

DRAFT Governing Board Meeting Minutes

AMPHITHEATER PUBLIC SCHOOLS Tucson, Arizona

MINUTES OF REGULAR PUBLIC MEETING OF THE GOVERNING BOARD

Place, Date and Time of Meeting

Wetmore Center, 701 West Wetmore Road, August 10, 2010, 7:00 p.m.

Board Members Present

Mr. Jeff Grant, President
Mrs. Diana Boros, Vice President
Dr. Kent Paul Barrabee, Member
Mrs. Patricia Clymer, Member
Dr. Linda Loomis, Member

Central Administrators Present

Todd A. Jaeger, J.D., Associate to Superintendent and General Counsel
Mr. Patrick Nelson, Associate Superintendent
Mr. Scott Little, Chief Financial Officer

Central Administrators Absent

Dr. Vicki McLeod Balentine, Superintendent

OPENING OF MEETING

Call to Order and Signing of Visitors' Register

Mr. Grant called the meeting to order at 7:03 p.m. and asked members of the audience to sign the visitors' register. Procedures for addressing the Board were described.

Pledge of Allegiance

Mr. Grant led the Pledge of Allegiance.

Announcement of Date and Place of Next Special Governing Board Meeting

Mr. Grant announced the next special meeting of the Governing Board:
Tuesday, August 24, 2010, 2010, 6:00 p.m., Wetmore Center, 701 W. Wetmore Road.

PUBLIC COMMENT

Mr. John Fife, President, AmphiEA, addressed the Governing Board and expressed appreciation to the Board and Administration for the swift response in the scheduling of Meet and Confer discussions; two meetings have been scheduled – September 4th and 14th. Additionally, he expressed support by the Association in the anticipated approval by the Board of the upcoming agenda item – the reinstatement of the 2011 Teaching and Learning conference.

1. INFORMATION AND RECOGNITION(S)

A. Status of Bond Projects

Mr. Christopher Louth, Bonds Project Manager, was introduced to present this month's status update on the current Bond-funded Projects (as provided with Board book materials). Photos were displayed of these projects. He noted that the reporting format is listed within the five categories as identified by the Blue Ribbon Committee as areas of need.

[A Bond-election initiative to fund capital improvement projects was voter-passed on November 6, 2007; this is the monthly update, which began at the 12/11/07 Governing Board meeting].

I. Health, Safety, and Security:

A. Facility Support Services Center: Construction is 8% complete. Site prep for the new FSS campus at Wetmore Center has started. Over excavation is complete. Building pad and site excavation is under way. Water and electric service feeds are installed.

II. Instructional Space / Portable Replacement

A. Ironwood Ridge High School Classroom Addition: Construction is 42% complete. Exterior wall, interior wall, and roof framing are complete. Roof deck and built up roof are installed. Fire proofing and interior rough MP&E (mechanical, electrical, and plumbing) are in process. Project is currently on schedule and on budget.

B. Coronado K-8 Classroom, Kitchen, and Fine Arts Addition / Remodel: Construction is 32% complete. Paving of the new bus loop, new parent pickup lane, parking lot, and new Wilds Rd. turn lane is complete. Elementary pod classroom air wall replacement is complete. Restroom remodel is complete. Onsite underground utility installation and new IDF (intermediate distribution frame) rooms are 90% complete. Kitchen and classroom building pads and footers are complete and underground mechanical and electrical rough in is ongoing. Project is approximately three weeks behind schedule due to the complexity of the scope of work, weather, and delays caused by one subcontractor. The design team and general contractor are working with this sub to develop strategies to avoid future delays. Project is on budget.

C. Rillito Center Addition: Construction documents for the Rillito Center addition have been through first review at the city. All building department comments have been addressed and resubmitted for approval. Site demolition is complete and portable 3–4, portable 7-8, and the Amphi Middle School weight room will be demolished 8/11/10 through 8/13/10 (this week). The AMS weight room has been relocated to the AMS campus. Actual building construction will begin once final plan approval is received.

