

ORDER OF BUSINESS

1. Call to Order; Pledge of Allegiance

President Alan C. Earnshaw called the regular meeting of the East Penn Board of School Directors to order at 8:10 p.m. in the Board Room located at 800 Pine Street, Emmaus, PA, followed by the Pledge of Allegiance. The start of the meeting was delayed because of the public hearing for the Seven Generations Charter School.

Board Members Present: C. H. Ballard, A. Earnshaw, F. Fuller, M. Prinzing, T. Richwine, J. Stolz
Board Members Absent: E. Gannon, C. Jones, S. Kowalchuk
Solicitor: Marc S. Fisher, Esq., Worth, Magee & Fisher
Treasurer: Lynn Glancy
Board Secretary: Cecilia R. Birdsell

Press Present: Lorraine Fenstermacher, East Penn Press Reporter
Sarah Fulton, Morning Call Reporter

2. LCCC Honor Students-Graduates of Emmaus HS

President Earnshaw invited Natalie Cetrulo and Laura Smith, who are 2007 graduates of Emmaus HS, to share their experience at Lehigh Carbon Community College. Natalie explained that the Honors Program at LCCC had opened the doors for different opportunities. Laura said as EHS graduates they were well prepared to go on to school and became part of the Bucknell University Summer Program. Both Natalie and Laura have been invited to attend Bucknell University with a full scholarship for their Bachelor Degrees. Out of the eight students considered from LCCC, four of them were from Emmaus HS. The students thanked the Board for their time. The students received a round of applause. Mr. Earnshaw thanked them for being outstanding representatives from EHS at Lehigh Carbon Community College and extended the Board's best wishes.

3. Requests to Address the Board

Ms. Janice Kavounos, 1484 Laurel Lane, Macungie; Ms. Shelley Kouch, 1190 Grange Road, Wescosville; and Miss Marika Springer, 2159 Wisteria Road, Macungie asked that the district consider offering American Sign Language courses at the middle school and Emmaus HS. Ms. Kouch provided information that indicated sign language is considered another language in 35 states and four universities, including Harvard, are accepting it as a foreign language. She explained that the course offering will give students better options. Ms. Kavounos and Ms. Kouch are both parents of deaf children. Miss Springer is a senior at Emmaus High School who is fluent in American Sign Language. She will be attending college in the fall to prepare for a career in working with the deaf. As a student, she was unable to find course work in American Sign Language.

Mrs. Risa Donegan, 9 Coach Street, Macungie urged the Board to deny the charter for the Seven Generations Charter School. She talked about the financial liability for the school district and the local taxpayers. She felt the district was being used by the founders of the charter school. She felt East Penn was already doing many of the things that the charter school was claiming it could do for students. She concluded that East Penn has been historically a very good system but she felt the district was being stretched to its limits.

Mr. David Galligani, 7150 Moonbeam Lane, Macungie said he grew up in the area, then moved away and now has moved back to the Lehigh Valley and wanted to live in the East Penn School District. He said if Seven Generations had been here he would have moved back for that school as well. He said the district needs to look to the future and East Penn should be an education Mecca for different educational methods to draw people to the area

Ms. Christi Dunning, 5772 Kings Highway S, Zionsville indicated she is a graduate of Emmaus HS, adding it is a great system. She described her daughter as a very active learner who will benefit from the Seven Generations concept.

Mr. Frank Distasio, 2762 Rolling Green Place, Macungie addressed three recent letters to the Morning Call that addressed the plight of senior citizens on fixed incomes. He reflected on the Social Security COLA not being raised. He commented on a conversation with Mr. Earnshaw regarding fixed incomes and asked him what he meant by his statements. Mr. Earnshaw pointed out that citizen input is not interactive. Mr. Distasio asked about accountability for conferences and the administrative involvement. He claimed that there should be itemized expenses for conferences by administrators as well as a conference report on how the ideas would be implemented. He felt it was "reprehensible" not to have this information.

4. Approval of Minutes

Motion by Ballard, Seconded by Stolz
RESOLVED, That the East Penn Board of School Directors approve the minutes for the April 27, 2009 meeting.

This resolution was unanimously adopted by voice vote.

5. Public Financial Management/Rhoads & Sinon

Mr. Scott Shearer said they were not able to price the transaction described at the last meeting but what they did have was the attached resolution. They are pricing the bonds near the end of next week, after the credit rating has been received, and then settling the transaction around June 1. They will contact the Business Office and be sure the interest rates and the numbers and millage impact are within the parameters in the resolution. He said he had discussed a refunding opportunity for the 2004 bonds but the rates have gone up enough that it is not feasible.

Mr. Jonathan Cox, Bond Counsel from Rhoads & Sinon, reviewed the attached resolution.

Mr. Ballard questioned the maximum interest rate of 8% that is included in the resolution. Mr. Cox responded that this would give flexibility to the underwriter in pricing and sizing. He assured the Board it would not be anywhere near 8%. He pointed out that part of the resolution is subject to review and approval of the officers and administration through consultation of the advisor. Mr. Shearer indicated that the 8% is the standard interest rate for districts, counties, and cities across the Commonwealth. The actual interest rates will not even be close but they do need to set a cap. Sometimes bonds are sold at par or at premium (5.5% interest rate). This is common practice for these transactions. The Confirmation Agreement will have to show comparisons of other deals and why we are justified in accepting a specific quote. Mr. Ballard said he would not recommend accepting 8%. Mr. Shearer said the common rate has been 8% but it could be lowered, adding that even considering 6% the rate would be substantially lower. They do have to justify the market conditions. Mr. Prinzing asked if the rate could be set at 5.05%. Mr. Shearer responded that it would be cutting it very close and it would be his recommendation to go for the 6%. Mr. Stolz said he was not comfortable with voting on this motion. He just received the information and he could not support the recommendation. Referring to the Charter School, he said the district should be held to the same standard as they want for the charter school. Mr. Earnshaw said he was concerned because in the past they always approved the resolution on the settlement date. Mr. Shearer said they wanted to make sure the funds were available prior to the time that the construction funds were needed. Mr. Glancy said the timing was a concern but his preference would be to move forward so there would not be a concern with the funds being available. He pointed out that over a million dollars a month is being paid out for construction right now. Mr. Richwine said he would be comfortable with the 6%, citing another option would be a special meeting. Ms. Fuller said she would support 6% or a special meeting, depending on the preference of the rest of the Board. Mr. Ballard and Mr. Earnshaw said that they had confidence in the integrity and the ability of the consultants to do what is right for the district. Dr. Seidenberger was supportive of following the advice of the consultants. The following resolution was introduced:

Motion by Ballard, Seconded by Prinzing
RESOLVED, That the resolution be approved and that the interest rate in the resolution be amended to 6% from 8%.

