

**THE BOARD OF PUBLIC EDUCATION**  
*OF THE SCHOOL DISTRICT OF PITTSBURGH, PENNSYLVANIA*

**MINUTES**

**Meeting of:** April 4, 2006

**Call of the Meeting:** Special Legislative Meeting

**Members Present:** Mr. Brentley, Mrs. Colaizzi, Dr. Dowd,  
Mrs. Fink, Mr. Isler, Mr. McCrea, Mr.  
Sumpter, Jr. and Mr. Taylor

**Via Telephone:** Mr. Romaniello, Sr.

**The following matters were received and acted upon.**

**Actions taken are recorded following the reports.**

# **THE BOARD OF PUBLIC EDUCATION**

**PITTSBURGH, PENNSYLVANIA 15213  
Administration Building  
341 South Bellefield Avenue**

## **SPECIAL LEGISLATIVE AGENDA**

**April 4, 2006**

### **ROLL CALL**

#### **A. COMMITTEE ON BUSINESS/FINANCE**

- 1. Sale of Regent Square School [Roll Call]**

**New Business [Roll Call]**

**RESOLUTION FOR THE  
SALE OF REGENT SQUARE SCHOOL**

**RESOLVED**, this 4<sup>th</sup> day of April, 2006 that the Board of Public Education award the bid for the sale of Regent Square School Property, located at 892 Milton Street, 14th Ward, City of Pittsburgh, Block and Lot Number 176-J-186 to Schoolhouse Finance L.L.C for Three Million Dollars according to the terms of the bid submitted on March 1, 2006 and further authorize the proper officers of the Board and District to prepare and execute all closing documents in connection with said sale.

## 1                   TRANSCRIPT OF PROCEEDINGS

2                                   - - -

3                   PITTSBURGH BOARD OF PUBLIC EDUCATION  
4                   SPECIAL LEGISLATIVE MEETING  
5                   TUESDAY, APRIL 4, 2006  
6                   6:11 P.M.  
7                   ADMINISTRATION BUILDING - BOARD ROOM

8                                   - - -

9   BEFORE:

10                   WILLIAM ISLER, BOARD PRESIDENT  
11                   RANDALL TAYLOR, FIRST VICE PRESIDENT  
12                   THERESA COLAIZZI, SECOND VICE PRESIDENT  
13                   MARK BRENTLEY  
14                   PATRICK DOWD  
15                   JEAN FINK  
16                   FLOYD McCREA  
17                   DANIEL ROMANIELLO, SR. (Via Telephone.)  
18                   THOMAS SUMPTER

19                                   - - -

20   ALSO PRESENT:

|                             |                        |
|-----------------------------|------------------------|
| 21   MR. MARK ROOSEVELT     | DR. LYNN SPAMPINATO    |
| 22   DR. ANDREW KING        | MRS. JODY SPOLAR       |
| 23   MR. IRA WEISS          | MR. PETER J. CAMARDA   |
| 24   MR. RICHARD R. FELLERS | MS. PATRICIA A. FISHER |
| 25   MS. LISA FISCHETTI     |                        |

26                                   - - -

27                   REPORTED BY: EUGENE C. FORCIER  
28                   PROFESSIONAL COURT REPORTER

29                                   - - -

30                   COMPUTER-AIDED TRANSCRIPTION BY  
31                   MORSE, GANTVERG & HODGE, INC.  
32                   PITTSBURGH, PENNSYLVANIA  
33                   412-281-0189

34                                   - - -

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1 P-R-O-C-E-E-D-I-N-G-S

2 MR. ISLER: Ladies and gentlemen, I would  
3 like to call the April 4th, 2006 Pittsburgh Board of  
4 Public Education special legislative meeting to order.

5 Would you all the please rise, so we may  
6 salute the flag.

7 (Salute to the flag.)

8 MR. ISLER: Thank you, very much.

9 We will not have any approval of minutes,  
10 we will go directly to the roll call.

11 Mr. Weiss.

12 MR. WEISS: Mr. Brentley?

13 MR. BRENTLEY: Here.

14 MR. WEISS: Mrs. Colaizzi?

15 MS. COLAIZZI: Here.

16 MR. WEISS: Mr. Dowd?

17 MR. DOWD: Present.

18 MR. WEISS: Mrs. Fink?

19 MS. FINK: Here.

20 MR. WEISS: Mr. McCrea?

21 MR. McCREA: Here.

22 MR. WEISS: Mr. Romaniello?

23 MR. ROMANIELLO: here.

24 MR. WEISS: Mr. Sumpter?

25 MR. SUMPTER: Present.

1 MR. WEISS: Mr. Taylor?

2 MR. TAYLOR: Here.

3 MR. WEISS: Mr. Isler?

4 MR. ISLER: Present.

5 MS. FINK: All present.

6 MR. ISLER: Thank you, Mr. Weiss.

7 There is one resolution that we will be

8 considering, I would like to read it before the Board.

9 (Mr. Isler read from prepared material.)

10 MR. ISLER: Do we have a motion to approve

11 the resolution?

12 MR. DOWD: So move.

13 MR. ISLER: It's been moved. Do we have a

14 second?

15 MS. COLAIZZU: Second.

16 MR. ISLER: Do we have discussion, ladies

17 and gentlemen?

18 Mrs. Colaizzi.

19 MS. COLAIZZU: I just want to make a couple

20 of points for the sake of the public.

21 First of all, this sale, whether it goes

22 through or not, does not in any shape, way or form,

23 also give approval to a charter school.

24 I think that's vital.

25 I have gotten a lot of e-mails that are

1 basically assuming that the sale of the property also  
2 is an agreement to a charter that has not even come  
3 forward.

4               Secondly, there is the other thing I would  
5 like to ask, is if I am not mistaken, this company is  
6 right now a taxing -- it is taxed at this moment so,  
7 therefore, any sale -- or, I'm sorry, any real estate  
8 tax, we would still be collecting at this point in  
9 time, they are not a nonprofit.

10              They would have a transfer sales tax, and  
11 then they would have normal taxes.

12              It is also a little over three times the  
13 amount the property is worth.

14              This one's a difficult decision, since it  
15 is a company that is interested in doing a charter  
16 school.

17              I guess my biggest fear here is that  
18 whether they choose to try to charter this building,  
19 or another building, it is still an issue for this  
20 Board later, if they do bring a charter forward.

21              The other comment I wanted to make was,  
22 does this in any way impose this Board in setting  
23 precedence that we would be willing to sell any of our  
24 properties to charter schools, or any other competing  
25 bodies?

1               MR. ISLER: Mrs. Colaizzi, is that a  
2 question?

3               MS. COLAIZZI: Yes, it is, Mr. Isler.

4               MR. ISLER: Mr. Roosevelt, who is going to  
5 answer the question, on behalf of the District?

6               MR. ROOSEVELT: Mr. Weiss.

7               MR. WEISS: The Board is free to set  
8 whatever conditions it wishes, on future sales.

9               This was a request for bids, the conditions  
10 of the bid were that it was an as-is sale, with no  
11 contingencies.

12              The Board is free, in the future, to  
13 establish conditions on any future sale, which I can  
14 review with the Board at that time.

15              So, unlike other decisions the Board may  
16 make in other areas of School District business, this  
17 is a sale that stands on its own.

18              There is no precedent involved here, it is  
19 the sale of this property, and the Board is not going  
20 to be bound, in the future, by anything it does here.

21              MS. COLAIZZI: And, also, I guess, and this  
22 goes to Mr. Fellers, you know, in the past we have had  
23 situations where we have sold buildings, and then  
24 nothing has happened to those buildings.

25              What is our options in those situations, if



1 it was to occur with this building?

2 MR. FELLERS: We have since built in a  
3 reversion clause, that if there is no action within  
4 three years, we have the option to buy the property  
5 back, take possession of it for resale, and we would  
6 get it back less any expenses that have been incurred.

7 MS. COLAIZZI: So, if it's sold at the  
8 amount that it says today, let's say three years from  
9 now they did nothing, what kind of costs are we  
10 looking at three years from now, to buy it back?

11 MR. FELLERS: Well, it's hard to anticipate  
12 what expenses we may incur in that time, but I would  
13 assume that we get to keep the hand money in any  
14 event, since they have not fulfilled the terms of the  
15 obligation.

