

Minutes

Milbank School District Board Proceedings

February 11, 2011

President Malcolm Dirksen called the meeting to order at 6:00 PM in the board room of the high school building. Members present were Dirksen, Tyler, Biersbach, Stengel and Schwandt. Superintendent Tim Graf and Business Manager Nancy Meyer were also in attendance. Guests present were Jeff Natlie-Lees, Dan Snaza, Linda Foos, Rhonda Zinter and Joyce Johnson.

Motion by Biersbach and seconded by Schwandt to approve the agenda. Motion carried. 5-0

No one addressed the Board during the Community Input Session.

Discussion items: Review Financial Status of the General Fund, Junior Kindergarten, QZAB Projects and Legislative Update

Motion by Tyler and seconded by Stengel to approve consent agenda. Motion carried. 5-0 Items included were:

Approve Minutes of January Meeting

Receive Business Manager Financial Report

Approval of Bills Presented for Payment:

Business Manager's Monthly Report: General Fund: Balance 1-01-2011, \$1,419,517.57. Receipts: Taxes, \$48,169.56; Interest, \$210.56; Admissions, \$6,658.30; Local Misc, \$987.01; OST Fees, \$994.99; State Aid, \$186,038.00. Expenditures: Salaries-Instructional, \$174,557.99; Salaries-Support Services, \$71,753.82; Salaries-OST, \$2,856.81; Salaries-Co-curricular, \$19,179.45; Benefits-Instructional, \$44,988.62; Benefits-Support Services, \$21,043.36; Benefits-OST, \$752.21; Benefits-Co-curricular, \$2,920.91; Purchased Services, \$40,568.93; Supplies, \$9,072.36; Other, \$100.00. Journal Entries, (\$121,700.00). Balance 1-31-2011, \$1,153,081.53.

Capital Outlay Fund: Balance 1-01-2011, (\$97,352.24). Receipts: Taxes, \$10,148.72. Expenditures: Purchased Services, \$32,790.77; Supplies, \$1,084.04; Capital Acquisitions, \$588.94. Journal Entries, \$121,700.00. Balance 1-31-2011, \$32.73. Promissory Notes to General Fund, \$121,700.00.

Special Education Fund: Balance 1-01-2011, \$123,111.93. Receipts: Taxes, \$4,735.95; Interest, \$19.14; State Aid, \$11,118.00. Expenditures: Salaries-Instructional, \$43,853.89; Salaries-Support Services, \$15,648.65; Benefits-Instructional, \$11,792.65; Benefits-Support Services, \$4,466.77; Purchased Services, \$11,597.34; Supplies, \$664.95. Balance 1-31-2011, \$50,960.77.

Pension Fund: Balance 1-01-2011, \$64,931.26. Receipts: Taxes, \$1,015.00; Interest, \$9.57. Expenditures: Salaries-Instructional, \$895.67; Benefits-Instructional, \$68.53. Balance 1-31-2011, \$64,991.63.

Lunch Fund: Balance 1-01-2011, \$130,414.49. Receipts: Student Meals, \$28,067.50; Adult Meals, \$1,627.80; A la Carte Sales, \$1,058.20; Misc Income, \$93.61; Federal Sources, \$14,314.06.

Expenditures: Salaries-Support Services, \$13,038.11; Benefits-Support Services, \$5,099.94; Purchased Services, \$455.49; Supplies, \$21,457.64. Balance 1-31-2011, \$135,524.48.

