



REGULAR BOARD MEETING

City Council Chambers

14400 Dix Toledo, Southgate, MI 48195

**BOARD OF
EDUCATION**

PRESIDENT

REBECCA REED

DATE: June 23, 2015

VICE PRESIDENT

PAUL C. KNOTT

TIME: 7:00 P.M.

SECRETARY

DR. DARLENE L. POMPONIO

BOARD MEMBERS PRESENT: Craig, Knott, Kremer, Owen, Pomponio, Reed

BOARD MEMBERS EXCUSED: Hayhurst

TREASURER

W. KIRK HAYHURST

ADMINISTRATION PRESENT: Hainrihar, McLachlan, Pastor

ADMINISTRATION EXCUSED:

The pledge of allegiance recited.
Ms. Reed read the District Mission and Vision Statements.

TRUSTEES

JASON CRAIG
MARK KREMER
PATRICK OWEN

REVISIONS/APPROVAL OF AGENDA

2014/15-399 It was moved by Dr. Pomponio, supported by Mr. Knott the board approve the June 23, 2015 Regular Board Meeting Agenda.

ADMINISTRATION

SUPERINTENDENT

LESLIE HAINRIHAR

YES: Craig, Knott, Kremer, Owen, Pomponio, Reed
NO:

BUSINESS AND FINANCE

DIRECTOR

THERESA McLACHLAN, C.P.A.

CITIZENS COMMENTS ON DISCUSSION OR ACTION ITEMS

Ms. April Schuck-14725 Reeck Rd expressed her opposition to the sale of property on Reeck Rd.

CURRICULUM/FEDERAL

PROGRAMS DIRECTOR

JILL PASTOR

PRESENTATIONS

Recognition of Retiring Employees-Mary Hildebrandt, Human Resources director, presented Melanie Ursing-Special Education Paraprofessional to the board. She received a certificate of appreciation, kind words from Ms. Hainrihar and congratulations from the board. Mary O'Rourke-Food Services employee was unable to attend, but the board extended there well wishes to her.

HUMAN RESOURCES

DIRECTOR

MARY HILDEBRANDT

Plante Moran CRESA-Jeff Atkins, Senior Associate, returned to field questions from the board and update them on where the project stands. He reviewed the facilities assessment that was performed throughout the whole district.

Mr. Owen explained to the viewing audience what Plante Moran has done for the district by doing this facilities assessment, to inform us of our critical needs and give us an idea of the direction the district needs to take to address those needs.

Ms. Reed questioned the list of needs and whether each of those items has to be addressed or addressed as the district chooses. She also asked about the planning and consulting once we move ahead on the plan. Mr. Atkins stated the district can go through the list and choose the items they want to address. He also stated Plante Moran remains independent of contractors, design firms, civil engineers. Plante Moran may give suggestions based on the experience Plante Moran has had with them.

Ms. Hainrihar let everyone know this plan is on our school district website and can be viewed by going to southgateschools.com, clicking on 'search our site' then search for superintendent's office (#39). There is a link to the Plante Moran CRESA facility assessment plan.

Dr. Pomponio asked if there was a priority list in the booklet. Mr. Owen stated the list was in there, and details for the needs at each building from side-walks, heating cooling, technology etc...were included.

Mr. Atkins then reviewed the funding options for this project. For capital improvement projects such as this, there is either a sinking fund or a bond issue. Sinking fund is one option but you cannot buy technology through a sinking fund. With the mandated online testing the district is in need of more computers. There are two types of bond issues; a qualified or non-qualified bond. A non-qualified bond is a little looser a little more flexible. With our current financial situation it is recommended we go with a qualified bond that allows us to work with the State of Michigan and get their credit rating when purchasing the bonds, which is a substantial savings and interest payments on those bonds.

The next steps; there are four times a year we can go for an election-November, February, May and August. The next opportunity would be November 2015. The advantages would be a savings on election costs. If we go in November the papers are filled out and the next step would be to sit down with the Michigan Department of Treasury.

Dr. Pomponio asked about having Town Hall Meetings. Mr. Atkins stated he would make himself available for these meetings to answers questions the public has.

Ms. Hainrihar stated that we were clear and defined with the type of funding we were willing to consider when this plan first began.

Ms. McLachlan explained that our bond refunding saved us approximately 1 mil. in tax money. The tax rate request the board approved showed no change in the millage rate to the voters. So if this goes to the voters there will be no increase in the millage it will stay at 6.11 mils.

2014-2015 Amended Budget Presentation-Theresa McLachlan reviewed the revenue sources, the decreases and increases. The General Fund Summary shows an ending fund deficit per February 17, 2015 budget of \$1,536,130. An ending fund deficit per June 23, 2015 budget of \$1,478,008. Net decrease in deficit of \$58,122. Total revenue increase of \$39,682 and total expenditures decrease of \$18,440.