16 So at the most we would have to pay to buy  
17 it back is \$2.7 million.

18 There might be other expenses that would  
19 bring that figure somewhat lower and, of course, we  
20 could resell the -- initiate a process to resell the  
21 property.

22 MS. COLAIZZI: And, one last question.

23 Mr. Roosevelt, are you giving us a  
24 recommendation?

25 MR. ROOSEVELT: We wrestled with this for

1 the last few days.

2 There was not a unanimous opinion on the  
3 part of our cabinet.

4 My recommendation would be to go forward  
5 with the sale.

6 It is not, as you said, in my opinion, an  
7 easy decision, but I think you need to take one step  
8 at a time, when considering this bid.

9 First of all, the bid does meet the  
10 criteria that the Board established for the sale of  
11 this building. I think that's important.

12 If you decide, in the future, to establish  
13 different criteria, so be it.

14 Second, the bid is of a financial price  
15 that I have an awful lot of trouble recommending not  
16 taking it.

17 And, I do want to emphasize that despite  
18 the testimony we received at the public hearing, this  
19 is not an application for a charter school.

20 I don't think it should be treated like an  
21 application for a charter school.

22 The company that is behind this bid,  
23 Imagine Schools, is a for profit charter school  
24 operator. I don't know what change in their status  
25 they might or might not seek, or whether we have been

1 notified of that.

2 But, they do have a long record in previous  
3 incarnations in other districts.

4 There are up sides and there are down sides  
5 to this.

6 But in the end, my recommendation would be  
7 to accept this bid.

8 MS. COLAIZZI: Thank you.

9 And, one last thing, I apologize: The  
10 money from this sale goes exactly where?

11 MR. ISLER: Mr. Weiss clarified that in a  
12 memo to us.

13 MS. COLAIZZI: I realize that.

14 MR. ISLER: Mr. Weiss, do you want to  
15 reinforce that point about where the money, the sale  
16 money goes?

17 MR. WEISS: The proceeds of the sale would  
18 either be used for capital projects, or for debt  
19 service purposes.

20 It is --

21 MR. TAYLOR: What service purposes?

22 MR. WEISS: Debt service.

23 MR. ISLER: Debt service.

24 MR. WEISS: It is not available for general  
25 fund purposes.

1                   MS. COLAIZZI: Could it be ever transferred  
2 into the general fund?

3                   MR. WEISS: Well, the School Code is very  
4 clear, it is debt service, or capital projects. It is  
5 very clear.

6                   MR. ISLER: Mr. Taylor.

7                   MR. TAYLOR: Yeah.

8                   And, I do think that this, just to be a  
9 process, and as we came to this point, I think that is  
10 within the guidelines of the criteria that the  
11 District came up with.

12                   I would say maybe 90 percent of the  
13 criteria.

14                   And I think 90 percent of where we were  
15 trying to go.

16                   I certainly do understand the reasoning  
17 behind the recommendation of the Superintendent.

18                   But I can't support this sale, being very  
19 fully aware of the \$3 million that is quite a nice bit  
20 of money for the District, and whatever it goes into,  
21 debt service, or whatever, that certainly is one big  
22 pocket that we all have here, and the money really,  
23 you know -- any way it goes, the sale for this amount  
24 of money, and hopefully that we can get other  
25 properties for this amount of money, it is going to

1 benefit our students.

2                   So, that part -- that part is good.

3                   What troubles me is that -- is, one, I do  
4 think that a lot of people who were at the public  
5 hearings clearly were speaking about a charter school,  
6 and I do think that we need to make it very, very  
7 clear to them, that the simple purchasing of a  
8 building does not translate into a charter.

9                   And that's my sense of fair play, that that  
10 needs to be clearly understood.

11                   So one of the first questions I had, were  
12 that they could -- even if we passed it this evening,  
13 they could rescind their bid or offer, if they chose  
14 to do that?

15                   MR. ISLER: Is that a question to  
16 Mr. Weiss?

17                   MR. TAYLOR: Yes.

18                   MR. ISLER: Okay.

19                   MR. WEISS: If they rescind, if they choose  
20 not to proceed to close the transaction, the District  
21 would retain the hand money of \$300,000.

22                   MR. TAYLOR: Right.

23                   But they wouldn't be held legally liable  
24 for \$3 million, the other 2.7 million, they wouldn't  
25 be held liable for?

1                   MR. WEISS: Well, the sales agreement  
2 provides that the hand money is treated as what we  
3 call liquidated damages.

4                   So there would be no claim for the full  
5 consideration, but we would retain the hand money.

6                   MR. TAYLOR: But, no, the question I am  
7 asking, by us voting yes, it does not put them in a  
8 position where they are legally now in a binding  
9 contract with the District.

10                  If they called next week, and said, "We no  
11 longer are interested in purchasing the building, we  
12 understand we forfeit the 300,000," but they wouldn't  
13 be held, or be in a legal position where we would sue  
14 them for the other 2.7, saying that they, you know,  
15 reneged on the contract, or reneged on the vote,  
16 however.

17                  Or should I ask that a different way?

18                  MR. WEISS: Well, they have submitted a bid  
19 to purchase the property for \$3 million.

20                  If the District votes this evening, the  
21 Board votes to accept it, they are legally obligated  
22 to execute a sales agreement and close this  
23 transaction in 45 days.

24                  If they do not do that, the District has  
25 options with respect to its legal rights.

1           The most likely result is, they will  
2   forfeit \$300,000.

3           MR. TAYLOR:   Okay.

4           But they could not be in any legal jeopardy  
5   of having to pay the additional 2.7 million, to get to  
6   this 3 million?

7           MR. WEISS:   They could be, but I would not  
8   want to mislead you, and say that's likely.

9           MR. TAYLOR:   Okay.

10          Well, and I did want to ask some further  
11   questions, because I believe that we had always  
12   talked, as a Board, was trying to get as many of these  
13   properties back on the tax rolls, and by doing that,  
14   we not only benefit the City of Pittsburgh, but we  
15   also benefit the city and the county, who also could  
16   reap tax benefits from a sale, if this property was to  
17   go on the tax rolls.

18          So I do think that the School District does  
19   have a responsibility to think in terms about the  
20   other governmental taxing bodies, who are also  
21   suffering.

22          And so I do think, as we go forward, we  
23   should also think again that we work to get these  
24   properties on the tax rolls, that we are helping other  
25   governmental bodies, and we certainly have talked

1 about this table about the types of partnerships we  
2 would like to build with particularly city government.

3 And so, I am concerned about what could  
4 happen with this property, and I am not commenting on  
5 charters, or noncharters, or supporting a charter, or  
6 not supporting a charter.

7 I just have questions as to whether we have  
8 the sufficient guarantees that these properties are  
9 going to stay, and remain on the property rolls.

10 And I do think that ultimately, probably  
11 the best method -- and I just wanted to ask you a  
12 little bit more, before we vote, I think we are going  
13 to talk a little bit about it after, but I would like  
14 to ask, is the negotiated sale most likely the best  
15 method in which we could fully get the most guarantees  
16 that a building will be put on the tax rolls, and  
17 remain on the tax rolls; would a negotiated sale be  
18 the best way to achieve that goal?

19 Please. I don't know. I am asking.

20 MR. WEISS: Go ahead.

21 MR. FELLERS: The negotiated sale could --  
22 first requires court approval, and if someone shows up  
23 in court and offers a higher price, the court's going  
24 to recognize that higher price; they are not going to  
25 look at what their use is going to be, but the value



1 that's going to be derived from the sale.

2 And that's what they are going to judge it  
3 on.

4 MR. TAYLOR: So the court again could go  
5 with that highest bidder, regardless of what they want  
6 to do.

7 Does the court always do that; is that a  
8 guarantee the court would go, or do they have  
9 discretions in whether they could do that?

10 MR. FELLERS: You better respond what the  
11 courts do.

12 MR. WEISS: The court has discretion, they  
13 could either approve the sale, if it is demonstrated  
14 to the court that the negotiated price is equal to, or  
15 better than that which could be achieved in a bid  
16 situation.

17 Or, the court could entertain offers at the  
18 time of the hearing. That's been known to happen.

19 MR. TAYLOR: And, who -- I mean, there has  
20 been other public entities that have done negotiated  
21 sales, that have gone in the court?