Bills Presented for Payment: 2011 SDAEYC/SDHSA Conference, Workshop, \$298.00; American Library Assn, Registration, \$115.00; Associated School Boards of SD, Policy Review, \$1,500.00; Melissa Bastian, Graduate Credit, \$150.00; Berens Grocery, Supplies, \$75.26; Best Business Products, Supplies, \$26.40; Big Stone Therapies Inc, Therapy Services, \$5,073.67; Bills Super Valu, Supplies, \$68.27; Brewster Building Center Inc, Supplies, \$56.00; CDW Government, Supplies, \$2,869.34; Centre Stage Manufacturing, Supplies, \$1,013.75; Century Business Leasing, Copier Payments, \$500.45; Century Business Products, Copier Supplies, \$48.90; Chase Card Services, Supplies/Travel, \$2,669.37; Child & Adult Nutrition Services, Food, \$952.13; City of Milbank, Water/Sewer, \$1,511.25; Community Transit, Travel, \$1,320.00; Conference Medal & Trophy, Supplies, \$154.63; Dacotah Paper Co, Supplies, \$23.86; Dakota Food Equipment, \$46.61; Dean Foods, Milk, \$4,271.69; DeFea Transportation, Bus Services, \$46,141.46; Della Doran, Refund, \$7.55; Earthgrains Baking Co, Food, \$1,195.63; Sandra Fonder, Translating Services, \$90.00; Food Services of America, Food, \$12,473.76; Food-N-Fuel, Travel, \$38.80; G&K Services, Cleaning Services, \$144.27; Gage Food Products, Food, \$703.00; GCC Ready Mix, Snow Removal, \$1,023.14; Grant County Review, Minutes, \$271.70; Hardware Hank, Supplies, \$16.48; Hauff Mid-America Sports, Supplies, \$234.79; Hedahls Auto Parts, Repairs, \$55.64; Hewlett Packard Financial, Equipment, \$5,467.59; Hillyard Inc, Repairs/Supplies, \$663.10; Judy Howell, Graduate Credit, \$75.00; Human Service Agency, Services, \$382.50; Imprest Fund, Reimbursement, \$7,990.15; IT Outlet, Supplies, \$244.54; ITC Telephone/Internet, \$671.65; JA Sexauer, Repairs, \$692.33; Johnson Controls, Maintenance Contract, \$13,526.48; JW Pepper, Supplies, \$169.08; K&M Music, Supplies, \$30.00; Kindergarten Academy, Workshop Registration, \$555.00; KONE Inc, Repairs, \$4,387.84; Tracy Kramer, Refund, \$32.50; Darla Larson, Graduate Credit, \$75.00; Library Video Co, Supplies, \$117.43; Liebe Drug Inc, Supplies, \$131.22; Heidi Lundborg, Travel, \$40.00; Brenda Maass, Supplies, \$56.62; Mastercard Corp Client's Payment Center, Travel/Supplies, \$2,190.56; Milbank Lumber, Supplies, \$98.90; Milbank School Lunch Program, Supplies, \$74.13; Milbank School Lunch Student Workers, Daily Workers, \$302.00; Mill Valley Industries, Supplies/Repairs, \$552.82; Nasco, Supplies, \$45.87; Nelson Electric Inc, Repairs, \$2,493.38; Chad Nolz, Graduate Credit, \$75.00; Northeast Physical Therapy Group, Therapy Services, \$6,148.20; NorthWestern Energy, Natural Gas, \$877.20; OtterTail Power, Lights/Power, \$28,952.90; Parents, Mileage, \$752.96; Norm Patterson, Supplies, \$300.00; Perma-Bound, Books, \$1,077.11; Pine Hills Golf Club, Rental, \$350.00; Praxair Distribution, Supplies, \$787.54; Professional Hearing Services, Supplies, \$330.00; Quick Pro Lube, Vehicle Maintenance, \$253.26; Quill Corporation, Supplies, \$45.46; Reinhart Foodservice, Food, \$5,203.22; Rising Star Quilts, Supplies/Repairs, \$1,042.10; Rogers Electric Motor Service, Supplies, \$24.55; Sargent Welch, Supplies,

\$54.93; Sarlettes Music, Repairs, \$1,301.01; School Specialty, Supplies, \$103.65; Schuneman Equipment, Repairs, \$51.10; Seehafer Do It Best Hardware, Supplies, \$340.73; Software House Intl, Supplies, \$99.04; Star Laundry & Dry Cleaners, Supplies, \$183.78; Stein Sign Display, Advertising Services, \$2,475.00; Sunset Graphics, Supplies, \$107.70; Super 8 Motel of Brookings, Lodging, \$399.60; Ginny Tostenson, Travel, \$47.00; Training Room Inc, Supplies, \$160.05; Trapp Plumbing Co Inc, Repairs, \$320.84; Tri State Water, Supplies, \$57.50; Twin Valley Tire, Repairs, \$32.95; Unzen Motors Inc, Repairs, \$52.00; Valley Office Products, Supplies, \$242.18; White House Inn, Travel, \$350.00; Wittrock & Son, Garbage Collection, \$600.00; Xerox Corp, Copier Payment, \$1,315.45.

Approve Open Enrollment Applications for a Kindergarten, 1st grade and 8th grade students.

Approve promissory note from General Fund to Capital Outlay Fund in the amount of \$121,700.

