

Board of Directors Minutes — August 23, 2003

Illinois Association of School Boards  
2921 Baker Drive, Springfield, Illinois  
August 23, 2003

Present:

Christy M. Coleman.....	President .....	Geneseo
Raymond Zimmerman .....	Vice President.....	Flanagan
Dennis McConville.....	Immediate Past President.....	Peru
Mary Walsh .....	Treasurer .....	Rosemont
Joseph Alesandrini.....	Central Illinois Valley.....	Pekin
Lowell Beggs.....	Northwest.....	Amboy
Donna Cech .....	West Cook .....	River Forest
Fred Clatfelter.....	Wabash Valley.....	West York
Roger Edgecombe.....	Abe Lincoln .....	Maroa
Carol Farnum.....	Kishwaukee.....	Aurora
Thomas Hannigan.....	Lake .....	Mundelein
Steve Hawk.....	Blackhawk .....	Erie
David Henebry.....	Service Associates .....	LZT
Kent Kistler.....	Kaskaskia.....	Brownstown
Michelle Skinlo .....	Illini.....	Charleston
Roger Pfister .....	Shawnee.....	Murphysboro
Marie Slater .....	DuPage.....	Wheaton
Barbara Somogyi.....	North Cook .....	Elk Grove Village
Wesley G. Stellhorn.....	Southwestern.....	Baldwin
Helen McClelland.....	South Cook .....	Steger
Debra McCleary.....	Three Rivers.....	Coal City
Gerald White.....	Western .....	Colchester

Absent:

David Barton.....	Two Rivers.....	Nebo
Sara Brown .....	Egyptian.....	Fairfield
Tariq Butt.....	Chicago Board of Education.....	Chicago
Cheryl Jackson.....	Corn Belt.....	Bloomington
Brian Waitkus .....	Starved Rock.....	LaSalle

Time Keeper .....	Michelle Skinlo
Process Observer .....	Kent Kistler
Recording Secretary.....	Carla Bolt

Call To Order

President Christy Coleman called the meeting to order at 8:30 a.m., Saturday, August 23, 2003, Eagle Ridge Inn and Resort, Galena, Illinois.

Introductions

President Coleman requested that Board and staff members introduce and give a brief statement about themselves.

Additions To and Agenda Approval

Action: Marie Slater moved, seconded by Joe Alesandrini and carried unanimously that the agenda for the meeting be approved with the following addition of 24.a. Board Evaluation.

May 2-3, 2003, Board of Director's Minutes Approval

Action: Roger Edgecombe moved, seconded by Wesley Stellhorn and carried unanimously that the minutes for the May 2-3, 2003, Board of Director's Meeting, be approved as printed and distributed.

Action: Lowell Beggs moved, seconded by Roger Pfister and carried unanimously to correct page 4, second action to read Roger Pfister instead of Roger Edgecombe

Consent Agenda Approval

Action: Roger Pfister moved, seconded by Lowell Beggs and carried unanimously, that Consent Agenda items 4, 5, 6, and 7 be accepted as printed and distributed in the meeting packet.

Nominating Committee

Dennis McConville stated that with 3 members of the committee absent they needed additional members. Christy Coleman appointed Lowell Beggs to serve on this committee.

Monitoring Reports

ENDS – Ends/Mission (Pages 21-24)

This policy is in compliance at this time.

EXECUTIVE LIMITATIONS – General Executive Constraint (Pages 25-26)

This policy is in compliance at this time.

EXECUTIVE LIMITATIONS – Staff/Volunteer Treatment (Pages 27-28)

This policy is in compliance at this time.

EXECUTIVE LIMITATIONS – Executive Limitations/Financial Condition (Pages 29-38)

This policy is in compliance at this time. President Christy Coleman thanked Bob Morenz for his efforts is selling the old office building.

EXECUTIVE LIMITATIONS – Compensation and Benefits (Pages 39-40)

This policy is in compliance at this time. Executive Director Michael Johnson stated that he had reviewed this policy thoroughly for the new board members and that he is the only employee under contract.

EXECUTIVE LIMITATIONS – Communication and Counsel to the Board (Pages 41-42)

This policy is in compliance at this time.

EXECUTIVE LIMITATIONS – Protection of Image (Pages 43-44)

This policy is in compliance at this time. Orientation will be held for new board members at the February 2004 meeting.

GOVERNANCE PROCESS – Governing Style (Pages 45-46)

This policy is in compliance at this time.

GOVERNANCE PROCESS – Board Committee Principles (Pages 47-48)

This policy is in compliance at this time.

GOVERNANCE PROCESS – Committee Structure (Pages 49-50)

This policy is in compliance at this time. Currently the board has 3 committees – Executive, Nominating and Audit, which are appointed in November at the Sunday organizational meeting.