Motion by Earnshaw, Seconded by Stolz
RESOLVED, That the motion to approve the attached resolution and amendment to the interest rate be tabled.

This resolution was defeated by the following roll call vote:

Nay: Ballard, Fuller, Prinzing, Richwine-----4
Aye: Earnshaw, Stolz-----2
Absent: Gannon, Jones, Kowalchuk-----3

Motion by Ballard, Seconded by Prinzing
RESOLVED, That the resolution be approved and that the interest rate in the resolution be amended to 6% from 8%.

Mr. Stolz said he would not support the resolution because he would like to see something and have time to review it before he votes on it. Mr. Earnshaw said he would vote affirmatively but asked that in the future the timing be planned a little better.

This resolution was duly adopted by the following roll call vote:

Aye: Ballard, Earnshaw, Fuller, Prinzing, Richwine-----5
Nay: Stolz-----1
Absent: Gannon, Jones, Kowalchuk-----3

6. Seven Generations Charter School

Motion by Stolz. Seconded by Richwine
RESOLVED, That the East Penn Board of School Directors approve the application of Seven Generations Charter School to establish a charter school in the East Penn School District.

Note: Public Hearings have been held on December 1, 2008, January 20, 2009, and May 11, 2009. The original application was denied on February 9, 2009.

Mr. Ballard said the law as it stands only provides a few reasons for legal rejection and finances is not one of them. The law sets up the process on approval, the criteria for approval, and the payments. From a taxpayer's standpoint, he has to look at the legal reasons against the law. Although Mr. Ballard had certain reservations about the ability of the group to perform the specific items that are required and the budget they will have when the school attempts to open, he has no reason to turn down the charter. He still has reservations, particularly in the area of curriculum and whether it meets Chapter 4. He will be voting reluctantly on the charter and only if they teach the curriculum presented in the charter, provide special education services under the laws of the Commonwealth of PA, and resolve all of the issues with the Borough of Emmaus regarding busing and safe transportation for students from East Penn and other districts. Mr. Ballard presented the following motion:

Motion by Ballard, Seconded by Richwine

RESOLVED, That the motion be amended to approve the application as stated with a list of conditions to be specified by the Board and reviewed by the Solicitor and attached to the Seven Generations Charter School application that is signed by all parties under penalty of perjury.

As requested by Mr. Richwine, Solicitor Fisher reviewed the following conditions:

1. The applicant teach the curriculum presented in the application;
2. The applicant provide the special education required under the law;
3. The applicant resolve all of the issues with the Borough of Emmaus, including but not limited to transportation issues.

Mr. Fisher read the legal requirements that had been listed in his November 17, 2008 letter to the Board. Mr. Richwine said if the Board is not comfortable with the financial plan it is not a reason to reject the charter. Solicitor Fisher explained that each charter school, including Seven Generations, must have a financial plan that has considered all budgeting issues so the school has the necessary funds to operate. It does not mean that you have to have all of the details. Mr. Ballard said his comment was that the impact on the school district budget could not be a consideration. Mr. Richwine talked about the myths about charter schools being competition to public schools and the misconception that there is no cost to the district. He said East Penn could compete with any other school and we are not afraid of the competition. It is a myth that any money saved is not even close to what has to be paid out. If the charter schools did not cost anything, districts would obviously demand they be set up correctly but there would not be as much concern. He said there are a couple of comments - the need because of the environmental crisis in the world and the need to educate our youth to address the issues are not unusual but his reaction was why the school would start in kindergarten rather than at the secondary level. The children being sent to this school are being sent by their environmentally conscious parents so basically they would be preaching to the choir and the students who would need this environmentally rich curriculum are being left behind. He further stated that if Seven Generations worked in conjunction with East Penn he was sure that some things could be done in house and probably at a lower cost. The administration sent out interest questionnaires and got a poor return and not overwhelming support that the students were going to go to the charter school. While their representatives claim that they have the numbers, East Penn did not receive the hard evidence that would confirm that assumption. Mr. Richwine mentioned that a citizen drew a correlation with the one million dollars for the charter school and East Penn's Willow Lane project for 20 million dollars. He said Willow Lane will be around for 50 years where the charter school could cost 1.5 million dollars next year and increase as grades are added. This could cost up to seven or eight million dollars in seven or eight years. He said the special education issue bothers him and the admission that they would not be able to handle a special education student with profound disabilities. Also, the funding from the state level is going to be at the lower level of the spectrum cost wise because of the type of student who would go to a charter school. He commented on the ugly things that have been said and written by individuals involved with Seven Generations. Mr. Richwine came into possession of an email that expressed disdain for the Board that he felt was disgusting. Referring to comments by people involved in Seven Generations who claimed the school would be good for their child(ren), Mr. Richwine said the district does try to address the needs and learning styles of the children who will be attending school. He said he did not doubt for a minute that the school has taken a lot of time and work. He still has questions about the sustainability of the school and the level of support and indicated he would not support the resolution.

Mr. Earnshaw recognized Mr. Stolz, adding he was sorry that Mr. Stolz could not join the rest of the Board for the earlier hearing. Mr. Stolz retorted that "he had no interest in taking part in a public lynching of some very fine people in the audience." He did catch part of it and he could understand why some members of Seven Generations would feel animosity toward some members of the Board. He asked if the 1.3 million dollars that would be given for the charter is the initial outlay or does it include the 30% that would come back to the district next year. Dr. Seidenberger responded that the district would receive the 30% in the 2010-2011 school year. Dr. Seidenberger said it is also dependent on the legislation citing provisions in SB 850. Mr. Stolz alleged that if every East Penn student went to a Charter School it would cost the district 52 million dollars. He said every charter school should be run by people who were as dedicated as the members in the audience and as committed to education as they are. He claimed that the district would still be six million dollars less than the budget that the Board is voting on this evening and to say there is not a savings with charter

schools was incorrect. He said he had no reason to vote against the charter because of cost, even though he considered himself a fiscal conservative. He supported the charter school, feeling that "everyone has the right to compete in the arena of ideas." He concluded the charter school was a cost saving and served a purpose and he would be voting in favor of the charter.

