MEETING MINUTES
COMMITTEE OF THE BOARD MEETING
December 1, 2015

PRESENT:  Board of Education:  M. Doran, J. Brodrick, K. Hardy, J. O’Connell, A. Carroll
Mr. Vue joined the meeting at 4:36 and Ms. Seeba at 4:56


Other: T. Lonetree, J. Vergas, J. McClure, P. Hemmen, J. Schumacher, C. Flowers, D. Sepeda, A Carter

I. CALL TO ORDER
The meeting was called to order at 4:30 p.m.

II. AGENDA
A. Levy Update
The Chief Financial Officer focused on the Pay 16 Levy Proposal. One factor for the levy increase is a tax base value increase of approximately 4.5% in many residential properties in St. Paul. Enrollment changes have had an impact as well. The pension/OPEB increase is made up of $1.6 million in pension obligations due to a legislative increase in TRA over 2 years. The OPEB increase is an additional $1.3 m. The increase to Facilities reflects a change in calculation of the new long term facilities maintenance calculation reflecting another legislative change. Community service decreased slightly. Administration is proposing a $4.8 million increase over last year or a percentage increase of 3.52%. These monies fund needed areas in the district budget, areas the District is obligated to cover.

The proposed pay 16 levy ceiling is as follows:

<table>
<thead>
<tr>
<th>Levy Category</th>
<th>Certified Pay 15 Levy</th>
<th>Pay 16 Levy Ceiling 10/7/15</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating</td>
<td>$45,652,773</td>
<td>$47,242,112</td>
<td>$1,589,339</td>
</tr>
<tr>
<td>Pension/OPEB/Contractual</td>
<td>33,156,451</td>
<td>36,133,492</td>
<td>2,977,041</td>
</tr>
<tr>
<td>Facilities</td>
<td>54,161,940</td>
<td>54,572,087</td>
<td>410,147</td>
</tr>
<tr>
<td>Community Service</td>
<td>3,435,950</td>
<td>3,260,938</td>
<td>(175,012)</td>
</tr>
<tr>
<td>TOTAL-All Levy Categories</td>
<td>$136,407,114</td>
<td>$141,208,630</td>
<td>$4,801,515</td>
</tr>
<tr>
<td>Percent Change</td>
<td></td>
<td></td>
<td>3.52%</td>
</tr>
</tbody>
</table>

MOTION: Ms. Doran moved acceptance of the report; Ms. Carroll provided the second.
The motion passed.

B. Facilities Master Plan for 21st Century Learning
The Superintendent thanked the Director of Facilities for the work done on the Facilities Master Plan.
The Director of Facilities stated SPPS is now in Phase 4 of the FMP where it begins finalizing the District's plan for making building and land improvements; sharing the plan with families, students, staff, partners and the community.

The FMP Vision is versatile, equitable, healthy environments that balance the factors creating authentic, engaging and personalized learning experiences to sustain the SPPS academic mission and deepen connections to its communities and the world. The SPPS SSSC 2.0 and the FMP share the goals of Achievement, Alignment and Sustainability.

Major Outcomes to date have been:
1. Engagement Efforts that involved 818 community participants, 2,753 attendee participation hours, 14 school pathways and 68 building project plans having been accomplished during the earlier phases of the planning process.
2. Near-term capacity issues have been addressed in areas of critical focus due to known growth/demand. This included several community-centered elementary schools due to sustained demand, space availability and efficiency in growth and operation and Grades 6-8, particularly in Area A. 6-8 solution outcomes ruled out additional K-8 schools. Options include building a new middle school or converting an elementary school to a middle school (this may require construction of a new elementary school). The District is currently assessing the academic outcomes of all options. In 2015, there will be public discussion of all viable options with plans to have a solution in place by 2019.
3. Long-term growth needs
   • Future areas of focus to accommodate sustained growth and alignment to educational models include:
     o Creative Arts K-12 Pathway - the school's sustained popularity draw from across the city. Work will be done to better align grade delineation at Linwood Monroe dual campus (move PreK-4 to lower campus) to help the Grade 6-8 issue.
     o Hamline, Galtier, Jie Ming - Galtier and Hamline cannot fill enrollment based on current programming and projections. Jie Ming continues to add a grade per year, plus larger Kindergarten classes. SY 2017-18 cannot fit Jie Ming and Hamline in the same building. The District is currently discussing options with stakeholders and expects a final decision in 2016 on all three programs.
   • Future areas of focus to accommodate programmatic growth and legislative opportunities.
     o Steady growth in the number of PreK classrooms
     o PreK/Early Learning Hubs as centers for program growth at select sites
     o At best, at the end of the FMP SPPS would have the space for 50% of the four-year-olds in the City in an all-day service module.
4. Administrative Space - plans are to vacate all lease space used for professional staff.
   • Reduce overall non-school area by approximately 40,000 square feet
   • Eliminated lease costs, fund any costs necessary to accommodate additional staff in existing SPPS spaces
   • Increase efficiency of existing operations by reducing the footprint of the Nutrition Center by 1/3 while enhancing preparation capacity and incorporate logical and efficient adjacencies and support.