GOVERNANCE PROCESS – Executive Committee (Pages 51-52)

This policy is in compliance at this time.

GOVERNANCE PROCESS – Resolutions Committee (Pages 53-54)

This policy is in compliance at this time. Under comment, the next meeting will be held November 21 not November 22 as listed.

GOVERNANCE PROCESS – Nominating Committee (Pages 55-58)

This policy is in compliance at this time.

GOVERNANCE PROCESS – Audit Committee (Pages 59-60)

This policy is in compliance at this time.

GOVERNANCE PROCESS – Governance Process (Pages 61-62)

This policy is in compliance at this time.

BOARD-STAFF RELATIONSHIP – Executive Director Role (Pages 63-64)

This policy is in compliance at this time.

BOARD-STAFF RELATIONSHIP – Delegation to the Executive Director (Pages 65-66)

This policy is in compliance at this time.

BOARD-STAFF RELATIONSHIP – Executive Director Job Description (Pages 67-68)

This policy is in compliance at this time.

BOARD-STAFF RELATIONSHIP – Monitoring Organizational Performance (Pages 69-70)

This policy is in compliance at this time.

2003 Audit Committee Report

Audit Committee Chair Mary Walsh and members Lowell Beggs, Donna Cech, Thomas Hannigan, (David Kniker's position is vacant), met with Dan Call, Sikich, Gardner and Company and the Association's Chief Financial Officer, Robert Morenz on Friday, August 22, 2003.

Executive Director Michael Johnson reviewed and clarified the financial charts contained in the audit for the new board members. He stated that the old office building was listed at cost with renovations and will carry a loss of approximately \$300,000.

The Association has ended the financial year on a positive note, as the audit report indicates. The audit did not identify any unusual transactions, concerns or exceptions to the governing policy.

Investments are made within the Illinois Investment guidelines and consist of CD's and government agency securities. The portfolio is restricted to short term investments and the investments are low risk areas. Interest rates, namely 1.35% on CD's continue to be very low therefore our investment income reflects same.

Rental fees for warehouse space will become history because the new building is able to accommodate, shelf and store reams of paper, supplies, etc. items needed in the printing area.

At this time, it appears our conference fees are down however, it may be a little too early to determine the outcome.

As a non-profit agency, IASB continues to generate strong membership however you will note several districts have consolidated and a few districts, that are experiencing major financial difficulties will not join the membership in the 2003-04 school term.

Dan Call, a partner in the Springfield audit firm, Sikick Gardner & Co. LLP gave a brief overview of the audit and answered questions regarding specific line items yesterday (8/22/03). Bob Morenz, Finance Director, addressed issues pertinent to IASB finance documentation. Some specific questions were in relation to return on investments in light of the current low interest rate. The Association, as well as school districts, continues to avoid high-risk investment arenas.

“The Finance Department maintains a stringent set of check and balances”, said Dan Call. “The Association continues to maintain a strong financial position for an organization our size” he continued. Components are in place to insure safety of funds and accountability. A safety reserve (\$1,500,000.00) is in place however; this fund bears constant vigilance because of increasing expenditures.

Looking at a visual often aids a written report. Please review the graphic on revenue (03) and cash and investments as an IASB financial pictorial.

At this time I would like to acknowledge and recognize members of your audit team: Donna Cech, Lowell Briggs, Tom Hannigan. Recognition and accolades is extended to Bob Morenz, a conscientious and concerned leader of the Finance department and compliments to Marge Reavis and Camille Gillette, members of his staff.

I hereby submit this report as the preliminary audit with approval to be given by delegates at the assembly at the November 2003 Conference.

Bob Morenz is here should you wish to ask specific questions.

Action: Donna Cech moved, seconded by Deb McCleary and carried unanimously, that the June 30, 2003 Audit Report be accepted as distributed and forwarded to the Delegate Assembly in November.

#### Service Associates Report

IASB Service Associates' Chair David Henebry reported that their Executive Committee met on Friday, August 22, 2003. Among other business, the Executive Committee reviewed membership applications and references and voted to recommend that the IASB Board of Directors issue an IASB Service Associate membership invitation to Alpha Controls and Services of Rockford, Illinois; Boelter & Yates of Park Ridge, Illinois; Horace Mann Companies of Springfield, Illinois and STR Building Resources of Chicago, Illinois.

Action: Wesley Stellhorn moved, seconded by Tom Hannigan and carried unanimously, that an IASB Service Associates membership invitation be extended to Alpha Controls and Services of Rockford, Illinois; Boelter & Yates of Park Ridge, Illinois; Horace Mann Companies of Springfield, Illinois and STR Building Resources of Chicago, Illinois.

