Southern Minnesota Education Consortium #6083
REGULAR BOARD MEETING MINUTES
WEDNESDAY, MARCH 30, 2022, 6:30PM
SMEC ED CENTER, 21697 HWY 56 AUSTIN, MN 55912

The regular meeting of the Board of Southern Minnesota Education Consortium #6083 was called to order at 6:28PM by Board Chair Michelle Nelsen on March 30, 2022. Meeting attendees joined in person and via Zoom. The meeting opened with roll call and determination of quorum.

Board member in attendance via Zoom was Kyle Rader (KPS). Board members in attendance in person were Lisa Hajek (GE), Dan Geier (GM), Krista Pell (LY), Teresa Frazer (LO), and Michelle Nelsen (SL). Administration and staff in attendance were Executive Director Dan Armagost, Director Denise Kennedy, Administrative Assistant Ashley Rye, SMEC Business Manager John-Mark Dundas, and ALC Department Lead Kathy Piller. Absent from this meeting was Tricia Linn (AC).

No additions or changes to the March meeting agenda. Frazer motioned to approve the agenda, seconded by Geier. All were in favor by roll call, motion carried.

The January consent agenda consisted of the approval of the January organizational meeting minutes, January regular meeting minutes, and approval to grant authority to SMEC Business Manager John-Mark Dundas to make electronic fund transfers (EFT) and Automatic Clearing House (ACH) withdrawals, and to be a designated bank depositor. Motion to approve the consent agenda by Geier, seconded by Frazer. All were in favor by roll call, motion carried.

Committee Reports:

Building and Grounds – Rader reported that the committee met in February to discuss building plans and reviewing bids on for building a transportation garage. The committee was to meet with a contractor in March at the SMEC Ed Center to discuss building plans and for the contractor to perform a grounds assessment prior to providing a bid. The contractor meeting was canceled due to unforeseen circumstances and will be rescheduled.

Policies and Procedures – Frazer reported that the committee had a meeting on Tuesday, March 29th to create a plan for policy review. The committee plans to start with the 500 series, respectively. Armagost and Rye will review and make initial corrections with final review by the committee prior to bringing readings to the board. The timeline for reviewing and updating policies will be June through August.

Transportation – Armagost reported that four new vans have been purchased for the purpose of additional special education transportation across the consortium; the need for additional employees for transportation is in consideration. The committee is still waiting for a bid on a wheelchair van, which isn't anticipated to be received until late December.

Negotiations – Nelsen reported that administrative contracts were completed last year, nothing additional to report for administrative contracts. Armagost reported that hourly and contracted staff negotiations are completed, and master agreements have been approved by the Cabinet as of March 29th.

Executive Director Evaluation– Nelsen reported that the evaluation will follow MSBA recommendations. Armagost and Nelsen will work together on executive director goals for the start of the 2022-2023 school year. A mid-year evaluation of performance will be completed to determine progress, and a final evaluation will be completed in May/June of 2023 to determine performance for the school year. Evaluations will continue this cycle each school year.

New Business:

**indicates an action item*

A. *Establish Bond Payment Committed Fund*: Armagost explained that to keep member district payments consistent, Business Managers from member districts requested that all access fees and excess fund balance funds be put into a committed fund that would be utilized in 2026 to pay down the principal bond payment. Recommendation from the Business Managers followed an in-depth conversation with Baker-Tilly representatives to provide information on how to approach making payments toward the principal balance when SMEC has this option in 2026. Armagost explained the committed fund would comprise of access fee charges to districts outside of the Consortium, which fluctuates

annually based on students enrolled in SMEC programs from these districts. Funds exceeding the Board-approved fund balance would also be deposited into this committed fund. Armagost noted that this has fund has been approved at the Cabinet level.

