

**MEETING MINUTES
COMMITTEE OF THE BOARD
September 17, 2009**

PRESENT: Board of Education: Elona Street-Stewart, Kazoua Kong-Thao, John Brodrick, Tom Goldstein

Keith Hardy arrived at 5:02 p.m.

Absent: Anne Carroll

Staff: Interim Superintendent Kelly, Luz Maria Serrano, Kathy Brown, Michelle Walker, Christine Wroblewski, Michael Baumann, Nancy Stachel, Mary Gilbert

Other: Jean O'Connell, Jane McCue, Greg Patterson, Doug Belden

I. CALL TO ORDER

The Committee of the Board Chair called the meeting to order at 4:48 p.m.

II. AGENDA

1. Initial Presentation of 2009 Payable 2010 Property Tax Levy

The Chief Financial Officer stated the Board must certify its proposed 2009 payable 2010 property tax levy to Ramsey County and the Minnesota Department of Education (MDE) by September 30, 2009. Administration has recently received the levy calculations from the State and has verified all data elements for accuracy.

The Board of Education was asked to approve the proposed property tax levy for 2009 payable 2010. The amount set determines the ceiling for the final levy adopted by the Board in December. This levy will be paid by taxpayers in May and October of 2010. The proceeds of this levy provide funds for the 2010-11 school year.

The final levy adopted by the Board in December cannot exceed the proposed levy amount adopted on September 22, 2009. Administration recommended the Board adopt a maximum levy of \$111,793,719 as a ceiling for the district's pay 10 levy. The maximum levy proposed by MDE \$114,232,019 so the recommendation is slightly lower than the maximum. This is a 4.5% increase overall but a net actual increase of 2.4% after the fiscal disparities distribution is applied.

Issues impacting the levy for the general fund include: authorization for new OPEB "Pay-Go" Levy discussed at the August COB meeting and slight increases in Health and Safety and TRA levies which are offset by reductions in Lease Levy and other adjustments from previous years. The Debt Service Levy increase included principal and interest costs for the recent capital and alternative bonds.

Key event/deadline dates were reviewed.

MOTION: Ms. Kong-Thao moved the Committee of the Board recommend the Board of Education approve a proposed ceiling for the 2009 payable 2010 property tax levy of \$111,793,719. Motion seconded by Mr. Goldstein.

Motion passed.

QUESTIONS/DISCUSSION:

- Clarification was sought whether there was an overall increase of 6.9% or a net 2.4% overall increase. Response: The total gross district levy is a total increase of 4.5% and when the fiscal disparities calculations are subtracted it is reduced to 2.4%. The fiscal disparities reduce taxes in St. Paul.
- The debt increase is because of the bonds which were recently sold? Yes.
- If it were not to increase at all what would the impact be? The Legislative Liaison responded the debt service levies are required to be made as a condition of selling the bonds, so the increase on the debt service line is calculated based on a formula calculated by MDE for the debt service levy amount; there is no flexibility there. In the General Fund area there are some levies that have a penalty. So, if the District decided not to make those levies the District would have an aid penalty applied. In some cases if the levy is not made the District would simply have less money in the General Fund for paying obligations. For example, the District has the authority to levy for its leases under the lease levy. If it decided not to make this levy, this revenue would no longer be available so money would have to be taken from instruction to meet the obligations of the leases. Not making the levy would result in the District having less General Fund revenue as allowed by the various formulas created under statute for the various levy categories.
- If a decision were to be made to further reduce the levy, specific direction would need to be provided because every levy pulled changes the cascading effects to the General Fund.
- A comment was made noting that JPTAC had discussed the frustration the public feels as expressed at the Truth in Taxation (TNT) meetings. In looking at the timelines, now that the Board has adopted the maximum levy certification the public is not precluded from addressing the board on this subject at the October, November and December board meetings. Response: The City, County and School District are working together to ensure information on the public hearings will be included in the TNT notices which will be sent out along with other ways of making these meetings known.

The Chief Financial Officer stated districts are required to meet the Truth in Taxation requirements for levy year 2009 payable 2010. School districts are no longer required to hold a separate TNT hearing, but instead are required to discuss the payable 2010 levy and current year budget at a regularly scheduled board meeting and allow the public to speak. The meeting must take place after November 24, 2009 (when taxation notices will have been mailed) but before the final levy is adopted in December. The meeting must take place at 6:00 p.m. or later. The district may adopt the final levy at the same meeting. The date for this meeting must be announced at the board meeting when the proposed levy is adopted and published in the minutes of that meeting.

Administration recommended that the required public hearing to discuss the Tax Levy be held on December 15, 2009 at the regularly scheduled Board of Education meeting specifically during the scheduled public input session at 7:00 p.m.

QUESTIONS/DISCUSSION:

- Is it by statute that the meeting can't be held prior to November 24? Response: Yes, the District can have other opportunities but there has to be a formally announced meeting for public input. It has to be after November 24 because the TNT Notices have

to go out first so people have these notices before they participate in the public hearings.

- The comment was made that this just seems to recreate the TNT Hearings held previously. People will come, they will know a vote will be taken and they will just vent. This meets the requirement of the law, but doesn't really help the process if the vote is taken that same evening. If the Board is really going to allow the public to have input that may end up swaying the Board's vote there must be time for that input, for Board consideration and input from Finance before the final decision is made. So there should be a separate meeting to allow people to provide their input before the December Board meeting.
- Could the public input hearing be set up at the December COB meeting? Response: It would need to be a Special Board of Education Meeting. It could be December 1 to hear the input. This would allow two weeks for deliberation before the final action on December 15.
- Clarification was made that final action on the levy would occur at the December 15, 2009 Board meeting.
- Clarification was made that the Special BOE meeting on December 1 would immediately follow the COB meeting on that date. Following discussion 6:00 p.m. was established as the time for the public hearing.
- Clarification was also made that the budget would need to be addressed, and since the budget would not be in preparation at that time a schedule for the budget process would need to be presented.

MOTION: Mr. Goldstein moved the Committee of the Board recommend the Board of Education hold the required official public input meeting on the 2009 payable 2010 tax levy at a Special Board of Education meeting on December 1, 2009 at 6:00 p.m. Mr. Hardy seconded the motion.

Motion passed.

III ADJOURNMENT

MOTION: Mr. Hardy moved the meeting adjourn; seconded by Mr. Goldstein.

Motion passed .

The meeting adjourned at 5:17 p.m.

Respectfully submitted,

Marilyn Polsfuss
Assistant Clerk