Ms. Fuller pointed out that the nineteen founding members of the Planning Board included seven people who are the most vocal and do not live anywhere near East Penn. They had an idea; they had an agenda; and they found a place to grow that idea. She felt East Penn money was being used to promote an idea that, while she did not disagree with it, perhaps if an overture had been made to the district a cooperative program could have been developed instead of a program that takes money from the district. She was undecided on how to vote.

Mr. Prinzing criticized Mr. Stolz and his figures regarding the cost per pupil if East Penn students all attended a charter school. It did not fit the economy of scale when taking into consideration all costs. He talked about the driveway and the renovations that would be needed to have the roadway go around the building, the removal of mature trees, moving utility poles, and moving a water main. He did not see how that would be feasible with a limited budget. Another possibility would be to have buses stop along the curb that would back up traffic on Minor Street. He commented on the asbestos in the building and children attending school in that environment. He said no one has been able to give a guarantee that the building is free of lead paint. He felt simple documentation could have been provided. He did not feel that these things fall within the spirit of the law and the Board should not vote "yes" to send children to a building with those hazards. He felt legislators would have corrected those items. He was not against the green movement and felt there were some valuable lessons dealing with using resources more wisely. He was still concerned about the primary academy only having the one textbook. He said the curriculum is for man-made global warming and he did not see anything in the curriculum about cyclical global warming.

Mr. Earnshaw said he did not see anything in the Charter School Law that would say Seven Generations has not met that criteria. He said the law does not make the inadequacy of the facility a part of the criteria. Mr. Earnshaw said he has serious concerns about the budget that was presented. He mentioned the bridge loan and nothing budgeted for interest expense. He did not think the revenue projections are adequate and the costs could be higher. He indicated another decision by the Board is how long to grant the charter. Mr. Ballard and Mr. Richwine agreed to a friendly amendment of three years. The representatives could come back for re-chartering which the law then stipulates is for five year periods. Ms. Fuller asked what would be the ramifications of a three-three vote, citing the absence of board members this evening. Solicitor Fisher indicated that would defeat the motion since five votes are needed to approve the charter. He stipulated that the Board must vote the charter up or down tonight. Mr. Ballard talked of his support for public education all his life and he disassociates himself from a group of elitists who separate themselves from the rest of the public by trying to destroy public schools with ideas about choice and vouchers who just want to get themselves out of a system that they perceive does not teach what they want. He said he took great offense to someone who abdicated their public responsibility by not coming to a hearing. Mr. Fisher clarified that the charter simply has to indicate a facility in which the school will be located. He was not suggesting that any board member does not have legitimate concerns about the facility and it does have to be approved the Borough. Mr. Fisher indicated that the conditions that had been suggested must be complied with under law by the Seven Generations Charter School. Referring to sustainable support, the Board has to look at whether or not there is support sufficient to sustain the school as a majority. Mr. Fisher asked for the Presidents permission to get the applicants to agree with the conditions because they are, in fact, required by law. The conditions were re-read for the benefit of the Seven Generations Charter School representatives. Attorney Joshua Pollak, representing Seven Generations Charter School, agreed to the conditions.

Motion by Ballard, Seconded by Richwine

RESOLVED, That the motion be amended to approve the application as stated with a list of conditions to be specified by the Board and reviewed by the Solicitor and attached to the Seven Generations Charter School application that is signed by all parties under penalty of perjury and that the charter be granted for three years.

1. The applicant teach the curriculum presented in the application;
2. The applicant provide the special education required under the law;
3. The applicant resolve all of the issues with the Borough of Emmaus, including but not limited to transportation issues.

This resolution was defeated by the following roll call vote:

Aye: Ballard, Earnshaw, Fuller, Stolz-----4
 Nay: Prinzing, Richwine-----2
 Absent: Gannon, Jones, Kowalchuk-----3

Mr. Earnshaw said that since this was an amended motion, they would return to the original motion that did not include the conditions or the three year term. Mr. Earnshaw asked Mr. Prinzing and Mr. Richwine what rationale they would have on the rejection of the charter. Mr. Prinzing said he objected to sending students to a school with asbestos and lead paint and he did not think that is what the legislators intended. In answer to a question raised by Mr. Richwine, Mr. Fisher said the Board may review the public comments from the hearing, the actual application, teachers, parents, community members and the Board may consider any other fact regarding the support for the school in general. You

must look at it in the aggregate. Mr. Richwine talked about the special education situation. Mr. Earnshaw said they cannot make any conditions for an exception. They would have to find a way to provide for the student. Mr. Richwine said he had not heard any support except by the people who have been attending the hearings. His conjecture was that if it went to referendum it would be defeated. His concerns were not legal justification for not approving the charter. Mr. Fisher said he could vote "no" for a variety of reasons but the question is whether it would be sustainable under an appeal is a question. He counseled Mr. Richwine on the reasons. Mr. Earnshaw said he understood the concerns being expressed. The students will not have the same opportunities as East Penn students who have many of the same environmental concepts (outdoor classroom at Wescosville; outdoor garden at Alburdis, award-winning Envirothon Club) but having said that his concerns do not rise to the standards of the law where the Board can reject the charter. Mr. Earnshaw pointed out that there have been students in East Penn in schools with asbestos. However, the schools were remodeled and renovated.

Motion by Earnshaw, Seconded by Ballard
 RESOLVED, That the East Penn Board of School Directors approve the application of Seven Generations Charter School to establish a charter school in the East Penn School District for a period of three years.

Note: Public Hearings have been held on December 1, 2008, January 20, 2009, and May 11, 2009. The original application was denied on February 9, 2009.

Despite all of his misgivings, Mr. Richwine said he feels that things should be done fairly and in the right way. His vote is only going to kill this resolution because three members of the Board are not present. Mr. Ballard asked if this motion fails could a person on the opposing side bring this up at the next meeting for reconsideration. Mr. Richwine indicated that he would change his vote to "yes" because he did not want to take advantage of the situation. Mr. Ballard said his vote remains the same but, if one those conditions fail, he will call for revocation of the charter. Mr. Prinzing asked that Ms. Fuller reconsider her vote in favor of the charter school. He asked how they would feel if after ten years there are 225 students who have a health problem when they knew about the chemical agents in the school. Mr. Prinzing said he was disgusted that the Board would even be considering this action.