Geier inquired if this committed fund complies with the Joint Powers Agreement. Armagost confirmed, noting that this had also been confirmed when inquired by Grand Meadow Superintendent Paul Besel at the Cabinet meeting, by Business Manager Dan Schroeder at the Business Managers meeting, and by Geier at the Grand Meadow School Board meeting. Armagost stated that the Joint Powers states that any revenue can be utilized for the bond payment. Geier noted that he is not arguing that point. Armagost asked Geier to clarify what he was asking. Geier referred to the fund balance language in the Joint Powers Agreement, including language that specifies funds to cover district membership fees and reduce special education costs to districts. Geier noted that the FY21 fund balance was set at 15%, but the 3% is based off the new fund balance of 20%, therefore the percentage should technically be more based on the FY21 fund balance. Geier inquired if the intent is for these funds to go back to reduce the member district membership fees and to the districts to reduce special education costs. Armagost stated that member districts have not had to pay membership fees in three years as those costs have been covered by revenue generated by SMEC. Armagost noted that the only funds that are not set aside to cover special education costs is the ALC restricted fund, as that money can only be used for ALC programming.

Armagost reviewed that revenue that comes to SMEC is to pay salaries. Bills that member districts pay right now are for services that the district specifically utilizes such as OT, PT, Speech, DHH, etc. Armagost also noted that federal funds are utilized to pay the Executive Director salary, to pay some of the Director's benefits, to purchase curriculum for all special education level 1, level 2, level 3, and level 4 programs, and to cover mileage reimbursements for SMEC staff to travel between districts, so districts are not billed these costs. State funding is utilized to cover general SMEC bills. Hajek inquired about what the term 'membership fees' entails for member districts. Armagost explained that SMEC used to only receive special education funding, which was restricted to paying certain types of expenses, and therefore member districts would have to be billed for any costs that were not able to be paid by special education revenue. Membership fees would be billed back to cover expenses such as legal fees, liability insurance, custodial costs, business manager costs, utilities, mowing, snow removal, audits, car insurance, and any non-special education costs associated with running SMEC. Armagost also shared that the costs incurred for level 3 programs are paid entirely by SMEC, including the salaries of the level 3 teachers and the costs of the materials, and that Grand Meadow does not pay for any level 3 costs because level 3 students are on SMEC MARRS, making them SMEC students. Armagost noted that once the SMEC building was completed, districts were no longer billed back for these operation costs as there is now gen ed revenue generated to cover these expenses. Armagost questioned why Grand Meadow would receive revenue for a SMEC student that attends a SMEC program housed in their building when the student is on SMEC MARRS, SMEC covers all the costs of the level 3 program, and SMEC provides the services to the student; none of this is the responsibility of the host district.

Nelsen followed up that regardless of if the revenue is paid out today or it is built up in a committed fund, that putting the money into a committed fund is still going back to the districts, just in a different way; the revenue would be deposited into a committed fund, which essentially acts as a savings, until the bond principal balance can be paid down in 2026. Nelsen noted that this will save districts from having to contribute to larger interest payments in the long run due to paying the bond off earlier than intended. Armagost agreed and stated that it's not a matter of the districts getting the money back, it's a matter of when.

Geier noted that if the money were to go back to districts now, it could be utilized for other expenses, such as a paraprofessional salary. Geier noted that the way funds are being utilized does not have to be changed now, but that the Joint Powers Agreement should be reviewed to determine the way it is written and find ways to be more specific on how funds are utilized. Pell sought clarification if Geier was referring to hiring a new paraprofessional in each district, and how would funds be divided to make it that equitable if that were the direction he preferred. Geier indicated that he was not sure how that would happen, and that there is so much he has yet to understand about special education funding. Pell inquired how divvying out the funds to districts to contribute to a salary for a new paraprofessional position would be any more favorable than allowing SMEC to utilize the funds to hire a SMEC-contracted para to take care of the students that SMEC agreed to care for. Geier shared that the points he is trying to make goes back to when the SMEC Ed Center was first built, and that the way Grand Meadow as told fund

