GIRARD STAKEHOLDERS’ MEETING SUMMARY  
DEC. 13, 2012  
LOWER SCHOOL AUDITORIUM

As part of its commitment to keep people from all segments of the Girard College family informed about the strategic planning process and the important changes that likely will follow it, the Board of City Trusts and members of the Girard College Board of Managers hosted a “Stakeholders” meeting on Thursday, December 13th, to discuss the challenges that we face and answer questions from approximately 150 employees, alumni, students, families, and friends.

A brief summary of the meeting follows:

The meeting featured a panel of speakers: Clarence D. Armbrister, President of Girard; Bernard W. Smalley Sr., member of the Board of City Trusts and head of the Board’s Girard College Committee; Peter W. Shoemaker ’60, Chairman of the Girard Board of Managers; and Joseph S. Martz, Executive Director of the Girard Estate.

President Armbrister began the meeting by recalling his first presentation to the Girard all-staff meeting, at a session where he asked, “Why Not Girard?”

- Imagine a highly competitive college prep school? Why not Girard?
- A school whose graduates enroll in AND COMPLETE college or university? Why not Girard?

He went on to explain that he wants to use this question as the focal point of the strategic plan process going forward – with everyone focused on the goal of making Girard an institution that provides a premier educational experience.

President Armbrister also reviewed the state of education on a global scale. The United States has fallen behind in educational preparation, and Girard College can also do better to prepare its students for success in college and in life.

The Executive Director of the Girard Estate, Joseph Martz, walked the audience through a detailed PowerPoint presentation of the historic and current financial facts of the Girard Estate and Girard College. He organized his presentation into three areas: The components of the Girard Estate, the costs of running Girard College, and the critical importance of re-building the corpus of the Estate’s Securities Portfolio. He also discussed the pending Pennsylvania Supreme Court case challenging Girard’s status as a public entity. Some central points follow:

Martz explained that the Girard Estate funds itself in three principal way: real estate investments and income; Girard’s longstanding coal interests; and the Securities Portfolio.
Martz delineated the damage caused to the Estate by the dramatic decline of real estate values in the wake of the economic recession of 2008:

1. Real Estate Performance Factors:
   A. Loss of tenants
   B. Lowered rents (to maintain tenants)
   C. Debt service increases

2. Girardville Performance Factors:
   Coal production is dramatically less than in historic boom days

3. Securities Performance Factors:
   Loss of nearly 40 percent in the value of the Securities Portfolio in a 15-month period between Fall 2008 and Spring 2010, due to the economic recession.

He continued to explain that the Estate has worked successfully to overcome these challenges in ways that include refinancing mortgages, reducing loan amounts and debt service costs, opening two new coal mines, initiating new timbering and spring water lease agreements, consolidating staff and gradually improving securities holdings and values. Today, following the worst economic recession since the Great Depression, the Estate has managed to return Girard’s coal interests to profitability (while significantly reducing its operating debt), and the Estate’s real estate portfolio is earning revenues for the Estate and the School once again, while the Securities Portfolio is slowly recovering during a time of continuing turbulence in the stock market.

In reviewing the myriad expenses associated with running Girard College and the changes that have occurred over the years, Martz cited one significant example: although we have fewer employees in 2012 than in 2007, our benefits costs are higher than they were five years ago.

Martz explained the status of the challenge to Girard’s tax status as a public institution. The Girard Estate appealed the case in the wake of an adverse Commonwealth Court decision in 2011. Oral argument before the Pennsylvania Supreme Court occurred in May 2012, and the Court’s ruling has yet to be handed down. While we continue to believe that Girard will prevail and its tax-exempt status as a public entity will remain intact, the reality is that if the decision goes against Girard, the Estate may be forced to accelerate payments of nearly $80 million in bonds because Girard may no longer be eligible for tax-exempt treatment.

Mr. Martz concluded with one central point:

Whatever our future plans are, we must rebuild the corpus of the Girard Estate, and any decisions about the future of Girard College must include recognition of this fact.
Thereafter, President Armbrister explained that the campus has been undergoing a facilities assessment. Many of the Girard College campus buildings are old and need repair and/or renovations. The assessment is meant to help us decide:

- How campus conditions impact our programs?
- What buildings make sense to use?
- What costs would be associated with renovations and repairs?

Peter Shoemaker spoke to the audience about the future of Girard College, saying that we must:

1. Have a quality educational program and outcomes for our students;
2. Have solid financial footing;
3. Preserve the legacy of Stephen Girard.