D. CDO Theater Sound, Lighting, and Theater Updates: Construction documents for the theater upgrades have been approved for construction by Oro Valley Building Safety Department. Amphi's CM @ Risk general contractor partner, Concord Construction, has prepared a GMP (guaranteed maximum price), which is on tonight's consent agenda for Governing Board approval.

E. Nash Elementary Classroom Addition: Programming of the classroom addition at Nash Elementary is continuing with Swaim and Associates Architecture, CORE Construction, the bond department, and Nash Elementary Principal, Bob Hehli.

F. Walker Elementary Classroom Addition: Programming of the classroom addition and kitchen remodel at Walker Elementary is continuing with Swaim and Associates Architecture, CORE Construction, the bond department, and Walker Elementary Principal, Jon Lansa.

Dr. Barrabee inquired about possible corrective measures in addressing the limited parking capacity at Coronado K-8 School. Mr. Louth described corrective measures in the design plans that will allay parking, loading and unloading of busses, and a newly-created turn-around zone for parent pick up. Mr. Doug Aho, Executive Manager, Operational Support, added that child safety is of highest priority; design plans to accommodate the need for parent access/student drop-off and pick-up was critical. Parent literature is being provided to explain the new plans and procedures being implemented. Mrs. Boros recommended bidding the assistance of the sheriff's department during the initial transition period at the beginning of school.

Dr. Barrabee inquired about the expected completion date for renovations at Canyon del Oro High School. Mr. Louth stated that although plans originally had scheduled completion for November of 2010, some delays have occurred and completion may take until mid-January. Diligent attention is being dedicated to the completion of the new theater; he cited an example regarding alloy seating, which is expected to improve acoustics.

In response to an inquiry by Mrs. Boros, Mr. Louth provided clarification about the use of portables at Rillito and Amphitheater Middle School.

B. Review of 2010-2011 Budget Reductions

Board Book information:

School Site Capital Budgets

One of the most significant budget cuts for the 2010-2011 fiscal year is the estimated 85.3% reduction to the Soft Capital funding formula. This cut represents the loss of \$2,811,536 and resulted in the elimination of all Soft Capital funds to the school sites. Using a combination of savings in other projects and Capital Outlay Revenue Limit (CORL) funds transfer in Budget Revision #4 (2009-2010 Fiscal Year) we have the ability to provide funding to the school sites at 50% of the Non-Staffing formula. This distribution has been placed on the Consent Agenda for the Governing Board's consideration and action.

Bond Ratings

In July, Moody's Investors Service downgraded Arizona on worries about the state's tightening liquidity. In addition, it cited the sizable budget deficits, depleted reserves, reliance on one-time budget solutions and the two-thirds requirement for increasing taxes. This reduction in rating was the second downgrade since December 2009. On July 19th, Moody's Investors Service began a review of Amphitheater's bond ratings. The district participated in several conference calls with Moody's in addition to responding to several requests for information. On July 28th we were notified that they are holding our bond rating constant and will reconsider the rating within a year.

Tax Rates

The District is scheduled to work with Pima County on Friday, August 6, to set the 2010-2011 tax rates. This information should be available for presentation at the Governing Board meeting.

State Fiscal Stabilization Fund

I indicated during the presentation of the 2010-2011 Proposed Budget that Arizona had exhausted all of the Stimulus Backfill funds during the 2009-2010 fiscal year. Recently, the state notified school districts that a small amount of funds remained that must be spent by September of 2010. Amphitheater will be receiving \$457,983.75. The receipt of these funds reduces the state's obligation to pay equalization funds out the state general funds and does not result in any increase to the (District) budget.

State Equalization

The state has paid the district for one month of the three months of equalization payments that it still owes the district from the 2009-2010 budget year. The remaining payments are expected by the end of August and total approximately \$8,000,000. In addition, the state has notified school districts that the three months of payments that are being deferred into 2011-2012 will not be the last three payments of the year, which will increase the cash flow issues for school districts. It is anticipated that they will begin the deferral with the September and November payments and the third payment would be determined in November.

Mr. Little reviewed the board book materials, noting that the request for approval of the soft capital allocation for 2010-2011 is on tonight's consent agenda (Item K).

Mr. Little provided an overview of Amphitheater's 2010-2011 property tax rates.

