

Board of Directors' Minutes – August 28, 2010

IASB Board of Directors' Meeting
 August 28, 2010
 Marriott Oak Brook Resort, Oak Brook, Illinois

Present:

Joseph Alesandrini	President.....	Pekin
Carolyn Brooks	Vice President	Noble
Mark C. Metzger	Immediate Past President.....	Aurora
Dane Tippett.....	Treasurer/Southwest	Troy
Ben Andersen.....	Northwest Division	East Dubuque
Tim Blair.....	Wabash Valley	Casey
Karen Carney	Kishwaukee.....	Bartlett
Tom Cunningham	South Cook.....	Orland Park
Roger Edgecombe.....	Abe Lincoln	Maroa
Karen Fisher.....	Starved Rock.....	Marseilles
Bob Friend (<i>Representative</i>)	DuPage.....	Lombard
Dale Hansen	Three Rivers.....	Grant Park
Mark Harms	Corn Belt.....	Flanagan
Felton Jose	Kaskaskia	Salem
Sue McCance	Western	Cuba
Jackie Mickley	Blackhawk.....	Geneseo
Tom Neeley.....	Central Illinois Valley.....	Morton
Joanne Osmond.....	Lake.....	Lake Villa
Roger Pfister	Shawnee	Murphysboro
Phil Pritzker	North Cook.....	Arlington Heights
Kevin Rench (<i>Representative</i>)	Egyptian	Nashville
Michelle Skinlo.....	Illini.....	Mattoon
Joanne Zendol.....	West Cook.....	Berwyn

Absent:

David Barton.....	Two Rivers.....	Nebo
Robert Bergland.....	Service Associates Representative.....	Chicago
Tariq Butt.....	Chicago Board of Education.....	Chicago
John Metzger.....	Egyptian	Benton
Rosemary Swanson.....	DuPage.....	Wheaton
Timekeeper		Tim Blair
Flip Chart Recorder.....		Jackie Mickley
Recording Secretary.....		Patricia Culler

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Introductions and Announcements

President Alesandrini called the meeting to order at 11 a.m. and announced that Bob Friend, non-voting, would be substituting for DuPage Director Rosemary Swanson and Kevin Rench, voting, would be substituting for Egyptian Director John Metzger. The Service Associates are in the process of selecting a new representative to replace Robert Bergland and Chicago Board member Tariq Butt called and was unable to attend. David Barton was planning to attend, however a last minute emergency prevented his attendance.

Board consensus regarding meeting attendance was that when someone could not attend, they usually had a very good reason and, time permitting; it would be beneficial for them to secure a replacement to represent their division at the meeting.

Agenda Additions and Approval

Action: Joanne Osmond moved, seconded by Phil Pritzker and carried unanimously that the agenda be approved as presented with two additions: Race to the Top/IASB position and IASB/IASBO Shared Services Proposed Agreement.

May 22, 2010 Minutes Approval

Action: Tom Neeley moved, seconded by Joanne Zendol moved and carried unanimously, that the minutes for the May 22, 2010 Board of Directors' Meeting be accepted and placed on file with a correction for the adjournment time to 11:20 a.m.

Nominating Committee Report

Immediate Past President Mark C. Metzger reported that the Nominating Committee had met and interviewed the officer candidates and the Committee's recommendation to the 2010 Delegate Assembly will be: Joseph Alesandrini, President, and Carlyne Brooks, Vice President.

Consent Agenda

Action: Dale Hansen moved, seconded by Sue McCance and carried unanimously, that the consent agenda be accepted as printed and distributed in the meeting packet.

Joanne Zendol suggested, and consensus was reached, that the attendance item be removed from future monitoring report forms and that attendance be reviewed by the Executive Committee.

President and Executive Director Emeritus Reports and July 16, 2010, Executive Committee Minutes

President Alesandrini directed attention to the President and Executive Director Emeritus Reports and the July 16, 2010, Executive Committee Minutes contained on pages 19-25 of the meeting packet.

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Membership Report

Executive Director Emeritus Johnson reported that the 2011 member district dues have been coming in quite quickly with paid dues, \$3,265,640, received from 802 districts at this point in time and only 46 districts remaining to be received (\$278,935). The total budgeted fiscal year 2011 dues is \$3,544,575. Total 2010 district membership was 856 and the total predicted 2011 member districts are 855. Membership retention has remained in the high 98 percentile for the last four years (2007-2011) and the high 96 and 97 percentile from 2004-2007. Membership has increased each year from 2004 to 2010 and it is anticipated 2011 will remain at the same level as 2010. Non-member districts have steadily dropped from a high of 29 in 2004 to the present 11 in 2010.