### IHSA Report

IASB Representative Joe Alesandrini said their board met on August 11<sup>th</sup> and they continue to review the NCLB Act. They discussed how transfers would be handled and stated that within 3 years transfers could become a real challenge. They continue to look at the guidelines for adding and deleting State Series programs. IHSA will not delete a State Series program if there are at least 10% of high schools participating in that program. Gymnastics and Debate are being reviewed due to the numbers dropping. They are looking at revising the constitutional statement regarding non-public schools accreditation. IHSA received a request from Michigan School Boards Association (MSBA) to go on record not encouraging National High School competitions. Executive Director Michael Johnson stated that some of these same issues were discussed at Central Region. President Christy Coleman reviewed how other states are handling this situation. Joe stated that IHSA's financial position has greatly improved.

### Resolutions Committee Report

Vice President and Resolutions Chair Ray Zimmerman reported on the August 15, 2003, Resolutions Committee held at the Hyatt Regency Oak Brook, Oak Brook, Illinois. Thirteen (13) resolutions were brought before the Committee. Ray reviewed the resolutions and stated that Associate Executive Director Ben Schwarm would draft amendments for 3 resolutions – NCLB, Salary Bumps for Pensions and Compulsory School Attendance Age.

### Legislative Update

Associate Executive Director Ben Schwarm stated that the Digest of Bills passed had been sent out and that the Governor is working through these bills by either signing or vetoing and should be done by the end of the month. HB 765 allows transfer of money between the education fund and the operation fund for a limited 2-year window without the safeguards. SB195 allows retired teachers to come back and teach in a school district under certain criteria.

### NSBA Central Region Committee Report

President Christy Coleman, Vice President Raymond Zimmerman, Immediate Past President Dennis McConville and Executive Director Michael Johnson attended the NSBA Central Region Committee during July 24-27, 2003 in Dearborn, Michigan. NSBA is currently in a tough financial situation and is looking for ways to increase revenue.

### NSBA President's Retreat Update

President Christy Coleman participated in the NSBA President's Retreat on August 14-17, 2003 in Little Rock, Arkansas. There was an overview of NCLB Act and of Value Added Assessment – a formula that calculates growth of individual student. NSBA is looking for new revenue sources. The President's group looked at what NSBA does for school board members.

NSBA Executive Director's Summer Institute Update

Executive Director Michael Johnson attended the NSBA Executive Director's Summer Institute on August 1-7, 2003 in Key West, Florida. Mike stated that they did a state by state comparison of NCLB Act. Financially, they looked at NSBA as a whole and found they had been focusing on students vs. school board members. Illinois is the largest contributor to NSBA (10% of their revenue) and we 10% of their Affiliates are from Illinois. On-line training was discussed. We will be working with them regarding their revenue growth. NSBA reported that half of the states received a 2-10% funding cut during the year – Illinois did not.

IASB Pension Program Report

Executive Director Michael Johnson gave an overview of where we have been and where we are. Chief Financial Officer Bob Morenz reviewed Lincoln National and how it operates. An agent is on call to assist employees and employees can adjust their plans as they see fit. This plan also covers part-time employees. This was an additional expenditure, but brought everyone up to a competitive level.

Building Update

Chief Financial Officer Bob Morenz reviewed the report distributed and answered questions. Items listed were a new phone system was installed; furniture for new offices, the library, conference room and the warehouse; new collator for the print shop and a digital plate maker (eliminated the need for a dark room).

Communications

The IASB Annual Report has been distributed.

Former Alliance Lobbyist Brenda Holmes has been appointed by the Governor as Deputy Chief of Staff for Education.

Treasurer Statement of Certification

The Board will nominate Tom Hannigan, Director (Lake Division) for the position of Treasurer. Additional candidates may be nominated from the floor. Individuals wishing to be considered should submit their application to Patricia Culler prior to the meeting.

Executive Director Contract

Action: Wesley Stellhorn moved, Marie Slater seconded and carried unanimously to accept Dr. Johnson's amended employment contract and extend it to 2006.

ENDS Update

Board Self-Evaluation (24.a.) Items discussed were: Time Keeping – we could do better, but we always get done early; Directors absent from meetings – were they legitimate reasons for missing meetings?;

Carver – we don't understand it totally, but we have made progress; and Checklist – everyone needs to complete and site examples for review.

Dr. Johnson commented that he appreciated the board of directors staying out of the details of building the new office. He also stated that he appreciated the willingness and efforts of the board in learning Carver.

Adjournment

Process Observer Kent Kistler stated that we strayed a little and wondered if Dr. Johnson could distribute his comments in writing with the board packet.

Time Keeper Michelle Skinlo kept an accurate time schedule and gave it to the Recording Secretary to assist in future meeting schedules.

Action: Michelle Skinlo moved, seconded by Mary Walsh and carried unanimously, that the meeting be adjourned at 1:30 p.m.

The next meeting of the IASB Board of Directors is scheduled for Thursday, November 20, 2003 at the Hyatt Regency Chicago West Tower.