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Board of Directors Board Minutes July 17, 2012

Board Members Bob Moore, Vice Chair, Directors Cathy Miller, Carol Moorehead, Doug Nelson, Scott Reynolds and John Sundell

HDESD Staff John Rexford Superintendent, Dr. Paul Andrews, Deputy Superintendent, Jayel Hayden, Executive Director of Human Resources, Greg Munn, Director of Fiscal Services and Shelley Knutz, Executive Assistant

Guests Ron Radabaugh

Applicant Interview

Bob Moore explained the purpose of the interview process is to provide the board members an opportunity to get to know Ron Radabaugh better. Ron explained that when he was on the Deschutes ESD Board he felt they were doing some good things and making progress in central Oregon. He found it interesting to hear from the different schools and superintendents and learn what they were trying to accomplish in their districts and in the region. He is very interested in improving education and decreasing the high drop-out rate. His background includes many educators as well as family and friends who are involved in education. Ron finds it interesting to learn how other regions and countries provide education to their children and if they are pleased with the outcome. He has always been interested in education. So when he saw the At Large position was open again, he was glad to apply.

What skills and experiences would he bring to improve education and support services?

Ron explained that much of his knowledge has come from independent study on his own initiative to become familiar with education. By researching and communicating with he has increased his knowledge.

If this was a campaign what would your message be?

The ESD has changed a lot since he was on the board. They have expanded the programs and increased the state and federal funding. The board members provide counsel to help identify how funds are spent. The ESD must continue providing services for children with special needs as well as contracting our services out to outlying districts who need help.

What is his vision for education in the next 10 years?

Identify and focus on issues that the districts are not able to focus on. He knows there is a concern with the quality of education being provided to students, and he thinks the purpose of the ESD is to back up the districts in their attempt to provide a high quality education to every student.

Is he familiar with the policy governance model?

Ron said his experience is that the board members do review policy, but the implementation is left to the administrators. He is not interested in micromanaging. There are people that are paid to take care of the details.

What does he consider to be the top few challenges that need to be addressed?

Ron noted that some districts have a very high drop-out rate, and he is concerned about that. He would like to know if these numbers have continued to rise over time, or has there been any improvement? There are many issues that need to be addressed in education. He wants children to be prepared, and he is interested in helping be part of the solution. He believes the ESD is headed in the right direction.

Ron said he believes there is a time of learning for a new member. It takes a bit of time to get up to speed with what is going on with the board and the issues being faced. He wanted to let the board members know if he does not have enough background with an issue, he wouldn't have any trouble abstaining from a vote.

REGULAR SESSION

Call to Order

Vice-Chair Bob Moore called the meeting to order with a quorum of 6 members at 5:55 pm.

REPORTS

Fiscal Report

Greg Munn explained that the changes to the fiscal report were meant to make the information more useful to the Board. He pointed out the changes that have been made and would appreciate any input they have regarding the new format.

Operating revenue compares actual revenue to date for the current year with the same time last year. The operating revenue is slightly lower this year which is a result of the 1% reduction in indirect revenue, and no stimulus funding in this budget. General Fund expenses are at about 90% of budget – slightly ahead of last year. We are about \$260,000 under budget year to date operating with a surplus of about \$44,000.

Superintendent Rexford said that he wants the numbers being reported to reflect what is most important; general fund balance, operating budget, and an estimation based on all the information we have available at the time. He would recommend that drilling down into specific budgets be examined at the Finance Committee level.

Cathy Miller noted that she has concerns with shared services and where the legislature is going. She would like to know how High Desert could handle and/or fund the delivery of services if things change going forward, not as a reaction but as a well thought out plan. She wants us to know what districts are putting into their budgets and to be prepared for what will happen if they pull out of the shared services plan. Greg Munn noted that he is concerned about additional requests for High Desert to provide services and if we are really prepared to handle additional shared services request. Cathy does not want to use our contingency in case of an emergency, but Superintendent Rexford noted ultimately that is the purpose of the contingency.

Bob Moore wants to make sure the program fund levels have board oversight and agrees it would be appropriate for the Finance Committee to get into the details. Superintendent Rexford agreed that it is important the Board has a comfort level with their due diligence. He agrees that the more meaningful scrutiny belongs with the Finance Committee. Our numbers will be based on the best information we know at the time, but the Board should be prepared for those numbers to change throughout the year. He noted that there were 17 or 18 revenue estimates from the state during fiscal year 2010-11.

