

ASBSD Board of Directors Meeting (Wednesday, August 9, 2017)

Generated by Katie Mitchell-Boe on Tuesday, August 15, 2017

Alan Van Ruler, Montrose was recognized by Dr. Pogany for his service on the ASBSD Board.

The meeting was called to order by President Anita Peterson, present were members: Todd Thielke; Tom Farrell; Bryan Bauer; Susan Humiston; Denise Lutkemeier; Rick Olson, Steve Kubik; Neil Putnam; Kathy Greenway; Deb Koenecke; Melissa Whipple; Pam Haukaas and Duane Alm. Absent were members: Orson Ward and Ron Riherd. Also present were: Dr. Wade Pogany, Gerry Kaufman, Tyler Pickner, Matt Flett and Katie Mitchell-Boe.

Call to Order - Anita Peterson – The official meeting began at 12:00 p.m. following the recognition of outgoing board member, Alan Van Ruler.

Information: 1.1 Good News –

Steve Kubik - Winner school district is preparing for a good year with the new superintendent settling in.

Susan Humiston – This is the second year of the Math Customization and things are going smooth. New football complex is right on schedule.

Pam Haukaas – Colome is fully staffed with a new football/concession project complete. The Policy Committee reviewed the entire student handbook and tied handbook to policies.

Rick Olson – Howard building projects are complete and this is the first time in his 18 years as a board member that Howard doesn't have a new building project. District is fully staffed and school is planning Ag Olympics.

Kathy Greenway – District negotiations were completed in one day. Yankton received grant monies for building a regional technical building and when finished it will be an enclosed structure.

Tom Farrell – Madison district wide enrollment is up with 24 new students registering. District is fully staffed, two new board members, and photos were taken when students registered for the year.

Todd Thielke – Field house is ready to go and they are excited because all three high schools will be using it. Strategic plan is in place and have already seen a 3% increase in high school graduates.

Anita Peterson – Philip has a new superintendent, teachers received a 6% increase plus a one time bonus. Their new building is progressing nicely.

Duane Alm – Aberdeen has again seen an eighty student enrollment increase. Their athletic director has been inducted into the South Dakota Hall of Fame.

Denise Lutkemeier – Science teacher resigned on July 31 and their district was able to hire a new one by today, August 9th. They are excited to have 31 students in kindergarten but that meant need for an additional teacher. First time in several years they will have a full time guidance counselor.

Eric Stroeder – Mobridge-Pollock has two new board members and they both have become engaged in training. Former board member, Bingo Kindt, has written some very positive stories about their district.

Melissa Whipple – Todd County has seven new teachers, new building and 3 new buildings for their teachers.

Deb Koenecke – New principal and back to school registration includes pictures being taken at the same time.

Bryan Bauer – Old school building is replaced and their district is unique because every six month they have military turnover. The work with the Ellsworth administration and school district are working together on strategic plans and plans for the future.

Dr. Pogany shared the *Good News Bulletin* with the board and asked that when they were finished reading it to please place it in a public place to be shared.

2. Approval of Minutes

Action, Minutes: 2.1 Approval of April 21, 2017 Minutes

Moved by Duane Alm, seconded by Kathy Greenway to approve the April 21 minutes as presented. Motion carried.

Action: 2.2 Approval of Officers

Eric Stroeder, Nominating Committee Chair presented the following slate of officers: Todd Thoenke, President; Tom Farrell, 1st Vice President; Denise Lutkemeier, 2nd Vice President and Anita Peterson, Past President. Moved by Eric Stroeder, seconded by Tom Farrell to accept the nominating committee report. Motion carried.

Information: 2.3 Reorganization of the Board

Dr. Wade Pogany recognized the newly appointed executive committee and reported on the successful re-election of Tom Farrell, Melissa Whipple and Susan Humiston to the board. At this time Dr. Pogany thanked Anita Peterson for her work as President and presented her with gifts of appreciation.

Information: 2.4 Passing of the Gavel

Anita Peterson thanked the board for the opportunity to serve as president and presented Todd Thoenke with the gavel. Todd thanked Anita for her role as President of the ASBSD Board.