The resolution was duly adopted by the following roll call vote:
 Aye: Ballard, Earnshaw, Fuller, Richwine, Stolz-----5
 Nay: Prinzing-----1
 Absent: Gannon, Jones, Kowalchuk-----3

7. 2009-2010 East Penn School District Budget - Tentative Adoption

1. Motion by Ballard, Seconded by Fuller
 RESOLVED, That the East Penn Board of School Directors adopt the tentative 2009-2010 budget in the amount of \$114,893,209 with the following tax levies:
 43.84 mills on the assessed valuation of real estate
 0.5% (.005) Act 511 Earned Income Tax
 1.0% Act 511 Real Estate Transfer Tax

Dr. Seidenberger explained the challenges to the budget. He said the district has still not received anything definitive on state aid. There is no further information on the stimulus funds and cited SB 850. Revenues and investment income has decreased. There is a 1.5 million dollar debt service obligation in this budget and conversely there is stable enrollment. The administration has worked fastidiously on the budget that included looking at internal expenditures and they have been committed to cutting costs. He cited his administrative reorganization that came through leadership and sensing what the organization needed. He felt the right decisions were made. The areas that have been reviewed are curriculum and instruction, staff development, athletics, travel, technology and student services. There may be staff needed but there are no additions to personnel in this budget. He noted the bus contract will save the district \$250,000 next year and complimented the former Director of Business and Fiscal Affairs, Gary Reigal, and former Director of Personnel, Leslie Daniel, for their work on the contract. The employee contracts have also included language for co-pays. He said they are also looking at non-instructional positions where they can tighten their belts and eliminate positions through attrition. The original budget discussed had a 1.65 mill increase and the budget presented for tentative adoption is .99 mill increase. Director of Operations Lynn Glancy reviewed the revenues and the decreases. This information is included on the attached handout. Business Manager Debra Surdoval reviewed the attached list of changes from the preliminary budget projections. Referring to the senior citizen tax rebate program, Ms. Surdoval reported that in 2008 there were 347 claims and so far in 2009, there have been 292 claims that represents a \$130,208 in rebates. They are projecting a total of 370 claims for a total of \$164,175.29. Other benefits for seniors includes the Golden Age Card that entitles them to free admission to all home sports events, concerts, plays and special events sponsored by the school district, one free East Penn Community Education class per semester, and an invitation to the complimentary annual district Thanksgiving Dinner.

Referring to the Seven Generations Charter School approval, Dr. Seidenberger said that in his original evaluation of the application the group met every standard but two which they subsequently met with the new

submission. He had concerns about the school on several levels such as sustainability, survey results that showed a marked decrease in interest among the parents and he was skeptical of the budget figures concerning enrollment. He said the charter school is a "want" and not a "need." East Penn could provide the education for those students without an increase. The costs involved are actually expanding the district. There is a consequence for choice and it is probably the worst year for a charter school to be starting because of the uncertainty of state and federal funding. If SB 850 becomes law, the charter school reimbursement will be cut. The administration will be working with local legislators (Reichley, Wonderling, and Beyer) to move toward an agreement on the state budget. Dr. Seidenberger said in his 21 year career he has never worked on a budget with so little information.

Mr. Earnshaw emphasized that this is a tentative budget and could possibly be reduced further. Mr. Richwine commented on the accusations of "runaway spending." It is the second year that positions have not been added and class sizes are increasing. This year 2.1 million dollars is being taken out of the fund balance. He explained the pitfalls of continuing that practice and the negative effect on funding. Mr. Ballard said for the first time in 20 years a resident has proposed an increase for the charter schools. The district has a situation where revenues are going down because of the economy. He talked about the impact of inflation, the index level of 4.1%, and the 3.7% increase in the real estate tax. This equates to a 2.8% increase in revenues. He said most costs are fixed by contract and state mandates. He said the staff did an extraordinary job in keeping a number of the contracts under the index level. Mr. Ballard stated that there are people trying to cast the district in a bad light who do not even understand the basic finances of the district. He will support the preliminary budget.

The Board had a recess from 10:15 p.m. to check a policy question. The Board reconvened at 10:25 p.m.

Mr. Earnshaw announced that a tentative budget adoption required a majority of the board members voting in favor. For the final budget adoption, a majority of the board must vote affirmatively. Mr. Stolz said he was told that the all weather track would not require a tax increase; however, a tax increase is being proposed. Dr. Seidenberger responded that the funds are in budgetary reserve and he would not recommend that action. Mr. Stolz talked about selling the delinquent debt for \$600,000. Dr. Seidenberger responded that it is a one-time solution and very dangerous to do in these economic times. Mr. Stolz countered that there are senior citizens who cannot pay their taxes and are being forced out of their homes. Dr. Seidenberger talked about the kindergarten enrollment, noting that there is a reduction and a staff member can be trimmed. He has looked at not filling non-educational positions and he has looked at curriculum and professional development. He said the district cannot shut down entirely because there are requirements to do staff development. They have looked at utilities and salaries by not replacing key individuals. The district will be limited on how much money can be generated from the fund balance. He said the track was a \$400,000 donation. Mr. Stolz said he supported it because there would be no tax impact. Dr. Seidenberger responded that the tax impact was not because of the track. It did not affect this budget one way or another. Mr. Stolz suggested taking \$400,000 out of the capital reserve fund to offset the tax increase. Mr. Ballard interjected that action could not be done. Dr. Seidenberger said the administration has worked diligently to get this budget down and again stated that this year there are many unknowns. He said they have looked at every aspect, including field trips. At this point, Mr. Stolz claimed the Science Olympiad Team did not get \$3,000 for their state competition. Dr. Seidenberger said he was not aware of any cut in that activity. He pointed out to Mr. Stolz that it is why he should ask him when these situations arise. Mr. Stolz said he was looking at cutting non-educational expenditures. Dr. Seidenberger responded that option has already been considered. Mr. Stolz said there was a whole discussion about the "rainy day" fund. Mr. Earnshaw pointed out that there is no such thing as a "rainy day" fund and that last year the concept caused a great deal of confusion. Solicitor Fisher pointed out that Mr. Stolz had the terms confused and explained there is a budgetary reserve and a fund balance. Mr. Stolz said he felt it was time to tap into the budgetary reserve in order to help taxpayers this year. Dr. Seidenberger responded that he had no idea how many charter school students are going to show up. The uncertainty of having a state budget by June 30 could impact on the district and only those districts that have a sufficient fund balance will be able to survive a budget stalemate. Mr. Stolz said he was painted as being anti education but he has not proposed cuts that will affect educational programs. He has no interest in harming education at the high school. He said he would be interested in doing a curriculum review to improve it overall. Mr. Stolz reflected on the economic times and claimed Dr. Seidenberger and the teachers would not feel the pain because they had received salary increases. He said for the district to levy a tax increase that would contribute to citizens being evicted and that was the definition of unconscionable.

