

NESHAMINY SCHOOL DISTRICT  
Langhorne, Pennsylvania

PUBLIC BOARD MEETING MINUTES  
NESHAMINY BOARD OF SCHOOL DIRECTORS  
(WORK SESSION)  
January 11, 2005

The Neshaminy Board of School Directors met in public session on January 11, 2005, in the Board Room of the Maple Point Middle School. The following persons were in attendance:

**BOARD MEMBERS:**

Mr. Richard M. Eccles, President  
Dr. William H. Spitz, Vice-President  
Mrs. Sue C. Barrett  
Mrs. June R. Bostwick  
Mr. Jason Bowman  
Ms. Carol A. Drioli  
Mrs. Susan Cummings  
Mr. Ritchie Webb

**ADMINISTRATORS:**

Mr. P. Howard Wilson  
Dr. Louis T. Muenker  
Mr. Joseph V. Paradise  
Mrs. Jacqueline Rattigan  
Mr. Bruce M. Wyatt

**BOARD MEMBER NOT PRESENT:**

Mrs. Kimberly A. Jowett

**SOLICITOR:**

Thomas J. Profy, III, Esquire

**SECRETARY:** Mrs. Anita E. Walls

**OTHERS:** Approximately 17 persons from the public, staff and press

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Prior to the Work Session an Executive Session was held.

**1. Call to Order**

Mr. Eccles called the meeting to order at 7:10 p.m.

**2. Pledge of Allegiance**

Mr. Eccles requested those in attendance join in the salute to the flag.

**3. Announcements**

Mr. Wilson announced that the Neshaminy School District will be one of the participating districts in the consortium with the Intermediate Unit to learn more about Act 72. Mr. Wilson advised that a lawsuit has been filed against Act 71 as a possible violation of constitutional amendment with the gambling bill. Mr. Wilson advised that some districts are joining in with that lawsuit.

Mr. Wilson commended Naomi Jenkins from the Bucks County Courier Times for the nice article regarding the Tsunami Relief fund that the school district is doing. Mr. Wilson stated that everyone is very proud of the efforts taking place at the elementary schools, middle schools and high school as far as Neshaminy's participation in the relief efforts.

**4. Public Comment**

Mr. Howard Lindner, Langhorne, PA, stated that years ago when he started in the teaching profession salaries were only about \$3,000, districts always had dedicated teachers. Mr. Lindner further stated that when you work in a profession you see certain teachers are above others, and you see what is put forth in their job helping students. Mr. Lindner noted that in today's newspaper, the Bucks County Courier Times,

it was reported that two former Neshaminy teachers had passed away, Ann MacDonald and Ray Snyder. Mr. Lindner stated that Ann MacDonald was an administrator that worked with Mr. Lindner. Mrs. MacDonald was in charge of the Class of 1976 and was the English Department chairman. Mrs. MacDonald was a great person and teacher who gave so much to the community. Mr. Lindner stated that Ray Snyder was a language teacher who was unbeatable. Mr. Lindner also remembered Jane Todd who was a teacher in the Business Department who retired in the early 1980's. All these teachers are legends and many times people forget the jobs that people do, and especially the ones that stay after school and go out of their way and spend time writing recommendations, helping students. Mr. Lindner noted that teaching is different in this day due to all the state mandates and laws; however, you must look back at the teachers who built Neshaminy into the tradition that it became. The district has been fortunate, but the district lost two great ones this week.

Mr. Solis Basen, Langhorne, PA, wished everyone a healthy and happy New Year. Mr. Basen thanked Mr. Morris from the Sandburg Elementary School who brought an instrumental group over to Flowers Mill during the holiday season. Over one hundred residents enjoyed the show immensely. Mr. Basen inquired whether Act 72 is part of the personal income tax that they are speaking about that some of the school districts have enacted.