22 MR. WEISS: Yes.

23 MR. TAYLOR: Okay.

24 MR. WEISS: And there have been situations  
25 where prospective purchasers appear in court, and

1 demonstrate to the court that they are prepared to pay  
2 more, and the judge has permitted them to do that.

3 MR. TAYLOR: Without regard to whether they  
4 would be taxable, or nonexempt properties?

5 MR. WEISS: That's never been a  
6 consideration.

7 MR. TAYLOR: So what would be the best  
8 method?

9 Because I know we talked about it, but I  
10 don't think we ever really laid out what is the best  
11 road to us getting the most guarantees.

12 Unless you are saying there is simply  
13 nothing the Board can do, as far as getting as many  
14 guarantees as they can for a property to be placed on  
15 the tax rolls.

16 I mean, what is the best roadmap for us to  
17 get that?

18 Because simply opening it up, and taking it  
19 to the highest bidder, we simply have no idea who or  
20 what may come forward.

21 MR. WEISS: Well, I don't think there is a  
22 hard and fast rule for every situation.

23 This District historically has pursued a  
24 competitive sale, such as is this one.

25 In my -- except for the Community College

1 sale for Ridge Avenue, which did not -- was not  
2 completed, at the college's option, in my experience  
3 the District has never engaged in a negotiated sale.

4           There could be situations where you had  
5 unique properties, and unique purchasers, where a  
6 negotiated sale may be better.

7           But, as a rule, this process that we have  
8 used here, generally yields the highest price.

9           MR. TAYLOR: Yeah.

10           I mean, it may yield the highest price, I  
11 understand, but again, you know, I'm -- again, if  
12 this -- if this was to go, as the people who are  
13 bidding hope that this process would go, I mean,  
14 clearly, you know, this property would be off the tax  
15 rolls within a year.

16           MR. WEISS: Well, I don't think that is  
17 necessarily the case.

18           First of all, School House, LLC -- School  
19 House Finance, LLC, is itself a for profit.

20           As the Superintendent has pointed out, the  
21 apparent charter entity, that's in the vicinity of  
22 School House Finance, is also a for profit charter  
23 company.

24           Now, it is conceivable that the applicant,  
25 if one comes forward, could be a nonprofit.

1           But, at this point we don't know that, and  
2   this charter will not come into fruition, at the  
3   earliest, until the school year '07-'08, because the  
4   application period for this year is gone.

5           So, the District will get at least one year  
6   of taxes, plus they will get the transfer tax that  
7   this generates.

8           MR. TAYLOR: And then finally, what -- what  
9   is, and exactly how quickly could the process be in  
10  place, before School House can convert that to another  
11  entity, that they can describe, and that would pass  
12  the legal test as being a nonprofit; how quickly can a  
13  process like that take place?

14          MR. WEISS: Well, theoretically, they would  
15  turn it around very quickly.

16          I mean, they could sell it to a  
17  nonprofit. That's conceivable. There is nothing we  
18  can do about that.

19          MR. TAYLOR: Well, I say again, finally, I  
20  think the Board should take a closer look at this  
21  property, and I do think that we do have a service to  
22  people that we should provide, and I do think that  
23  this bid was probably far too high than what it should  
24  have been, and again, I think because we know the uses  
25  of what the people want to turn it into, and I think

1 that they made a mistake not getting those kind of  
2 guarantees, and having those kinds of discussions.

3 And I do think that as a courtesy, we ought  
4 to -- you know, any part of the public, to let them  
5 know clearly, whether it is an opportunity for them to  
6 advance what they are trying to do, which is clearly  
7 as they said to turn this into a charter.

8 And if that's not the case, then that is an  
9 awful lot of money that they wasted, and I don't know  
10 if that's exactly our role to drive those kind of hard  
11 business decisions, "Oh, you made a mistake," and, you  
12 know, I just don't think that's our role.

13 But that's just my opinion, as a Board  
14 member. Other people may see that differently.

15 But I still think that we need to put us in  
16 a very clear, clear process, on how we are going to  
17 put these buildings back on the tax rolls.

18 And obviously, that isn't clear, because we  
19 do have a situation here where I don't think that this  
20 property is going to remain on the tax rolls for very  
21 long.

22 And I think there has to be some kind of  
23 method, particularly when we are talking about  
24 buildings that we think are going to be -- are going  
25 to meet a lot of interest out there.

1           We know South, Connelley, Regent Square was  
2 one, others, that -- Ridge Avenue, and others that we  
3 thought would get a lot of interest out there.

4           And I just think that we need to maybe slow  
5 it down, and take a quicker look, and maybe we can  
6 actually put in a method.

7           Because the way this came out, I just -- it  
8 certainly isn't what I hoped to have seen.

9           I hoped to see somebody wanted to build  
10 condominiums, or somebody wanted to do something, as  
11 long as it stayed within, you know, zoning  
12 regulations, that we are going to go on the tax rolls,  
13 and that's really what I hoped that I would see.

14           So what's in front of us, I think is not  
15 ultimately where the Board wants to be at.

16           Because this is not going to be the first  
17 one, we are going to have many other properties that  
18 are going to come in front of us, and I think that we  
19 need to, you know, get it right from the beginning,  
20 from the front end, and I think get a process in  
21 place, where we can just about guarantee the taxpayers  
22 that we are going to get these properties back on the  
23 tax rolls.

24           If we don't, we are going to see -- all we  
25 are doing is creating more of the problem we have in

1 the city, which is creating more and more tax exempt  
2 properties in this city.

3 MR. ISLER: Mr. McCrea.

4 MR. MCCREA: Just a quick question.

5 Do we have a sense of what this company is  
6 trying to do here in Pittsburgh? Are they trying to  
7 get their foot in the door, are they looking for other  
8 buildings in the area; do we know anything about  
9 that?

10 MR. WEISS: I don't have any information on  
11 that, Mr. McCrea.

12 MR. MCCREA: I am just thinking, you know,  
13 if they don't get this building, maybe they will look  
14 in Swisshelm Park, or somewhere in Wilkinsburg or  
15 something.

16 MR. WEISS: Well, I think it is reasonable  
17 to assume that if, for some reason, this sale is not  
18 approved, that there are -- this company will seek  
19 other opportunities to establish a charter.

20 I don't believe that it is logical to  
21 assume that if they don't get this property, they are  
22 going to go away.

23 So, that's something else to consider here,  
24 in terms of what the future would hold.

25 MR. MCCREA: Thank you.

1 MR. ISLER: Mr. Dowd.

2 MR. DOWD: I am not sure that Attorney  
3 Weiss can answer this question, but I am going to try  
4 to -- I heard -- I have a concern based on what  
5 I heard earlier.

6 If we were, in fact, to pass this  
7 resolution, sell the property to School House Finance,  
8 and they were to fail to receive -- you know, they  
9 were -- some charter entity, some company entity  
10 trying to create a charter were to fail to create a  
11 charter, and that school were to sit vacant for three  
12 years, do we have any obligation at that point? I  
13 want to go back to this concern that Mr. Fellers was  
14 raising, do we have any obligations at that time?

15 MR. WEISS: I think it is our option --

16 MR. DOWD: Okay.

17 MR. WEISS: -- under the documents, to  
18 exercise our right of reversion.

19 It is our option, and as a practical  
20 matter, with the kind of consideration involved here,  
21 \$3 million, I think it is unlikely that a  
22 knowledgeable buyer would do nothing, in the event the  
23 anticipated charter would not come to fruition.

24 I think it would be reasonable to assume  
25 they would seek to recoup their investment somehow.



1           MR. DOWD: So it is only an option, it is  
2 not a requirement or any --

3           MS. FINK: It is an option.

4           MR. DOWD: Thank you.

5           MR. ISLER: Mr. Brentley.

6           MR. BRENTLEY: Yes, just a couple of  
7 questions.

8           Let's see, first, just a real, simple  
9 general question for me: Charter school versus  
10 private school. If a buyer wanted to use it for a  
11 private school purpose, what would be, if any, our  
12 obligations; financial obligation?