[This PowerPoint presentation will also be available for review on the District's website:

<http://www.amphi.com/files/0267952EA94640AEBABAB82B2357179.pdf>]

Tax rates are presented at a rate/ per \$100 of assessed valuation. All properties have two values: Full cash value, or secondary value = approaching Market Value; and the Primary Value, or limited values = limitations on the amount that the property's value can adjust during an established time period. Primary taxes are controlled by local governing boards; the Secondary taxes are those approved by voters (overrides, bonds, etc.). The combined (primary + secondary) tax rate for the District increased some 9.54%, or approximately .44 cents per \$100 assessed valuation. He described concerns about the possible misconception by some that the District has increased its budget requiring a raise in tax rates; the reality is that the District's budget is less this year than last. He cited three examples explaining why the primary tax rates have increased at a time when budgets are decreasing: 1) confiscation of school district cash balances by the Legislature – eliminating the State's payment of equalization funding to school districts maintaining a cash balance in an effort to balance the State's budgets); 2) shifts in costs from the State to local taxpayers; and 3) delinquent tax implications (all uncollected taxes from one year are added to the tax levy in the following year). Additionally, the Legislature shifted \$70 million of the

state's school finance responsibility onto homeowners by limiting a 'homeowner rebate' program thus adding another tax hike expected to impact Amphitheater homeowners some \$18. per \$100K, and without providing any funding to the school district.

Mr. Little anticipates that tax bills will be mailed out to District homeowners, perhaps as soon as late September. It is hoped that the community is informed about the circumstances surrounding the impending tax burden and understand the basis for these conditions is outside of the District's control.

Dr. Barrabee suggested that it might be of great service to the community if the story was reported by representatives of the local media present at this meeting, if only a statement in the newspaper advising homeowners that "just because taxes are going up does not mean that District budgets have increased."

Additionally, Dr. Barrabee inquired about what was sacrificed to accommodate this shifting of monies to soft capital (from one account to another)? Mr. Little responded that a combination of funding transfers was used; the District's contingency fund was one such fund that was surrendered. Contingency monies are used for emergency building systems' repair projects (roof leaks, etc.). The soft capital funds re-directed to school sites are to be used for textbooks, library books, furniture/equipment, and athletic equipment. He added that it is important to note that in 2008-2009, the District received its full \$3 million soft capital allocation, in 2009-2010, it was reduced to \$912K, and this year, the allocation funding has been reduced again to \$528K.

Dr. Barrabee stated that he is upset by the Legislature's action to raid school district cash balances – they have removed the District's ability for responsible planning.

Dr. Barrabee suggested that Mr. Little assist the community in the readability of the presentation materials by providing definitions for the tax rate terms (limited, primary, secondary, etc.). contained in the presentation materials to assist in the readability by the community.

Dr. Loomis commended Mr. Little for the information contained in the materials. She recommended pursuing community involvement; enlisting a variety of groups such as Rotary, the Foundation, parent groups, etc. Mr. Little noted that District staff initiated a "School Finance University" program last year; community members were invited to learn more about Arizona school funding. Staff will be scheduling additional programs, possibly in September.

Mr. Little responded to an inquiry by Mrs. Clymer regarding Federal stimulus backfill monies; restrictions on back-fill monies limit the State from cutting funding below the 2006 levels. These federal dollars were strictly intended to assist state general funds; simply putting federal dollars in place of dollars owed local school districts by the state, and does not result in any increase to the (District) budget.

2. CONSENT AGENDA

Mr. Grant asked if there were Board member requests to have items addressed separately; Dr. Barrabee requested that Item P be heard separately. A motion was made by Dr. Loomis to approve consent agenda items A - O and Q. The motion was seconded by Mrs. Boros and passed unanimously, 5-0. Appointment of personnel is effective, provided all district, state, and federal requirements are met. (See detail related to Item O below.)

A. Approval of Minutes

The minutes of the July 1, 2010 Regular Governing Board and of the August 3, 2010 Special Governing Board meetings were approved, as submitted.

B. Appointment of Personnel

Certified and classified personnel were appointed, as listed in Exhibit 1.