Outcomes of the effort will be widespread with among other things varied space, clear main entries, outdoor learning settings, greater daylight availability and views, appropriately scaled space, student gathering space, flexible and adaptable space and specialized services space.

SPPS total revenue for FY 16 is $680 million. Of this, 4% is in the capital fund. The traditional funding paradigm for facilities is use of $30 million annually to fund the:
1. Health and Safety Levy ($4 million) funds health and safety projects. The funding is restricted, requiring MDE approval and is planned in one-year intervals, 18 months prior.
2. Alternative Facilities Levy ($11 million) funds deferred maintenance. This is restricted funding requiring MDE approval. It is planned in two-year intervals, 12 months prior. A 10 year list is required.
3. Capital Bonds ($15 million) funds betterment of school facilities. This is also restricted funding requiring Board approval (MDE approval if combined into projects over $500k). These are planned in one-year intervals, 18 months prior.

Facility maintenance and improvement needs require:
1. Proactive Facility Condition monitoring and an aggressive major repair/replacement program that only speaks to maintaining assets SPPS currently owns.
2. Targeted improvements are critical to academics - program expansion/alignment (e.g., career and technical education), improvements to meet academic needs (white boards, digital network improvement, appropriate spaces, etc.), acoustic improvements.
3. Targeted improvements are critical to the function of SPPS buildings and long-term financial stewardship (expanded fire suppression systems, building automation systems and energy improvements).

To accomplish this, a balanced funding framework is required. SPPS will move toward:
1. Development of a continuously updated Major Repair/Replacement (MRR) program with dependable, consistent funding that averages 2% to 4% of Current Replacement Value (CRV) of the entire portfolio.
2. Targeted, efficient capital improvements to support academics and building function, identified 3-5 years in advance of need, funded distinctly from MRR.
3. Preventative and demand maintenance operations funding in order to realize best performance and lowest life cycle cost of building systems.

Current funding streams allow SPPS to identify the appropriate funding levels for its needs balanced with its overall financial health. Needs and funds will ebb and flow, but need to average within industry best practice range for major repair/replacement. This will require close coordination with debt schedules. Other facets include standing matching grant opportunities and the Energy Improvement Revolving Loan Fund. SPPS facilities, as they are today, would cost $2.1 million to replace.

SPPS is moving toward a Five-Year Maintenance and Capital Plan involving a new planning and implementation process wherein every year the Board of Education will review and accept five years' of major projects based on criteria and priorities set at the FMP Committee's annual meeting(s). Projects will be inclusive of all funding sources.

The FMP Committee's charge is to give a community perspective and input on FMP priorities, synthesize district strategic direction and how it impacts FMP decisions and recommend formal changes to the SPPS Facilities Master Plan.

Projected use of FY 16 Capital Bonds would be to:
1. Start work on large scale projects - approximately eight sites, largely due to alignment to enrollment. This will require additional year funding to complete.
2. Alignment to current LTFM opportunities - Johnson Senior High and Linwood Monroe Upper
3. Technology Improvements - critical building systems and network infrastructure (WAN improvement, building automation systems, etc.) and continued roll-out of instructional A/V (white boards, interactive projectors, video distribution, etc.).

To accomplish this the Board of Education will need to:
1. In December 2015
   • Create Long Term Facilities Maintenance & Capital Structure to ensure SPPS continually has a five-year capital plan with specific projects and budgets defined
   • Accept the 2015 Facilities Master Plan (exclusively digital with dynamic content)
   • Approve the FY 16 Capital Bonds. This would be an annual approval, disconnected from other funding vehicles.
2. In March 2016 (and annually thereafter):
   • Accept the five-year Facilities Maintenance and Capital Improvement Plan (FY 17-22) - appended every year in a rolling plan).
• Approve the annual revenue structures (LTFM, capital bonds, Certificates of Participation, grants, etc.)