13          MR. WEISS: You mean --

14          MR. BRENTLEY: If they want to turn it into  
15 a private school.

16          MR. WEISS: We would have no financial  
17 obligation, other -- they may have a right to a tax  
18 exemption, but that is not our option.

19          MR. BRENTLEY: Okay.

20          MR. WEISS: We would have no financial  
21 obligation.

22          MR. BRENTLEY: Okay.

23          Charter school, based on the five charter  
24 schools -- or let's say based on the last three  
25 charter schools we had discussion with a couple of

1 weeks ago, the average cost -- but I know it is  
2 difficult, but just roughly, the average cost per  
3 charter school, just on these three?

4 MR. WEISS: Depends on the enrollment. I  
5 will defer to Mr. Camarda, who is far more  
6 knowledgeable about that than I am.

7 MR. CAMARDA: The best way to do a quick  
8 estimate is on the number of students, is where on  
9 averages over \$10,000 per student, depending what  
10 their special ed. requirements are, but if you want a  
11 ballpark figure, you know, 200 student school costs us  
12 \$2 million for their regular student, then however  
13 many special education students they have, that costs  
14 us another \$10,000, almost, per student.

15 MR. BRENTLEY: Okay.

16 MR. FELLERS: I think I need to amend that,  
17 to point out that that's for any students that reside  
18 in the School District of Pittsburgh.

19 Not for any students from outside the  
20 School District.

21 Also, it is the intent of this charter, at  
22 least at the public meeting I attended for the  
23 District, to start off as a K to 3, and grow the  
24 school, as opposed to start off right away at full  
25 capacity.

1 MR. BRENTLEY: Okay.

2 So we clearly know -- and I also attended  
3 that meeting as well, I think there were nine or ten  
4 speakers, and I believe the majority of them made  
5 reference to the use of the building would be for a  
6 charter school.

7 So we do know that that pretty much, based  
8 on the speakers that were at the public meeting,  
9 that's their intended use for this particular  
10 building.

11 Okay.

12 Also, what I have noticed, is that you said  
13 we have a process in place on how we were going to  
14 sell the buildings.

15 I remember a loose discussion in terms of  
16 how we were going to sell the buildings but, I mean,  
17 we do have a policy, or a point by point, on what we  
18 are going to use to sell the buildings?

19 MR. FELLERS: Well, the four -- a year ago,  
20 these four buildings, which included Regent Square,  
21 along with Connelley, South Vo-Tech and Ridge Avenue,  
22 were given one set of authority.

23 Since then, the Board has asked for us to  
24 look at a different way to do it, so, the policy, you  
25 are going to be seeing actions this month to come

1 forward with an approach that is internal, where we  
2 are not using an outside broker, we are selling purely  
3 on an as-is competitive bid.

4           You are also going to hear later on today,  
5 at your Business/Finance Committee meeting, an outside  
6 group that is going to propose another way to go about  
7 this.

8           So, you do have in place a set of  
9 guidelines for those four schools I mentioned, you  
10 have a set of guidelines for the remaining schools,  
11 and you are going to hear a proposal for perhaps some  
12 consideration to do it yet a different way.

13           There is no one way to do it.

14           But, yes, we have been following the  
15 guidelines on these four, which was maximize return as  
16 quickly as possible, and if possible, not to -- to get  
17 a sale that would result in the items being on the tax  
18 rolls.

19           We succeeded in all but the latter point.

20           MR. BRENTLEY: Okay.

21           Here is my concern: That we raised a  
22 question, that we had some discussion before, and I  
23 know that, Ira, you even gave some comments about it,  
24 and I know that I raised a question about all of the  
25 buildings that we are going to eventually put up for

1 sale, about finding a way to tie-in a community-based  
2 component to the final sale of it.

3           And at that time it was said that, "Well,  
4 it is difficult to do, we don't know if we want to get  
5 into that."

6           And -- but I am looking at this particular  
7 proposal, this is almost entirely community-based  
8 driven, and so my concern is, down the road, the issue  
9 of consistency in selling our buildings.

10           Here's a building driven by the community,  
11 they have placed ownership on the building, "This is  
12 what we want, this is how we want it."

13           And it looks like, the possibility, that it  
14 may get exactly what they wanted.

15           My question is: Is that in that process  
16 that you said that we have together, the process is  
17 together right now, will it allow the leeway for us to  
18 apply this in every sale that's going to be coming  
19 before us?

20           If not, if it's -- well, let me just stop  
21 there.

22           MR. WEISS: Well, Mr. Brentley, if I may  
23 say, the School House Finance, LLC is not a  
24 community-based organization.

25           The parent charter company is not a

1 community-based company.

2           It so happens that the community is  
3 supporting this sale, because the community supports  
4 the proposed use.

5           But, this was a market sale. The community  
6 had no input into the bidder that we are considering  
7 tonight.

8           I mean, the community is supporting it, but  
9 these buyers are not community-based organizations.

10          MR. BRENTLEY: Well, I -- you know, we  
11 won't argue that point.

12          But I understand what you are saying but,  
13 Mr. Weiss, I am sure you would agree with me, that  
14 this is rare for a building so large in a particular  
15 community, to be put up for sale, public sale, have a  
16 buyer, and then have everyone who is lined up behind  
17 it, except one, be in total support of this proposed  
18 use.

19          Usually, this is when the blood battle  
20 exists, you know, it is community versus the  
21 developer, and it is the developer versus an  
22 entrepreneur.

23          So this is extremely rare.

24          So this is why I am saying it is more than  
25 just a community adding an input. This is almost a

1 community that is in the driver's seat here.

2 We are not even sure what role the  
3 community played.

4 Well, my question, Mr. Fellers, you said  
5 that we are going to be -- on this agenda this  
6 evening, we are scheduled to discuss a process for the  
7 sale of the other buildings?

8 MR. FELLERS: There has been a group that  
9 has been put together, that had asked to present to  
10 you an alternative approach, that is around a  
11 developmental approach that is more community based.

12 So, I think with what you are saying, you  
13 may want to listen to what they have to offer, and the  
14 Board can consider it or not, at your pleasure.

15 MR. BRENTLEY: And what's the -- would  
16 there be any problem with holding this sale for  
17 another month, until we finish this meeting next  
18 week?

19 MR. FELLERS: You don't have -- under the  
20 terms of the sale, you need to act, or the sale would  
21 be void.

22 MR. BRENTLEY: And those terms were placed  
23 by whom?

24 MR. FELLERS: By the District, in terms of  
25 the time period required.

1           We have already extended it beyond the  
2 legislative meeting in March, to this special  
3 legislative meeting.

4           I believe you are out of time, but Attorney  
5 Weiss can correct me if I am wrong.

6           MR. WEISS: Well, the District is obliged  
7 to either accept or reject this bid by, I believe -- I  
8 believe it is 45 days from the date of the bid, which  
9 is March 1st.

10          If you don't accept it, you lose it.

11          I think given the circumstances, my advice  
12 to the Board is to consider this bid on its merit.

13          If the Board chooses to adopt another  
14 approach with the remaining buildings that you have to  
15 sell, that certainly is the Board's decision.

16          But, I think I will advise the Board, that  
17 it's incumbent upon the Board to make a decision on  
18 this bid this evening.

19          You cannot wait.

20          MR. BRENTLEY: And the option is simply  
21 accepting it or rejecting it?

22          MR. WEISS: Right.

23          MR. BRENTLEY: And that's the option.

24          MR. WEISS: That's the option.

25          MR. BRENTLEY: And the final, two more



1 questions.

2                   Would the sale of this building, as well as  
3 other buildings, is it necessary that we have some  
4 type of a conflict of interest document available for  
5 employees, as well as Board members, going through  
6 these sales, or is there a need for that, or how do  
7 you stop special interests within -- if there are  
8 some, within employees having relationships with  
9 certain companies, or as far as that is concerned,  
10 Board members having relationships with certain  
11 companies, that may --

12                   MR. WEISS: If there is any information  
13 about that, that should be brought forward.

14                   I am not aware of any.

15                   This is an arms length sale.

16                   MR. BRENTLEY: Okay.

17                   But, there -- you see no conflict, or there  
18 is no need to put any kind of safety measures in  
19 place, that would prevent that?

