



VISION
To be a world-class school system.

THE SCHOOL BOARD OF LEE COUNTY
School Board Briefing Meeting – M I N U T E S (Approval 3/25/08)
Tuesday – March 11, 2008 / 2:30 p.m.

Attendees: Mrs. Jeanne S. Dozier, Board Chairman
Mr. Steven K. Teuber, Board Member
Dr. James W. Browder, Secretary & District Superintendent
Mr. Robert D. Chilmonik, Board Member
Dr. Elinor C. Scricca, Board Member
Mr. Rob Dodig, Staff Attorney
Mrs. Denise Mangus, Recording Secretary

(Mrs. Dozier called the meeting to order at 3:17 p.m.)

A. BOARD MEMBERS

- 1. Special Areas of Board Involvement/Reports** – Mrs. Dozier noted Dr. Kuckel wouldn't be here today due to a funeral. Mr. Chilmonik attended the Golden Apple breakfast and reception and noted congratulations to the finalists. He ran in a recent local 13-mile marathon for cancer research and noted schools' participation. He read at two schools for Read Across America and thanked the teachers; separately, he noted a few Saturday events for youth and/or children advocacy. He attended the Vietnam Memorial dedication and thanked vets. Dr. Scricca recognized Drs. Jones and Lohmeyer for speaking at last month's DAC meeting; they answered questions, and it was very informative. DAC meets again tomorrow night, and Dr. Scricca noted the FACTS brochure will be distributed there; she acknowledged Mr. Donzelli for this publication. She noted the touching Vietnam event in addition to tomorrow's Pride & Patriotism meeting. She thanked the schools for inviting her to read, as this is a wonderful opportunity for principals to open up their doors and the color/organization/discipline/expanded vocabulary is terrific. Mrs. Dozier attended the Horizon Council orientation; they do a very good job promoting our Career Days and other things. She encouraged gearing up/writing letters to legislators. She judged school booths (69 participated) at the Fair and attended closing night activities where checks were distributed to winners; there were ingenious displays/performances. Mr. Teuber noted attendees walk through the area of school booth displays when entering the Fair, and this is one of his favorites. Mrs. Dozier thanked the Board for their encouragement of schools' participation via Dr. Browder; she noted a ferris wheel display, ALC was one of the winning schools, and over 300 students tried out to be talent acts before headliners.
- 2. Legislative Update** – Mrs. Dozier attended the Compliance Advisory Committee Monday night (for Dr. Kuckel); she was impressed, noted their being in tune and she distributed legislative platform cards while asking them to write legislators. Education is facing the most severe cuts in years; Mrs. Dozier noted Lee County overwhelmingly passed the double-homestead amendment but it's unacceptable that education isn't being held harmless, and returning to archaic days is not wanted. In the recent conference call with the legislative consultant, Mrs. Dozier and Dr. Browder heard the news isn't good as both houses are recommending severe education cuts with Lee as one; it has to do with the tax rolls re what's collected here and making us responsible for other counties. Legislators are elected to find funding sources and not make other counties responsible (to pay for other counties); times are critical and it's going to get worse. In response to Mr. Chilmonik, estimates are around \$17 million in cuts to the District. Mrs. Dozier noted a Compliance Advisory Committee member (business professional) commended Mrs. Shelhorse after her clean/concise/informative presentation (latter with this project since inception), noting his confidence re the District being in good hands; accolades were given re the magnitude of the technology project. Mrs. Dozier noted the Board's recent letter to the Governor re 65% solution.

B. ACADEMIC SERVICES – none

C. ADMINISTRATIVE/SUPPORT SERVICES

- 1. Change Orders/February 2008** – Back-up information on file (there were no comments/questions).
- 2. Concurrency Agreement/City of Fort Myers Beach** – Board received draft last Friday; Ms. Hawkins noted it won't be final as negotiating still with their staff; she's confident it will be ready for our 3/25 Board meeting. Re other interlocals, Sanibel's passed unanimously and the County's discussion is tonight (she'll be there with Mike Smith); Lee County's comprehensive plan amendments are this evening and the interlocal will be on their agenda next Tuesday. City of Fort Myers is on 3/17; the Cape was due to discuss tonight though it was pulled (due to referencing) but will be on 3/24.