Mr. Prinzing countered the claims made by Mr. Stolz regarding the Science Olympiad Team. There were no funds slashed and the advisor did not feel it was the right time to request the funds that had been unbudgeted so the administration was never made aware of the situation and blaming Dr. Seidenberger is totally unrelated. He criticized Mr. Stolz' support for Seven Generations since day one, citing his approval even though they did not meet the criteria and it represents a one million dollar increase. Mr. Ballard said there is a total misunderstanding about the budgetary reserve - what it is; why a district has one, etc. It shows a lack of understanding about a municipal state government agency. He talked about the risks that come up such as timing, legal issues, and budget estimates. Budgetary Reserve is there to absorb unexpected shocks. You do not try to use it to get through a sticky situation that could be offset by normal means. If you have expenses not being met by your revenue, then you have to cut programs or you have to dip into your savings account unless there is some systematic way of cutting next year that expense is back again at the same level. Mr. Ballard explained that even using the budgetary reserve to fill in a temporary hole is the height of fiscal irresponsibility. It is annoying to hear the old faceless reason that seniors are being driven out of their homes by school taxes. The facts are that inflation over the last 50 years has risen approximately 3% and he provided a scenario that

showed the correlation between inflation and taxes. This district does more than 90% of what other districts do to help senior citizens. The Board is about to approve a real estate senior tax rebate program that is not common in the state and we double the rebate over what the state will give them back. There are senior citizens who get 100% of their tax rebated by the state and the district. He criticized Mr. Stolz for putting out information with the only purpose being to deliberately embarrass this district and he challenged Mr. Stolz that he would not stand for that action on his watch. This administration has struggled to do the best they can under a very difficult economic situation. He concluded that someone trying to demean this school district under the circumstances is truly contemptible.

Mr. Richwine said East Penn was the first district in Lehigh County to offer the rebate program. When you look at the qualifications (\$35,000 household income), people who have reasonable incomes can still qualify and with the combination with the state they can get quite a bit of the rebate. East Penn has always had the senior citizens in mind and acted accordingly. He said the argument about seniors losing their homes is not accurate. Nationwide more people go bankrupt due to medical expenses. He pointed out that basic subsidy is flat while the charter school reimbursement is going up. The combination of those two classifications show that charter schools have been going up. He talked about the state Costing Out Study. East Penn is one of the three lowest in Lehigh County and there are six districts that have higher taxes than East Penn. When he hears people say that taxes are too high then the next question is where are you going to move? Addressing Mr. Stolz, he said his comments were mean spirited and uninformed. East Penn has done what it can to keep taxes as low as possible.

Ms. Fuller said in the interest of time she would not go on any further but she concurred with Mr. Richwine, Mr. Ballard, and Mr. Prinzing. She indicated her support for the budget and for the administration.

Mr. Earnshaw said he would support the budget with the understanding that this is a tentative budget and something that will change before the final adoption of the budget. It is his sincere hope that something will change in the Legislature so the Board can bring the tax increase down. Mr. Richwine asked about the time frame for the Charter School and numbers. Dr. Seidenberger said as soon as they appoint a Principal then he will work with that person, citing transportation routes. Referring to Seven Generations, Mr. Stolz said that legally the Board had to vote in favor. He said he is in favor of school choice and did not feel that was necessarily being anti-public education. Citing educational conferences, he criticized Mr. Ballard for his attendance at the NSBA Conference in San Diego. He said that maybe the senior citizens do not have the police showing up at the door but he has been door to door on a yearly basis and there have been senior citizens who have been forced to leave their homes because property taxes have reached a level where they could no longer keep the home. He felt it was a shame. He criticized Mr. Richwine for his remarks that if people do not like it they should move. He continued that he had a problem with the way the Board looks at members of the public and how their concerns are addressed. He criticized Mr. Earnshaw for not responding to a citizen. Mr. Richwine rebutted that he did not imply that if people don't like it they should move. He said when the statement about having to move is asked he has replied, "Where are you going to move?"

The resolution was duly adopted by the following roll call vote:
 Aye: Ballard, Earnshaw, Fuller, Richwine-----4
 Nay: Prinzing, Stolz-----2
 Absent: Gannon, Jones, Kowalchuk-----3

2. Senior Citizens Real Estate Tax Rebate Program

Motion by Ballard, Seconded by Stolz
 RESOLVED, That the East Penn Board of School Directors continue the Senior Citizens Real Estate Tax Rebate Program for the 2009-2010 year with the income eligibility guidelines to be established at final budget adoption.

This resolution was duly adopted by the following roll call vote:
 Aye: Ballard, Earnshaw, Fuller, Prinzing, Richwine, Stolz-----6
 Absent: Gannon, Jones, Kowalchuk-----3

8. Report of the Superintendent of Schools - Dr. Thomas L. Seidenberger

1. Personnel

Motion by Prinzing, Seconded by Ballard
 RESOLVED, That the East Penn Board of School Directors approve the following personnel Items:

Retirements

- Kathy Bonner, Music Teacher at Shoemaker School, effective June 18, 2009 (Exhibit 1)
- Christine Newhard, Grade 2 Teacher at Shoemaker School, effective, June 18, 2009 (Exhibit 2)

Resignations

- Jessica Silfies, Grade 4 Teacher at Shoemaker School, effective June 18, 2009 (Exhibit 3)
- Marisa Dawson, Grade 5 Teacher at Wescosville School, effective June 18, 2009 (Exhibit 4)
- Lisa Talarico, Staff Assistant at Emmaus HS, effective April 24, 2009 (Exhibit 5)

Leave as Per Collective Bargaining Agreement

Employee: Tanya Piasecki
Grade 1, Jefferson School
Effective: June 1-June 18, 2009

General Leave of Absence

Employee: Deborah L. Mientus
Instructional Assistant, Eyer MS
Effective: May 14, 2009
Reference: Board Policy 439, General Leave

Appointment of Temporary Professional Employee

Name/Address: Christopher Stuchko
1573 Pinewind Drive, Alburtis 18011
Education Level: B. A. Degree (2003)
M. Ed. Degree (2007)
Undergraduate School: University of Maryland
Graduate School: Lehigh University
Assignment: Emmaus High School: Special Education/Autistic Support
Unbudgeted - More cost effective to transfer services from
Carbon Lehigh Intermediate Unit services
Effective: 2009-2010 School Term
Experience: 2007-2009: Allentown SD
Salary: \$52,110, Step 3, Col. M)

By adding this staff member and bringing students back from the IU, the district will save \$112,000.