C. Personnel Changes

Certified and classified personnel were appointed, as listed in Exhibit 2.

D. Leave(s) of Absence

Leave of Absence requests were approved for certified and classified personnel, as listed in Exhibit 3.

E. Separation(s) and Termination(s)

Certified and classified personnel separations were approved, as listed in Exhibit 4.

F. Approval of Vouchers Totaling and Not Exceeding Approximately \$1,081,113.99 (Final Total)

A copy of vouchers for goods and services received by the Amphitheater Schools and recommended for payment has been provided to the Governing Board. The following vouchers were approved as presented and payment authorized:

2009-2010 Fiscal Year Encumbrances

Vo. 935 enc	\$ 46,295.87	Vo. 936 enc	\$ 49,111.67	Vo. 937 enc	\$52,351.21
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2010-2011 Fiscal Year Encumbrances

Vo. 110	\$802,839.15	Vo. 111	\$118,001.65	Vo. 112	\$12,514.44
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G. Acceptance of Gifts

Donations were accepted by the Governing Board, as listed in Exhibit 5.

H. Approval of Protocols for Distribution of Glenda J. Schottenstein Trust Proceeds

Board Book information: *As the Board was advised in January of this year, the District was named as a residual beneficiary in will and trust documents of Glenda J. Schottenstein, a Tucson resident who was described by Northern Trust as “an investor.” (Northern Trust is the Personal Representative and Trustee for the estate.)*

As the Board will recall, Ms. Schottenstein’s wishes were that funds received by the District from her estate were to be distributed to the following schools: 1) Amphitheater Middle; 2) Prince Elementary; 3) Holaway Elementary; 4) Keeling Elementary; 5) Nash Elementary; 6) Rio Vista Elementary; and, 7) Coronado Elementary.

Funds received by each school are to be used by these schools for specific purposes: 50% for school clothing and shoes for “needy children” and 50% for the funding of art projects and field trips.

A substantial portion of the estate has now been received by the District and is described within this agenda’s consent items (Acceptance of Gifts and Donations). The funds received are substantial in amount, and additional funds are still forthcoming, after the liquidation of real estate holdings. Ms. Schottenstein’s generous gift has the potential to benefit thousands of children for many years to come – if proper protocols are developed for distribution of the funds over time.

Notably, Arizona law does not permit the District to manage its own funds for investment purposes. Such management is handled by the County Treasurer, who is duty bound to avoid risk. Accordingly, investment return (interest) on a donation like Ms. Schottenstein is minimal; any significant return is largely attributable to the size of the initial gift, rather than the return.

Thus, preservation of the principal gift amount for as long as possible is the primary means by which the life of the gift and the benefits it provides will be extended. To ensure maximum benefit from the Schottenstein gift, while at the same time providing benefits to the children, Ms. Schottenstein intended to touch through her kindness, the following protocol is proposed:

Protocol for Annual Disbursements Glenda J. Schottenstein Trust Funds

Disbursement Rules	Illustration
<i>1. Annually, a calculation of five percent of the funds available will be made and that amount will be available for disbursement.</i>	<i>Assuming a \$600,000 initial balance, total funds available for initial disbursement this fiscal year would be \$30,000 for all 7 schools.</i>
<i>2. Annually, a calculation of the estimated total student enrollment (FTE) at the seven benefited</i>	<i>For the 10-11 fiscal year, the estimated FTE for the seven schools (combined) is: 4,213.</i>

<i>schools will be made prior to the beginning of the each school year.</i>	
<i>3. The amount of funds available for annual disbursement is divided by the total FTE at all seven to determine a per student FTE allocation amount. This will ensure fair and equivalent distribution of the funds.</i>	<i>600,000 / 4,213 = \$7.12 per FTE</i>
<i>4. The per student allocation amount is multiplied by each school's individual FTE estimate to determine the school's portion of the annual disbursement.</i>	<i>Example: Coronado K-8 1,083 FTE x \$7.12 = \$7710.96</i>
<i>5. Total annual disbursement amount is divided by 2 to determine specific allocations for Art Projects/Field Trips and Clothing for Children, as Ms. Schottenstein directed.</i>	<i>Example: Coronado K-8 \$7710.96 / 2 = \$ 3855.48 in available funds for Coronado, for each specified purpose for the fiscal year.</i>
<i>6. Funds allocated through the preceding protocol would be maintained by the District's Finance Department in clearly delineated and separate accounts which will be supervised to ensure funds are used for the directed purposes. Funds not used by a school for the stated purpose within the fiscal year will remain in the schools account for future use, allowing accumulation for larger products.</i>	
<i>7. An annual report detailing disbursements and uses of the funds by the benefited schools will be submitted to the Governing Board for review.</i>	