QUESTIONS/DISCUSSION:
• As you continue, it is important to remind people this is not the first time SPPS has had an FMP, however it is a significant change in the structure, design and certainly the community engagement around it. This is a much more comprehensive effort and it is awesome.
• If SPPS will have a five year plan that commits projects to the community how will that jive with yearly decisions about the levy? The 2% to 4% we should have in relation to the $2.1 billion in assets, that translates to $42 to $84 million. Is that comparing it to the $30 or the $15? Response: It is a combination of both.
• How would we change the levy over time, would this take the current total of $30 and move toward $42 or $84 or would it be combined debt service and capital? Response: Part is the commitments SPPS makes. Right now SPPS is required to submit to MDE a 10 year outlook. What we are looking to do is to elevate the specificity to communicate to the communities so people know what is on-going development. It is not being looked at as two pots of money anymore but as a mutually reinforcing set of needs. The CFO added SPPS will take the current funding as is and project a schedule out 10 to 20 years looking for opportunities for future funding. SPPS needs to consider not only legislative changes but the revenue stream. As a district revenue is made with taxation or enrollment. SPPS needs to look at opportunities for expiring debt on the debt schedule and bond possibilities along with length and timing. Both bonds and LTFM funds sit within the levy portion that is funded through taxation so SPPS must be very aware of how that impacts. SPPS is doing various costing studies now and working with Springsted to look at bonds and refundings and the impact that has on the debt schedule over time. 3 years out SPPS is stable; we are now working to move the study out to 10 to 20 years.
• So, if you are thinking in the 2-4% range ($42-$84 million) is that in comparison to the current $30? Response: No, pull the $30 off that number.
• SPPS needs 2%-4% per year to maintain overall facilities. It is now levying the maximum at 3.52%. If SPPS moves to the 2%-4% committed to facilities how will that work if SPPS cannot exceed the maximum the state specifies? Where would the money come from? Response: A couple places, when you issue debt or bonds or COPs a debt schedule is put together for the State which will increase the levy over time. The other piece is the long-term maintenance revenue (a new opportunity). SPPS has gone to pay as you go. The limitation there is working with the State to increase that funding. It is a combination of those two areas. These would fall into the Facilities area of the levy.
• Will SPPS be able to get enough funds to cover this long-range plan? Response: It is working out a schedule over time and making sure that three to five years out SPPS has the funding and funding streams and is working with the State to ensure the two funding categories noted above are there to meet the District's needs. SPPS would levy for those dollars and include that in the levy proposal when that information is given to the State.
• This would mean next year SPPS would be looking at a levy proposal of greater than 3.52%? Response: Again, as a caution, SPPS does not know what outside influences will be from the legislature that might impact on other levy categories. There are many factors that play into the bottom line levy dollar amount. Administration will be looking at the plan over the next several months Administration will provide as much data as it can as different factors become known.
• In working with the City or County and their impacts, can SPPS get any synergy from that? Is that being taken into consideration? Are there other opportunities there? Is SPPS taking into consideration the other municipalities/entities that may be impacted by various decisions/projects? Response: SPPS is in a different position now as a District to leverage that information. Some is proactive and some reactive. With our five year plan, SPPS can work with local entities to supplement the benefits accrued in work being done/planned. On the proactive side as an example, through this process SPPS identified needs for access to exterior athletic facilities. This was a way to understand
what is SPPS responsibility and what falls to outside resources/entities. SPPS is working
to expand those relationships to identify how to work together to reach a mutually
beneficial outcome. SPPS is always in a counter planning cycle to the City so it is in a
strong position knowing what is known now to influence plans and become an active
partner in the on-going process

- Thanks were extended to Facilities for its inclusive style of engagement.
- In March Facilities will bring to the Board its first major presentation for approval. Will
that include direct input from community groups and how will that influence the plan?
Response: Community input in facilities-based decisions takes several forms: First is at
the site level to articulate district level standards/needs at each site. That provided a
chance for the site community to "roll up their sleeves" and articulate their needs. That
provides the basis for the plan. That was a very hands on process. As it moves to a five
year plan, it formalizes/institutionalizes the engagement to the plan. This utilizes the
FMP Committee taking the knowledge and engagement of the earlier groups and moving
it forward and balancing needs throughout the district. The Board adopted the process
for creating a hierarchy of needs to direct the plan and process moving forward at the
November Board meeting.