Summer School Middle School Staff

| | |
|-------------------------------|--------------------------------|
| Jane Shingler, LA/English | Sarah Pomerhn, LA/English |
| Lisa Breiner, Social Studies | Tracy Urban, Special Education |
| Bridget Bokansky, Mathematics | Mike Hubbs, Science |

Co-Curricular Appointments

| | | |
|-------------|--------------------|----------|
| Heidi Rauch | Eyer, Science Club | \$138.00 |
| Joe DiRado | Eyer, Science Club | \$138.00 |

Summer Maintenance Program

| | | |
|-----------------------|-----------------|-------------|
| Former Employees: | Derek Hensinger | \$8.30/hour |
| New Hires/Alternates: | Mark Lechmanik | \$7.55/hour |

Additions to the 2009-2010 List of Per Diem Substitutes

| | |
|--------------------------------|---------------------------|
| Yvette Campbell, Guest Teacher | Cynthia Hynes, Elementary |
|--------------------------------|---------------------------|

Appointment of Staff Assistant

Name/Address: Jennifer Fegley
1681 33rd Street, SW, Allentown 18103
Effective: May 12, 2009
Assignment: Eyer MS
Vacancy created by resignation of Malik and subsequent transfers
Salary: \$12.01/hr., 12.5 hrs./wk.

2009 Emmaus High School Graduates (Exhibit 6)

RESOLVED, That the East Penn Board of School Directors approve the list of students in the Class of 2009 for graduation.

Educational Conferences (Exhibit 7)

RESOLVED, That the East Penn Board of School Directors approve the estimated expenses for the individuals attending the educational conferences listed on Exhibit 7.

Referring to statements made at previous meetings, Dr. Seidenberger addressed statements that were made regarding the Collective Bargaining Unit Contract for 2009-2013. There were supposedly six positions that were not included in the previous contract. Dr. Seidenberger asked Mr. Stolz how many class advisors he had while at Emmaus High School. The class advisors were - Sally Hanzlik and Bonnie Raub. There have been two class advisors for many years so where is the increase. Mr. Stolz said there were things included in the contract that were not on the sheet given to the Board outlining the changes. Dr. Seidenberger pointed out that Mr. Stolz took the opportunity to write a newspaper article alleging the district was spending \$17,000. Dr. Seidenberger illustrated that in the last two contracts as well as the upcoming contract (2003-07; 2007-09; 2009-2013), there was language (page 31) about the coaching positions (middle school cross country-2; class advisors-2) and the new agreement has the exact language. Dr. Seidenberger said he wished that Mr. Stolz had asked him the question before he published an article that was inaccurate. The problem was that in the 2007-09 contract the language had been inadvertently omitted when the contract was printed. There are no new additional class advisors or cross country coaches. There have been the exact same number in place for over ten years. Dr. Seidenberger said he was offended because Mr. Stolz obviously gave a report to someone that resulted in an editorial calling the administration untrustworthy. Mr. Stolz denied providing the report to anyone. Dr. Seidenberger informed the Board that he was meeting with the editor of the Lehigh Valley Commentator tomorrow to find out what happened. Dr. Seidenberger stated that when an article is written like that it is a serious allegation and puts the administration in a negative light. He further stated that if Mr. Stolz had any contact with Gary Reigal and Leslie Daniel he would know that they would have never acted in an underhanded fashion. There are three board members who sat in on those negotiations who gave their time. He asked Mr. Stolz if he thought for a minute that Mr. Ballard would approve a contract that "snuck in" some positions with his preciseness? Mr. Stolz said things can be missed and if it was a matter of typos that is acceptable and he would be happy to make sure that a correction is printed if he is asked to do a column in the future. Dr. Seidenberger said he would appreciate that action. He again encouraged Mr. Stolz to simply ask the question. This was a simple correction that Ms. Daniel and the Association worked out when the contract was published.

Dr. Seidenberger then clarified the other allegation about the district providing two sets of numbers to Harrisburg. Using the attached information regarding unreserved designated and undesignated Fund Balance, Dr. Seidenberger explained that every fiscal transaction of the district is audited by the local auditors and the state auditors. He talked about the reporting process again emphasizing that the information is audited. Mr. Stolz asked why the state reports in a different fashion than the school district and if that is the case, why doesn't the district report the same as the state when charts and budgets are prepared. Mr. Earnshaw clarified that if the district was to report the unreserved, undesignated funds then the 6.3 million dollar would not appear on any budget documents. If the funds were removed, it would be like hiding money from the public and that would be absolutely wrong. No one knows why the state reports it in a different fashion. Dr. Seidenberger said this is his fifth district and every budget is slightly different. The district reports the numbers honestly and two sets of numbers were not submitted. Mr. Ballard said Act 8 requires that no district have a number greater than 8% in an undesignated fund balance. Mr. Stolz requested that the district report in the same fashion as Harrisburg to avoid confusion. He also requested a list of accounts that go toward both numbers. Mrs. Surdoval pointed out that the accounts were listed on the information that was just provided. Using the audit report for June 30, 2008, Mr. Richwine reaffirmed that the total fund balance was the same as what was reported in the budget handout for this evening. He said there are so many ways to look at these numbers and obviously it has been reported accurately.