The Governing Board approved the protocols, as presented by administration, to govern annual disbursements of the Glenda J. Schottenstein Trust Funds.

I. Receipt of May 2010 Report on School Auxiliary and Club Balances

Board Book information: *Arizona Revised Statutes §15-1121 and 15-1125 provide for the operation of Student Activity and Auxiliary Operations funds, respectively. The Uniform System of Financial Records for Arizona School Districts (USFR) outlines procedures to be followed by school districts in the disbursements of monies from either of these funds. One requirement for the operational compliance is to provide a report to the Governing Board summarizing the transactions for the month.*

The Governing Board received the Monthly Report on School Auxiliary and Club Balances for month-end May 2010, as submitted (Exhibit 6, pp. 1-8).

J. Approval of Parent Support Organizations (for) 2010-2011

The Governing Board approved the Annual Application for Governing Board Approval (Parent Support Organizations pursuant to District Policy KBE-R) submitted by: Ironwood Ridge High School Football Boosters; Amphi Baseball Booster Club; Amphi Volleyball Boosters; and, Nighthawk Parent Organization.

K. Approval of Soft Capital Allocation for 2010-2011

Board Book information: *One of the most significant budget cuts for the 2010-2011 fiscal year is the estimated 85.3% reduction to the Soft Capital funding formula. This cut represents the loss of \$2,811,536 and resulted in the elimination of all Soft Capital funds to school sites. Using a combination of savings in other projects and Capital Outlay Revenue Limit (CORL) funds transfer in Budget Revision #4 (2009-2010 Fiscal Year), we have the ability to provide funding to the school sites at 50% of the Non-Staffing formula.*

Non-Staffing Soft Capital Budget Formula

<u>High Schools</u>	Full Rate*	50% rate
Furniture and Equipment (per student FTE)	\$21.85	\$10.93
Textbooks (per student heads)	\$66.00	\$33.00
Textbook Adoption (per student FTE)	\$7.15	\$3.58
Library Books (per student FTE)	\$14.00	\$7.00
Athletic Equipment (flat rate)	\$37.120	\$18.560.00

<u>Middle Schools</u>	Full Rate*	50% rate
Furniture and Equipment (per student FTE)	\$13.65	\$6.83
Textbooks (heads)	\$39.60	\$19.80
Textbook (per student FTE)	\$14.30	\$7.15
Library Books (per student FTE)	\$14.00	\$7.00
Athletic Equipment (flat rate)	\$9,180	\$4.590.00

<u>Elementary Schools</u>	Full Rate*	50% rate
Furniture and Equipment (per student FTE)	\$13.65	\$6.83
Textbooks (per student heads)	\$39.60	\$19.80
Textbook Adoption (per student FTE)	\$14.30	\$7.15
Library Books (per student FTE)	\$14.00	\$7.00

* Last used during 2008-2009 prior to mid-year budget cut from the Legislature.

The Governing Board approved the Non-Staffing Soft Capital Budget Formula, as presented by administration, for 2010-2011 at 50 percent of the normal formula.

L. Approval to Participate in the State of Arizona Surplus Property Program

Board Book information: *The State of Arizona Surplus Property Management Office allows Agencies of the State of Arizona to participate in their Surplus Property Disposal Program. Participants receive notice of equipment available through the Surplus Shopper and the AD aT Vehicle Sales Program. The Arizona Surplus Property Management Office requires a designated representative to execute the State Agency Distribution Document to include the authority to obligate funds for the purchase of government surplus property. The Superintendent and their authorized designee shall have such authority.*

The Governing Board approved the District's participation in the State of Arizona Surplus Property Program and authorized the Superintendent, and/or designee, the authority to purchase government surplus property.