2010 Conference Registrations

Executive Director Emeritus Johnson noted that during the first month of conference registrations the total paid registrants was down from the previous year by approximately 1,400. At this point in time, the paid registrant number is approximately 1,200 less, but is beginning to pick up at about the rate of 100 per week. Due to the current financial crunch and uncertainty of state and federal monies, some districts are registering fewer individuals and some are driving back and forth daily to alleviate hotel guestroom expenses. As soon as exact financial information is available, a targeted mailing will be addressed to non-registered districts talking about the now available funding and that rooms are still available for those wishing to register and attend and talking points are being developed for the fall division meetings. It is anticipated that the 2010 numbers will be down by approximately 500.

Division Bylaws

Action: Dane Tippett moved, seconded by Michelle Skinlo that the Division Bylaws contained in the meeting packet for the Two Rivers and Three Rivers Division, pages 28-34, be accepted as received and reviewed.

Monitoring Reports

ENDS/Mission—Pages 35-38

This policy is in compliance at this time.

EXECUTIVE LIMITATIONS/General Executive Constraint—Page 39

This policy is in compliance at this time.

Joanne Zendol questioned the negative language in which the Executive Limitations policies are written and it was explained they are written in the negative to set forth the exact things that the Executive Director Emeritus position cannot do.

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EXECUTIVE LIMITATIONS/Financial Condition---Page 41-49

Although this policy was temporarily in non-compliance due to a drop below the safety reserve of three months expenses, the 2011 membership dues came in as anticipated and compliance with regards to safety reserves was restored.

Roger Edgecombe expressed the opinion that all of this happened between the May and August Board meetings and Directors were not aware this issue had actually transpired until three months after the fact in the August meeting materials. Edgecombe felt some time of communication should be given to the Board members at the time of the occurrence. The President stated that the Executive Committee will discuss this.

EXECUTIVE LIMITATIONS/Compensation and Benefits—Page 51

This policy is in compliance at this time.

EXECUTIVE LIMITATIONS/Communication and Counsel to the Board—Page 52

This policy is in compliance at this time.

EXECUTIVE LIMITATIONS/Protection of Image—Page 53

This policy is in compliance at this time.

GOVERNANCE PROCESS/Governing Style—Pages 54-55

This policy is in compliance at this time.

GOVERNANCE PROCESS/Board Committee Principles—Page 56

This policy is in compliance at this time.

GOVERNANCE PROCESS/Executive Committee—Page 58

This policy is in compliance at this time.

GOVERNANCE PROCESS/Committee Structure—Page 57

This policy is in compliance at this time.

It was noted that the four standing committees are: The Executive Committee, Resolutions Committee, Nominating Committee and Audit Committee.

GOVERNANCE PROCESS/Executive Committee—Page 58

This policy is in compliance at this time.

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GOVERNANCE PROCESS/Resolutions Committee—Page 59

This policy is in compliance at this time.

GOVERNANCE PROCESS/Nominating Committee—Pages 60-62

This policy is in compliance at this time.

GOVERNANCE PROCESS/Audit Committee—Page 63

This policy is in compliance at this time.

GOVERNANCE PROCESS/Annual Board Planning Cycle—Pages 64-65

This policy is in compliance at this time.

BOARD-STAFF RELATIONSHIP/Executive Director Role—Page 66

This policy is in compliance at this time.

BOARD-STAFF RELATIONSHIP/Delegation to the Executive Director—Pages 67-68

This policy is in compliance at this time.

BOARD-STAFF RELATIONSHIP/Executive Director Job Description—Page 69

This policy is in compliance at this time.

BOARD-STAFF RELATIONSHIP/Monitoring Organizational Performance—Page 70

This policy is in compliance at this time.

IASB-IASBO Proposed Agreement

Dr. Johnson reviewed the IASBO proposed and collaboratively-developed agreement as the initial result of a shared service dialogue between the two organizations. (A copy of the draft proposal and IASBO Executive Director Michael Jacoby's memo was distributed to the Board at the meeting and it was noted that draft proposal had been thoroughly reviewed by Melinda Selbee, IASB General Counsel) According to Jacoby's memo, this agreement would allow IASBO to take advantage of the higher quality services/benefits IASB provides its staff and establish a framework that could progress into a broader shared service model. This was projected as a win-win situation for both Associations as IASBO offers services to local boards of education that IASB does not at this time, such as Illinois School District Liquid Asset Fund Plus. IASBO also deals with the energy consortium for the whole state in which approximately sixty percent of the local districts participate. With the depth and breadth of IASB's legal and policy savvy and IASBO's marketing and operational acumen, it was felt this

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collaboration could create a more meaningful partnership that would serve both groups' memberships more effectively and with stability into the future. Johnson estimated that one-half to one-third of state associations are doing something like this and have employees under the umbrella of the state school board association.