Dr. Seidenberger referred to information that was brought up about carpets. He said he does not intervene on what a PTO wants to spend. He looked at the 5 x 7 area rug that was purchased at Wescosville. He reiterated that PTOs are not in the business of buying carpet. When people hear that they think it is wall-to-wall carpeting and it is not. The district does not carpet elementary classrooms. Lower Macungie Elementary School is carpeted. If a principal has a concern, then the purchase would be made through district accounts. When asked by Dr. Seidenberger about whiteboards, Mr. Stolz said they would be portable whiteboards. Mr. Stolz had reviewed the grant requests from Wescosville, but he had returned them to the person who let him glance through them. As far as the carpets, he said it was to replace old and torn ones. Dr. Seidenberger agreed that the PTO should not be replacing district maintenance items. Mr. Stolz admitted that he was basically confused about the fund balance numbers and the reporting. Mr. Glancy said that the first year there was a dramatic increase because it was the first year to report a reserve. This was done at the recommendation of the auditor, it was changed and the district has continued the practice. Mr. Stolz said when he first saw the reports he had a suspicion that Harrisburg reports a different way than the district. He said he understood the district was not reporting two sets of numbers. He wanted to see footnotes to alleviate confusion. Dr. Seidenberger pointed out that when there is a question Mr. Stolz should come in and check on the information. Mr. Ballard further noted that the district reports the figures to Harrisburg in the fashion required by law and what they do with the

information is totally up to Harrisburg. Mr. Prinzing questioned Mr. Stolz about the administration having to make footnotes on how Harrisburg is going to report it before they report it. He did not feel that made much sense. Mr. Earnshaw summarized that Mr. Stolz wanted the numbers to be reported the way Harrisburg reports it and we do not know how they are going to report it. Mr. Earnshaw said they change things quite frequently. He cited the statement about the district having one million dollars ten years ago. Harrisburg changed the reporting method and the district actually had 115 million dollars in debt service. Charts of accounts change routinely. Mr. Stolz said his concern was that the district was being consistent with the public. Dr. Seidenberger retorted that the district has always been consistent. Mr. Stolz said he talks a lot about process and bringing something up questions like this behind closed doors is not being open and he provided a story about a misbehaving child being asked about wrongdoing without warning. He criticized Dr. Seidenberger for admonishing a board member as doing something reprehensible because he is bringing something up in a public meeting as a matter of public deliberation adding it was reprehensible. Mr. Earnshaw said that he had just made an interesting analogy to the administration of an adult catching a child doing something wrong as if Mr. Stolz was the adult who knew what was right and wrong and he had caught the administration doing something wrong. Mr. Earnshaw said rather sternly that it was not only offensive but slanderous. As it turned out, it was nothing. Mr. Stolz said it could have been explained in a meeting. Mr. Earnshaw countered that Mr. Stolz brought up numbers in a public board meeting that had to be researched. Mr. Glancy said that the report actually had to be found on the PDE website. Mr. Earnshaw said he could not remember every number that is in the budget. To expect someone to respond. Without warning, out of budget of 115 million dollars, is like a pop quiz on a subject that has not be studied. Mr. Stolz again interjected his concern about the perception of how people in the public are treated at a board meeting. Dr. Seidenberger said Mr. Stolz could have come in before he wrote articles about increasing the staff and he did not admonish him at all because Mr. Stolz was the one who made the allegation in the Board Meeting and he did not respond. Dr. Seidenberger said that any time a question like that is raised it reflects on him as the Superintendent and, if there is something going on that looks like he is not "watching the store" then it is offensive. The allegations were out of line and the people serving in those capacities would never have done something like that. He, again, invited Mr. Stolz to come and see him when he has questions.

Mr. Richwine said the ending fund balance is a combination of funds that will not be touched and covering the budgetary reserve. It might be helpful to include a line for budgetary reserve and that is the part PDE does not include in its number.

These resolutions were duly adopted by the following roll call vote:
 Aye: Ballard, Earnshaw, Fuller, Prinzing, Richwine, Stolz-----6
 Absent: Gannon, Jones, Kowalchuk-----3

9. Education

-Textbook Adoption - Exhibit 8

The attached list of textbooks will be available for review in the Curriculum & Instruction Office until June 8. A recommendation for adoption will be presented at the June 8 Board Meeting.

10. Facilities

1. Bid Opening Report - Refinishing of Gymnasium Floor (EHS) & Maintenance Equipment for Willow Lane Elementary School - Exhibit 9 - Informational
2. Bid Award: Refinishing of Gymnasium Floor (EHS)

Motion by Ballard, Seconded by Richwine
 RESOLVED, That the East Penn Board of School Directors award the contract for refinishing the gymnasium floor at Emmaus HS to the following low bidder for a base bid of \$15,900.00:

Jack Devine Gym Floor Restorations
 3034 Main Street
 Voorhees, NJ

Replacement of Metal Barrel Roofing - LMMS

RESOLVED, That the East Penn Board of School Directors award the contract for replacement of metal barrel roofing at Lower Macungie MS through Pennsylvania Education Joint Purchasing Council Contract AEPA-005A-W500-PA to the following company for a total project cost of \$251,492.050:

Weatherproofing Technologies, Inc.
 3735 Green Road
 Beachwood, Ohio

Change Order: Willow Lane Elementary School

RESOLVED, That the East Penn Board of School Directors approve the following change order for the Willow Lane Elementary School:

EC-1 Wind Gap Electric, Inc. Additional duplex outlet \$345.00 in kitchen & under counter wall outlet in health suite.

These resolutions were duly adopted by the following roll call vote:

Aye: Ballard, Earnshaw, Fuller, Prinzing, Richwine, Stolz-----6
Absent: Gannon, Jones, Kowalchuk-----3

- 3. Special Services Contract - Barry Isett & Associates, Inc.-Steel & Masonry Inspection Services for Willow Lane Elementary School - Exhibit 10

Motion by Prinzing, Seconded by Ballard

RESOLVED, That the East Penn Board of School Directors approve the Special Inspection Services Contract with Barry Isett & Associates, Inc., 7450 Tilghman Street, Allentown to perform inspection services during the erection of all steel components and during the erection of all exterior and interior masonry walls for a total cost not to exceed \$16,560.00.

Note: Items 14.1 and 14.2 will be deleted from the contract.

This resolution was duly adopted by the following roll call vote:

Aye: Ballard, Earnshaw, Prinzing, Richwine, Stolz-----5
Abstain: Fuller-----1
Absent: Gannon, Jones, Kowalchuk-----3

Ms. Fuller is an employee of Barry Isett. A copy of the Conflict of Interest Memorandum is attached to the permanent minutes of this meeting.