M. Approval to Recycle Surplus Computer Hardware

The Governing Board approved the disposal of surplus computers, monitors, printers, copiers, and switches through E-Waste Harvesters, as submitted.

N. Approval of Disposal of Surplus Property via PublicSurplus.Com

The Governing Board approved the disposal of surplus property via PublicSurplus.Com, an online competitive auction, as submitted.

O. Award of Contract for Jumbo Roll Toilet Tissue Based Upon Responses to Request for Bid (RFB) 10-0003

Board Book information: *Request for Bid (RFB) 10-0003 was mailed to twenty-two (22) vendors providing jumbo roll toilet tissue supplies; 8 vendors responded with priced bids. [Board Book holders were provided with a spreadsheet of comparative data.]*

The Governing Board approved the award of contract for jumbo-roll toilet tissue to *Unisource* based upon response(s) to RFB 10-0003.

P. Approval of Out of State Travel

Dr. Barrabee inquired about account codes used in delineating incurred travel expenses. Following some discussion, staff offered to explore how the existing District travel request form may be modified to better define and identify the fund and object codes used to charge back travel expenses.

[The Chart of Accounts used by District staff is available for perusal on the District's website:
(<http://www.amphi.com/departments/finance/files/64E32C44D683473F9AB7B350951C1BDC.pdf>)]

Dr. Barrabee moved to approved out of state travel, as submitted. The motion was seconded and passed, unanimously, 5-0.

Out of state travel was approved for students and staff (source of funding indicated): from Canyon del Oro High School to take 13 students to Las Vegas, Nevada, August 31-September 3, 2010 (tax credits, student activity funds, and CTE funds).

Out of state travel was approved for staff (source of funding indicated): from the District Offices to attend the Annual AGRIP (Association of Government Risk Insurance Pools) Governance and Leading Conference in Nashville, Tennessee, October 18-20, 2010 (no cost).

Q. Approval of Bond-Related Projects

1. Approval of Guaranteed Maximum Price (GMP) for Renovation of Canyon del Oro High School Auditorium

The Governing Board approved the Award of GMP contract to *Concord Construction* for renovations to the CDO Auditorium, Stage, Sound system, Lighting system, and Equipment in the amount of \$1,497,000.00, as submitted (Exhibit 7, pp. 1-2)

3. STUDY/ACTION

A. Reinstatement of the 2011 Teaching and Learning Conference

Board Book information: *During the budget reduction process, many programs paid with grant funding were suspended. One such program was the Teaching and Learning Conference. At the conclusion of this past year's conference, many teachers asked the District to reinstate this conference due to its perceived value to our staff and the fact that it is funded with Title II grant funds. This agenda item is provided to allow the Board to consider this request.*

Mr. Nelson provided an overview of the conference and noted that feedback received by presenters and attendees of its perceived national-level conference standing. Through the years, attendance has been sold out to in- and out-of-district teachers. This is considered a highly-successful conference and has been credited as integral to student achievement. The costs of the conference are funded through federal Title II monies.

Board members spoke to the benefits of the conference. It was noted that Board support of the conference should not be misunderstood in the wake of cautious spending due to budget cuts. This is not a frill but weighing the factors – no cost to the District due to Title II funding; the focus on effective instructional strategies; and, the evidence of student achievement – the District supports quality professional development and does so of this program.

A motion was made by Dr. Barrabee to approve reinstatement of the 2010-2011 Teaching and Learning Conference. The motion was seconded by Mrs. Clymer and it passed, unanimously, 5-0.

BOARD MEMBER REQUESTS FOR FUTURE AGENDA ITEMS

There were no Board Member requests.

PUBLIC COMMENT

There were no public comments.

ADJOURNMENT

A motion was made by Mrs. Boros that the Board Meeting be adjourned; Mrs. Clymer seconded the motion; and it passed unanimously, 5-0. Mr. Grant declared the meeting was adjourned; the time was approximately 8:16 p.m.

Respectfully submitted,
Margaret Harris

Mr. Jeff Grant, President

Date