## **5. Items for Discussion**

### **a. Presentation of Forward Bond Swap Proposal for High School Bond Issue**

Mr. Paradise introduced Mr. Michael Lillys and Mr. James Losty of RBC Dain Rauscher who provided a presentation regarding a forward bond swap which will help the school district hedge the pending increasing interest rates and take a financial step now that will hopefully lock in the interest rates.

Mr. Lillys advised that Mr. James Losty, head of the Financial Products Group for RBC Dain Rauscher, would provide most of the presentation regarding the Forward Bond Swap, since it is a very specialized area.

Mr. Losty provided board members with a portfolio regarding current market opportunities for the school district. Mr. Losty reviewed the parameters of Pennsylvania: Act 23

- Signed into law September 24, 2003
- To date, over 70 Pennsylvania School Districts, Counties, Cities and other Governmental issuers have entered into Agreements authorized by Act 23
- Grants specific authorization for local governments (including School Districts) to enter into Interest Rate Management Agreements (defined to include swaps, caps, forwards, etc.)
- Lays out a step by step process issuers must follow prior to entering into such an Agreement
- Requires that all issuers adopt a formal Interest Rate Management Plan prepared by an independent Swap Advisor or Financial Advisor prior to entering into such an Agreement
- Requires minimum credit rating for all potential financial counterparties (minimum rating of "A")
- Requires that all issuers adopt a plan to monitor Agreement after the execution

Mr. Losty advised that much of Act 23 pertains to interest rate swaps and requirements issuers must meet prior to entering into interest rate swaps or interest rate management agreements. Mr. Losty reviewed with the Board some commonly used terms associated with interest rate swaps:

- Interest rate swap: A legal agreement or contract between two parties, typically an issuer and a large financial institution, under which the parties agree to exchange payments based on agreed upon terms and conditions. One party to the swap is obligated to make

payments based on a variable interest rate and the other party is obligated to make payments based on a fixed interest rate.

- Counterparty: The other party to a swap transaction. From an issuer's perspective, the counterparty is the financial institution party to the agreement.
- Index: The agreed upon interest rate in the swap agreement that will govern transfer of cash flows, typically either Libor or Bond Market Association (BMA).
- BMA: Bond Market Association published interest rate index commonly used in interest rate swaps.
- Libor: "London Interbank Offered Rate" is the most commonly quoted index in the world.
- Basis Risk: Risk associated with trading value of issuer's variable rate demand notes.

Mr. Losty summarized to Board members regarding hedging interest rates for the District Series 2005 New Money Bonds.

- While interest rates have increased slightly since the lows of June, 2003, rates are still at very low historical levels.
- The School District has executed a forward \$85M Bond Purchase Agreement with RBC Dain Rauscher to issue debt on or about October 15, 2005.
- The District can lock-in today's historically low interest rates through implementing an Interest Rate Management Agreement that would not commence until the issue date of the Bonds on October 15, 2005.
- The District would have the benefit of knowing in advance the debt service expense associated with the 2005 borrowing which will ease budgeting issues.
- The District could lock-in a "synthetic" fixed rate of approximately 4.58% for a BMA swap and approximately 4.07% for a 67% Libor Swap and insulate the District's budget from an increase in interest rates that would make the debt service more expensive if rates are higher.

Board discussion ensued regarding the information provided by Mr. Losty regarding the risks involved with either opting for a fixed rate or a variable rate.

Mr. Losty reviewed costs and parties involved with the transaction:

- Independent Financial Advisor: fee based on basis points - low 1 ½ basis points to a high - 3 basis points
- Bond Attorney
- Counterparty
- Local Solicitor

The total basis points for outside professionals are generally 5 basis points. Typically a financial advisor fee, depending on the size, is \$25,000-\$50,000, bond counsel fees range from \$25,000 - \$100,000.

Mr. Eccles highly recommended that this matter be referred to the Facilities and Finance Committee to obtain more information. Mr. Paradise advised that this presentation was provided to the Finance Committee and they are presenting seeking the direction of the Board as to whether to proceed further since time is of the essence.

