

SPECIAL BOARD MEETING MINUTES

Thursday, April 23, 2009

Chair Pagel called the special meeting of the Dover-Eyota Board of Education, District #533, to order at 7:02 PM in the Dover-Eyota High School Media Center. Board members present: Don Andring, Julie Austinson, Dan Johnson (7:10 PM), Gene Loftus (7:12 PM), Ron Pagel, Gary Pedersen, Molly Rieke, and Superintendent Bruce Klaehn. Absent: none. Also in attendance were Principal Todd Rowekamp, Principal Jeanne Svobodny, Activities Director John Ostrowski, Curriculum Director Jane Johnson, Lora Allen, Chris Berg, Gary Betcher, Patty Gernand, Becky Kromminga, Gabrielle Moon, Josh Olson, and Dan Vrieze.

Agenda

Chair Pagel thanked everyone for attending the special Board meeting including staff. He said that the main purpose of the meeting was to discuss the budget based on legislative activity or the lack thereof. The Board was also considering an alternative to the approved, proposed budget due to possible legislative action. Mr. Pagel invited everyone to listen and indicated that comments and thoughts from the public would be received at the end of the meeting.

A motion was made by Member Rieke, seconded by Member Andring and carried unanimously to approve the agenda.

Legislative Update

Supt. Klaehn has received messages from the Minnesota Rural Education Association and Minnesota Association of School Administrators concerning discussions among the legislative leaders of a fund balance recapture. Although many legislators will deny it, they are considering this recapture if the governor does not approve tax increases. Our district has been conservative over the years and has built up a reserve fund balance which will be in jeopardy if a recapture becomes reality. He sought Board input on the need to inform the public of this possibility so that they can express their views now about protecting these funds.

Questions the Board considered:

- What actions do we take to influence the legislature on this topic?
 - Recent articles in the *Eagle* have indicated that the school district is in good financial status. The Board determined that the next superintendent article will address this sudden change in status, clearly define the concerns regarding a possible recapture of funds and relay how it will affect the school district's future and the future taxes of our citizens.
- Do we need to make program reductions for 2009-2010?
- If so, how much?
- What expenditures should we put in place to offset a possible fund-balance penalty?

Other items brought up during the discussion included:

- Because of our positive fund balance, our district had hoped to "weather" the next couple years of less state funding. It has been there to serve us and to educate kids. Every year we have generated interest from the positive fund balance to fund two teachers.
- The state did a recapture of funds in the late 1980's or early 1990's, so another such tactic is a real possibility.
- Other area districts, some already looking at budget reductions for next year, feel that there is urgency and that a recapture is a real threat.
- The message from the executive director of the superintendent's group is that constituents need to be vocal to the legislators about this possibility.
- The recapture proposal is not currently in any bills before the legislature; however, if it is considered late in the session, it will not have time to go through conference committees or hearings before being voted on.
- It is felt that our June 30, 2009 fund balance will be used as the determining amount to recapture funds. However, it is possible the legislators will use the June 30, 2008 figure.
- It is necessary to relay that we have been an efficient district, we have delayed projects in order to gain a positive fund balance, and that we have long-term plans that will be negatively affected if there were a recapture.
- Some townships also have fund balances and the legislators may be looking at those as well.

- Concern was expressed that there is not a “knee jerk” reaction to this possibility.
- It may be more strategically beneficial to only contact local legislators.
- It may be necessary to define “fund balance” to the public and explain the Board and administration’s plan for using it.
- Possible strategies of the legislators to make up the state deficit could include:
 - some type of aid shift from one year to another (as has been done in the past) which means that all of the funds promised in one year may not be received in that year; rather, a percentage may be deferred to the following year;
 - a reduction in basic aid formulas (the amount of aid received per pupil could be reduced);
 - a fund balance recapture.
- The possibility of “crying wolf” was discussed. What if we do not inform the public of this possibility, they do not have a chance to contact legislators and the recapture becomes a reality? The Board discussed the need to be cautious and the difference between urgency versus panic.
- The district is a paid member of the MREA and MASA and should take heed of concerns these groups express to us, such as the possible recapture of funds.