Motion by Schwandt and seconded by Biersbach to approve the following:

RESOLUTION RELATING TO CAPITAL OUTLAY CERTIFICATES (QUALIFIED ZONE ACADEMY BONDS), SERIES 2011, IN AN AMOUNT NOT EXCEEDING \$1,000,000 AUTHORIZING THE ISSUANCE THEREOF AND MAKING PROVISIONS FOR THEIR PAYMENT AND 6431(F) ELECTION

BE IT RESOLVED by the School Board of Milbank School District 25-4, 1001 E. Park Avenue, South Dakota (the "District"), as follows:

I. RECITALS, AUTHORIZATION AND FINDINGS.

- A. Recitals.** It is declared necessary and in the best interests of the District to issue, Capital Outlay Certificates, Series 2011 (the "Certificates" or "QZAB Certificates") in a liability amount not to exceed \$1,000,000 in accordance with the provisions of SDCL Chapters 13-16 and 6-8B.
- B. Authorization.** Pursuant to Section 1397E of the Internal Revenue Code of 1986, as amended (the "QZAB Rules"), subject to the limitations therein and certain other conditions imposed by the QZAB Rules, an "eligible local education agency" (as such term is defined in the QZAB Rules) is authorized to issue bonds or other obligations called "qualified zone academy bonds" ("QZABs") for certain purposes which include rehabilitation and repair, provision of equipment, development of course materials and training, for any "qualified zone academy" (as such term is defined in the QZAB Rules) which includes any public school or academic program below the post-secondary level (i) which is designed to increase graduation and employment rates and prepare students for college and the work force, (ii) whose students are subject to the same academic standards and assessments as other students, (iii) whose comprehensive education plan is approved by the local education agency, and (iv) which is located in an empowerment zone or enterprise community or is reasonably expected to have at least 35% of its students eligible for free or reduced cost lunches under the school lunch program.
- C.** The School District by resolution does hereby approve a qualified zone academy project list and has submitted it to the South Dakota Department of Education, and the School District has received a qualified zone academy bond allocation of \$1,000,000 for such projects (the "Series 2011-QZAB Facilities"). This Board therefore concludes that all

limitations imposed upon the issuance of Certificates and any other form of indebtedness, whether by reason of SDCL Chapter 6-8B, SDCL Chapter 13-16, or otherwise, have been compiled with or otherwise satisfied.

Findings. The Board hereby determines as follows:

1. The issuance of the Certificates will not cause the District's aggregate amount of indebtedness to exceed the maximum allowable constitutional or statutory indebtedness.
2. The authorization, issuance and sale of the Certificates are subject to and in compliance with the provisions of SDCL 6-8B and 13-16.
3. The proposed Capital Outlay Certificates authorized by this Resolution will obligate the District for future payments on the principal of Capital Outlay Certificates, the total of which does not exceed one and one-half percent of the taxable valuation of taxable property within the District and the issuance and sale are not subject to any right of referendum.
4. That the District has developed and maintains a five year plan on annual project revenues and expenditures for the capital outlay fund pursuant to SDCL § 13-16-9.2.
5. The proceeds of the Certificates shall be used for the purposes and are estimated to be expended in accordance with the schedule attached to this Resolution.

II. SALE AND HIRING OF PROFESSIONALS

- A. **Sale.** The Certificates authorized by this Resolution shall be issued in an aggregate principal amount not exceeding \$1,000,000, its "QZAB Liability". Qualified owners of the Certificates will receive a tax credit. The District shall sell and place its certificates with any qualified owner as placed by Placement Agent.
- B. **Hiring of Professionals.** McLiney and Company is hired as placement agent for the Certificates ("Placement Agent"). The law firm of Meierhenry Sargent LLP of Sioux Falls, South Dakota ("Bond Counsel") is hereby appointed as Bond Counsel for purposes of this issue of Certificates.