20                   We are talking about a possibility of  
21 22 buildings, million and millions and millions of  
22 dollars in sales, and I am no different from any other  
23 Board member, but I have been contacted by  
24 organizations on this particular sale, lobbying in  
25 support of it, et cetera, et cetera, et cetera.

1           And you are saying, we -- there is no need  
2 for any kind of disclosure, from employees, as well as  
3 Board members?

4           MR. WEISS: Well, we are bound by the state  
5 Ethics Act, so if any Board member feels they are  
6 conflicted on this vote, they ought to abstain.

7           MR. FELLERS: As well as the officers of  
8 the Board.

9           MR. WEISS: As well as the officers of the  
10 Board.

11           Certainly, in the future, to give some  
12 added comfort, we can develop a conflict of interest  
13 statement, but there is nothing that I am aware of, in  
14 any bid document, that indicates any involvement in  
15 this sale with any employee, Board officer, Board  
16 member.

17           It is simply an arms length sale.

18           MR. BRENTLEY: Okay.

19           And my final question is: Mr. Fellers, you  
20 mentioned the meeting following this meeting, we will  
21 be meeting with the group.

22           Now, can I mention that name, or can you  
23 mention who that group name is, is it okay?

24           MR. FELLERS: Yes.

25           This is a group headed up by both A Plus

1 Schools, Councilman Peduto, that they put together a  
2 project to develop a model for disposing of our  
3 surplus buildings, that stresses community  
4 involvement.

5 And they are going to be your first  
6 presenter on the Business and Finance Committee  
7 meeting, that follows this meeting.

8 MR. BRENTLEY: And I just wanted to say  
9 this, and to my colleagues here, we talked about at  
10 one time all of the buildings, we were concerned about  
11 the politics creeping into the process.

12 And I believe that this is clearly an  
13 example of the politics getting into the process.

14 I would even encourage, you know, Ira -- I  
15 mean to my colleagues here, that if we are going to  
16 have a presentation -- and I have concerns with having  
17 a presentation by one group, and not other groups.

18 If we are going to have a presentation by  
19 the A Plus organization, well, remember, in a lot of  
20 these communities, where these buildings are, may be  
21 sold, there are local organizing committees, there are  
22 community development organizations that have two,  
23 three, five year plans in place, and then we should  
24 also open up that process, and meet with them as well.

25 So I am truly concerned that one of the

1 things we may -- one of the things that we should  
2 consider, is just rejecting this that is before us  
3 today, just for the purpose of allowing this Board to  
4 put a clear process together, that would be consistent  
5 across the entire board in terms of how we will sell  
6 property.

7 MR. ISLER: Mr. Brentley, this is a -- I  
8 really do need to ask for a point of clarification,  
9 because I am very, very concerned.

10 Are you saying that you feel there is  
11 politics in this particular bid tonight?

12 MR. BRENTLEY: Oh, there is no question  
13 about it. Yes, sir.

14 MR. ISLER: And do you feel that any ethics  
15 have been violated?

16 MR. BRENTLEY: I can't speak to that.

17 MR. ISLER: Well, I think that you --

18 MR. BRENTLEY: I can't speak to that.

19 MR. ISLER: -- should put that out.

20 I mean, I think that is a point that this  
21 Board should know about, if you feel that politics  
22 have been involved in this, sir.

23 MR. BRENTLEY: Well, let me -- let me just  
24 say this --

25 MR. ISLER: I mean, personally, I -- the

1 bid processes, which we deal with every month, are  
2 handled by Mr. Fellers, not by this Board.

3 And if you feel that there has been  
4 politics, then we should know about that.

5 MR. BRENTLEY: Well, listen, Mr. Isler,  
6 I am sure you are well aware of the individuals, and  
7 organizations, who have contacted all of the Board  
8 members in support of this particular proposal.

9 I shared the issue, or the situation,  
10 earlier with Mr. Fellers on how rare this is, to have  
11 a building up for sale, and to have everyone lined up  
12 in a row, for a particular project.

13 Not to mention that it has already been  
14 suggested that the intended use of this building is  
15 going to be a charter school.

16 We have -- there are some concerns,  
17 concerning the charter school, and I know we can't  
18 talk about the financial part of it, but it is -- it  
19 is an issue.

20 In light of the fact that what happened  
21 just last week, dealing with the renewal of the three  
22 charter schools, which was highly political, and we  
23 are finding out each and every day charter school  
24 applications as well as the renewal, are highly,  
25 highly political, and we cannot deny that.

1           My concern here is that we are creating a  
2 pull out situation for this particular company, this  
3 particular school, this particular community, and we  
4 will vote and give them what they want, but now we  
5 will be meeting later on to talk about putting  
6 together a process on how we are going to deal with  
7 the other schools.

8           I am only asking that we -- if it is  
9 possible, that we treat them all together, we pull  
10 this one out, let's see what the proposal is before  
11 us, let's put something together that would cover a  
12 process for everyone, and then move forward.

13           How are we going to handle each sale,  
14 Mr. Isler?

15           That's my question.

16           MR. ISLER: I -- well, Mr. Fellers, do you  
17 want to respond?

18           MR. FELLERS: I just wanted to remind the  
19 Board that they are on the agenda, I had brought it  
20 up, Mr. McCrea raised some issues, and then  
21 volunteered to poll the Board, and so polling the  
22 Board, it was the consensus that we did want to hear  
23 from this group, so it was at the Board's pleasure  
24 that they are on the agenda.

25           MR. BRENTLEY: We have to also raise the

1 fact, Mr. Fellers, too, that -- politics involved with  
2 this particular organization. Come on, let's make --  
3 let's be very clear.

4 MR. ISLER: Mr. Brentley, I want to be  
5 clear, very, very clear, that the purpose of this  
6 legislative meeting is to discuss this bid, not what's  
7 going to happen after.

8 And given the perception that there is  
9 politics, or something wrong with this bid, is an  
10 indictment against our staff.

11 MR. BRENTLEY: Well, listen Mr. Isler, I --

12 MR. ISLER: I mean, you heard we are  
13 governed by the Ethics Commission.

14 MR. BRENTLEY: Well, I don't particulate  
15 your characterization of what you think I am trying to  
16 say.

17 Mr. Isler, I tried to be very, very clear,  
18 what I am trying to present here.

19 Now, we can point fingers at the staff all  
20 we want.

21 All that I am asking for, is an opportunity  
22 to create a level of consistency, with the sale of all  
23 of the buildings.

24 I don't -- it shouldn't be too difficult  
25 for anyone to understand.

1           MR. ISLER: Well, then, Mr. Weiss, may I  
2 turn this over to you as the solicitor.

3           Has this been a level playing field in your  
4 mind, that we got to this point this evening?

5           MR. WEISS: This is an open, transparent,  
6 sealed bid process.

7           It was advertised, the Board received three  
8 bids, this is the highest bid received, it meets the  
9 requirements and the conditions of the bidding  
10 documents.

11           The second bid had two variances in it,  
12 one, the bidder did not comply with our requirements  
13 to utilize the MBE participant, for title and closing  
14 services, and also has a zoning contingency in it.

15           The third bid, which was less than a third  
16 of this bid, was unconditional.

17           I mean, there is no legal reason for the  
18 Board not to consider this bid.

19           Whether the Board approves it, is the  
20 Board's decision.

21           But, there simply is no legal issue with  
22 this bid.

23           This bid is as per the Board's  
24 requirements, as Mr. Fellers said, a year ago, and  
25 whatever the Board does in the future, is another



1 issue.

2 But this bid is before the Board right now.

3 MR. FELLERS: I need to point out, that as  
4 per all bids, it was opened in the presence of a  
5 representative of the school controller's office.

6 MR. BRENTLEY: Let me also say, too, and I  
7 appreciate your response, I never raised the  
8 question. That was a concern you made, Bill.