3. Financial Items

Action, Information: 3.1 Financial Reports through June 2017 - Matt Flett, CFO

Matt Flett reported after all year-end entries are made the Association increased its Net Position on the balance sheet by \$187,608.92. The \$1.9 million to support the Line of Credit for the health fund at BankWest has been cancelled as of June 20, 2017, and those funds are no longer restricted.

Early in July 2017, a check for \$514,025.35 was issued to retire the entire loan for the ASBSD building and paid to BankWest. The building loan was retired six years earlier than noted on the amortization schedule and saved the Association and our membership approximately \$70,000 in interest expense.

Our balance sheet is the strongest it has been in recent years because of the unrestricting of funds dedicated to the line of credit. The Association is in good financial shape to recover in the event a worst case scenario occurs where we would absorb a large loss in a revenue source and would have a short, but workable time restructure. Moved by Denise Lutkemeier, seconded by Melissa Whipple to accept as presented. Motion carried.

Information: 3.2 Protective Trust update

Matt Flett reported the Protective Trust has been very busy with the assessment in the Health Fund and the Fund successfully paying back the line of credit for ASBSD and the Workers' Comp Fund Loans. The Administrative Fees are the biggest revenue source. The Administrative fees percentages charged for FY 2017 are:

Health: flat \$700,000

Property/Liability: 10%

Workers' Compensation: 10%

Action, Discussion: 3.3 Investment Proposal

Dr. Pogany presented the Investment Policies and Standards Investment Policy Statement. Doug Mikkonen, CFA, CTFA/Trust Officer from BankWest presented an Introduction to BankWest Trust and Wealth Management Services. Doug presented investment options for the board to consider that coincide with the new investment policy. Discussion followed. Moved by Duane Alm, seconded by Susan Humiston to accept the policy as presented. Motion carried with Kathy Greenway abstaining from voting. See Attachment 1.

Moved by Denise Lutkemeier, seconded by Pam Haukaas to authorize the Executive Director and Chief Financial Officer to proceed with the investment of \$1.25 million following the guidelines set forth in policy. Motion carried with Kathy Greenway abstaining from voting.

Action: 3.4 Signatory Card Authorization

Moved by Bryan Bauer, seconded by Deb Koenecke to remove Anita Peterson's name from all ASBSD checking accounts and add Todd Thielke to signatory authorization, Motion carried.

4. Reports

Information: 4.1 NSBA Report

Neil Putnam reported briefly on what's happening on the National Level and advised the board NSBA Legal Counsel, Tammy T. Carter, will be presenting at the convention.

Information: 4.2 National Meetings Representatives

Dr. Pogany shared upcoming national meetings include Summer Leadership in Chicago, August 18-20, 2017, and Western Region in Kansas, September 14-17, 2017. Both meetings will be attended by the Executive Director and the Executive Committee.

Information, Minutes: 4.3 Executive Committee minutes

Dr. Pogany presented the minutes of the June 23, 2017 executive committee for the boards information.

5. Advocacy

Action, Information: 5.1 Policy and Resolutions Committee Report

Moved by Tom Farrell, seconded by Anita Peterson to accept the proposed Legislative Resolutions as presented. Motion carried. See Attachment 2.

Moved by Tom Farrell, seconded by Denise Lutkemeier to accept the 2018 ASBSD Standing Positions as presented. Motion carried. See Attachment 3.

Information 5.2 Region Meetings – Dates and Sites

The Region meetings 2017 are as follows:

Sept. 25 Willow Lake

Sept. 26 Aberdeen
Sept. 27 Wilmot
Oct. 3 Brookings
Oct. 4 Vermillion
Oct. 5 Sioux Falls
Oct. 12 Mitchell
Oct. 24 Chamberlain
Oct. 25 Timber Lake
Oct. 30 Stanley County
Nov. 1 Rapid City
Nov. 8 Todd County

All meetings are scheduled for 6:00 pm start times.

Information: 5.3 Legislative Updates

Dr. Pogany shared with the board possible legislative issues for the upcoming session. Discussion followed on the following items: Audits, school board exempt from negotiating benefits, funded preschool, school funding and what inflation factor might be.

