

**CENTENNIAL SCHOOL DISTRICT
Warminster, Pennsylvania**

**MINUTES OF SPECIAL BOARD MEETING
HELD MAY 1, 2006**

CALL TO ORDER/ROLL CALL

A Special Meeting of the Centennial School Board was held on May 1, 2006, in the Administration Building. The meeting was called to order by Mrs. Mueller at 5:37 p.m. The following people registered their attendance:

Board Members:

Marie Brzezinski
Joseph Faust
Betty Huf
Joan Jankowsky
Patricia Jones
Jane Schrader Lynch
Michael Monaghan
Cynthia Mueller
Harve Strouse

Administration:

David Blatt
Dr. Michael Masko
Timothy Vail

CEA/Teachers:

None

Public:

Jack Diamond

PLEDGE OF ALLEGIANCE

Mrs. Mueller led the group in the Pledge of Allegiance.

ANNOUNCEMENTS

None.

COMMUNITY COMMENTS

None.

NEW BUSINESS1. Debt Incurrence/Parameters Resolution

Mr. Vail explained that the resolution was intended for potential debt incurrence which the Board may or may not incur. The amount was \$110 million.

Mr. Strouse asked for two questions to be addressed. The first was on page two regarding the date of completion of the construction, which was set forth as May 1, 2009. He felt that it was conceivable but not likely that it could be completed before that date. His second question related to Section 16(a)(i)(A) on page 14, which referred to Generally Accepted Accounting Principles (GAAP) rather than Government Account Standards Principles (GASB).

Regarding the May 1, 2009 date, Bond Counsel, Tim O'Neill, responded that it is required that you begin repaying principal no later than two years after the date of issue or one year after the completion of construction of a project. This date was used in the eventuality that something would be completed that quickly.

Mr. O'Neill explained that the GAAP reference was quoted from the SEC Rule 15c2-12. One of the parameters this resolution accomplishes was to meet the parameters of that SEC Rule which requires that an underwriter cannot agree to buy bonds for more than \$1 million from an issuer unless the issuer agrees to make continuing disclosure to the financial markets. He indicated that this is standard language in all bond issues that have been issued to date.

Mrs. Lynch asked if we were obligated to this company.

Mr. O'Neill responded that we were not. Mr. Vail had found him. He had been doing Centennial's bond work since 1973 and that was why they were not making any charge for this. This is to protect the District's ability at this time. Over the years, as bonds are issued, they would be recompensed. He explained that Mike Lillys with RBC was one of the underwriters. If he is appointed, the District would be obligated to negotiate with them on a case-by-case basis, as in the past, for the actual bond issues that might be issued under this. Mr. O'Neill also pointed out that if it wasn't otherwise a problem to borrow, there was no reason to follow this resolution. Ultimately, the only obligation was that if the District issues bonds under this resolution, it would negotiate with this underwriter.

Mike Lillys of RBC further explained that the District was not obligated to go through with borrowing the \$110 million. This was for insurance purposes. If the District needed to borrow, it would have this option if it wanted to issue the debt, as opposed to incurring it, which is what would be done tonight. If the District went forward with issuing any debt under this resolution and was not happy with this firm, there would be a way to get out of this, by requesting them to assign this to another firm or firms.

Mrs. Lynch expressed her continuing concern with the fact that there were a lot of bond people out there that had not been looked into.

Mr. Vail explained that this was the team that has been in place for the past couple of financings. In the interest of time, they had decided to go with these since there was a time constraint.

Jack Diamond of 299 Kent Road stated that his only concern was his tax costs. He had been trying to find out what goes on in the school district and asked if there was a mission statement of the School Board. He also asked who the Board primarily represented.

Mrs. Mueller responded that the Board's responsibility was both to the taxpayers and to educating the students. Mrs. Mueller asked if Mr. Diamond had particular questions with regard to the debt incurrence that could be addressed since a vote needed to be taken. After that she could address any other issues he had.

Mr. Diamond stated that, in theory, because he didn't know what was going on, he did not feel it was a good idea to be building a cookie jar.

Mrs. Mueller explained that the legislature had put us in a position where, if we don't protect our entity when we are in the middle of a feasibility study for elementary schools and the high school, and if they put through the legislature they would like to, that will tie our hands. We would be doing a huge disservice to our community when the time comes that we need to do something with the schools. What we are doing here is not obligating any taxpayer at this point but protecting it so that the funding will be available if we need it to fix the schools to protect our capital investments. These funds would only be for capital expenditures.