9 I never made concerns -- thank you -- not  
10 about the bidding process, or anything there.

11 MR. WEISS: Okay.

12 MR. BRENTLEY: So that's an issue you were  
13 concerned about. So that was for you.

14 MR. TAYLOR: There were concerns by another  
15 group, that (inaudible) was concerned about --

16 MR. ISLER: Mr. Taylor, if you want to be  
17 recognized --

18 MR. TAYLOR: -- (inaudible) they certainly  
19 did.

20 MR. ISLER: Mr. Taylor, you are not  
21 recognized.

22 MR. TAYLOR: Just a clarification.

23 MR. ISLER: If you want, I will put you on  
24 the list.

25 MR. TAYLOR: Just a clarifications.

1           MR. ISLER: I will put you on the list. I  
2 think it is unfair.

3           Are you finished, Mr. Brentley?

4           MR. BRENTLEY: Yes.

5           MR. ISLER: Mr. Sumpter, you are next.

6           MR. SUMPTER: Mr. Fellers, or whoever can  
7 possibly answer this question, do we have some idea of  
8 the -- a ballpark figure of what type of taxes would  
9 be generated from this building?

10          MR. FELLERS: Really don't, because we have  
11 no idea what kind of appraisal, even with the sale  
12 price that we know, the county will ultimately assess  
13 it for, and the taxes -- I'm sorry -- what kind of  
14 appraisal the county will place on the building, and  
15 the taxes we receive are totally a function of that  
16 appraisal.

17          MR. SUMPTER: Okay.

18          In the language, in the criteria for this  
19 particular purchase, how is it worded that the Board  
20 is to accept what, the highest responsible bidder,  
21 highest feasible bidder, or what is that exact  
22 language?

23          MR. WEISS: The highest responsible bidder  
24 meeting the conditions of the bid.

25          MR. SUMPTER: Okay.

1                   Could you quickly summarize for me, the  
2 process that this particular building went through, to  
3 arrive at this point in time?

4                   MR. FELLERS: Yes.

5                   We had it evaluated for environmental  
6 issues.

7                   We had it appraised.

8                   And as per the meetings I had with the  
9 Board, we agreed that we would set the minimum floor  
10 bid price at the appraisal price of the building.

11                  Our broker put together a portfolio for the  
12 building, sharing any information about the building,  
13 if there were deficiencies, because the bid was an  
14 as-is bid, so we were obligated to highlight if there  
15 were any environmental issues, et cetera.

16                  There were several dates where the building  
17 was opened for interested parties to tour, and  
18 inspect, inspect the building.

19                  Our broker staff was available throughout  
20 this entire period, to answer questions about the  
21 sale.

22                  They did contact everyone that had  
23 expressed explicit interest to my office about bidding  
24 on the project, contrary to a letter the  
25 Superintendent received.

1           The bid date was set for March 1st, the  
2 bids were received by 5:00 p.m. on March 1st.

3           They were then opened in front of  
4 Mr. Berdnik, myself, and as I said, a representative  
5 of the school controller's office.

6           Since that time, there has been a community  
7 meeting, that I attended, to represent the District on  
8 the sale, not on the discussion about the charter.

9           We had our discussion as to whether this  
10 item would be on the March agenda, it was determined  
11 the Board would want to dispense more time to examine  
12 the issue, and we set a special meeting that we are at  
13 tonight to vote on it within the 45 day stipulation,  
14 as outlined by the solicitor.

15           MR. SUMPTER: Was there much, much interest  
16 expressed on this building, before it was put out to  
17 bid, as far as number of entities, and was School  
18 House one of those entities?

19           MR. FELLERS: I don't believe -- I don't  
20 believe they were. But there was a fair amount of  
21 interest.

22           We picked these four schools that we  
23 initially picked, because we thought that they were  
24 marketable buildings, and ones that might go very  
25 quickly.

1                   But I don't believe School House Finance  
2 was one that sent a letter to me, but I may be  
3 mistaken on that.

4                   I know anybody that did notify my office,  
5 was contacted by letter around the middle of January,  
6 and of course there were public advertisements, so  
7 even if people had not expressed a prior interest, if  
8 they saw the advertisements, saw the promotional  
9 material that was sent out by our representative, that  
10 would have attracted additional people as well.

11                  Obviously we wanted the most bidders we  
12 could. The more bidders you have, the more likely you  
13 are to get a good price.

14                  MR. SUMPTER: Okay.

15                  You say that we had guidelines or criteria  
16 for the purchase of this building, or the sale of this  
17 building, and we have guidelines for the remaining  
18 buildings in place.

19                  How much difference is there in those  
20 guidelines, those sets of guidelines, or what is the  
21 difference?

22                  MR. FELLERS: Right now, the main  
23 difference is that it would be done internally,  
24 without the use of an outside real estate broker; that  
25 the internal facilities staff would work with an

1 appraiser, with our own environmental people, and with  
2 a real estate consultant, just so -- not to broker it,  
3 but to give us advice.

4               We would then do all of the advertisement,  
5 and our solicitor would close, we would sell  
6 everything on an as-is basis, again, outlining all of  
7 the environmental issues that had been identified by  
8 the inspection of each of those buildings.

9               And we are in the process right now of  
10 inspecting environmentally, and appraising all of the  
11 27 buildings that either are closed, or will be closed  
12 by this -- the end of this June.

13              MR. SUMPTER: Okay.

14              So it's somewhat safe to say that we do not  
15 have complete guidelines, criteria, process, policy or  
16 procedures, in place right now, for the sale of  
17 buildings?

18              MR. FELLERS: Well, within the parameters  
19 of the School Code.

20              You could have more explicit ones,  
21 certainly, but -- and I guess you are going to hear  
22 some options later on, about how you might proceed  
23 with a different approach.

24              But we were going again with an approach  
25 that was kind of a plain vanilla approach, let's do

1 this quickly, let's try to get our properties into  
2 someone's hands, so we are not the landlord of  
3 27 closed school buildings.

4 MR. SUMPTER: The reason I say that, is  
5 because I heard guidelines for this sale, new  
6 guidelines for the remaining sales, presentation  
7 coming up later, and yet, we -- which would indicate  
8 that we still could adopt, or create, or don't have in  
9 the sense complete guidelines, or procedures or  
10 policies in place, except for what's stated in the  
11 School Code.

12 Is that correct?

13 MR. FELLERS: Well, we do. The things I  
14 just said to you, are what is in place.

15 What is being proposed, is simply that,  
16 what is being proposed, and the Board can accept it,  
17 reject it or adopt parts of it, if you like.

18 As I said before, there are a number of  
19 ways to do this, there is not just one way, and I  
20 think what we are saying is there is a plunge now  
21 approach, which we are advocating, there is a more  
22 developmental approach, which has its merits, too,  
23 which you are going to hear about later.

24 MR. SUMPTER: But something more than just  
25 interest being expressed, is that what generates the

1 sale of buildings, or in this case, these buildings,  
2 was it interest?

3 MR. FELLERS: I think it was interest.  
4 There was a high level of interest in the first four  
5 buildings, as well as they were in spots that were  
6 deemed to be marketable, where there would be  
7 anticipated to be some interest and competition for  
8 them.

9 MR. SUMPTER: Thank you.

10 MR. ISLER: Mr. Dowd, do you want to be  
11 recognized?

12 MR. DOWD: No, not at this time.

13 MR. ISLER: Mr. Taylor.

14 MR. TAYLOR: Did you say, again, Rick, did  
15 we -- Mr. Fellers, did we actually vote on the  
16 criteria for school closings?

17 MR. FELLERS: No, sir, I recommended to the  
18 Board, and --

19 MS. COLAIZZI: School closings, or school  
20 sales?

21 MR. TAYLOR: The process. The process.  
22 School sales. School sales.

23 MR. FELLERS: For these four, we did have a  
24 resolution that the Board did vote on, as I say,  
25 almost a year ago.



1           For the change in process, it was a  
2 presentation I made to the Board that the Board seemed  
3 to imply consensus.

4           We did not have an official vote of the  
5 Board on that one.

6           MR. TAYLOR: And that resolution, because I  
7 am not clear, because I mean, because I am looking at,  
8 it seemed like there is a lot of wiggle room here, in  
9 how we want to -- I mean that's just my perception on  
10 it.

11           But the resolution, that did lay that out  
12 like the principles, we wanted to go back on the tax  
13 rolls, did that lay out the process? Because I am not  
14 really sure about that.

15           MR. WEISS: The resolution laid out the use  
16 of the broker, the solicitation of sealed bids, and  
17 the sale to the highest bidder, without conditions.