Alternate Budget Considerations

Supt. Klaehn provided suggested budget reductions that will affect personnel but not student services and will not give the people of the district a different school. The reductions will total \$164,836 and include the following:

- elimination of a .5 special education instructor position due to reduction of need (The need had been decreasing for a couple of years and it has come to the point where other staff can continue to provide services to students in this category.)
- reduction in Josh Hemmerich’s art position from .7 to .5 (The 6th grade art instructor duties will go from Mr. Hemmerich to Mrs. Sharon Michelfelder since registration in her classes is down.)
- anticipated retirement will result in savings when hiring a replacement
- replacement of the EBD teacher will result in anticipated savings
- instead of hiring a replacement, full-time, high school physical education teacher, a current half-time employee will increase to full-time and the other half of the position not filled
- due to lack of registrations, two high school teachers will not have overloads in 2009-2010
- due to the resignation of the District Office Secretary, 60% of the duties will be absorbed by other office employees and someone will be hired or assigned additional hours to do the *Eagle*
- replacement of Transportation Director will result in a savings
- rather than cut programs or class sizes, supply budgets will be reduced, FCCLA will be eliminated (due to lack of participation) and the contingency fund will be reduced

These reductions will be included in the final reading of the 2009-2010 budget at the May 11th Board meeting.

Supt. Klaehn brought forward a 2009-2010 Budget Plan B which included the following points:

- The June 30, 2009 General Fund Balance was projected to be \$2,484,000 and included the Unreserved/Undesignated, Designated, Reserved Operating Capital and Other Reserve funds.
- The current projected net budget for 2009-2010 was approximately \$200,000. With the \$165,000 in reductions mentioned above, the net budget will increase to \$365,000. This did not include any additional costs that may occur during negotiations with the teachers and bus drivers, or any legislative changes.
- Based on a projected \$500 per pupil aid formula reduction, the district may lose \$640,000 in funding. If a partial recapture of our fund balance occurs, the district could potentially lose \$1,390,000. If all reserved funds were recaptured, the district could potentially lose \$1,844,000.

The Board then reviewed possible Capital Outlay projects **that must be completed by June 30, 2009** to reduce our 2008-2009 fund balance and avoid recapture of those monies. Many of the projects discussed had been slated to be completed at some point – some yet this fiscal year and some in upcoming years. The Board talked about pushing some projects ahead.

- Proceeding with the crow’s nest replacement was to be determined at the May meeting.

- The school district had received an \$8,000 grant from People's Cooperative Round Up Program for playground equipment. PATT had made a donation of \$10,000 toward this project and the Board had previously discussed matching the \$10,000.
- The elementary parking lot redesign, which was brought forward during the referendum, was discussed at an estimated cost of \$350,000. Supt. Klaehn will find out the probability that it could be completed by June 30, if additional lighting were included in the proposal, and how many current parking spaces there are. The Board also discussed obtaining financing for this project which could be used if the project were not done by June 30 and current funds used.
- The high school Media Center roof may need to be replaced now at an estimated cost of \$20,000. It will be even more beneficial for the replacement to happen before ESG works on the ventilation system in that area.
- As long as the Media Center is going to be cleared of books and equipment for roof replacement, consideration was made of replacing the carpet at the same time at an estimated cost of \$20,000.
- Other carpeting needs include the elementary main hall and 2-3 high school rooms for a total estimated cost of \$40,000.
- The elementary cafeteria tables could be replaced at an estimated cost of \$9,000.
- Two additional buses could be purchased at an estimated cost of \$170,000.
- A new telephone system could cost approximately \$60,000.
- Electronic notebooks could cost \$36,000 per grade level and a mobile computer lab could cost \$30,000. A mobile lab could mean that a current lab be used as a classroom.
- A new grounds tractor could be purchased for approximately \$25,000 and a line painting machine (for the sports field) could cost \$10,000.
- The total amount of these capital projects would be \$825,000.
- If any or all of these projects proceed at this time, there will be few capital projects in upcoming years.

Member Johnson stated, "I wish to see the funds working for DE on issues that have been thorns in our side in the past and will continue to be in the future. I feel that we should spend some of the money, especially on projects that we were going to do anyway." Mr. Loftus relayed that, for several years, Governor Pawlenty has verbally wondered how the state can continue to give money to school districts that have positive fund balances. Member Loftus felt that the Board should clean up projects that they talked about last month and added, "If we lose our fund balance, we will be cutting just like other districts around us."