disbursement would go versus the way it is going. Geier stated that it was understood that level 3 and 4 revenues would go back to the districts in some way to help pay down the bond. Armagost referred to a similar discussion during his audit presentation at the Grand Meadow board meeting last month, and that the intent is to use level 3 and 4 funds to pay down the bond. Armagost noted that there have been state funding formula changes, therefore there had to be a change to the original setup. Armagost referred to the Joint Powers Agreement and noted that the agreement was written to remain flexible in the case of the funding formula variations. Armagost referred to the conversation with the business managers and that although given options of how to allocate the revenue, the preference was still in establishing a committed fund versus receiving the funds back now. Armagost stated that although the general education revenue is not as large as thought, it is still enough funds to cover the basic utilities and day-to-day operations of the SMEC Ed Center, therefore not having to charge member districts to cover those costs. Armagost shared that if the fund balance continues to grow, it can then go toward the bond payment to get it paid off earlier. Nelsen also stated that its important not to promise money to district until that bond is paid off, as it is unpredictable as to what that revenue will look like; establishing that fund will provide a cushion and ensure there are funds remaining to pay that bond off. Geier stated that he wanted to make sure everyone is on board with the committed fund and that it is still something he can support.

Pell inquired if the Joint Powers is something that can be opened and reviewed. Geier confirmed that the Joint Powers Agreement can be opened at any time. Armagost shared that he has a hard time opening the Joint Powers as it is a lengthy process, and it then requires review of additional items in the agreement and approval by all districts to put it back in to place. Armagost noted the lengthy process it was to establish the Joint Powers in place, and that it is something that can be reviewed again in the future, but the time is not now. Armagost referred to the strategic planning process that is coming this summer and the priority that takes over reviewing this document. Nelsen noted agreement that eventually this Joint Powers Agreement would be worth looking at, but not while SMEC is still in the growth phase. Armagost made the point that opening the Joint Powers Agreement and making revisions requires 100% approval from all member districts, and no steps can be taken forward until it is approved by all. Armagost proposed that notes continue to be written about potential discussion points for when the Joint Powers Agreement is ready to be opened for review and revision; Board members agreed.

Nelsen inquired if the board needs to take action to approve the committed fund. Armagost stated that this agenda item was placed as action in the case that the Cabinet could not come to a consensus, but the Cabinet was able to unanimously approve the committed fund; no Board action need to be taken at this time.

B. *Establish Board Member Mileage/Stipend Schedule**: Nelsen referenced the board meeting stipend and mileage reimbursement as approved at the January organizational meeting. Nelsen proposed that those who would like to receive this stipend and mileage reimbursement would submit for this payment twice per year – June and December. Rye confirmed that a form could be created to document the meetings and would send a remind to submit these to the SMEC office prior to the deadline. Dundas confirmed that all members are required to submit SMEC new hire forms to be put on payroll, and payments would be distributed in June and December. Reimbursements would be voluntary. Motion by Hajek, seconded by Pell to establish a stipend pay schedule of twice per year. All were in favor, motion carried.

Old Business:

**indicates an action item*

A. *MSBA Strategic Planning Update*: Armagost stated that Gail Gilman from MSBA will be sending out surveys to stakeholders in April for review to start the strategic planning process. May 25th will be the listening sessions, which corresponds with the next Board meeting, so she will attend the meeting to complete this. Armagost noted that he also intends to hold a meeting with the Admin Council and teachers/staff that day to complete these sessions. Armagost also intends to have students and parents attend after the school day on May 25th to complete their sessions. The remainder of the work will take place with the Board and Cabinet over the summer months, which will include looking at the Joint Powers Agreement. Nelsen requested to have scheduled the remaining summer sessions at the next Board meeting with Gilman as well so all can plan; Armagost confirmed. Armagost stated preference for having the plan ready to go in August for the beginning of the school year. Pell inquired if there were any additional stakeholders to attend the work sessions, Armagost confirmed this would be Cabinet and Board members.

B. *SMEC Business Manager Update*: SMEC Business Manager John-Mark Dundas introduced himself and listed his experience in the accounting and school finance fields. Dundas noted his extensive experience as an auditor in previous employment. Dundas noted that right now he is working on a revised budget while simultaneously ensuring that billing is accurate amongst districts.