The PERS reserve is no longer reflected in the general fund. John Sundell asked about the purpose of the variation calculation for the funds held in reserve. He finds those numbers make the report confusing. Cathy Miller appreciates the clarity and reworking of the report. When asked about the status of the loan refinance, Greg mentioned that Bank of the Cascades plans to have the refinancing documents completed within the next two weeks.

Election of 2012-2013 Officers

Last year the Board set a goal to increase leadership roles for board members and to encourage their leadership statewide. The Chair and Vice-Chair have met with the superintendent on a monthly basis to review the board agenda. They have tried to include one additional board member at each meeting to increase their knowledge and comfort level with leadership.

- **Bob Moore called for nominations for the position of Board Chair for 2012-2013.**
- **Cathy Miller moved and Carol Moorehead seconded the motion to nominate as Bob Moore as Board Chair. There were no further nominations. The motion carried 6-0.**
- **Bob Moore called for nominations for the position of Vice-Chair for 2012-2013. Bob Moore moved and John Sundell seconded a motion to nominate Carol Moorehead as Vice-Chair.**
- **Cathy Miller moved and Carol Moorehead seconded a motion to nominate Scott Reynolds. There were no further nominations. Carol Moorehead said she would be happy to decline her nomination if Scott Reynolds is interested in serving as vice-chair.**
- **Bob Moore withdrew his motion to nominate Carol Moorehead and John Sundell withdrew his second. The motion to elect Scott Reynolds as Vice-Chair carried 6-0.**

Additional Board Leadership Items

Bob Moore asked staff to repost the Higher Education position with applicants to be considered at the August 21st board meeting. He asked the board members if they would be interested in reposting the At Large position as well since it was originally posted during a busy time of year and there was a low turnout of applicants. Cathy Miller noted that the board members are always busy and to have Ron express his interest shows he was paying attention. She said his motivation to apply is the most important reason to consider him for the At Large position. Ron said he understood if the Board wanted to extend the application period. He wants to make sure the Board believes he is a good fit for the group. The board members all agreed that Ron would be a good addition to the Board. They will plan to appoint him and administer his oath of office at the August meeting.

Scott Reynolds suggested considering an earlier time frame for future postings. Bob Moore mentioned that he has asked staff to revise the application to request a cover letter and resume with the application.

Resolution 17-12 – Annual Procedural Business

- **Scott Reynolds moved and Carol Moorehead seconded a motion to approve Resolution 17-12 – Annual Procedural Business as presented. Motion carried 6-0.**

Compensation for Non-Union Employees

Superintendent Rexford introduced this action item. Compensation for non-union employees was included in the budget process in the past. However, he believes that fundamentally setting basic compensation levels is the Board's decision. This was an abbreviated process, and in the future, he is recommending that there be a standardized compensation plan created and processed through the finance committee. Future recommendations would ideally to be considered earlier in the year in order to be included in the budgeting process.

Superintendent Rexford reviewed the amounts that were not included in the adopted budget totaling \$144,500. There are some budget adjustments and staffing changes that freed up these funds and are sustainable to the point we can manage through this year and reset as necessary going forward.

The exceptions to the general increases are salary adjustments to three executive directors involved in shared services, and their increases were included in the budgeting and bargaining process. Half of the amount will be covered by the general fund and half from the districts and grants. This was a plan that was put in place by Superintendent Dempsey. Superintendent Rexford said that the increases do seem reasonable considering the region and their increased responsibilities through shared services. He will be happy to address this with union

leadership and intends to move forward with developing a compensation system for non-union employees. This does not include compensation changes for the legal staff with the impending retirement of John Witty.

Scott Reynolds asked about the process because these increases will ultimately impact programs. Superintendent Rexford envisions this to be clarified through an administrative regulation or possibly a policy. Scott said he thinks the structure is vital going forward.