A motion was made by Member Andring and seconded by Member Austinson to proceed with the following projects: elementary playground, elementary parking lot, high school media center roof, all carpeting as recommended, two additional buses and the telephone system.

Member Pedersen asked for a clarification of the motion and whether or not the elementary parking lot was, indeed, one of the projects in the motion. The members also discussed using discretion when moving ahead with the projects; that is, if a project can't be completed by June 30, it will be placed on hold. Also, any projects that can be completed in a short period of time will not be started until as late as possible before June 30 (i.e., phone system).

Member Andring amended his motion by removing the elementary parking lot and proceeding with discretion on the other projects. The amendment was seconded by Member Austinson. A vote on the amended motion carried unanimously. The Board determined that better quotes will be obtained for the elementary parking lot project and the item will be acted on at the May meeting; however, if it needs to be approved before then, a special meeting will be called. Supt. Klaehn will check into additional lighting and a sidewalk on the far east side of the lot and also talk with the bus drivers about angle parking of the buses during loading/unloading.

Proposed Unrequested Leave of Absence Resolutions

Supt. Klaehn advised that any reduction action on tenured staff must be completed at this time. Any action on probationary staff (i.e., reducing positions and rearranging duties due to less need for services or reduced registration into classes) will be completed at the May meeting. He added, "We don't expect registration numbers to change and any cuts we do now will make next year better." It was his personal belief that the current proposed net budget of \$365,000 for 2009-2010 will be workable.

A motion was made by Member Loftus and seconded by Member Pedersen to adopt the RESOLUTION PROPOSING TO PLACE PATRICIA GERNAND ON UNREQUESTED LEAVE OF ABSENCE (Attachment B).

Member Pedersen thanked that teachers and staff that are willing to pick up the slack (i.e., reassignment of duties at the District Office level). He extended his regrets to Mrs. Gernand that her position was being eliminated and added, "Reducing staff is one of the tougher acts a school board must make."

A roll call vote on the motion resulted in the following voting in favor: Loftus, Pedersen, Rieke, Pagel, Andring and Austinson. Those voting against the same: Johnson. The resolution was carried with a 6 to 1 vote.

Investment Resolution

At their May meeting, the Board approved contracting with PMA Financial Network, Inc. as a cash flow investor. Supt. Klaehn advised that an official resolution must be adopted which will authorize funds be placed into the MN Trust. MN Trust is like the Liquid Assets funds currently used and some district funds will remain in Liquid Assets.

A motion was made by Member Johnson and seconded by Member Austinson to adopt the RESOLUTION AUTHORIZING ENTRY INTO JOINT POWERS AGREEMENT IN THE FORM OF A DECLARATION OF TRUST ESTABLISHING THE "MN TRUST" AND AUTHORIZING PARTICIPATION THEREIN (Attachment G).

The Board wondered how much money the district will have to invest, especially if funds are recaptured by the state. Supt. Klaehn advised that the district still needed these services – maybe more than ever to get the most out of our money. It was noted that PMA will only receive commission on money they invest.

A roll call vote resulted in the following voting in favor: Loftus, Johnson, Pagel and Austinson. Those voting against the same: Pedersen, Rieke and Andring. The resolution passed with a 4 to 3 vote.

Transportation Director Approval

Supt. Klaehn indicated that 16 applications had been received and that a team of six staff members (including bus drivers and a teacher) interviewed 4 candidates. Dustin Pagel was clearly the top candidate in everyone's mind. He has experience, he did excellent in the interview, his location is ideal (lives in Dover), and the bus drivers will be behind him in his leadership.

A motion was made by Member Andring, seconded by Member Johnson and carried unanimously to approve hiring DUSTIN PAGEL as the Transportation & Grounds Director.

Adjournment

Chair Pagel again thanked everyone for their presence at the meeting and wished a message be sent to those staff attending that their attendance and interest in the education system at DE is appreciated. He added, "It is not always fun, but we are going to do the best we can."

Member Pedersen asked why Visitors' Communication had not been included on the agenda. Chair Pagel advised that he did relay at the beginning of the meeting that visitors would have a chance to speak. Concern was expressed that the staff attending had signed up to speak but then left before given the opportunity. Supt. Klaehn felt it was important to give them the facts so that some, if not all, of their questions and concerns would be addressed. That may have been the reason they left before they were allowed to communicate to the Board.