D. BUSINESS SERVICES

- 1. Update/RFP Investment Strategies** – Dr. Browder noted this won't be presented this evening but we're having Board discussion today; Jerry Ford will say a few things on some recommendations, and next Briefing it will be brought (re investments); Mr. Ford will talk briefly about SBA. Dr. Browder asked him to share some thoughts on investment

strategies. At the present time, Mr. Ford noted sitting with staff and going through investment policies and guidelines thoroughly, taking a look at risk tolerances and profiles; analysis will be brought back and have Board involvement re risk profile overall. He'll meet with staff and there's the role of outside investment advisors, with an RFP to engage investment advisory services if that's the way chosen but there are other options too. Re these investment guidelines, it's important what's been learned from the market the last couple of years to reflect our need for security and in that need, we simply just can't target someplace and not watch; we're looking at the state level. SBA's 30-day rate of return is 342; re a 399 rate, 57 basis points on the table would be important to us. A clear look will be taken at diversification with consolidation; it's not desired to be in a situation (never unknowingly) where all assets are consolidated in one place/one bank if in the event something unforeseen happens, we would be spread out with institutions and be protected.

With SBA itself, it continues to go along and there's uncertainty if it's in a burn-off mode or if program will survive long term. Confidence is trying to be restored in the pool (balance is \$8.5 billion). As explained last month, the legislature hired a group of consultants who are midway through their work. Mr. Ford talked with the attorney on that team this morning; though the latter couldn't reveal info to him, it was noted they're well into their work and information should be released to the public in the next couple of weeks. The quality of holdings will be given; re the legal basis to withdraw money, there's a 2% penalty and it could be increased. Mr. Chilmonik read some information from the web. In Fund B, we're heavily leveraged. Re our status on \$35 million, he wants to communicate to the public. Mr. Ford noted we can't get to any of it now and our future ability is uncertain; March is an important month as there's \$500 million in securities' maturity (i.e., KKR). There have been some downgrades of A2 to C—latter below investment grade; SBA put this out as of 3/5 (another article this morning—e.g., attempts to take control of collateral and number of securities). Of great concern to Mr. Ford is there's C grade in Pool B and taking a portion of the collateral may not be good; he noted it's long-term mortgages and he expects some losses in Pool B. We have no ability to exercise control over Pool B (only Pool A); there'll be a list of recommendations for the legislature in determining the basis for a lawsuit but the unsuccessful Enron suits were noted—though should have some responsibility re the size of portfolio where professionals assess viability of what being bought. Mr. Ford encourages all to get on the SBA website and see the recommendations. Some things are and are not struck there; examples of the latter, per Mr. Ford, are the roles/obligations/responsibilities of the current board to be defined.

Mr. Chilmonik inquired about the feds today releasing \$200 billion which is normally allowed for overnight borrowing and if that, in pushing out four weeks, will help us. Mr. Ford noted the last security in Fund matures in December and one would have everything back by then if invested nothing; we've \$205 million in December though there's \$14 million to be done now without penalty. Dr. Browder noted he's not willing to write-off Fund B; there are some investments (Mr. Ford may reject) that will allow us to get our dollars back. Dr. Browder's unwilling to say today they are or write off \$3.5 million in Fund B (penalty). Mr. Ford explained there are holdings in Fund B that are liquid (\$85 million there in short-term/high-grade investments, not problematic); 100-200 CDs of Countrywide are supposed to be bought by Bank of America though an article from yesterday noted they should back out. There's a certain portion of Fund B that will pay off; \$85 million there today is good. Mr. Ford doesn't have a crystal ball but noted loss of some portion; hopefully, the legislature's consultants will have a much better idea. It was confirmed to Mr. Chilmonik that our depository funds in Bank of America will cover payroll through November and there's liquidity to make needs; Mr. Chilmonik commented he's trying to get his hands around this re cuts. It was confirmed to Mrs. Dozier that we're able to withdraw \$14 million without penalty; we're waiting/sitting but Dr. Browder noted if it's the Board's best thinking to pull, we will. Fund A position is presently stable; Dr. Browder and Mr. Ford have discussed this. If there's a determination to pull money with a penalty, it could be a \$3.5 million loss; as the December timeframe is closer, we'll know. We can wait and go through the study Mr. Ford's helping us with; putting all our money in Bank of America would earn less than SBA and to pull out would decrease our interest again. We've the ability to pull out and put in a prime money market fund. There's no indication today re Fund A concerns; the flow/quality of information is unknown.