Cathy Miller said the time she spent on the bargaining team taught her that the culture of the ESD is one of a family. She believes the culture is beginning to fragment because the leadership wasn't communicating well with the people in the field, and staff is being asked to do more with less. Staff are hopeful the new leadership will improve this current culture. She agrees with the compensation piece, but she is concerned about the timing and asked if it is imperative to pass this tonight. Paul Andrews said he is comfortable with the timing because it is based on the bargaining agreement. He wouldn't want to risk sending a message to the non-represented staff that they are not valued as much as the represented staff.

Superintendent Rexford stressed the fact this will not be how compensation will be handled going forward, but paychecks have already been cut so we need to face the issue straight on. Cathy Miller asked for confirmation that the \$144,500 is not directly impacting programs. Superintendent Rexford said leadership accounted for these adjustments so it was accounted for in program budgets. Paul Andrews confirmed that we will not be decreasing FTE from programs to account for these adjustments.

- **Scott Reynolds moved and Carol Moorehead seconded a motion to approve the compensation changes for non-represented staff as proposed. Motion carried 6-0**

Health Insurance Recommendation

Jayel Hayden said he doesn't have a recommendation for the Board at this time, but he wanted to update them on the status of the ESD Health Insurance program. PacificSource said that the ESD experience far outweighed the premium for the past two years. Therefore, our renewal rates have been quoted to increase 26.6%. This is also the year we scheduled for our comparability study with OEBC and won't have these results until the first week of August. Jayel is meeting with the insurance committee tomorrow to review some plan design changes. He anticipates the insurance committee will recommend a change. He distributed a plan comparison contrasting OEBC and PacificSource plans and costs.

Scott Reynolds asked for and received confirmation that once a district moves to OEBC they cannot opt out. He has concerns about the service from OEBC and ODS. Debbie Laszlo has told Jayel that they do appear to be providing better service and more prompt response times than they were in the beginning. Jayel mentioned that if we move to OEBC, we will lose all of our experience data. He confirmed that there is a process if the comparability study fails, and our broker would support the ESD in the appeal process.

Paul Andrews mentioned that the OEBC open enrollment begins August 15 which is prior to the August board meeting. The board members feel this decision has such an important impact on the staff that they prefer to wait until they have the results of the comparability study and an official recommendation from the Insurance Committee before voting on the matter. Jayel feels he can make that work and will offer his support to Debbie Laszlo as needed in order to meet the open enrollment deadline. If more immediate board action is required, we could consider requesting a special meeting.

Consent Agenda

- **Cathy Miller moved and Doug Nelson seconded a motion to approve the consent agenda as presented. Motion carried 6-0.**

DISCUSSION ITEMS

Superintendent Report

Rob Saxton has become the Deputy Superintendent for the State of Oregon.

Superintendent Rexford and Paul Andrews will be meeting with Redmond Mayor George Endicott who is serving as Vice-Chair for the League of Oregon Cities. They are also meeting with Rep John Huffman who is the current Co-Chair of the House Education Committee.

Superintendent Rexford asked board members if they have a preference for communication style and frequency. He will continue to send an email when he has something to share and asked that the board members let him know if they would prefer anything else. Scott Reynolds said that he doesn't have any specific requests but does believe this will begin to fall into place as the new administration gets settled in.

Consideration of Board Priorities

Bob Moore distributed a draft copy of board priorities which he and Terry came up with during a recent discussion. He reviewed the statewide issues, shared services and EI/ECSE considerations. They also had long-range priorities of a board retreat and strategic plan for High Desert ESD.

Scott Reynolds believes with the new board members coming on it make more sense to have the work session later in the year when all 9 board members could attend. He also recommended the creation of a Shared Services Committee that would meet on a regular basis.

Bob emphasized the importance of having a statewide presence. Superintendent Rexford recommended the board members contemplate how they might become involved in statewide leadership roles. He and Paul would like to add "organizational well being" to the list of priorities. It is very important to celebrate and value each team member throughout the year.

Cathy Miller asked about organizational planning. Superintendent Rexford said he was hopeful this would be earlier in the year, so he will have a clear understanding of the Board's expectations throughout the year. Doug Nelson suggested a January date to have a board/superintendent conversation, so everyone is clear on the expectations.

Adjourn

The July 17, 2012, High Desert Education Service District Board of Directors Meeting adjourned at 7:45 pm.

Bob Moore, Board Chair

Shelley Knutz, Executive Assistant