C. *SMEC Committees/Additional Appointments*: Nelsen noted that most committees are full but noted that members who were absent from the organizational meeting should have a chance to join a committee. Pell noted interest in joining the Building and Grounds and Transportation committees. No other discussion.

Director Report – Denise Kennedy

A. *SPED Complaint:* Kennedy provided information on a recent MDE complaint. Kennedy shared that the complaint consistent of 2 parts: visual schedules and paraprofessional support in the lunchroom. The first complaint was filed as the parent did not feel that the district was utilizing visual schedules as indicated in the IEP. The second complaint was regarding a student's food program and that the parent felt this needed to be included in the IEP. Kennedy noted that the parent agreed to attend mediation with the district; mediation went well, and the parent was understanding of why the food plan was not on the IEP and the progression of visual schedules as students age. MDE determined that SMEC is not in violation.

   Conversations in mediation resulted in the review of MSBA policy 535 Service Animals. This policy does not have specific expectations listed for a service animal handler. SMEC has drafted service animal handler expectations to add to the policy, with a form for handler signature agreeing to these expectations prior to handling the service animal within the school. This policy will be presented to the Cabinet to encourage all members to adopt this portion of the policy as well, so it is consistent amongst districts. Kennedy noted that the handler expectations would be added to the MSBA 535 Service Animal policy for SMEC, and then member district boards would be responsible for the amendment to their policy to ensure language is consistent. Armagost noted that the purpose of the handler expectations being listed is to protect confidentiality and the privacy of the students, as well as the working environment of the students and the teachers.

B. *SMEC Academy*: Registrations have been sent out to families, almost 30 registrations have come through in less than 24 hours. Kennedy praised teachers for the creativity put into classes each summer.

C. *ESY*: Kennedy noted she is working on getting ESY student registrations and staffing ESY locations. ESY is 3 weeks in July. Pell inquired what ESY stands for, and Kennedy confirm it stands for "Extended School Year". Kennedy shared that ESY is utilized by students on IEPs that qualify for the service, with intent to retain skills over the summer. For students that don't qualify for ESY or are not in special education, SMEC Academy is developed.

D. *Staff Development*: Summer staff development is being scheduled. Kennedy shared that the focus will be mental health and crisis intervention this summer. Kennedy plans to get the summer staff development schedule out by the end of April so staff can plan for important dates. Staff development is unique to each department.

E. *Staff Projections*: Staff projections are broken down by district and SMEC program, these have been communicated to the Cabinet, administrators, and Business Managers.

Executive Director Report – Dan Armagost

A. *Next Step Building Update*: A building in Alden has been the most ideal location to host the Next Step transition program next year. Although most landlords look to sign extended leases, the owner of this building prefers a shorter lease in the case that there is an opportunity to sell the building. Armagost shared that the building requires minimal changes to the building to fit the need. Armagost noted that SMEC will be looking at options for leasing and/or purchasing the building and will share updates as they become available.

B. *Teacher Contracts*: Information previously mentioned in the meeting, no additional report.

C. *Communication with Districts*: Armagost inquired about what information the Board shares with their district and how they share information. Meeting minutes from the Board, Cabinet, and Business Manager meetings are currently emailed to all three groups and Armagost emails a monthly memo to the Board to share SMEC updates. Armagost inquired how and if this information is being shared with the rest of the member district school boards.

Frazer (L-O) shared that she gives a brief report of SMEC updates at board meetings, but only touches on the big points.

Nelsen (SL) shared that she provides updates as needed, but that board members will approach her with questions. Nelsen noted that she does not want it to feel as though SMEC is being micromanaged. Nelsen reported that Southland's biggest focus is that everything is going well financially, and that Armagost's audit presentation is typically what Southland focuses on.

Rader (KPS) shared that he provides SMEC updates during the committee reports at meetings and any additional information is shared as needed. Rader noted that the first meeting of the month is usually more comprehensive, and then any small updates are provided at the second meeting. Updates are also provided as committees meet.