Dr. Browder noted the \$14 million could be pulled out and put in Bank of America but we're fairly secure. Mrs. Dozier noted the transparency issue that's existed in the entire SBA. Mr. Teuber noted there's merit to discuss if the SBA fails or will fail. Mrs. Campbell can relay different options financially; SBA is a good deal but if \$14 million pulled out, it could take away from taxpayers' earnings. Mr. Teuber feels Fund A has same security of any investment portfolio as outside vehicles with better rates; he noted that if we pull out, than we may lose on the claim—e.g., if Fund B goes bad, we already had injury in that November interest not obtained. The state is responsible for certain disclosures to their investors, and it's felt they didn't do that; re a lawsuit with school districts, Mr. Teuber commented we may preclude ourselves from action on our behalf if we take all the money out. Hillsborough and Pasco have significant monies in the Fund; if an artificial panic is created, the state might not be able to recover. Mr. Teuber feels we have obligations as a Board and our primary responsibility is Lee County and the fiduciary duty to its taxpayers. Mr. Teuber noted Dr.

Browder has had long discussions with other superintendents; Mr. Teuber mentioned waiting collectively to sue the state collaboratively. In pulling all possible monies, the health of the state and SBA will be affected as well as our bond rating. Wall Street could be affected as well as our further indentureship and the future. The whole decision process needs to be considered, and Mr. Teuber doesn't want a knee-jerk reaction as the basis of information could be suspect. Mr. Teuber has talked with Dr. Browder; there's reliance on Mrs. Campbell and Mr. Ford. Mr. Ford noted the \$1.5 billion in Pool B "under negotiation" is seen as stress and that payments may not be made on time; KKR has significant portions in Pool B which isn't looking favorable. Some things are running good but 1/3 may be problematic.

In response to a question on Fund A's security/integrity, Mr. Ford noted recent info is AAA and the money's good, with same-day funds available; if a run is made on this fund/pool, it could be as damaging potentially as the first one. Mr. Ford doesn't see an issue with pulling \$14 million but does with pulling down \$270 million. If Mrs. Dozier and the Board want to get \$14 million and put it in a local bank, it could be done with such direction. Mr. Chilmonik noted concerns about Mr. Teuber's analysis and he feels Mr. Ford has concerns; Mr. Chilmonik doesn't feel the state can help us as they've no money but he agrees in taking all at once could be foolish. Perhaps a systematic drawdown of money could be done; Mr. Chilmonik feels the future of the District is at stake, and our money could be tied up in lawsuits the next 10 years. He wouldn't have a problem with the \$14 million. Mr. Teuber doesn't disagree with concerns but doesn't know if the Bank of America is any more safe than Fund A of SBA, noting the Bank could go bankrupt, as an example; he's not convinced there's someplace more secure or would yield better, as the hit on the interest rate may not be a logical decision re penalty to pay and decrease on investment. There's \$400 million in Bank of America. Some maturities are coming in June (SBA). Mr. Ford noted we don't have to keep \$400 million in Bank of America but depository accounts are lower than SBA (rate). Dr. Scricca confirmed we're investigating reinvestment strategies and that we haven't heard the results and may be kind of jumping ahead; she hasn't heard from Dr. Browder and she prefers for us to not jump the gun. It was explained that within the next 30 days, Mr. Ford can give a report on reinvestment strategies and what Dr. Browder can bring to the Board; Dr. Scricca feels this is a more knowledgeable resolution.

