

**MINUTES OF SPECIAL MEETING  
OF  
BOARD OF EDUCATION, SCHOOL DISTRICT NO. 172  
ADAMS COUNTY, ILLINOIS  
HELD ON NOVEMBER 14, 2011 – 6:00 P.M.**

**Meeting Convened**

The Board of Education of School District No. 172, Adams County, Illinois, met in special session on November 14, 2011 at 6:00 p.m. in the Board of Education Office, Room 214, located at 1416 Maine Street, Quincy, Illinois, in said school district.

**Roll Call**

The meeting was called to order by President Daniels, who directed the secretary to call the roll. On the call of the roll, the following members were present and answered to their names: Members Daniels, Dickerson, Erwin, Krause, Mays, Niekamp, and Stone; and the following member was absent: None. Whereupon the president declared that a quorum was present.

**Questions and Comments**

President Daniels opened the meeting to questions and comments to members of the Board, by members of the public and employees of the district, in compliance with state statutes.

Mr. Jeff Kerkhoff spoke in opposition to the Board approving \$6.2 million in Working Cash Bonds. He said this would be circumventing the people. Business Manager Bud Martin and Attorney Dennis Gorman explained the process for issuing the bonds as required by law. The Board would need to approve the issuance of the bonds. Voters can then have the issue placed on the ballot by collecting 3,500 signatures of registered voters.

**Motion to Approve Working Cash Bonds**

Due to the financial condition of the District, President Daniels announced and Member Krause presented the Resolution declaring the intention to avail of the provision of Article 20 of the School Code of the State of Illinois, as amended, and to issue Working Cash Fund Bonds of School District Number 172, Adams County, Illinois, and directing that notice of such intention be published in the manner provided by law (Doc. Reg. No.2569). The title of the Resolution was read by the Board Secretary.

It was moved by Member Erwin and seconded by Member Krause to adopt a resolution declaring the Board's intention to issue bonds in the aggregate amount of \$6,200,000 for the purpose of increasing the Working Cash Fund of the District.

**Discussion Regarding Working Cash Bonds**

Member Mays stated that the Working Cash Bonds would not be a permanent fix. The case may need to be made to the voters to increase the Education Fund tax rate. Member Krause questioned how much it would need to be increased from the current \$1.84 to fill the \$6 million hole and yearly costs. Member Mays suggested an increase of 75 cents could be placed on the ballot.

Member Stone said the issuance of Working Cash Bonds would only be filling a hole while there is still a leak. Unless something is done to solve the underlying problem, the Board will be right back here again. Expenditures exceed revenue. He said he cannot support the Working Cash Bonds unless other measures are also taken to fix the problem. Member Erwin asked how the problem can be fixed without filling the hole. Member Krause said there is not one silver bullet. The District needs to quit borrowing and increase revenue. It will take several moves to right the ship. The District can't cut 10% of the budget. The

Working Cash Bonds will not affect the overall tax rate, then a move can be made on the Education Fund rate, and more recommended reductions from administration.

Business Manager Bud Martin said that the Working Cash Bonds will take existing debt and allow the District to deal with it out of the Debt Service Fund instead of the Education Fund. This would eliminate the deficit in the Education Fund. It is not new debt and does not raise the tax rate for taxpayers. It would improve the District's bond rate and negative standing with ISBE.

President Daniels commented on the costs incurred each year to borrow \$4 million which is \$30,000 annually, about the cost of one teacher. The cost for the Working Cash Bonds would be a one-year cost for issuance. Member Mays said the District would just be taking debt out of the Operating Fund and moving it to the Debt Service Budget. He said he does not think it is a revenue problem. He said he opposes the Working Cash Bonds and the public will see it as it is. President Daniels said it is part of a bigger picture to stabilize the District financially. It won't fix everything. The District needs to live within the Budget every year. There will still be tough decisions going forward. Member Krause said that the state not meeting its obligation is part of the problem.