- 11. Policy

-Adoption of Revised Board Policies 006 and 801.1

Motion by Ballard, Seconded by Stolz

RESOLVED, That the East Penn Board of School Directors approve the following revised Board Policies:

- Board Policy 006, Meetings (Exhibit 11)
-Board Policy 801.1, Records Retention (Exhibit 12)

Mr. Richwine talked about the tapes and his personal experience. He said even though there is a lot said about tapes but he did not see them as a panacea. Mr. Stolz spoke in favor of web casting the meetings.

This resolution was duly adopted by the following roll call vote:

Aye: Ballard, Earnshaw, Fuller, Prinzing, Richwine, Stolz-----6
Absent: Gannon, Jones, Kowalchuk-----3

- 12. Legislative

C. Ballard

Mr. Ballard reported that there was not much happening in the budget. He reported that SB 850 is dead in the House.

- 13. Business Operations

- 1. Approval of Bill List

Motion by Seconded by

RESOLVED, That the East Penn Board of School Directors approve the attached bill list, including the addenda, and that the Treasurer be authorized to issue checks and vouchers in the amounts indicated.

Appointment of the Treasurer and the Board Secretary

RESOLVED, That the East Penn Board of School Directors appoint Lynn A. Glancy as Treasurer for a term effective July 1, 2009 to June 30, 2010; and that he be directed to perform such duties as are appropriate for the position in accordance with the Public School Code of 1949, as amended, Section 436-443; that he shall implement federal, state and local policies and regulations at the direction of the Board of School Directors and the Superintendent of Schools; and, that the Treasurer's bond be set at \$500,000 to be paid by the East Penn School District; and,

Be it further

RESOLVED, That Cecilia R. Birdsell be re-appointed as Board Secretary for a four year term effective July 1, 2009 to June 30, 2013 and she be directed to perform such duties, as are appropriate for the position in accordance with the Public School Code of 1949 as Amended and implement relevant local regulations at the direction of the Board of School Directors and the Superintendent of Schools; and, that the Board Secretary's bond be set at \$20,000.

Ms. Fuller thanked Miss Birdsell for agreeing to continue as Board Secretary and welcomed Mr. Glancy on board. Mr. Stolz thanked Miss Birdsell staying on board, adding she does a good job with minutes even though he knows he can be difficult at times.

Designation of 2009-10 Depositories

RESOLVED, That, in accordance with Section 621, PA Public School Code of 1949, the East Penn Board of School Directors designate the following depositories for the funds of the East Penn School District for the 2009-2010 fiscal year; and that said depositories furnish a bond in an amount equal to 120% of the highest balance or comply with Act 72 of 1971 of the Pennsylvania Legislature, such bond amounts to include the amount provided by federal insurance:

Citizens Bank
East Penn Bank Division of Harleysville Bank
Embassy Bank
First Star Savings Bank
Lafayette/Ambassador Bank (Fulton Financial)
M & T Bank
National Penn Bank
New Tripoli Bank
PA Treasury/Invest Trust
PA Local Government Investment Trust
Quakertown National Bank
Sovereign Bank
US Bank Corporate Trust Services
Wachovia Bank (Wells Fargo)

Earned Income Tax Commission

RESOLVED, That the East Penn Board of School Directors set the following commission to paid to the appointed Municipal Earned Income Tax Officers for the collection of the District's earned income taxes during the period July 1, 2009 through June 30, 2010:

| | |
|-------------------------|---|
| Borough of Albury | 5%, plus 1/2 of printing & postage costs |
| Borough of Emmaus | 2.5% |
| Borough of Macungie | 5%, plus 1/2 of printing & postage costs |
| Lower Macungie Township | 1/2 of cost of salaries, benefits, and office expenses of the EIT office. |
| Upper Milford Township | 5%, plus 1/2 of printing & postage costs |

Earned Income Tax Bonds

RESOLVED, That the East Penn School Board of Directors direct the East Penn School District Municipal Earned Income Tax Officers to provide fidelity bonds to the School District in the following sums:

Borough of Alburtis
Joann Conrad, or Successor
Bond required: \$50,000

Borough of Emmaus
Berkheimer Associates
Bond required: In accordance with contract

Borough of Macungie
Rose Nonnemacher, or Successor
Bond required: \$120,000

Township of Lower Macungie
Cathleen O'Brien, or Successor
Bond required: \$1,000,000

Township of Upper Milford
William Weber, or Successor
Bond required: \$250,000

Budget Transfers - Exhibit 13

RESOLVED, That the East Penn Board of School Directors authorize the budget transfers as outlined on Exhibit 13.

Special Disbursements - Exhibit 14

RESOLVED, That the East Penn Board of School Directors authorize the special fund disbursements from the 2007 EGA Issue and the 2007 GOB issue for the items listed on Exhibit 14.

Parent/Guardian Transportation Contract

RESOLVED, That the East Penn Board of School Directors approve the following Parent/Guardian Transportation Contract:

| Parent/Guardian | # of Miles | Time Period |
|--|------------|------------------------|
| Ruben Pastor 117 E. Ettwein Street Bethlehem | 11.2 | April 21-June 17, 2009 |

Aesop Contract-Exhibit 15

RESOLVED, That the East Penn Board of School Directors approve the Aesop Customer Agreement as presented in Exhibit 15 with Frontline Placement Technologies, 5 Great Valley Parkway, Malvern, PA for a cost of \$12,350.00. This is a system for calling per diem substitutes.

Note: Agreement has been reviewed by the Solicitor.

These resolutions were duly adopted by the following roll call vote:

Aye: Ballard, Earnshaw, Fuller, Prinzing, Richwine, Stolz-----6
Absent: Gannon, Jones, Kowalchuk-----3

14. Announcements

Monday, May 11 6:00 p.m.-Public Hearing, Seven Generations Charter School
7:30 p.m.-Board Meeting

Monday, May 25 Memorial Day - All Schools and Offices are closed.

Mr. Earnshaw noted that Eyer Band Director Carrie England acknowledged the Board's support for the music programs in the district at the Eyer Concert last week.

15. Adjourn

There being no further business to come before the Board, the meeting was adjourned, upon motion at 11:40 p.m.

Cecilia R. Birdsell, Board Secretary