Bernard Smalley also addressed the question of Girard’s future. He made two points clear at the outset of his remarks:

1. The Board has committed that Girard College is not closing;
2. The Board has committed that Girard College is not moving from its current location.

Smalley reiterated a point that each of the speakers stated at different times throughout the presentation: The Board and the members of the Strategic Planning Steering Committee are committed to acting in the best interests of the students in making their recommendations about Girard’s future.

He also stated that the Committee would continue to stress the importance of keeping all Girard Stakeholders – students, faculty, staff, alumni, families, and interested friends – fully informed about the planning process moving forward, and that the Committee hopes to make its recommendations by late February or early March.

President Armbrister concurred, but stated that none of the structural recommendations likely would begin to be implemented until the 2014-2015 academic year.

A question and answer period followed.

Girard Stakeholders Meeting Q & A

Q: Thank you for talking about the issues, but what is the plan?  
A: The current model is not sustainable, but no decision has been made yet. Right now, the program at Girard College is a mile wide and an inch deep. We made need to shorten the length and deepen the program. (President Armbrister) We want
your input. Please take advantage of the “girardfuture@girardcollege.edu” e-mail address. (Peter Shoemaker)

Q: Will you release the results of the FSG (independent consultants hired in 2011-12 school year) study?
A: The FSG study was prepared as an internal document for the strategic planning committee, offering analyses of a variety of scenarios, many of which are hypothetical or purely for discussion purposes only. In our view, making these scenarios public would likely trigger all sorts of misinformation and rumor that would be counterproductive to the process at this point.

We will continue to keep you informed about all of the relevant scenarios we discuss and the recommendations we intend to make. And we welcome your questions throughout the process. (President Armbrister)

Q: When you say that standardized test results indicate that our students are not performing well, I’d like to know to whom you are comparing our students. It would not be fair to compare Girard test results to those of a wealthy, suburban school. You should compare the Girard statistics to those of local comprehensive public schools.
A: In answer to your question, I have to ask again, “Why not Girard?” When our students have the benefit of three meals a day, a safe environment, structured activities in the after-school hours, and class sizes that are smaller than most public schools, why shouldn’t we expect a lot of them? In fact, the Girard test scores are not compared to the prep schools you mentioned, but that doesn’t mean we shouldn’t strive for excellence. We can and we should do better. (President Armbrister)

Q: Can you clarify the relationship of the Middle States accreditation process and the decisions being made for Girard’s future?
A: As we move forward in the Middle States process, we need to be in a position to say: “This is the direction we are going, this is who we will be.” The accreditation team will visit campus in the fall of 2013, and we must define our future by then. (President Armbrister)

Q: How much longer can coal be mined in Girardville?
A: At the current rate we are mining, I would say about 35 years. (Joe Martz)

Q: Is it possible that residential programs as well as academic programs may have to change?
A: Yes. When we talk about looking at the future of Girard College, we are looking at the whole program. (President Armbrister)

Q: How are you including parents in your planning process?
A: Parents were invited to today’s discussion, they may attend future meetings, and they are encouraged to tell us their ideas or ask questions by submitting them to our email address, girardfuture@girardcollege.edu.

Q: The e-mail of Mr. Donatucci’s letter gave alumni some information, but information has been lacking from the Board of City Trusts over the years.
A: Summaries of meetings and planning information will be shared on the website and will be included in the Steel & Garnet / Girard Today (print newsletter). We also intend to have more public meetings like this one. (Bernard Smalley)

Q: How can you only talk about the academic component of Girard education? What about the social, emotional climate of Girard? Where is that data? How are we helping our students with non-academic issues once they enroll in college?
A: When we talk about 21st Century education, that is exactly what we mean: creativity, teamwork, social skills, and preparing the whole child for a productive future. Everything we do at Girard – the classroom, in the dorms, all aspects of life at Girard – should be thought of as part of the educational experience. We definitely consider those elements when we look at Girard. (Peter Shoemaker) I understand your concern, and I concede that we need to improve the climate at Girard. (President Armbrister)

Q: How does the committee plan to renovate buildings and improve technology?
A: The cost of renovating certain buildings is in the tens of millions of dollars. It is a challenge, but we agree we must have better technology. Again, I go back to my central question: “Why not Girard?”

Q: When will you hold a meeting like this for current students?
A: We are already making plans for that meeting; I agree. (President Armbrister)

**COMMENTS:**

I think we need to include the public more, to fund raise in the community. Alumni are concerned about the loss of the weekend program. And I think we need to present Girard College in a more positive light.

I hope we don’t move the school to a new location. Please include parents on your planning committees.

Please leverage technology to record and transmit these meetings on your website and to allow us to participate remotely.