In regard to the possibility of purchasing electronic notebooks, Member Johnson said that it was important to put the money to work in the classroom.

A motion was made by Member Rieke, seconded by Member Johnson and carried unanimously to adjourn the meeting at 9:34 PM.

Daniel A. Johnson, Clerk
Cb

**RESOLUTION PROPOSING TO PLACE
PATRICIA GERNAND ON UNREQUESTED LEAVE OF ABSENCE**

BE IT RESOLVED, by the School Board of Independent School District No. 533, as follows:

1. It is proposed that Patricia Gernand, a teacher of said school district, be placed on unrequested leave of absence without pay or fringe benefits, effective at the end of the 2008-2009 school year on June 30, 2009, pursuant to M.S. 122A.40, subdivision 11.
2. That said proposed placement on unrequested leave of absence is not the result of the implementation of an education district agreement.
3. That written notice be sent to said teacher regarding the placement on unrequested leave of absence without pay or fringe benefits as provided by law and said notice shall include a date for hearing, if requested, and be in substantially the following form:

NOTICE OF PROPOSED PLACEMENT
ON UNREQUESTED LEAVE OF ABSENCE AND
NOTICE OF HEARING DATE, IF REQUESTED

Mrs. Patricia Gernand
1958 Whispering Lane SE
Eyota MN 55934

Dear Mrs. Gernand

You are hereby notified that at the special meeting of the School Board of Independent School District No. 533 held on April 23, 2009, consideration was given to your placement on unrequested leave of absence without pay or fringe benefits as a teacher of Independent School District No. 533, and a resolution was adopted by a majority vote of the Board, proposing your placement on unrequested leave of absence effective at the end of the 2008-2009 school year on June 30, 2009, pursuant to M.S. 122A.40, Subdivision 11 upon the grounds described in said statute and which are specifically as follows:

to effectuate economics and reduce expenditures in the school district necessitated by financial limitations imposed on the district and/or to reduce staff because of a lack of pupils.

Your proposed placement on unrequested leave of absence is not the result of the implementation of an education district agreement.

Under the provisions of the law, you are entitled to a hearing before the School Board provided that you make a request in writing within fourteen days after receipt of this notice. If no hearing is requested within such period, it shall be deemed acquiescence by you to the School Board's proposed action.

Yours very truly

SCHOOL BOARD OF
INDEPENDENT SCHOOL DISTRICT NO. 533

Daniel A. Johnson
Clerk of the School Board

Member Dan Johnson introduced the following resolution and moved its adoption, which motion was seconded by Member Julie Austinson:

RESOLUTION AUTHORIZING ENTRY INTO JOINT POWERS AGREEMENT IN THE FORM OF A DECLARATION OF TRUST ESTABLISHING THE "MN TRUST" AND AUTHORIZING PARTICIPATION THEREIN

WHEREAS, Minnesota governmental units may invest their monies and enter into contracts and agreements as authorized by Minnesota Statutes, Section 118A.04 and Section 118A.05; and

WHEREAS, Minnesota Statutes, Section 471.59 (the Joint Powers Act) provides among other things that governmental units, by agreement entered into through action of their governing bodies, may jointly or cooperatively exercise any power common to the contracting parties; and

WHEREAS, MN Trust (the Fund) was established for the purpose of joint investment of governmental units' moneys so as to enhance the investment earnings accruing to each of the governmental units pursuant to the Joint Powers Act by adoption of a joint powers agreement in the form of a Declaration of Trust by Independent School District No. 192 (Farmington) and Independent School District No. 241 (Albert Lea) acting as the initial participants thereof, and further, by filing the executed Declaration of Trust with the Minnesota Secretary of State pursuant to Minnesota Statutes, Chapter 318; and

WHEREAS, the Declaration of Trust authorizes governmental units of the State of Minnesota, including, and without limitation, any city, county, town, school district, and any other political subdivision or agency of the State of Minnesota, and including any instrumentality of a governmental unit, all as defined in the Joint Powers Act, to adopt and enter into the Declaration of Trust and become Fund participants (the Participants); and

WHEREAS, the Declaration of Trust and Information Statement, describing and summarizing certain details with respect to the Fund, have been presented to this School Board (the Board); and

WHEREAS, the Fund is governed by a Board of Trustees (the Trustees) in accordance with the terms of the Declaration of Trust; and