18           That was the resolution of the Board, for  
19 these four buildings that Mr. Fellers enumerated.

20           MR. TAYLOR: And it said sale to the  
21 highest bidder, without conditions.

22           MR. WEISS: Yes.

23           MR. TAYLOR: Which is one of the things --

24           MR. ISLER: Excuse me.

25           For point of reference, can you explain

1 what "without condition means"?

2 Because that is the reverse of what I have  
3 think most people think.

4 MR. WEISS: Well, it means there is no  
5 condition attached to the use, or the development. It  
6 was strictly an as is, where is sale, with a three  
7 year reverter option, that Mr. Fellers described.

8 And it was limited to these four buildings.

9 MR. TAYLOR: So when we talked about it, we  
10 actually used that kind of language, if there was  
11 someone who was the highest bidder, who wanted to open  
12 a strip club in the District would, according to what  
13 we passed, vote to sell that to the operator of a  
14 nightclub?

15 MR. WEISS: Well, I am fairly certain we  
16 didn't discuss a strip club.

17 MR. TAYLOR: No, we actually did use that  
18 as an example, of saying that we just didn't want it  
19 to go to anybody, that we had a responsibility to the  
20 neighborhood and the community, and we just didn't  
21 want to turn it over to anyone, just because they were  
22 the highest bidder.

23 But you said that was not reflected in the  
24 resolution.

25 MR. WEISS: These four buildings were --

1 the Board's action was to sell them in this manner.

2 The Board's options, with respect to the  
3 other ones, are open, and that's not for this meeting.

4 MR. FELLERS: You always have the option,  
5 and I think this was expressed, in case you got an  
6 undesirable bid, you had the option to reject all  
7 bids.

8 MR. WEISS: That is correct.

9 MR. TAYLOR: Okay.

10 But I did want to add, there was that group  
11 Plea, who did raise some concerns about the process.  
12 They didn't put them in writing to me, as they said  
13 they would, but they came to the public hearing, and  
14 voiced some concerns to me about some things.

15 I want to go back to this second group who  
16 bid -- and again, the \$3 million bid was way above  
17 anybody else's, we know it was \$2 million above the  
18 nearest one, and we know that the assessed property  
19 was about 900,000, so we know the \$3 million bid is a  
20 very large bid, and obviously they wanted that  
21 property for a reason, and I would assume there are  
22 ways that they are going to recoup that 3 million.

23 But I want to talk about that second group,  
24 who had voiced an interest in, I believe, doing  
25 condominiums.

1                   MR. WEISS: Well, the second group did not  
2 want to do condominiums. The second group wanted to  
3 do apartments

4                   MR. TAYLOR: Apartment house, right.

5                   MR. WEISS: There is some question whether  
6 this community would support rental units.

7                   But, more importantly, there were two  
8 conditions in that bid, which did not comply with our  
9 bid requirements.

10                  One, there was a zoning contingency in the  
11 bid, which is simply contrary to an as is, where is  
12 sale and, secondly, the bidder specifically struck out  
13 the use of the settlement service company that we are  
14 utilizing for MBE purposes, and wanted to use another  
15 title company, and in my view, that was a material  
16 deviation.

17                  MR. TAYLOR: Okay.

18                  So, that's -- so we had an issue with them,  
19 because they weren't in compliance with our MBE  
20 program.

21                  But the only --

22                  MR. WEISS: And it was a zoning  
23 contingency.

24                  MR. TAYLOR: Okay. So --

25                  MR. WEISS: Which is very important.

1 MR. TAYLOR: Okay. So the zoning.

2 We were concerned about turning it from a  
3 school into a rental property.

4 MR. WEISS: Well, what the bid said was,  
5 that the bid was subject to a zoning change, and that  
6 was contrary to our bid conditions.

7 MR. TAYLOR: No, I understand, but we know  
8 zoning change, particularly for something like that,  
9 probably wouldn't be the most difficult, since it is a  
10 residential neighborhood, it does have rental  
11 property, it probably wouldn't have been the most  
12 difficult thing, again, for them to change.

13 But the point I wanted to make, was there  
14 was a second group that bid, and the second group,  
15 whose every intention was to put these properties  
16 permanently back on the tax rolls, by turning it into  
17 rental property.

18 Right?

19 They could have switched and sold it to  
20 the school the next year.

21 But --

22 MR. WEISS: That's correct, you are right.

23 MR. TAYLOR: So we actually did have a  
24 group, that for the foreseeable future, would have put  
25 it on the tax rolls.

1           And we just received a letter from the  
2 Regent, I think, Square Civic Association, who is  
3 supporting this, but also I think that there were a  
4 lot of people who may have been open to different  
5 initiatives, around the Regent Square building.

6           So, no, I will just say finally, I think a  
7 lot of people's parents here talked about easy money,  
8 and the dangers of easy money, and certainly people  
9 have heard me talk very much about, particularly  
10 things that we have spent revenue on, in the last few  
11 months, that I have raised concerns about.

12           So \$3 million is no joke, but I believe  
13 that we are opening ourselves up for tremendous  
14 difficulties in the next year.

15           So I mean, I think that the community  
16 people, that came forward, and others came forward,  
17 completely in expectation that that building is going  
18 to be turned into a charter school, and if anybody is  
19 familiar with the Regent Square history, the Regent  
20 Square community, and Park Place community's history  
21 with the Pittsburgh Public Schools, we would know that  
22 to be honest and frank, that that community,  
23 significant parts of that community have never  
24 attended the Pittsburgh Public Schools.

25           They have never attended Regent Square.

1 And they basically pulled out of Regent Square, close  
2 to 40 years ago, for reasons I don't want to get into  
3 this evening.

4 But I do think that I have always wondered  
5 how many kids were in that area, and exactly where  
6 they were, and I think there may be many people in  
7 this community who look at this as an opportunity to  
8 have a school that they are comfortable attending.

9 And I am saying now that this Board is in  
10 the position -- I mean, I really do think that the  
11 community is supportive of this, because they view a  
12 school coming there, and if the Board turns around and  
13 says, "We are not going to do that," I think that  
14 that's going to be a problem and, as Mr. Brentley  
15 said, and as we know that it's accurate, that it has  
16 been highly political, our granting of charters for  
17 the last five or six years, and that's just being  
18 honest.

19 And I think most people, most members of  
20 the public, who are aware of it, know that that has  
21 been highly political process, since it really began  
22 in this city.

23 So I just think, though we know that this  
24 is a group, we know what they want to do in the  
25 future, and one of the motions, Ira, I want to be able

1 to make, if we are allowed to make, that we give this  
2 company 60 days, to, let's say, back out of this deal  
3 if they want to.

4 MR. WEISS: The motion is to accept the  
5 bid.

6 MR. TAYLOR: Can I add --

7 MR. WEISS: There is no other.

8 MR. ISLER: You can't change it?

9 MR. WEISS: This is it.

10 MR. TAYLOR: That is an up or down vote.  
11 Am I allowed to put on the table, after that vote, a  
12 motion to give them up to 60 days to reevaluate their  
13 offer?

14 MR. WEISS: No.

15 MR. ISLER: That is changing the bid.

16 MR. TAYLOR: That is not changing the bid,  
17 that is withdrawing.

18 MR. WEISS: The call of the meeting was to  
19 consider this bid. That is the only vote that the  
20 Board can make tonight.

21 MR. TAYLOR: At a later date, at the next  
22 legislative, can I bring up an item giving this  
23 company an opportunity, up to 60 days, to back out of  
24 this deal?

25 Because I really do believe that some kind



1 of conversations need to be conveyed to this company,  
2 and to this community, about whether the likelihood of  
3 them, either receiving a charter -- I don't know how  
4 those conversations could take place, but I do think,  
5 that, we are in for some difficulties, when that  
6 charter application is granted I think this Board is  
7 going to be in for some difficulties.

8 MR. WEISS: Well, if the motion is made, I  
9 will deal with it at the time.

10 My own view is, that that simply is not in  
11 order, because there is no application before the  
12 Board.

13 This is a real estate transaction.

14 MR. TAYLOR: I am not saying anything  
15 about --

16 MR. WEISS: And if any Board member wants  
17 to make a motion at a later meeting, I will deal with  
18 it at that time.

19 MR. TAYLOR: Okay.

20 I would like that that motion clearly is  
21 just saying again to give this company an opportunity  
22 to evaluate the future, and whether it makes sense for  
23 them to get into -- whether it makes sense for that  
24 company to purchase this property.