Mr. Ford noted staff's talked (including him and Dr. Browder) with a lot of banks; some are competitive on \$14 million (the current investment policy re multiple accounts as noted, with Dr. Browder having authorization to do). Mr. Teuber noted that if put into a (e.g., local) bank, which one to pick; there could be transparency issues (e.g., bank chosen where Advisory Committee Chair is CEO) so go through the process and get RFPs and then look at information for the best solution. Mr. Teuber noted not having a problem with taking out of SBA once the vehicles are seen/shown and clues given but do the process for moving money; Dr. Scricca concurred. Mrs. Dozier asked Mr. Ford re an example if he had personal monies/funds in SAB and would he draw down and split among banks. Mr. Legutko noted, in absence of waiting for an RFP, we can request information from banks in order to make a decision without having to go to formal RFP process. Mr. Chilmonik inquired about putting our money in another town though he'd prefer to have the money in Lee County. Dr. Browder explained that he'll have something laid out at the next Briefing for the Board so as to make recommendations for proceeding. Mrs. Dozier clarified that she's not making a major reaction as may have been said at the Board table but she understood we would be drawing down every opportunity; she's concerned about \$14 million. Dr. Browder noted he has listened very carefully and he can do this; he'll talk with staff again and anticipates sharing info at tonight's Action meeting.

2. **Update/School Technology Plan** – Dr. Browder distributed one-page memo (attached—Technology Plan for New Schools and Title 1 Schools) of some things planned for providing new schools and Title 1 schools re interactive technology systems—LCD projectors; interactive white boards; document cameras; and top-notch professional development (teachers integrating tools directly into core curricular area). The key inside of this is training, and he noted Mrs. Dozier's statewide push for technology; the District is trying to get up on the perch where we want for instruction, and Dr. Browder noted sharing and our moving forward in very positive fashion.
3. **FY09/School Funding Formula** – Binders were distributed to the Board (copy on file); Dr. Browder noted the first tab has 1996 budget reduction information. Class size was able to be increased then by picking up 1-2 students and picking up substantial lumps of money. He noted Attachment A in that section (page 10) re process currently being followed. Factors influencing this process—since it's different than '91, '94, and '96—include financial market turbulence now as the housing market is in shambles, unemployment is increasing, lack of customer confidence growing, inflation and/or recession concerns, etc. The property tax initiative isn't implemented yet but there's full impact. Other issues include impact fees within the District (re capital), move to class size, withdrawal of students from the state, general revenue down which is considerably affecting sales tax revenue, gas prices, construction down, Middle East war, SBA, etc.; all these factors make now different from the past. Dr. Browder noted FY08 is challenging; the District dealt with a \$20 million shortfall but adequate dollars set aside for this (contingency); that's a reduction in this year without talking FY09.