There were no changes to the Food Service Budget so no amendments were needed.

The Special Education Fund revenue increases and decreases were reviewed. These budgets can be viewed on the district website under the Business and Finance Department.

2015-2016 Budget Hearing-As required by law, Ms. McLachlan needed to present this budget to the board for approval prior to July 1, 2015. General Fund Summary as of June 30, 2015 per the June 23, 2015 budget is \$1,478,008. Our ending fund balance as of June 30, 2016 per June 23, 2015 budget is

\$15,697. Net increase in fund balance is \$1,493,706. Total revenue is \$40,281,815 and total expenditures are \$38,788,110.

Ms. McLachlan stated we are still in compliance with our Deficit Elimination Plan. The state granted us one additional year beyond the 5 years to eliminate our deficit. The 2015/16 school year is the 6th year and we are still on target to be out at the end of that year.

She reviewed the changes in revenue; increases and decreases in taxable value, state aid and expenditures in each budget, General Fund, Special Education and Food Services. These budgets can be viewed on the district website under district departments-Business and Finance Department.

DISCUSSION

Finance Report- Theresa McLachlan let the board know the auditors will be in the district June 24 and 25th to do preliminary work.

Curriculum Report-Jill Pastor did not have a report for this evening.

Superintendent's Report-Ms. Hainrihar gave the board a brief update on the district. June 10th marked the end of the 2014-15 school year for students. Administrators and other ten month employees have wrapped up their work. The rest of the staff is preparing for the 2015-16 school year in earnest. Summer school began this week. Custodial crews have begun the deep cleaning of buildings. Maintenance personnel are making their way through a long list of summer repairs. The grounds crews are trying to keep up with the mowing and trimming in between the rain.

Ms. Hainrihar thanked the students for working very hard this year, our parents for choosing to keep their children in Southgate schools and every single employee in the district for all they do for our children and the board for giving her the opportunity to be able to work for all of us.

CONSENT

2014/15-400 It was moved by Dr. Pomponio supported by Mr. Knott, the board approve the June 9th 2015 Regular Board Meeting Minutes.

YES: Craig, Knott, Kremer, Owen, Pomponio, Reed
NO:

2014/15-401 It was moved by Dr. Pomponio supported by Mr. Knott, the board approve the HR updates as presented.

YES: Craig, Knott, Kremer, Owen, Pomponio, Reed
NO:

ACTION

2014/15-402 It was moved by Dr. Pomponio supported by Mr. Knott, the board adopt the MHSAA Resolution for approved interscholastic athletic activities.

YES: Craig, Knott, Kremer, Owen, Pomponio, Reed
NO:

2014/15-403 It was moved by Dr. Pomponio supported by Mr. Knott, the board approved the 2015/16 Asher schedule of classes.

YES: Craig, Knott, Kremer, Owen, Pomponio, Reed
NO:

Ms. Hainrihar noted that Section 107 Adult Education Grant requires that the board approve the schedule of classes.

2014/15-404 It was moved by Dr. Pomponio supported by Mr. Knott, the board approve the purchase agreement for Reeck Road vacant property.

Mr. Craig commented that he is opposed to the agreement; he feels this is not the best use of this property for the district. If we do this we are guaranteeing there will never be a Southgate student on that property. He asked Ms. McLachlan if we assume a taxable value of \$500,000, how much would be produced from this site. Ms. McLachlan stated at 18 mills that would be \$9000/year. Mr. Craig said based on that he cannot support this.

Roll Call Vote Taken:

YES: Knott, Owen, Pomponio, Reed
NO: Craig, Kremer
ABSENT: Hayhurst

Ms. Reed stated she does not disagree with Mr. Craig. Based on the budget and the current DEP it is illegal for the district not to have a balanced budget. If the state were to review us and find we held properties and refused the sale of such, this could lead to the district's demise.

2014/15-405 It was moved by Dr. Pomponio supported by Mr. Knott, the board approve the authorization of issuance of August 2015 State Aid Note.

YES: Craig, Knott, Kremer, Owen, Pomponio, Reed
NO:

2014/15-406 It was moved by Dr. Pomponio supported by Mr. Knott, the board approve the approve the 2014/15 Amended Budget for the General Fund and Special Education Center Program Fund.

YES: Craig, Knott, Kremer, Owen, Pomponio, Reed
NO:

2014/15-407 It was moved by Dr. Pomponio supported by Mr. Knott, the board approve the 2015/16 General Operating, Food Service and Special Education Center Program Budgets.

YES: Craig, Knott, Kremer, Owen, Pomponio, Reed
NO:

EMPLOYEE REPRESENTATIVES

None

CITIZENS COMMENTS

Brad Connor-14549 Reeck, opposed the Reeck Rd. property sale.