Member Niekamp said the District pays administrators big bucks to solve the problem and they have not. The District just keeps borrowing. Member Erwin asked Member Niekamp for his ideas for a solution. She said just voting yes or no is not solving the problem. She asked how this Board can solve the sins of the past. Member Niekamp said it's not his place to solve it. He suggested everything be put on the table. Everything not mandated by law could be eliminated if the District can't afford it. He said the District can't borrow itself out of debt and should not spend more than it takes in. He said the deficit is not his fault. He voted the right way all these years. Member Krause said 'no' is easy but solving the problem is not. This is step one. Member Mays said there have been too many short-sighted steps. There needs to be a three- or four-year plan. The District didn't get here overnight and it won't be fixed overnight. Member Krause said he is not looking to get re-elected and be on the Board 12-16 years. He said this is an apolitical position and he is here do the best for the students. Member Niekamp commented that the Board needs to consider poor people. Member Krause said he is—so poor children who can have a better future with a quality education.

Member Dickerson said he has thought long and hard about this decision. He said regardless of how the Board goes forward, the bleeding needs to stop. There are not really that many options. The District is in the third year of financial watch. Can more be cut? Everything is on the table. He said he has no problem with the Working Cash Bond issue being on the ballot. Other Board members agreed. Member Dickerson said the District does not control revenue but can control expenses. Expenses have gone up but the Education Fund tax rate has stayed the same. That has to be part of the discussion. It has to be presented to the taxpayers that it is in the best interest of students, staff and taxpayers to fix this problem. The Working Cash Bonds would get the District square, then go forward with the referendum, etc. and do what needs to be done to sustain this District.

Member Mays stated that the taxpayers have not been miserly in support the schools. The Equalized Assessed Valuation (EAV) has increased approximately 5% every year over the past twenty years. He said the taxpayers have been more than generous. President Daniels presented data on the operating funds over the past ten years and money the District has lost due to the increase in EAV. The District loses State Aid when property values go up due to a complicated formula for calculating payments. The total tax rate for the District's operating funds – Education, Transportation, Building and Working Cash – is \$2.59 per \$100 assessed valuation. General State Aid is figured at \$3 by the State. Consequently, for every \$2.59 that is paid in, the State takes \$3.00 out of what they pay to the District. Member Mays said that is not a reason to sock local taxpayers more.

### **Approve Resolution**

On the motion to adopt the resolution declaring the Board's intention to issue bonds, the following members voted Aye: Members Daniels, Dickerson, Erwin, and Krause; and the following members voted Nay: Members Mays, Niekamp, and Stone. Whereupon the president declared the motion carried.

### Petition Process

Attorney Gorman answered questions regarding the Board's role in the process to place the Working Cash Bonds issue on the ballot. He advised the Board in their role as members to not sign or distribute the petitions or to advocate either way on the issue. Employees of the District should not advocate either way for the bonds on school time or using school resources. The rules are the same as during a board election. President Daniels said he agrees with putting it on the ballot. He said the Board is not trying to slip something by. This is the process required by law. Member Mays said he would like it to go on the record that the Board is 100% in support of the issue being placed on the ballot.

### Comments

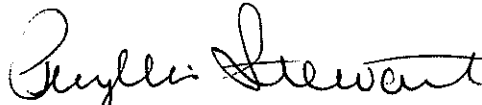
Assistant Superintendent Viniard asked Member Niekamp for clarification of his comment that administrators are at fault for not solving the District's financial problems. Member Niekamp responded that she has accepted a pay hike; that is part of it. According to the check register, administrators receive money for extra duties too. He said that making the kind of money she does, he would be ashamed to take more. He said when a previous referendum did not pass, he asked Board members and administrators to donate the amount of money they would have paid in additional taxes. Besides himself, only one principal did. Mrs. Viniard said administrators do not vote on any District expenditures. She said Mr. Niekamp's portrayal of administrators robbing the District is very insulting.

### Adjournment

*It was moved by Member Mays and seconded by Member Stone that the special meeting adjourn.* On the call of the roll, the following members voted Aye: Members Daniels, Dickerson, Erwin, Krause, Mays, and Stone; and the following member voted Nay: None. Whereupon the president declared the motion carried and the special meeting was duly adjourned.



Bill Daniels  
President



Phyllis Stewart  
Secretary