated that they are the elementary level junior teachers.

- E. Mrs. Meachem stated that she has a question on the back page of the proposed final budget on, she believes, section two where it states salary and benefit items to be considered for the proposed final budget. She stated that there is one administrative cut but she believes this is an invisible cut because if, she is not mistaken, this was for a principal position that we kept vacant for an entire year. Mrs. Meachem asked is there a reason why we kept the principal's position vacant for an entire year. Mrs. Bader stated that this is one of our strategies that we have been employing, as our population is declining rapidly, and we are not sure at this point in this time of year of May and June where we have to pass our budget. Mrs. Bader stated that it appears as if population continues to decline, so we hold the position vacant hoping we can make it with a new configuration with that position vacant and if we can, then next year we eliminate it. She stated that it is just in case we get an influx again where students are coming back in and we need to fill that again. Mrs. Bader stated that this has just been a strategy that we have been employing. Mrs. Meachem asked if Mrs. Bader is saying that there is a school that has no principal or has a part-time principal. Mrs. Bader stated that it was the High School South principal's position. She stated that we moved the principal from J. T. Lambert to High School South and then the Smithfield Elementary principal moved to J. T. Lambert and shares two buildings, J.T. Lambert Intermediate and Smithfield Elementary. Mrs. Meachem asked if that one principal is in charge of two buildings. Mrs. Bader said, "Yes". Mrs. Meachem stated so putting that here makes us think that there really was someone cut but there was no one cut. She stated that her question is in the administrative area, where on here is a cut that is actually going to lose a body just like the other areas are being asked to lose actual bodies. Mrs. Bader stated that even though it is vacant, it is an actual body because we did not fill that position. Mrs. Laverdure stated that we could have chosen to make this recommendation, go back and fill it this year but we are making the recommendation not to fill it. Mrs. Meachem stated that what she is saying is if she were one of these employees, you can see that there are actual names to go with the numbers but in the administrative level there is no name to go with that number so it is an invisible cut. She stated that her question is where in the administrative level did someone lose their job or their position that will match along with all the other areas that lost their positions. Mrs. Laverdure stated, respectfully, Mrs. Meachem, over the past three years, we have downsized the central office. She stated first one position was Dr. Arnold's that was not filled but was filled with three directors who went from supervisors to directors. Mrs. Laverdure stated that Mrs. Baughman's position was not filled nor was the Special Projects position filled. She stated that over the past three years, we have downsized the management area of East Stroudsburg Area School District about as far down as we can go right now. Mrs. Meachem stated that by looking at this if she was an employee, she would be concerned because it does not show that the same thing is happening in both areas. Mrs. Laverdure stated that she can say that she has chosen and feels it is important to maintain the teaching staff as long as she possibly can. Mrs. Meachem asked if Mrs. Laverdure is saying that these eight people are not going to be laid off. Mrs. Laverdure said, "no" this not what she is saying.
- F. Mr. Larry Dymond stated that he does not know if this relates directly with the agenda but he has two ideas on saving some money. He stated that in reviewing some documents and comparing them to past years, he sees that last year we lost \$261,000 in food service. Mr. Dymond stated that it usually breaks even or takes a slight loss. Mrs. Laverdure said, "No" we have to look at that again because that is not correct because we have done very well. Mr.

Dymond stated that this is what he thought, so then that is great and we have more money than the budget says so we are to the good there. He stated that another thing he noticed is speaking of the bonds for tonight. Mr. Dymond stated that we have several bond issues which amount to about \$40,000,000 worth that is out there that we are paying about 7.5% on interest. He stated that if we refinance those, it will be a couple of hundred thousand dollars worth of savings. Mrs. Bader stated that we are refinancing as fast as we can but there are legal limits in what we can do. She stated that there are some up now in May and some in November and then nothing until 2014 and that is why we want to put the new money on now. Mr. Dymond stated that he was under the impression that all the bonds that the district had were callable at any time in order to refinance them, as long as you pay them at the call numbers. Mr. Dirvonas said, "No". He stated you can only refinance on the call dates and that is why we are doing one, hopefully, next Monday and doing another one at the end of the year which will actually fall into January 2012. Mr. Dymond stated so we are stuck paying the higher interest rate until 2014 because we did not make the bonds callable at any time and asked if this is correct. Mr. Dirvonas said, "Yes". Mr. Dirvonas stated that we are talking right now about the one that we will be doing in the fall for January. He stated that you have to look at the individual issues to see when those call dates fall. Mr. Dymond stated that every time the bond people come here they have open ended bonds. He stated that he was always under the impression that they were callable bonds at any time. Mr. Dymond stated that this is what they usually state and he believes that is even in writing that you can buy them back at any time. He stated that we would have to pay the prevailing interest up to that date but we can refinance them at any time. Mr. Dirvonas stated that it depends on the individual issue and the call dates for that issue. Mr. Dymond stated that the ones we are doing now are the old type and then we have new types that we cannot call until a specific date. Mr. Dirvonas stated that they are essentially all the same. He stated that each issue has established call dates and some are sooner than others. Mr. Dymond stated that he recommends from now on that we get them that they are open with interest rates, that it benefits the district and that they are written prior to accepting them that it is beneficial to the taxpayers. Mr. Dirvonas stated that the problem in having early call dates is that you are not going to sell the bonds or we are going to pay a higher premium for them. He stated that there is a lot of issues with them. Mr. Dymond stated that we do, in fact, have the \$40,000,000 bond that we are paying well over 7% interest rate and by today's standards that is pretty steep.