Ron Oberdorf -14563 Reeck, opposed the Reeck Rd. property sale.

Sue Pennybacker-14901 Reeck, questioned how the district acquired this property, and whether there are restrictions on the sale.

Patrick Powers-14775 Forest, asked if there are other properties for sale in the district.

April Schuck-14725 Reeck, stated that the contact info on the district's website needs to be updated and also stated that she will not stop the fight to prevent the rezoning of this property.

Brenda Powers-14775 Forest, questioned the steps in the process of the sale of this property.

Dr. Pomponio asked for clarification from Ms. McLachlan regarding the budget and the DEP, and how the state would take over if we do not have a balanced budget and do not approve the sale of property.

It was explained by Theresa McLachlan that we do not have this item in our budget. By law it can be added to a budget when we have a signed purchase agreement. It is our practice not to, until we have a final closing. The state will be notified once we have this. We are only out of deficit by \$15,000. We have to make sure we stay out of deficit. We are in the final phase before the state would come in. When the district entered into a deficit, the state gave us 3 years to get out of it. The state can grant us an additional two years for a maximum of 5 years. In August of 2014, Ms. McLachlan requested one additional year. The only person that can grant this is the State Superintendent, and he did. We have now gotten back on track and getting out of deficit and want to keep it that way. We do not want an Emergency Financial Manager coming in, making decisions that are not in the best interests of our students or employees.

Ms. McLachlan has to file monthly reports to the state of Michigan because we are in a deficit. She will have to file an updated deficit elimination plan with the budgets the board just passed tonight and wait for approval from the Michigan Department of Education.

Mr. Craig stated that comments continue to be made that we don't have a balanced budget, but we do.

Ms. Reed responded that we only have \$15,000 in surplus and commented that she is not willing to gamble on an unexpected cost or loss of students to throw us in the red again and allow for the state to take over.

Ms. McLachlan stated we had a purchase agreement for residential homes two years ago. Shortly after that purchase agreement was signed, the builder terminated the agreement. The property has been on the market since that time. A representative for the owner of Southgate Manor was looking for property to build a new skilled nursing facility in a ranch style plan. Their current facility is failing too many issues. There was a signed purchase agreement for property on Howard St. (former Chormann school property). After meeting with the city and addressing some concerns the buyer terminated the purchase agreement. They are required by the regulations that oversee nursing facilities, to relocate within approximately 3 miles of the current facility based on the need that has been assessed for this area. The city did not have any viable property for the building of a ranch style facility. The Reeck Rd. property was brought to the buyer's attention and that is why we are at this point right now. This has not been a hasty decision. It is the same plan just a different location.

Mr. Owen commented that the board also feels that a strong community relates to a strong school district. The board is doing everything in their power to make the school district as strong, viable and attractive as it can be so kids have a good place to go to school and learn. He does not feel that the board and community are counter opposed to each other, they are just at odds with this decision and that is regrettable.

Dr. Pomponio asked if anyone knew anything about the legal ramifications; if the property was donated and restrictions of the sale were included.

Ms. McLachlan stated if there were restrictions we would have to follow those. If there are not, then it is district property.

Ms. Hainrihar stated whenever there is a sale of property that is part of the due diligence, the attorney's would perform a title search where that info would be discovered.

Ms. Reed stated that would be looked into.

Mr. Knott and Ms. Reed brought up the fact that this same group came forward to purchase the Chormann property. The board had an approval of a purchase agreement before them. They voted on it, and it did not go through the approval at the city level.

Ms. Hainrihar stated that historically when someone comes to the city seeking property for purchase, the City Administrator has shown private property, city property and school district property because the city has a vested interest in developing the community. We were approached about the Chormann property. We did sign a sale agreement, but were told there was an objection by one of the council persons which led the buyer to believe they would not get the zoning they needed for that property. Ms. Hainrihar is not sure who directed the buyer to look at the Reeck Rd. property after the Chormann property fell through, but we were approached by the buyer seeking to purchase the parcel on Reeck.

INFORMATION AND ANNOUNCEMENTS

Mr. Knott wanted to thank the W.A.T.C.H. Dogs Program which brings fathers into the buildings to be with their children for the day, they are assigned duties and attend classrooms and extracurricular activities. It is in all elementary buildings.

Ms. Hainrihar stated this program will begin next year in the 6th grade at DMS.

Mr. Craig stated he will hold onto his shirt one more year as his child will be at DMS next year.

WORK SESSION

Ms. Reed announced that the board would be moving into a work session and not returning to the viewing audience at 8:40 p.m.

ADJOURNMENT

2014/15-408 It was moved by Dr. Pomponio supported by Mr. Knott, the board adjourn the meeting at 9:30 p.m.