Mr. Losty advised the Board that these same products can also be applied to the district's existing debt. It is the view of RBC Dain Rauscher that the savings associated with using a swap for one of the existing bonds to be refunded are not sufficient to warrant consideration at this point.

Mr. Paradise noted that the next step in the process would be obtaining a Financial Advisor. Mr. Paradise asked whether there was board consensus to obtain proposals from Financial Advisors to provide further information to the Facilities and Finance Committee.

There was Board consensus to move forward with the process.

**b. Tax Collector Compensation Program**

Mr. Paradise advised that each taxing authority must set the salary schedule for the collection of taxes for the upcoming four years. Mr. Paradise provided Board members with an analysis of Tax Collector's Salaries.

Tax Collectors are paid from three different taxing entities: County, individual municipality for whom they work and the school district.

Mr. Paradise noted that other aspects of the District's Salary program are:

- Bonds
- Salary Payment Schedule
- Remittance and Reconciliation

Mr. Webb noted that tax collectors perform a very valuable service in the sense that they are local and the public can go to them to pay their bills directly and answer questions, as opposed to a tax collecting company, i.e. Berkheimer.

Mr. Webb's recommendation was the tax collector salaries remain the same in years one and two and years three and four provide a 2% increase. This would bring them in line with the charges that the district would receive from a tax collecting firm such as Berkheimer. This two year salary freeze would accomplish this.

Ms. Drioli stated that the population of the district does appreciate seeing a face to the government. Our population does go into the local tax office to chat, vent and discuss issues.

There was Board consensus to freeze the tax collector's salary for years one and two of the contract and there would be a 2% increase in years three and four.

Mr. Paradise further stated that the language in the motion would be updated to include all the other aspects that would be required by the district from the individual tax collectors.

**c. Ad Hoc Committee for Class Rank System**

Mr. Wilson advised that the Educational Development Committee would like to set up an Ad Hoc Committee comprised of two high school administrators, one middle school administrator, three Board members, and three staff members to make recommendations and have the matter wrapped up by the end of 2004-2005 school year.

Mrs. Cummings, Mr. Bowman and Ms. Drioli volunteered to be the Board representatives for the Ad Hoc Committee.

Dr. Spitz advised that this Ad Hoc Committee would also then look into the larger issue of graduation credits and credit requirements.

**d. Lease Purchase of Pentamation Upgrade**

Mr. Paradise advised that the issue has been resolved.

**6. Items for Approval**

a) **Overnight Trips**

Mr. Wyatt informed the Board regarding a cancellation of the French trip to Quebec, Canada due to the fact that the travel agent, Contact Quebec, has gone out of business. Parents are being informed of the situation via a letter, and the district is in the process of preparing a trip for next year. All monies are being refunded and fundraising monies will be applied to the students who will be with the district next year.

i. **Neshaminy High School Ski Club – Killington, Vermont – January 21-23, 2005**

ii. **Neshaminy High School Cheerleading Competition – Baltimore Convention Center, Maryland – February 4-6, 2005**

iii. **Neshaminy High School Instrumental and Vocal Groups to the Music Festival Adjudication – New York City – May 13-15, 2005**

iv. **Neshaminy High School – Sixth Annual UNA-USA Model UN Conference –New York City – May 20-21, 2005**

b) **School Director Recognition Month**

Dr. Muenker advised that a motion will be passed at the end of the month.

c) **Acceptance of the 2003-2004 Audit**

Mr. Paradise advised that the 2003-2004 audit was received. If any Board member would like a copy they should return the letter and they will receive a copy from the Business office. The audit will be formally accepted by a motion at the end of the month.

d) **Bids/Budget Transfers**

Information distributed prior to the meeting. Mr. Paradise reviewed the following bids:

Budget Transfer Report 05-2 - Contains ten budget transfer items

Bid No. 05-27 Exterior Door Replacements at Everitt, Lower Southampton, and Heckman Elementary Schools, Tawanka Learning Center, Maple Point MS, Sandburg/Schweitzer Complex, Neshaminy MS and Operations Office

Bid Amount: \$252,360.00

The bid is for replacement of twenty-four doors at Everitt Elementary, four doors at Heckman Elementary, one door at Lower Southampton, one door at Schweitzer Elementary, one door at Neshaminy Middle School, two doors at Sandburg Middle School, six doors at Tawanka Learning Center, one door at the Operations Office (NHS), and fifteen doors at Maple Point Middle School.

The bid will be presented for approval at the public meeting.

Superintendent Wilson needed to leave the meeting at 8:15 p.m.

**7. Superintendents Report**

No report.

**8. Committee Reports**

a) **Board Policies**

Mr. Bowman advised that a meeting is scheduled for Thursday, February 3, 2005 at 7:30 p.m.

b) **Educational Development**

Dr. Spitz advised that a meeting took place on November 29<sup>th</sup> and time was spent on the Ad Hoc Committee. Pilot music courses at the high school were also discussed and there is a request from

the high school to continue the courses as pilot offerings this coming school year. PSSA testing was discussed.

**c) Finance/Facilities**

Mr. Webb advised that the Poquessing Middle School was discussed at the last meeting. Last year the Board set aside \$5M to be used to give Poquessing a face lift. The Committee met with representatives from Consolidated Engineers seeking their advice and direction with starting this project. Mr. Webb is looking for Board approval to use Consolidated Engineers to oversee the Poquessing renovations. Their fee will be set at 6% of construction costs and subject to Mr. Profy's review. The 6% is less than other quotes received by the district. The size of the project determines the percentage of fee. Mr. Webb hopes that if the Board approves Consolidated Engineers the project can go to bid and start some of the renovations as early as this summer.

Mr. Webb further advised that Construction Managers were contacted in regards to the high school renovation project. Each construction firm which appeared before the finance committee was rated by the finance committee members. Two firms - Reynolds and Foreman. Mr. Paradise contacted both firms and requested that they meet with ATS&R and submit to the Finance committee no later than January 31, 2005 a written proposal. The proposal is to include the name of the person or persons that would oversee the construction project for the individual firms. The Finance Committee will return to the Board with its findings and recommendations. Mr. Webb is hopeful that both the architectural and construction manager contracts could be brought before the Board at the February public meeting.

Mr. Webb stated that Dr. Spitz, Mrs. Cummings, Mrs. Jowett and Mrs. Barrett have been Board members that have played an integral part of the meetings to date.

There was Board consensus to move forward with both projects.

**d) IU Board**

Ms. Drioli stated that the IU is coordinating the return of printer cartridges and they in turn go to John Hopkins.

**e) Educational Foundation**

Mrs. Cummings advised that a meeting took place on Monday and all the grants have been sent out to all the teachers. The deadline for grants is Friday at 4:00 p.m. The grants will be read on February 8, 2005 and will be awarded at that time. A Spring Fundraiser is in planning.

Mrs. Cummings advised that all of the funds that are within the Educational Foundation are used for grants. Thirty grants are awarded to teachers within the district. Approximately \$15,000 was awarded last year.

**f) Technical School**

Dr. Spitz advised that there is no report.

**g) Technology**

No report.

**9. Future Topics**

**10. Agenda Development for the January 25, 2005 Public Meeting**

**11. Other Board Business**

Dr. Spitz advised that an Act 72 presentation will take place on February 15, 2005 at 7:00 p.m. in the Board room.

12. **Adjournment of Meeting**

Mr. Webb moved the meeting be adjourned and Mr. Bowman seconded the motion. The Board approved the motion with eight ayes. Mr. Eccles adjourned the meeting at 8:30 p.m.

Respectfully submitted,

Anita E. Walls  
Secretary