- What about Hamline, Galtier and Jie Ming? Response: The community has put together
a two phase process beginning with active recruitment for Galtier and Hamline. From this
the community hopes to see if the two programs can be sustainable on their own. Once
the data is in from the choice cards, the data will be reviewed to see if the area can
sustain both schools. If it cannot the second phase is to bring a recommendation forward
for a strong, viable community school for the Midway area. The community has been
very active in the process. Facilities has made a commitment that it recognizes certain
facets of the plan cannot be finalized now, context is changing so it needs to remain
flexible to address the evolving situation.

- A Board member stated she appreciated the process undertaken and how methodical
Facilities has been with the process. Looking at places like Galtier which has been
completely remodeled and working with parents at Open World when that was being
moved. How that happened is another indication of how this District works with parents
and the community to make spaces more open for learning even down to the furniture.
She looks forward to having more schools moving to look like those spaces and updating
them to enhance student learning.

- A Director stated the Facilities team has done great work.
- A Board member indicated he had concerns about the District's ability to sustain the plan
and hoped the Board would get more concrete answer to that. He stressed SPPS needs
to assure equity of facilities for public school kids in St. Paul. Mostly because it is the
right thing to do and, secondly, to meet the competition for enrollment from outside
education sources (privates, charters, other districts).

- He indicated he was confused about where the Board will be in December and what will
be decided upon. Thought that at December 15 meeting the Board would be looking at
an encompassing resolution on the five year plan and a glimpse of some work scopes
(projects). He stated it feels like the Board is poised to make decision, where do we go
from here? Response: On December 15 the Board will create a long-term facilities
maintenance and capital structure. SPPS is a constantly evolving organization.
Decisions being made here are continuous and on-going, there will not be a grand reveal.
The March five year comprehensive plan will be "the reveal" for the start of the process.

- Having an all encompassing long-term plan takes the politics out of the process. People
are, however, anxious to find out what the plans are. Response: The encompassing
actions in December will be acceptance of the FMP, the second is structural change with
a rolling five year plan for facilities inclusive of community engagement and the third is
action on the 15-16 capital bonds.

- An information request was made that as the process moves forward the Board will need
more detailed graphics on how the funding works, where it comes from and how it will be
paid for.

C. Standing Item: Policy Update - None
D. Standing Item: PLTT Update - None
E. Standing Item: SSSC 2.0 Update - None

F. Work Session
   1. Black Lives Matter curriculum
      This was an idea presented to a Board member by Duchess Harris, author of a book on Black Lives Matter. Minneapolis is looking at bringing the book in as part of their curriculum and Ms. Harris asked if SPPS would be interested in doing something similar.

      The book is an issues book and is part of series. There is a teacher at Washington who teaches 7th grade reading and an African American literature class (AVID for young men) after school. SPPS is looking at how the book might be used in some areas to bring in multiple perspectives and, through Teaching and Learning, see how it would align with the standards. SPPS is looking to Teaching and Learning for guidance on how it would fit with social studies, ELA, etc. SPPS has a process for adopting curriculum materials. It is used as a supplemental piece in some class rooms or a text to meet culturally relevant standards. This needs to be done intentionally. SPPS is hearing more students voices articulating inequities.

      QUESTIONS/DISCUSSION:
      • How does SPPS advance the curriculum within or with a different adoption process that responds more quickly so SPPS can insure the curriculum is relevant over time with flexibility to bring alternative perspectives?   Response: That is a driving force, particularly this year, to make the curriculum relevant culturally, ethnically and timely. SPPS is doing it around Native American units of study in conjunction with the Minnesota Historical Society. PD time with teachers is also a challenge. SPPS does do well in incorporating it within the curriculum it is sharing. It also makes teachers comfortable about bringing other perspectives in. With the Literacy curriculum teachers have voice and choice on what they can bring into the classroom. SPPS is working to keep the curriculum open and flexible for students. SPPS is able to be timely and encourages students to produce their own voice. One to one technology allows students to access to great number of resources. Equity and Teaching and Learning are working on bringing in materials that are edgy for middle and high school students in particular. Materials need to be used in an intentional respectful way. There is value in helping staff navigate the variety of text used in classrooms to do this.

   2. PAC Discussions
      Staff stated they were working on accumulating the minutes from the various 2014 meetings. The Chair reiterated that once materials have been gathered, they were to be reviewed and summarized into major areas of concern and then reviewed for their relation to policies and/or procedures.

III. ADJOURNMENT

MOTION: Mr. Brodrick moved the meeting adjourn, seconded by Ms. Doran.

The motion passed.

The meeting adjourned at 5:54 p.m.

Respectfully submitted,

Marilyn Polsfuss
Assistant Clerk