WHEREAS, the Board deems it advisable for Independent School District No. 533 (Dover-Eyota), Minnesota (the District) to adopt and enter into that certain Declaration of Trust, as amended, dated June 28, 2006, (the Declaration of Trust) in order to become Participants; and

WHEREAS, the Board deems it advisable for the District to make use from time to time, in the discretion of its officials, of the Fund's fixed income investment program and other Fund programs available to Participants; and

WHEREAS, the Board deems it advisable for the District to make use from time to time the services provided by PMA Financial Network, Inc., PMA Securities, Inc., Prudent

Man Advisors, Inc., and Associated Bank, National Association and Associated Trust Company, National Association, and/or their affiliates and successors, in connection with the District's utilization of the Fund.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

Section 1. The District shall adopt and enter into the Declaration of Trust, which is adopted by reference herein with the same effect as if it had been set out verbatim in this Resolution, and thereby become a Participant in the Fund. A copy of the Declaration of Trust shall be filed in the minutes of the meeting at which this Resolution was adopted. The Chair and the Clerk of the Board, being the officers charged with the responsibility for executing documents, are authorized to take such actions and execute any and all such documents as they may deem necessary and appropriate to effectuate the entry of the District into the Declaration of Trust and to utilize Fund programs and services through PMA Financial Network, Inc., PMA Securities, Inc., Prudent Man Advisors Inc., and Associated Bank.

Section 2. The District and those acting on its behalf are hereby authorized to invest its available moneys, not presently needed for other purposes or restricted for other purposes, from time to time and to withdraw such moneys from time to time in accordance with the provisions of the Declaration of Trust including investment through the Fund programs and other Fund services offered through PMA Financial Network, Inc. PMA Securities, Inc., Prudent Man Advisors, Inc, and Associated Bank. The following officers and officials of the District, and their respective successors in each office, are hereby designated as Authorized Officials (the Authorized Officials) with full power and authority to effectuate the investment and withdrawal of moneys of District from time to time in accordance with the Declaration of Trust, pursuant to the Fund's fixed income investment program and other Fund services available to Participants:

Bruce Klaehn, Superintendent

Print Name/Title



Signature

Gary Betcher, Business Manager

Print Name/Title



Signature

Ron Pagel, Chair

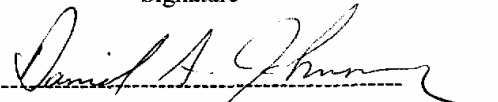
Print Name/Title



Signature

David A. Johnson, Clerk

Print Name/Title



Signature

The District's Superintendent shall advise the Fund of any changes in Authorized Officials in accordance with the procedures established by the Trustees.

Section 3. The Trustees are hereby designated as having official custody of the District's moneys that are directed to be invested in accordance with the Declaration of Trust.

Section 4. Authorization is hereby given for members of the Board and officials of this District to serve as Trustees from time to time if selected as such pursuant to the provisions of the Declaration of Trust.

Section 5. Authorization is hereby given, until further notice, for the [Director of Finance] to act as a representative and take action on behalf of the District as a Participant in the Fund.

Section 6. The District may open depository accounts, enter into wire transfer agreements, safekeeping agreements, collateral agreements, third party surety agreements securing deposits, and lockbox agreements with institutions participating in Fund programs including Associated Bank, its successor, or Fund programs of PMA Financial Network, Inc., PMA Securities, Inc., and Prudent Man Advisors, Inc. and that these institutions shall be deemed eligible depositories pursuant to Minnesota Statutes, Section 118A.02. PMA Financial Network, Inc. and/or PMA Securities, Inc. are authorized to act on behalf of the District as agent with respect to such Fund accounts and agreements.

Section 7. Financial institutions which qualify as depositories under Minnesota law and are included on a list approved and maintained for such purpose by the Fund's Administrator are hereby designated as depositories of the District pursuant to Minnesota Statutes, Section 118A.02 and moneys of the District may be deposited therein, from time to time in the discretion of the Authorized Officials, pursuant to the fixed income investment program available to Participants.

Upon vote being taken thereon, the following voted in favor thereof:

Gene Loftus, Dan Johnson, Ron Pagel and Julie Austinson

and the following voted against the same:

Gary Pedersen, Molly Rieke and Don Andring

whereupon the resolution was declared duly passed and adopted. (4 4 3)