6. Strategic Planning

Discussion: 6.1 Strategic Plan Discussion

Dr. Pogany shared with the board a draft proposal for ASBSD Awards. At the April Board Meeting the Board talked about possible options to use the ALL Board Recognition program as a means to determine the Outstanding School Board member award (OSBM) and the School Board Award of Excellence award (SBAE). Discussion followed. Suggestions were made to make changes to proposal with further discussion at the next meeting.

7. ASBSD Policies

Action, Discussion: 7.1 Policy Review

Policy BC – At-Large Board Member Appointment –Dr. Pogany presented Policy BC- At Large Board Member Appointment for the boards consideration. Suggestions were made to make changes to proposal with further discussion at the next meeting.

Policy GCBB – Staff Travel Expenses – Moved by Tom Farrell, seconded by Rick Olson to accept as presented. Motion carried. See Attachment 4

8. Director's Report

Action, Information: 8.1 ASBSD Board Meeting Dates/Convention Dates

Moved by Anita Peterson, seconded by Kathy Greenway to accept the proposed meeting dates as presented:

Board of Directors meeting November 16-17, 2017
Delegate Assembly November 17, 2017
Board of Directors meeting February 19, 2018
Legislative Day February 20, 2018
Board of Directors meeting April TBD
Board of Directors meeting August 8, 2018
ASBSD/SASD convention August 9-10, 2018

Information: 8.2 Policy and Legal Services updates – Gerry Kaufman gave a brief report on the activities of the Policy and Legal Services.

Information: 8.3 Joint Convention 2017 report

Dr. Pogany reported we had 507 pre-registered for convention with 119 public schools attending.

Breakdown was as follows:

Principals – 125

Superintendents – 106

District Administrators – 42

Board Members – 174

Business Managers – 31

9. Other Business

Information: 9.1 Next meeting is scheduled for November 16-17, Pierre, SD

10. Executive Session

Information: 10.1 If needed – There was no need for executive session.

11. Adjournment

Action: 11.1 Motion to Adjourn – Moved by Tom Farrell, seconded by Deb Koenecke to adjourn the meeting.
Motion carried

INVESTMENT POLICIES AND STANDARDS
INVESTMENT POLICY STATEMENT FOR
ASSOCIATED SCHOOL BOARDS OF SOUTH DAKOTA

Purpose

The purpose of this Statement is to establish a clear understanding of the investment policies and objectives of the Associated School Boards of South Dakota (ASBSD).

This Statement establishes policies and restrictions to be placed on investments. However, these are not intended to impede efforts to attain the overall objectives of the Association. The ASBSD gives the Investment Managers or Executive Director discretion in investment selection and diversification for the purposes of increasing returns or reducing risk exposure. The ASBSD also gives the Investment Managers or Executive Director responsibility to shift the Association's asset commitment among securities and market sectors to pursue opportunities presented by secular changes within the capital markets.

Investment Guidelines

The Association's assets must be invested with the care, skill and diligence that a prudent investor acting in this capacity would use to comply with controlling statutes governing this type of plan.

The greatest concerns should be generating income and modest principal growth. The ASBSD understands that fluctuating rates of return are characteristic of the securities markets. Portfolio risk levels should be established and maintained to meet the objectives set forth in this policy.

Objectives Standards

The Investment Manager's primary objective should be to provide income and principal growth through a diversified portfolio of investments. The primary benchmark for comparing performance will comprise of 50% S&P 500, 10% MSCI EAFE and 40% Barclay's US Aggregate Bond Index.

As a secondary objective, the Managers should seek to provide net average annual returns exceeding the Consumer Price Index by at least 1% annually over a rolling three-year time period.

Securities Classes

Fixed Income Securities

Investment in fixed income securities will be invested in the fixed income market to pursue opportunities presented by the capital markets. The Investment Managers should choose from U.S. Government bills, notes and bonds; U.S. Government agency securities, high grade corporate bonds, and insured certificates of deposit. Maximum maturity of any security shall be ten years. Effective duration of the portfolio shall be limited to five years or less.

No single security shall comprise more than 10% of the total portfolio.

Corporate bonds must be rated BBB or better by Moody's or Standard & Poor's. Mutual funds investments are allowed provided that the ASBSD, by prospectus, adheres to the specifications listed below.

South Dakota School District Bonds

The Investment Manager will discuss with the Executive Director and Chief Financial Officer all new South Dakota school district bond issues to determine if appropriate for investment by the ASBSD investment account.