III. TERMS AND EXECUTION.

- A. **Terms.** The Certificates will be dated in 2011 and shall also bear the date of authentication. All final terms shall be set forth in a Certificate Purchase Agreement which is hereby approved.
- B. **Execution.** The Certificates shall be signed by the manual or facsimile signatures of the President of the School Board and by the Business Manager of the District and countersigned by the manual or facsimile signature of an Attorney resident in the State of South Dakota and in case any officer whose signature shall appear on any Certificate shall cease to be such officer before the delivery of such Certificate, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

IV. CAPITAL OUTLAY FUND ACCOUNTS AND PLEDGE OF TAXING POWER.

- A. **Capital Outlay Fund Accounts.** The District does hereby establish Accounts inside the Capital Outlay Fund of the District.
 1. **Series 2011 Certificate QZAB Account.** There is hereby created in the Capital Outlay Fund the "Series 2011 Certificate QZAB Account". Pursuant to SDCL

§6-8B-13 the proceeds derived from the sale of the Certificates, excluding accrued interest, shall be deposited in the Capital Outlay Fund and credited to the Series 2011 Certificate QZAB Account. The Certificate QZAB Account may only be used to:

- a) Pay costs associated with the rehabilitating or repairing of school facility, providing equipment for use at an academy, developing course materials for education to be provided at the academy or the training teachers and other school personal; and
- b) to pay costs incident to the issuance and sale of the Certificates pursuant to SDCL 6-8B-20, but in no event shall proceeds from the QZAB Certificates in excess of 2% be used to pay costs incident to the issuance or sale of the QZAB Certificates. All issuance costs above 2% shall be paid from other school funds.

2. **Series 2011 Certificate Redemption Account.** There is hereby created in the Capital Outlay Fund the "Series 2011 Certificate Redemption Account". The Certificates shall be payable from the Series 2011 Certificate Redemption. Said account shall be maintained until such time as the Certificates have been paid in full.

B. Pledge of Taxing Power. Pursuant to SDCL § 13-16-10, the District does hereby provide for an annual tax sufficient to its QZAB Liability when due. The taxing powers, not to exceed three dollars per thousand of assessed valuation, of said District shall be and they are hereby irrevocably pledged to the prompt and full payment of the principal of and interest on each and all of said Certificates as such principal and interest respectively become due.

C. Certificates Levy. To provide moneys for payment of QZAB Liability when due, the District does hereby levy, not to exceed three dollars per thousand, collectable in the ensuing years, an amount sufficient to produce collected taxes, taking into consideration an amount necessary to provide for delinquencies, in an amount not less than the amount indicated on the schedule to be attached hereto and made a part hereof and any reserve which would be levied on a yearly basis.

D. Appropriation of Levy. The proceeds of said levies are hereby appropriated to, and shall be held in Capital Outlay Fund and credit to the Series 2011 Certificate Redemption Account, if any principal falls due when moneys in said sinking fund are insufficient, the District shall request and the auditors shall spread, if allowed under South Dakota law, additional capital outlay levies sufficient for payment of principal when due or the same shall be advanced from any funds of the District to said sinking fund.

E. Levy Irrepealable. Said levies shall be irrepealable so long as any of the Certificates of said issue, except that the School Board of the District and the Auditor shall have the power to reduce the levy as provided by SDCL §13-16-11. The Business Manager is hereby directed to file a certified copy of this Resolution and the Schedule with the County Auditor of Grant, and this Resolution shall constitute authority to said Auditor and their successors in office to spread said levy on the tax rolls for the years and in the amounts as indicated by the Schedule.

V. **AUTHORIZATION OF OFFICERS, EFFECTIVE UPON PASSAGE**

- A. **Authorization of Officers.** The officers of the District are hereby authorized and directed to take all other action necessary or appropriate to effectuate the provisions of this Resolution.
- B. **Effective Upon Passage.** This resolution shall be in force and take effect from and after its passage.

VI. DAVIS-BACON.

All projects financed with the proceeds of the Certificates shall be bid in accordance with the Davis-Bacon Act.

Chairman

Business Manager

Motion carried. 5-0

Motion by Stengel and seconded by Tyler to approve 2011-2012 School Calendar make up days proposed by Supt. Graf. Motion carried. 5-0

Reports were given by Elementary Principal Linda Foos, Special Services Director Rhonda Zinter and High School Principal Dan Snaza.

Superintendent Graf reported on the following:

1. Homeland Security Grant
2. Football Cooperative
3. ASBSD Policy Review

Motion by Biersbach and seconded by Tyler to enter executive session for personnel matters at 7:02 PM. Motion carried. 5-0

Chairman Dirksen declared executive session over at 8:30 PM and regular session resumed.

Motion by Tyler and seconded by Stengel to adjourn at 8:31 PM. Motion carried. 5-0

The next regular meeting of the Milbank School Board will be on March 14, 2011 at 6:00 PM.

Chairman

Business Manager