With regard to the mission statement, Mrs. Jankowsky pointed out that part of it was displayed on the wall. However, some of that was about to change soon when the Board adopted the Strategic Plan. She indicated that the Board had to serve two masters – the taxpayers and the children. This resolution was designed to make sure the Board could continue to operate in a cost-effective manner. This does not commit the Board but would allow the Board to provide for the refurbishings of the buildings in the event the Board adopts any of the recommendations that have come through the Operations Committee, in particular if we need to consolidate from six buildings to three buildings.

Mr. Diamond felt that this was just building a slush fund and didn't understand why there was a crisis to do it now. He took issue with the Governor and some of his doings. He felt that he was trying to enforce a referendum. He felt the Board was trying to circumvent due course.

Mrs. Jankowsky disagreed but stated that she felt the Board was planning for the future and ensuring that the equity that everyone had in their homes was maintained by providing a consistent, cost-effective program of education for the children. The

community would have the opportunity to approve or disapprove any budget expenditures over the theoretical index factor of inflation. Things would change in the way school districts operated if the legislation was passed.

Mrs. Huf stated that she had spent a lot of time thinking about this but she could not agree to \$110 million and could not support this at this time. She felt that once this was approved by the Board, it would be a never-ending spending and she could not commit to it. She felt they were rushing into this. She wished it could be done as the need occurred. Because enrollment was down, she felt they should look at closing some schools.

Mrs. Brzezinski felt that it was correct that this was a cookie jar and once the money was there, it would be gone. She could not support it. She felt there were at least three schools in the District that could be closed but no one wanted to face it.

Mrs. Jankowsky spoke about the range of doing the minimal to the maximum to the high school being between \$40 million and \$60 million, which was set forth in the feasibility study. As far as closing schools, she felt the Board would have its opportunity to review that and make decisions. She also mentioned several schools that had been identified by the engineering firm for possible closure. She pointed out that the Operations Committee had not made any suggestions or concluded its study on this. They were waiting on appraisals to come in on each of the buildings.

Mrs. Lynch beseeched the press not to put the names of any of the schools in the newspapers regarding possible closure since no decisions had been made. She felt it was improper to put parents, students and staff through that at this time.

Mrs. Lynch stated that although she understood the concept of this bond issue, she could not support it. She would not give anyone a line of credit not knowing how it was going to be spent. She questioned why the Board would lock itself into a bond company without investigating others. She indicated that her vote would be incredibly, absolutely no.

Mrs. Jankowsky stated that she thought she heard we were not locked into the bond company. Mrs. Mueller clarified that we were not.

A motion was made by Mr. Faust and seconded by Mrs. Jones to resolve that the Centennial School Board authorizes the incurring of up to \$110,000,000 of nonelectoral debt by the School District to preserve the future ability of the School District to issue a series of bonds in various amounts from time to time when and to the extent necessary to provide for alterations, renovations, and additions to the School District's elementary schools, high school, and other capital projects for School District facilities. Further, Board hereby appoints RBC Capital Markets and Parker/Hunter, a division of Janney Montgomery Scott LLC, as co-managers to negotiate the purchase of such series of bonds, and authorizes the immediate filing of the necessary debt proceedings with the Pennsylvania Department of Community and Economic Development, including payment

of the required \$3,487.50 filing fee. Funds to be appropriated from the Capital Reserve Fund.

Mrs. Jankowsky stated that she believed this was a plan that prepared the District for the future, which future may provide options which require no additional funds. This resolution provides us with that alternative, as well as the option of acquiring the additional funds.

Mrs. Mueller indicated that she concurred with Mrs. Jankowsky 100%.

A roll call vote was taken as follows:

<i>Mrs. Brzezinski</i>	<i>No</i>
<i>Mr. Faust</i>	<i>Yes</i>
<i>Mrs. Huf</i>	<i>No</i>
<i>Mrs. Jankowsky</i>	<i>Yes</i>
<i>Mrs. Jones</i>	<i>Yes</i>
<i>Mr. Monaghan</i>	<i>Yes</i>
<i>Mrs. Lynch</i>	<i>No</i>
<i>Mr. Strouse</i>	<i>Yes</i>
<i>Mrs. Mueller</i>	<i>Yes</i>

The motion passed 6-3.

ADDITIONAL COMMUNITY COMMENTS

Mr. Diamond asked who a taxpayer could contact to get specific information from the Board.

Mrs. Mueller indicated that, as Board President, she was the spokesperson for the Board with the press. It depended on what his questions were who would best be able to answer them.

ADJOURNMENT

A motion was made by Mrs. Lynch and seconded by Mr. Faust to adjourn the meeting. The motion passed 9-0. The meeting was adjourned at 6:23 p.m.

Respectfully submitted,

Vickie A. Detwiler
Board Secretary