Equity Securities

The Investment Manager will utilize ETFs (Exchange Traded Funds) to gain exposure to the equity markets in the investment account. The ETFs will be regularly monitored by the investment manager and a thorough review will be completed annually by the investment committee.

Cash Equivalents

The Investment Managers or Executive Director may invest in commercial paper, repurchase agreements, Treasury Bills, certificates of deposit, and money market funds to provide income, liquidity for expense payments, and preservation of the funds principal value. All such assets must represent maturities of less than one year at the time of purchase. Commercial paper assets must be rated A-1 or P-1 by Standard & Poor's and Moody's respectively. The Investment Managers may not purchase short-term financial instruments with speculative characteristics (uncertainty of principal and/or interest). The Investment Managers also may not invest more than 5% of the Association's market value in the obligations of a single issuer with the exception of the U.S. Government and its fully-guaranteed agencies.

The Investment Managers or Executive Director is prohibited from investment in private placements, common and preferred stock, short sales margin transactions, options and futures contracts and other derivative securities.

Asset Allocation

The Client (ASBSD) expects the Association's asset allocation policies to reflect the investment objectives and risk tolerances expressed throughout this Statement. Ranges of allowable investment within the asset classes cited above are herein specified:

	Minimum	Maximum
Cash Equivalents	2%	20%
Corporate Bonds	0%	40%
School Bonds	0%	10%
Certificates of Deposit	0%	75%
U.S. Government Securities	0%	40%
Agency Securities	0%	25%
Equities	0%	70%

Communications

Unless otherwise requested, the Investment Managers or Executive Director must furnish the Client with a quarterly account review detailing investment performance (time-weighted), portfolio holdings, and the market value. The ASBSD must receive timely information about changes in any investment philosophy, management, ownership, and key personnel.

Meetings between ASBSD and the Investment Manager will be held on an annual basis. They will cover the following topics:

1. The Manager's investment performance and risk levels, in light of the stated policies and objectives.
2. The Investment Manager's views on important developments within the economy and the securities markets, as well as their potential effect on investment strategy, asset allocation, and fund performance.
3. Changes in the Investment Manager's organization, professional staff, investment style, investment process, and brokerage practices; and the effects on investment philosophy, strategy, and performance.
4. Amendments to the Statement's policies and objectives.

The ASBSD may call more frequent meetings if significant concerns arise about the Manager's investment strategy or performance, or if key changes occur in the Manager's personnel or organizational structure.

Acknowledgements

By acknowledging in writing the receipt of this statement, the Investment Managers agrees to its terms and conditions. Should the Managers believe at any time that changes, additions, or deletions to this statement are advisable, he will be responsible for communicating these in writing for review.

This Statement shall be reviewed on an annual basis. Any modifications to this policy shall be reviewed with the Investment Managers prior to implementation.

DATE APPROVED: 11-19-94

DATE REVISED; 08-14-02; 04-17-04; 08-09-17

STAFF TRAVEL EXPENSES

Staff members will be reimbursed for meals and lodging using actual expenses with itemized receipts. Staff members traveling on approved ASBSD business will be reimbursed for the actual, reasonable costs of meals and lodging

Itemized receipts are required to support incurred charges.

Spouse's Travel Expense. When spouses travel with an employee, the spouse's expenses will not be covered. The employee's expenses are required to be itemized to verify expense reimbursement. If expenses of the employee and spouse are reflected collectively, the spouse's expenses must be isolated from those covered by ASBSD.

The staff is expected to utilize the Association car for travel whenever practical. When necessary to use a personal car, mileage by the shortest route will be paid at the rates established by the Board of Directors.

Cell Phones. ASBSD will not furnish cell phones to employees. For employees that use cell phones for ASBSD business, ASBSD will reimburse employees' cell phone expense as follows:

- Thirty dollars per month will be included in the employee's salary compensation prospectively, beginning the month subsequent to usage.
- ASBSD will not be responsible for loss, damage, or replacement costs.
- Prior approval must be obtained from the Executive Director, and notice provided to the CFO.

DATE APPROVED: 08-08-79

DATE REVISED: 04-04-92;04-17-04; 01-29-11; 08-09-17