More dollars and better times are not there; we're preparing (Governor's budget/high watermark) for substantial budget shortfalls. All major areas in the District are involved in budget meetings for collaboration; every school and department is being asked for cost savings. Services that could be done without are being asked for. Based on our legislative consultant, we've gone 2% below and the third is a 5% reduction below the Governor's proposed—putting us in a shortfall of \$5 million to \$18 million. The Budget Committee's charge is to work with these budget scenarios and have a plan at the close of session; there's a focus on essential functions to serve schools and children. Being asked is if the service is essential and do schools consider it an activity that must be performed (e.g., to comply with the law); it's all activities regardless of what they are. Dr. Browder noted two pages "2008-09 Budget Process" behind tab 2 in the binder. He gave an example of Weaver Hipps school and if we don't stage the school, \$2 million could possibly be saved; these are the types of savings which will be brought to the Board and gone to first, then personnel and non-personnel areas. Dr. Browder has talked with the bargaining units and posed serious questions to them. He'll invite the Board to be part of thinking for each to start where we are and where we're going. The principals are involved in this (representing the levels are Charlotte Rafferty—elementary, Beth Bolger—middle, and Jerry Demming—high). They've noted it's all hard/difficult, as it's affecting people; this is most serious Dr. Browder has seen in his career and all can't be looked in the face and told jobs will remain for everyone. Some things we've done for 30 years; nothing's a given and there'll be looks at what we can do and without. Folks getting support from the District are being contacted. If field trips eliminated, some things may go away if not opportunity to transport students. Dr. Browder anticipates no travel next year except that required under requirements for Title funds. We'll do what we can to not use dollars. There wasn't one request for anything new. He noted a total of 2-4 secretaries may be lost in the three administrative areas, amounting to 80+ years District experience. Dr. Browder's hoping that there's not another \$17 million next year, as he doesn't want the heart and soul cut out of the District. If positions cut that provide services, there will be less service.

Ms. Desamours talked about budget process inside schools. Under the binder's Schools' tab is school allocation and it's being done much earlier this year than past. FY09 allocation's different than others; absent information we hear from legislature, we're going class-by-class for class-size mandates (was school-wide, bringing whole average down). Average number of students per class has to comply (18, 22, 25), with more teachers at schools to meet that level.; it's unsure if the penalty would be suspended next year, so we must proceed as if not. We must be sure allocation is adequate to serve needs of every child. We dealt differently with self-contained ESE classrooms—specific teachers and aides to be there. We received feedback for change; need additional resources put into ESE teachers—speech pathologists, resource teachers, etc. A couple of modifications were made to allocation—e.g., at elementary level, it's a fixed number of teachers and speech pathologists based on IEPs looked at; at middle and high (with few exceptions), it's flexible allocation—adequate to maintain resources needed. Re support staff, we brought down 5%, as class size mandates more teachers. Though Governor's budget may have appeared to increase, it's decreased in flexible funding so we had to adjust down to afford more teachers. It was explained to Mr. Chilmonik, as he was looking at a DOE website, that 2005 shows all revenues (including Title 1) and this is just a picture of the general fund/operating (can't compare them). Mrs. Desamours went over the page on proposed school allocation (last page of binder) for elementary, middle, high, and special considerations; she noted the commitment of this Board is big for music, p.e., and art allocations (these don't help with class size though). Re allocations for arts and comprehensive high schools, above-formula dollars are given—for FY09, \$63 million but we can always adjust as we go forward, looking at the District and questioning items to continue.

Dr. Browder noted this painful process (we had \$11 million two years to cut below \$3 million). Reductions being talked about affect individuals/lives. We're trying to minimize any dollars. We're going to take as many as cuts out of District than schools; he mentioned flex dollars (once future gets better, he'll support putting back in). Dr. Browder hopes to reinstate things taken out of schools and minimize effect on families; our county led nation the last four weeks in foreclosures, and his goal is to minimize damage and be very thoughtful. Mr. Chilmonik questioned looking at debt restructuring though he knows it's the capital side; it was explained that this is what's being done on the variable(s) the Board just approved, but Mr. Chilmonik asked if there's anything else we could do. Mr. Ford noted there are other opportunities to restructure debt but would have cash flow effect and possible long-term effect; debt service would go up. A concern to Dr. Browder, Mr. Legutko, and Mr. Cerra is an indication inside of what's possible being proposed in Tallahassee—2 mill money flexibility this year only. Mrs. Dozier questioned hearing Mrs. Desamours saying one place is spending additional dollars in comprehensive high schools; Dr. Browder noted we've added 4 teaching units to each building—as the arts program—with the understanding that as schools fill up, it'd trickle back out (reduced this year to 3 teaching units). We've had discussions with arts schools and continue to do; our goal this year is to minimize damage to schools and in Dr. Browder's opinion, this short timeline could damage programs in arts schools. We're holding firm this year with the hope that as we analyze, we can draw funds back in. Franklin Park was noted as an example of getting a small subsidy of 2.8 units for guidance—a small school in a poverty area; we have to be thoughtful/help assist success.