Discussion comments: Roger Edgecombe asked if such an arrangement were entered into was there a chance that IASBO might lobby for a position that IASB opposed and Johnson responded yes this could happen. Alesandrini stated under this agreement an individual can be employed by both, their Executive Director would be an employee of IASB. Johnson stated IASBO would set the involved employees' salaries, and pay IASB in advance for their salaries and expenses. This agreement would primarily be a payroll issue and allow these individuals to participate in TRS. The President commented there is both reward and risk on IASB's part, and the next IASB Executive Director might not be as comfortable with such an arrangement as the present one.

Roger Pfister expressed the opinion he believes IASB is taking on a responsibility for which it has no benefit since most school districts, over 80%, do not have a school business manager.

President Alesandrini stated that the decision to either enter or not enter into the proposed agreement would be a decision of the IASB Board of Directors and if agreed to, it would be the IASB Executive Director Emeritus' responsibility to implement the agreement provisions; and if the agreement was approved, the provisions would have to be in place by January 1, 2011. Alesandrini requested that directors review the proposal and forward their comments to him. This proposal will be a part of the October Executive Committee agenda.

Illinois ASBO Executive Director Jacoby will attend the November 18, IASB Board of Directors' Meeting to discuss the proposed agreement and answer questions. Board action on this proposal will be delayed until this meeting.

IASB 2011 NSBA Delegate/Alternate Appointments

President Alesandrini announced the following IASB delegate/alternate appointments for the 2011 NSBA Delegate Assembly, Friday, April 8, San Francisco Marriott Marquis, San Francisco, California: Delegates—President Joe Alesandrini, Vice President, Carolyn Brooks, Chicago Representative Tariq Butt and Starved Rock Director Karen Fisher; Alternates--Central Illinois Valley Director Thomas Neeley and Treasurer/Southwestern Division Director Dane Tippett.

IASB covers all expenses—registration fee, transportation, hotel and meals for delegates and only the registration fee for alternates. The Meeting Management Department will complete and forward the official family registration and housing forms all both delegates and alternates. IASB will bill housing deposits required to enter hotel rooms for alternates to their local school district.

FY2010 Audit Report

The FY2010 Audit Committee members were: Chair Dane Tippett and members Ben Andersen, Tim Blair, Karen Carney, Tom Neeley, Phil Pritzker and Rosemary Swanson. The Committee met with J.D. Stewart and Jim Hogge, Eck Schafer & Punke LLP at 2 p.m., Friday, August 27, 2010, to review the final audit and discuss any questions.

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Chair Dane Tippett reviewed the discussions/comments/findings of both the Committee and the audit firm:

- The Committee was pleased with the tenure of the 2010 audit as compared to FY2009.
- The 2010 report lists comparative categorical data for both FY2009 and FY2010.
- FY2009 issues were listed with suggested corrections and the implemented FY2010 corrections. The only issue not corrected was due to the current utilized process actually being better than the suggested process.
- There were only two issues—An entry that has been initially posted to the wrong account and a recommendation to analyze the publication activity to try to better match orders with sales, especially in the area of the *School Code and Law Survey* publication, thus reducing inventory loss.
- This year the Committee received the final audit in ample time for study and review prior to the meeting. In 2009 the final audit was presented to the Committee at the August meeting.
- The FY2010 audit interaction between the firm and IASB staff in accomplishing the audit was drastically improved over FY2009 and the auditors were quite pleased with the IASB staff assistance. Tippett applauded CFO Jennifer Feld and Executive Director Emeritus Michael Johnson for the manner in which they execute their fiduciary duties.

The audit opinion was that in all material respects, the financial position of the Illinois Association of School Boards, as of June 30, 2010, and the changes in its net assets and cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America. (Copies of the audit report were available to the entire Board in the meeting packet.)

Action: on behalf of the Audit Committee, Chair Dane Tippett moved, seconded by Tom Cunningham and carried unanimously, that the FY2010 audit report be accepted as received and placed on file.

