

**CANON-McMILLAN SCHOOL DISTRICT
MINUTES OF THE SPECIAL SCHOOL BOARD MEETING
NOVEMBER 1, 2010**

The Canon-McMillan Special School Board Meeting was called to order at 6:00 P.M. by the President, Mr. Pihakis, in the administration building, located at One North Jefferson Avenue, Canonsburg, PA.

The meeting opened with the Pledge of Allegiance to the Flag.

Roll Call

Roll call was taken. Mr. Kline participated in the meeting by speakerphone.

Robert Malwitz	P	Darla Bowman-Monaco	P	Joe Zupancic	P
Eric Kline	P	Manuel Pihakis	P	Paul Scarmazzi	P
Debbie Link	P	Laura Grossman	A	Zeffie Carroll	P

In addition to Board Members, the following non-members were present:

Dr. Helen McCracken, Superintendent
Mr. Michael Daniels, Assistant to the Superintendent
Ms. Joni Mansmann, Director of Business and Finance
Ms. Grace Lani, Director of Curriculum and Instruction
Mr. Michael Lucas, Solicitor
Ms. Sharon Avbel, Board Secretary

Agenda Approval

Mr. Zupancic made a motion, seconded by Mr. Malwitz to approve the agenda.

The motion carried unanimously.

Citizens Speak

Mr. Pihakis asked that if anyone was recording or filming the meeting, they give their name and address. There was no response. No citizens addressed the Board.

Public Financial Management (PFM) Swap RFP Summary Presentation

Scott Schearer of PFM gave an overview of the district's outstanding debt, which is about 10% of the annual budget. \$10 to \$13 million of that is what the district has control of. The RFP was sent to three institutions: Boenning & Scattergood, PNC, and Citi. The responses to the RFP were included in Mr. Schearer's summary report which is attached in its entirety to the minutes. Boenning & Scattergood and Citi recommended terminating the 2010 swaption. PNC recommended entering into the swaption. Mr. Schearer

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reviewed the pros and cons of each option and also reviewed the risks associated with swaps.

Selection of Financing Option

Jeff Mills of Reed Smith prepared a resolution that would be used if the Board selected the option to terminate the swap or the hybrid option. If the Board engages in the swap, an authority will need to be selected and another special meeting will be needed.

Mr. Zupancic made a motion, seconded by Mr. Malwitz that the Board approve Boenning & Scattergood to terminate the related Swap Agreement and to issue Fixed Rate Bonds in an amount not to exceed \$35,000,000 to refund the current School District's Series 2001B Bonds, terminate related Swap Agreement, refund a portion of the current School District's 1993A Bonds, 1993B Bonds, 2001C Bonds, 2002A Bonds, 2003A Bonds and 2008 Bonds, pay costs of issuing and insuring the 2010 Bonds and authorize the passage of the Resolution as presented.

Ms. Bowman-Monaco asked if the district would need to borrow \$12 million to unwind the swap. Mr. Zupancic stated that he didn't believe the Board should engage in proprietary financing. Mr. Malwitz would like to take the risk off the table.

On a roll call vote, the motion failed with Ms. Link, Mr. Zupancic, and Mr. Malwitz voting aye, Ms. Bowman-Monaco, Mr. Kline, Mr. Scarmazzi, and Mr. Pihakis voting nay and Ms. Carroll abstaining.

Mr. Scarmazzi made a motion, seconded by Mr. Kline that the Board authorize PNC Bank to enter into the Swap Agreement, to authorize a special meeting of the School Board to pass a Resolution to enter into the Swap Agreement after a municipal authority is selected to serve as the School Board's conduit issuer for the variable rates bonds.

On a roll call vote, the motion failed with Mr. Kline, Mr. Scarmazzi, and Mr. Pihakis voting aye, Mr. Zupancic and Mr. Malwitz voting nay, and Ms. Link, Ms. Bowman-Monaco, and Ms. Carroll abstaining.

Mr. Kline made a motion, seconded by Mr. Scarmazzi that the Board authorize PNC Bank to enter into the Swap Agreement, to authorize a special meeting of the School Board to pass a Resolution to enter into the Swap Agreement after a municipal authority is selected to serve as the School Board's conduit issuer for the variable rates bonds.

On a roll call vote, the motion failed with Mr. Kline, Mr. Scarmazzi, and

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Mr. Pihakis voting aye, Mr. Zupancic and Mr. Malwitz voting nay, and Ms. Link, Ms. Bowman-Monaco, and Ms. Carroll abstaining.

Ms. Bowman-Monaco made a motion, seconded by Ms. Carroll that the Board approve Boenning & Scattergood to refund a portion of the School District's 1993A, 1993B, 2001C, 2002A, 2003A and 2008 Bonds, pay cost of issuing and insuring the 2010 Bonds based on their proposal and to issue Fixed Rate Bonds in an amount not to exceed \$20,000,000 to refund the current School District's series 2001B Bonds and terminate a portion of the related Swap Agreement. To authorize the passage of the Resolution as presented, authorize a special meeting of the School Board to pass an additional Resolution to enter into the remaining portion of the Swap Agreement with PNC Bank after a municipal authority is selected to serve as the School Board's conduit issuer for the variable rates bonds.

Mr. Zupancic asked why Board members would want to stay in a swap. Mr. Scarmazzi feels that is the best option.

On a roll call vote the motion failed with Ms. Bowman-Monaco voting aye, Mr. Zupancic, Mr. Kline, Mr. Scarmazzi, Mr. Malwitz, and Mr. Pihakis voting nay, and Ms. Link and Ms. Carroll abstaining.

Mr. Kline made a motion, seconded by Mr. Scarmazzi that the Board authorize PNC Bank to enter into the Swap Agreement, to authorize a special meeting of the School Board to pass a Resolution to enter into the Swap Agreement after a municipal authority is selected to serve as the School Board's conduit issuer for the variable rates bonds.

Mr. Malwitz stated that the district would have the least amount of risk if the swap was terminated and Citi also recommended terminating. Ms. Bowman-Monaco stated she had a hard time spending \$12 million. Mr. Schearer stated that if the district did the hybrid option, someone would need to monitor the status constantly. Mr. Kline stated that if the swap is terminated, the district loses \$12 million; the district can negotiate with PNC.

Mr. Lucas stated that if any Board member is abstaining because of a conflict of interest they may now vote.

On a roll call vote the motion carried with Ms. Link, Ms. Bowman-Monaco, Ms. Carroll, Mr. Kline, Mr. Scarmazzi, and Mr. Pihakis voting aye and Mr. Zupancic and Mr. Malwitz voting nay.

Adjournment

Mr. Pihakis adjourned the meeting at 7:12 P.M.

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Mr. Pihakis appointed Mr. Scarmazzi and Mr. Kline to an ad hoc committee to negotiate with PNC. Mr. Mills reminded the Board that they now need an authority to be the conduit issuer. He suggested the Washington County Authority or the Butler County Authority. Mr. Pihakis said he would prefer the Washington County Authority. Another special meeting will be needed.

Sharon L. Arbel

Board Secretary