- G. Mr. Charles DeGregorio stated that he is a parent from East Stroudsburg Elementary. He asked if teachers were offered any type of wage freeze across the district because he knows this was done in Stroudsburg. Mr. DeGregorio asked if there was any mention of this to all the teachers instead of just laying off teachers. Mr. Cole stated that he thinks that if he was following along with what was happening between the Board and the Professional Association was that they went as far as they could in negotiations and then they went into fact finding. He stated that fact finding is a procedure where a neutral party comes in and hears the sides of both and issues a fact finding report. Mr. Cole stated that this report was issued and passed by both sides, so that is it. Mr. DeGregorio stated that Mrs. Bader had said that there were some grants that were added as cost. He stated that he believes it was MCTI or some other type of grant that was considered as a cost. Mrs. Bader stated that what they do is that they add the grant revenue on the revenue side and the grant expenditure on the expenditure side and they zero out each other but that is how they account for them. Mr. DeGregorio asked what is the bus buyback program. Mrs. Bader stated that we buy our buses, approximately 1/3 of them, every year for a set price and it has sort of like a lease payment every year or an amortization almost. She stated that the purchase price is reduced by that amount until then, so in the third year then the bus company buys it back from us. Mrs. Bader stated that this way we always have new, one, or two years old buses. She stated that this way we maintain our fleet and we do not have to have a lot of staff to rebuild them or bus garages to repair them in and extra buses to be on the road while the others are being repaired. Mr. DeGregorio stated that as far as teacher appreciation week, you are going about how important the teachers but you just handed them the pink slip through teacher appreciation week. He stated that he does not know how you would feel about that but he would not feel too appreciated. Mr. DeGregorio stated that this is just his comments and maybe they should have a picked a better time to handle it. Mr. DeGregorio stated that his general concern is that it seems that it is one school that is being targeted and he wanted to share his concerns with the Board and the school district. He stated that we are here all year to make sure that the children get the best. Mr. DeGregorio stated that he is hearing that we are doing the best that we can but; however, we do not need to say it anymore but need to do what is best for the children first and that means smaller classes sizes. He thanked and acknowledged the Board members who stated that as well. Mr. DeGregorio stated that it seems that we should never get into the point that we are adding class sizes. He stated that he is a teacher and he knows it is more challenging as the years go by with more children with special needs and we cannot leave them by the wayside. Mr. DeGregorio stated that we just need to keep crunching through our budget to make sure that we have what we need.

X. FISCAL ITEM

A. Proposed 2011 Bond Issue

ACTION BY THE BOARD:

Motion was made by James Brunkard to authorize the Administration, Solicitor, Bond Counsel and Financial Advisor to proceed with the receipt of bids for the purchase of an issue of general obligation bonds of the District consisting of Series of 2011 and Series A of 2011 in a combined aggregate principal amount not to exceed \$9,505,000 for the purpose of currently refunding the District's series of 2006 Bonds and for the purpose of providing funds for the proposed energy improvements and upgrades to the Resica Elementary School and other miscellaneous capital expenditures of the District and to pay related costs and expenses, including the costs of issuing the Bonds. Motion was seconded by William Searfoss and carried unanimously, 7-0.

XI. ANNOUNCEMENTS/INFORMATION

None

XII. ADJOURNMENT 9:16 P.M.

Respectfully submitted,

Patricia L. Rosado
Board Secretary