Service Associates Report

In the absence of Service Associates' Representative Robert Bergland, IASB Associate Executive Director, Advocacy/Governmental Relations Ben Schwarm noted that their Executive Committee met on August 12 and there were no new membership applications at this time. It was noted that the IASB Service Associates is in the process of naming a new representative to the IASB Board of Directors.

IHSA Report

Mark Harms, IASB's representative to the Illinois High School Association noted that due to IHSA's strategic planning involvement, there was nothing new to report at the present time.

Resolutions Committee Report

Resolutions Chair/Vice President Carolyne Brooks reported that eleven resolutions were considered at the August 6, Oak Brook meeting of the Resolutions Committee. Ten of these were submitted by local school districts and one, dealing with ISBE oversight panels or finance authorities, was proposed by the Resolutions Committee.

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Of the eleven proposed resolutions, the Resolutions Committee recommended “Do Adopt” for six: Student Academic Placement, Multi-County School District GSA Offset, Income Tax Offset, Budget Stability for School Districts, Freedom Information Act Changes and ISBE Oversight Agreement. A “Do Not Adopt” recommendation was suggested for five: High School Exams, TRS Pension Levy, Education Funding Stability, Attorney General Monitoring and Consolidation into Unit Districts.

The Resolutions Committee is scheduled to meet again at 10 a.m., Friday, November 19, Wrigley Room, Hyatt Regency Chicago and the 2010 Delegate Assembly will convene at 10:30 a.m., Saturday, November 20, in Regency Ballroom A/B, Hyatt Regency Chicago.

IASB Legislative Update

Associate Executive Director for Advocacy/Governmental Relations Ben Schwarm distributed and highlighted the *2010 Legislative Session Overview*. This overview listed bills that the Alliance supported and are now law, amendatory action to existing laws, Alliance opposed bills that did not pass, opposed insurance mandates that did not advance this year and opposed income tax credits and property tax base erosion bills that were closely monitored. This report will be available to all districts at the 2010 Conference. Schwarm then gave a brief update on current legislative issues, stating the education budget is generally \$300 million less than last year, the foundation level remains the same and districts should receive the same amount of state aid per pupil this year as last.

IASB Pension Program Report

Dr. Johnson reviewed the defined contribution pension program which limits the liability of the Association to a specified amount. A monthly contribution is made to the fund on behalf of each eligible employee based on an amount equal to 7.5% of total salary, and an additional 4.25% of salary above the maximum FICA taxable salary, if any. Under the Lincoln National Life Insurance Company program administrator, individual employees manage their own pension funds.

In July, 2009 a feature was added to the plan to actively manage employees' funds based on their ages. Employees make the choice to either participate in this feature or opt to manage their own funds. Fund withdrawals are generally not allowed and are subject to all the rules and regulations pertaining to pension programs. However, in 2009, a loan provision was added whereby an employee can borrow the lesser of \$50,000 or half of their vested interest in the plan. Repayment, including interest, is deducted from the employee's pay and loans must be repaid within five years unless the proceeds are being used for home purchase.

The plan year runs from January 1 to December 31, full vesting occurs in the sixth year of participation, eligible staff as of December 31, 2009 is 82 and as of the same date, invested funds totaled \$4,831,723.

2011 Executive Committee & Executive Director Search Committee

In a August 20 memo to the Board, President Alesandrini outlined the 2011-2012 timetable and meeting schedule for the Executive Director Search Committee and areas to be considered before volunteering to serve on this committee or the Executive Committee prior to the November Board of Directors'

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Meeting. Alesandrini requested that those not wishing to serve on either committee communicate this to him as well prior to the November meeting. Based on the information he receives, Alesandrini will develop several scenarios that will ensure a Search Committee that has a balanced participation in the areas of geography, district type/size, etc.

After the November Executive Committee election, the President will name the eleven-member Search Committee to be chaired by Alesandrini and composed of the Executive Committee (with the exception of Past President Metzger, a candidate), and 4 members of the Board of Directors.

Once the Search Committee is in place, the committee will stay intact until the process is complete, regardless of local election outcomes and residence relocations. Administrative support services will be handled outside of the IASB offices. The search process and timetable calls for final Board action on the selected candidate at the May, 2012 Board of Directors' Meeting and employment to commence July 1, 2012.

Board discussion relative to the entire search process proposal was listed as a *closed session* agenda item.

Closed Session/Executive Director Search

The Board went into closed session to discuss the Executive Director Search at 1:15 p.m.

The next meeting of the IASB Board of Directors will commence with lunch at 11:30 a.m., Crystal A Ballroom, Hyatt Regency Chicago, Thursday, November 18, 2010.