25 And that's all. So maybe I can get a

1 further clarification.

2 But again, I am trying to avoid, which  
3 again what I am thinking is going to be a very, very  
4 contentious situation for this Board, on the date that  
5 that charter comes forward.

6 What mom said about easy money.

7 MR. ISLER: Are there any other questions?

8 I do --

9 MR. ROMANIELLO: Mr. Isler.

10 MR. ISLER: Yes, hold on, Mr. Romaniello.

11 Do you want to go, Tom?

12 Go ahead, Mr. Romaniello.

13 MR. ROMANIELLO: I would like to just first  
14 of all echo what Mrs. Colaizzi said some time ago,  
15 that this is in no way an endorsement of this turning  
16 into a charter school, and/or any other charter  
17 school, and the bombardment that this Board got from  
18 e-mails, which I guess now e-mails, that they were  
19 sending out, are the new form of form letter, because  
20 they were almost all the same wording, and all the  
21 same fonts, and everything else.

22 So I just wanted to let those people know,  
23 that that was in no way anything that swayed this  
24 decision.

25 But I want to remind my fellow Board

1 members, that we are also storage of the taxpayers'  
2 money, and to not agree to this sale, would be to  
3 violate that storageship of their money.

4 Not only is it a better than a good price,  
5 but this sale would also mean transfer taxes would be  
6 paid, and right now this company is a for profit  
7 company, which means they will be paying taxes.

8 We have no crystal ball that is going to  
9 tell us what's going to go on in the future.

10 So again -- and this money would be used to  
11 pay down the debt service, which again would be of a  
12 benefit to the taxpayers, who foot the bill for this  
13 School District.

14 So, it would be very irresponsible for us  
15 to ignore this money, ignore this chance to sell the  
16 building for this amount, and return this money to our  
17 debt service, to help the taxpayers.

18 And I would like to say, that I hope that  
19 any future sales of any other buildings, move along  
20 with the speed that this one has, because this is what  
21 we need to do, is to sell these buildings, to get the  
22 money back into this District, for the taxpayers.

23 Thank you.

24 MR. ISLER: Thank you.

25 Mr. Sumpter.

1                   MR. SUMPTER: Mr. Weiss, if you could  
2 define the term "responsible," when it talks about  
3 "highest responsible bidder," just what that term  
4 "responsible" means.

5                   MR. WEISS: Responsibility, means ability  
6 to abide by the terms of the contract. And we have no  
7 reason to believe that this bidder cannot close, and  
8 so, the responsibility is subjective, but we have no  
9 basis to believe that this bidder is anything but a  
10 find.

11                  MR. SUMPTER: Thank you.

12                  And I guess the only other comment that I  
13 have, is that with the back drop of the fact that the  
14 folks did express interest in making this into a  
15 charter school, that even though the bid is high, the  
16 liability, if it were to become a charter school, over  
17 time, would still drain the District of resources.

18                  So that is to be taken into consideration  
19 also.

20                  Thank you.

21                  MR. ISLER: Mr. Brentley.

22                  MR. BRENTLEY: Yes.

23                  I just -- you mentioned our options are  
24 clear, that we can reject.

25                  Do we reject this particular bid, or we can

1 also -- we have three options, reject this bid by  
2 voting no, or we can reject all bids, or we can vote  
3 this up, that's --

4 MR. WEISS: The option is, you either vote  
5 this up, or you reject this bid.

6 MR. ISLER: Put your mic on, please.

7 MR. WEISS: Sorry.

8 You either -- the Board can either cast an  
9 affirmative Board for the resolution, a negative vote  
10 essentially is a rejection of the bid, and the hand  
11 money is returned, and this property is -- then we are  
12 back to square one.

13 MR. BRENTLEY: Would a rejection of this  
14 bid, mean the same as rejecting of all bids?

15 MR. WEISS: Yes.

16 MR. BRENTLEY: Okay.

17 So the --

18 MR. WEISS: I mean, the other bidders have  
19 been informed they are not the high bidder.

20 MR. BRENTLEY: Okay.

21 MR. WEISS: And, frankly, given the spread  
22 on these bids, there would be no recommendation  
23 forthcoming with respect to the other two.

24 One is not in compliance with the  
25 conditions, and the other is so far less than this

1 one, that speaking for myself, I would not recommend  
2 the Board accept that.

3 MR. BRENTLEY: A rejection of all bids,  
4 would mean we would have that option of going back,  
5 and rebidding.

6 MR. WEISS: Yes.

7 MR. BRENTLEY: And those same applicants  
8 could apply again?

9 MR. WEISS: If this resolution is not  
10 accepted, then the Board goes back to square one.

11 MR. BRENTLEY: No participation. Okay. So  
12 it is the same.

13 MR. ISLER: Finished, Mr. Brentley?

14 Mr. Weiss, I again just want you to verify  
15 that everything has been followed, the District, and  
16 School Code procedures for this bid process?

17 MR. WEISS: Everything has been followed.

18 MR. ISLER: Okay.

19 The other thing is, is that in terms of the  
20 tax status, this is a for profit company.

21 Is there anything we can do with the sale  
22 of a building, by putting in an agreement that the  
23 building may never be used again as a nonprofit site;  
24 I mean, do we have that much authority?

25 MR. WEISS: I would have some concerns

1 about using the term "nonprofit." That is very broad,  
2 and there is a lot of public policy, and common law,  
3 against overly restricting future conveyance of  
4 property.

5 I think there is a legitimate question  
6 whether we could write language in the future,  
7 concerning future educational use.

8 There is some history in this District, on  
9 another property, which need not be discussed tonight,  
10 and I am reviewing that file now.

11 But I think a restriction on nonprofit use,  
12 would be overly broad, and the court would not enforce  
13 that.

14 MR. ISLER: But for now, this is a for tax,  
15 a for profit entity; right?

16 MR. WEISS: Yes.

17 MR. ISLER: Okay.

18 And all we are voting on tonight, is the  
19 sale of the building, nothing else, everything else is  
20 speculation; correct?

21 MR. WEISS: That's correct.

22 MR. ISLER: All right.

23 Thank you.

24 Any other questions?

25 Hearing none, could we have a roll call,

1 please, Mr. Weiss.

2 MR. WEISS: Mr. Brentley?

3 MR. BRENTLEY: No.

4 MR. WEISS: Mrs. Colaizzi?

5 MS. COLAIZZII: Yes.

6 MR. WEISS: Mr. Dowd?

7 MR. DOWD: Yes.

8 MR. WEISS: Mrs. Fink?

9 MS. FINK: Yes.

10 MR. WEISS: Mr. McCrea?

11 MR. MCCREA: I think I am as split as your

12 cabinet, Mr. Roosevelt.

13 But I will support your recommendation, and

14 vote yes.

15 MR. WEISS: Mr. Romaniello?

16 MR. ROMANIELLO: Yes.

17 MR. WEISS: Mr. Sumpter?

18 MR. SUMPTER: No.

19 MR. WEISS: Mr. Taylor?

20 MR. TAYLOR: No.

21 MR. WEISS: Mr. Isler?

22 MR. ISLER: Yes.

23 MR. WEISS: The motion carries, 6-3.

24 MR. ISLER: Thank you.

25 That was the only item on this evening's



1 agenda; correct, Mr. Weiss?

2 MR. WEISS: Correct.

3 MR. ISLER: Do we have a motion to  
4 adjourn?

5 MR. DOWD: So move.

6 MR. ISLER: Second?

7 MS. FINK: Second.

8 MR. ISLER: The meeting is adjourned.

9 Thank you, Mr. Romaniello.

10 MR. ROMANIELLO: Thank you.

11 - - -

12 (Thereupon, at 7:16 p.m., the Legislative  
13 Meeting was concluded.)

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## C-E-R-T-I-F-I-C-A-T-E

I, Eugene C. Forcier, the undersigned, do hereby  
certify that the foregoing sixty-two (62) pages are a  
true and correct transcript of my stenotypy notes  
taken of the Special Legislative Meeting held in the  
Pittsburgh Board of Public Education, Administration  
Building, Board Committee Room, on Tuesday, April 4,  
2006.



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Eugene C. Forcier, Court Reporter

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