Geier (GM) shared that the monthly memo is shared with the board, and information is otherwise shared similarly to Southland on an as needed or inquiry basis. Geier stated that a SMEC report is not currently part of the committee reports section of the meeting agenda.

Pell (LY) forwardly the monthly memo to board members, and then provides quick updates at meetings.

Armagost inquired if he should send the monthly memo to all member district board members to ensure all communication is the same amongst districts, and that important information is being shared. Pell noted that although it's a great idea, it's still the individual's responsibility to review the memo, which may not happen. Nelsen shared that it is the responsibility of the SMEC Board to report back to their districts. Armagost shared that he is always willing to visit when questions or concerns arise, and he would visit board meetings as requested.

Armagost shared the importance of referencing meeting minutes as it collectively presents the history of SMEC, how decisions are made, and how SMEC got to be where it is today. Geier noted that he is only on his second year of the board, and that COVID has thrown a wrench in grasping how SMEC works. Geier stated that encouraging conversation is a good process to have and that he hopes Armagost is not feeling attacked by GM with questions that arise. Armagost shared his concern for the number of times questions are repeated by Grand Meadow representatives in Board, Cabinet, and Business Manager meetings as well as at the Grand Meadow School Board meeting. Armagost noted that he felt as though the Grand Meadow School Board is not getting the entire story and that "whatever picture Dan is getting painted for him is not the correct one."

D. *District Cross-Subsidy Info*: District cross-subsidy refers to the money paid by member districts to cover unfunded special education costs. Special education is not 100% funded, but SMEC districts do very well compared to the rest of the state of Minnesota. SMEC districts utilize MREA cross-subsidies. Southland, Grand Meadow, and Glenville-Emmons were well below the average. LeRoy-Ostrander and Alden-Conger are within the average range. Lyle and Kingsland are above average.

E. *Level 3 Programs/Costs to Districts*: Armagost reiterated to the Board that districts do not incur expenses of the level 3 programs. SMEC covers the costs of all SMEC employees.

F. *ALC Update*: Armagost requested that ALC Department Lead Kathy Piller provide an ALC update. Piller shared that the greenhouse built by the ALC students is completed, and an electrician came to show students the electrical processes for wiring the greenhouse. May 6th is the Career Day at the Ed Center; all member district students are invited; various colleges and businesses will be present. The ALC is working on obtaining state approval to teach the classroom portion of drivers education classes. There are currently 47 after-school credit recovery students enrolled.

The ALC currently has six 6th-8th graders enrolled, and 48 9th-12th graders. This will increase by three in the next week. There is a waiting list of 6 students.

Armagost clarified that when students are referred from a SMEC district but have a different resident district, the bill goes to the resident district, not the referring district. Armagost shared that SMEC only bills the revenue that districts receive from the state for that student.

Piller shared that there are approximately 29-30 students graduating compared to 18 students in the 2020-2021 school year. This is the largest graduating class from the ALC to date. Eleven graduating students have already finished their coursework; three 2022 graduates did not graduate last year and returned this year and all three will have finished their courses by the end of the school year. Additionally, one graduate will receive his welding diploma from Riverland Community College before graduating from high school, three have completed the CNA course at Riverland and one has already passed her boards. SMEC is working on an official graduation commencement ceremony date and time; this is coordinated with the other school districts and is held during the day so graduates can celebrate with their ALC peers.

Summer credit recovery will take place in June and August at the SMEC Ed Center.

The next regular meeting of the SMEC Board is scheduled for Wednesday, May 25th, 2022, at 6:30PM at the SMEC Ed Center. The focus of the May regular meeting will be involvement in the strategic planning process.

No further board comments.

Hajek motioned to adjourn, seconded by Geier. All were in favor, motion carried. Meeting was adjourned at 8:04PM.

Respectfully submitted,
Ashley Rye, SMEC Administrative Assistant

Meeting Minutes Board Approved on 05/27/2022