Mrs. Dozier noted a reason we ask questions is that the business community is in tune and we talk about a communication plan. If businesses understand that we're looking at possible cuts to programs that they've been side-by-side with us on, they'll help us with lobbying and go to the legislature. As far as class size, we continue to talk; Mrs. Dozier has every confidence it will be on ballot again, as she believes some legislators and others are putting pressure on the committee that meets once every 20 years. She noted when looking at budget cuts, the District organizational chart needs to be looked at re realigning and collapsing—conversation the Board needs to have. The Board Members can have conversations with Dr. Browder re programs and other areas; it's not easy on anyone. Mrs. Dozier feels there's a way to look at things critically; she noted a corporation's downsize a few years ago and the employees being thankful the way things were handled (re sensitivity). Mr. Chilmonik questioned not seeing Transportation; Dr. Browder wants the Board to look at this without anything in the eye. Dr. Browder noted the principals brought real interesting suggestions today to the table; there's a need to look at everything in the system. Every department is behind tab 2 and all will look together at every area; Mrs. Dozier thinks the Board has to study before rolling up their sleeves to discuss. Mrs. Desamours noted you won't see student assignment plan cost as it cuts across a lot of areas and affects transportation. The media has reported we spend the largest amount per student re transportation. It was clarified that another county who may have the same number of students isn't spread out as geographically as Lee. Re Dr. Scricca's question, what the principals are bringing will be shared with the Board (as a whole list), per Dr. Browder. Mr. Chilmonik noted he's been studying counties but he'll hold comments; he's noted having looked at DOE website re transportation.

E. HUMAN RESOURCES – none

F. EXECUTIVE SERVICES

1. **Request for Workshop on April 30, 2008/SACS CASI** – Dr. Browder noted the visiting Accreditation Team will be here 4/28-4/30; a Board workshop on 4/30 is needed for a presentation from them. Dr. Jones noted it could be later than 3:00 p.m. if desired. Also, 12:30 p.m.-1:30 p.m. is needed on the Board Members' calendar for interviews/discussions by the team. Consensus was given to set/hold these times. Separately, the Recruitment Fair will be in the LCPEC on 4/24.

G. PUBLIC COMMENT – Sue Jacobse noted clear communicating of today's discussions as it could get muddled and it's not desired to have the District looking like the 1929 collapse; she feels Mr. Ford should re-brief the Board, as the latter's in a "Catch-22" due to decreasing money/unfunded mandates. Conversations with Dr. Browder should be well communicated and all play as a team. She wouldn't want us returning, re transportation, to not having unitary status; statements by some need to be careful—e.g., being over a certain amount per student transportation re the state's—and not have media misreporting.

H. BOARD ATTORNEY/SUPERINTENDENT'S COMMENTS – Mr. Dodig (for Mr. Martin, who was ill) had no comments. Dr. Browder has asked Dr. Adkins to freeze sub teacher applications re having new applicants as we're filling jobs and there are 1,500+ subs in the system; people are complaining about completing applications and not being called. It can be re-reviewed in June with a determination made and shared with the Board. Meeting was adjourned at 5:08 p.m.

/dwm

MINUTES BOOK NO. 44 - FY08

Jeanne S. Dozier, Meeting Chair

ATTEST:

James W. Browder, Ed.D., Secretary and District Superintendent

An audio/visual tape of this meeting has been produced to provide a verbatim record of the proceedings. Members of the public may obtain a copy of the tape of any meeting by making a request for such through the Communications Department and paying the actual cost of copying the tape. Members of the public may view any Board meeting tape at the Communications Department at no cost. Anyone wishing to view a Board meeting tape should contact the Communications Department at 337-8327 to make such a request.