

**PROCEEDINGS
OF
THE BOARD OF EDUCATION
OF THE
GRAND RAPIDS PUBLIC SCHOOLS
GRAND RAPIDS, MICHIGAN**

OFFICIAL

**SPECIAL BOARD MEETING/WORKSESSION
ROOM 101, REV. LYMAN S. PARKS ADMINISTRATION BUILDING
1331 FRANKLIN, SE**

MONDAY, APRIL 10, 2017

Meeting called to order at 5:00 p.m. by President Falb.

Present: Grant, Lewis, Matias, Ross, Schottke, Slade, Baker, Flores, President Falb – 9

Absent:

APPROVAL OF AGENDA

President Falb asked if there were any corrections/additions to the agenda. There being none, the agenda is approved as written.

Carried.

PUBLIC COMMENT

Ms. Lily Schulting addressed her concerns to the Board regarding Special Education year- long school

SPECIAL ORDER OF BUSINESS

Legislative/Budget Update

a) Non-budget Legislative Update

Mr. Helmholdt started with a high level update for the Board. He shared that both the House and the Senate did come out with their versions of the budget and it is out of the sub-committee and awaiting action in the full committee. The Senate's version is the worst of the three proposed budgets and the Governor's is the best of all the versions with the exception of the Shared Time component. Senate Bill 271 is the pre-Labor Day school start. It has cleared committee and is sitting on the Senate floor. We are still assessing this. We have communicated to the chair that we believe it should be done on an ISD or regional basis as not to create a patchwork of start dates. Some schools are starting a week before or a week after other schools. House Bills 4421 and 4422 would relax the barrier to allow retired teachers back into the classrooms as we know there is a teacher shortage across the state. This bill would give schools broader flexibility. We are just starting to dive into this. A new House Bill 4314 would require all ISD Boards to be elected. We do not have a current position on this yet. We are waiting for more information. The legislation that would remove the calendar from negotiations is still sitting in committee and Mr. Helmholdt is waiting for more information and not sure if this has a lot of legs to it.

b) State (Senate/House Versions & Implications to the Budget)

Mr. Larry Oberst shared information regarding the Michigan state budget 2017 – 18. In the power point he laid out a comparison for the Governor, House and Senate versions of the proposed budgets (this information was also given in hard copy for the Board's reference). Here are some of the highlights of the budget comparison:

- Governor's budget is in alignment with the 21st Century Commission
- GRPS is supportive of the Governor's budget over the House and Senate
- No change for the GSRP
- At-Risk funding under the Governor - Increase of \$150 million, expands to include 131,00 new students, with new metrics / under the House – increase of \$129 million, newly eligible districts capped at 50% of total, agree with new metrics / under the Senate – increase of \$100 million, \$ 41 million for all districts, agree with Governor on new metrics
- Shared time reduction per Governor's budget at \$55 million
- Across all budgets Michigan Public Schools Employees Retirement System (MPERS) contribution rate .62% increase – real cost to the district
- Cyber school funding per the Governor reduce foundation allowance by 20%, Senate and House full allowance

Mr. Oberst shared the financial impact that each proposal would have on the district. It was shared that the shared time cut would affect staffing and students. This program services Christian/Catholic School students. Superintendent Neal shared that we will keep working on the budget and will keep the Board informed as we move forward.

c) Federal Proposed Cuts to Title Programs/21st Century and Budget Implications

Superintendent Neal shared that in addition to the proposed budgets from the state that she learned that the Federal proposed cuts could decrease the district budget by \$6 million dollars. If this should happen we will request that the Board sign resolution to reduce staff. It would also affect other programs as well and create much instability across our community. We need to protect the system. We do not have \$6 million dollars so people will have to go home. We need

to maintain the 5% fund balance. If we were to keep employees on the payroll it would bring us to a 2% fund balance and put us into receivership. We are going to do everything in our power not to let this happen. There is already shortage of highly qualified and if this federal cut goes through it will be a struggle to open schools. We have taken a public position on this. We will continue a public call for action. This could go into October to be final. This would have an impact on non-profits who are involved in LOOP. It would affect 150 external vendor employees who work the after school programs. Professional development would go away too. This would be devastating for districts. We have not notified anyone as of yet. We needed to let you (the Board) know first. When we have the outcome we will proceed with a communication plan to all involved. We need to speak with one voice along with our community partners.

d) Fund Balance (Budget Reductions)

Superintendent Neal shared that this really all goes together. Last year the Board asked that we keep a 5.5 % fund balance. Superintendent Neal has been working with a small group to keep this balance and this is a \$2.3 million dollar cut without everything else that is happening. We need to keep away from the 5% as possible to avoid receivership. Superintendent Neal will continue to keep the Board updated. Passing the millage will help. The millage will not help the federal budget. Mr. Oberst shared that the Estimating conference will take place on May 17. The Governor's goal is to have the budget by June 1.

Superintendent Neal shared with the Board that we are working with Kent Intermediate District (KISD) to provide Adult Education. If all works out, KISD will take this over. KISD will write the grant. KISD will utilize Beckwith location for the program next year to serve the adult population. Superintendent Neal is also proposing cutting the childcare program at Campus. We actually lose money in providing the daycare program. Our focus should be Pre-K – 12 education which is our core business.

Special Education Update

Ms. LaMore shared an update regarding what we are doing in special education and why (hard copy of the plan/information was given to Board members for their reference). Some of the following was shared:

- Work on calendars for special education began in 2012
- In 2016-17 we moved from providing the Regular School Year Calendar and a “summer School Calendar”; to offering a Regular School Year Calendar with consideration of need for Extended School Year Services, and a 200 Day Calendar
- Three years ago we began to implement a plan to get us to ESY standards
- Federal regulations for IDEA – 2006 – Extended school year services
- Individualized education program – rule 21e
- MDE - Standards for Extended School Year Services in Michigan
- Guidance for Extended School Year Services in Michigan
- Letters and information shared with parents

A question was raised if the assessments are on track for each student who may qualify for the summer program. Ms. LaMore shared that the staff has worked really hard and are on track and prepared. It was also shared that what is being done regarding the summer programming is being done in accordance of the law under State of Michigan. Superintendent Neal shared that we did give an extra year to help prepare for this shift regarding the summer programming. A discussion was also had regarding the timeline of assessments that would qualify a student for summer

programming. Could we begin the process using a different window in order to have the information to parents as early as possible? This could be more manageable for staff and parents. If we could start earlier it would be helpful in many of the service areas needed for students.

Contract Negotiations Update – Closed

Ms. Schottke read the Board into closed session for the purpose of strategy and negotiations session connected with the negotiations of various collective bargaining groups at the request of the Superintendent. This closed session is called pursuant to the Open Meetings Act, Section 8, Article C.

Policy – Final Reading/Approval

The following policies were approved:

- 1900 – Contracts and Board Member Disclosure Information
- 3610 – Purchasing Goods and Services
- 3660 – Bids, Quotations, and Local Preference
- 4005 – Employee Conflict of Interest – Purchases

Section 1000 – Board Bylaws

1900 Contracts and Board Member Disclosure Information

1900

1. The Board shall not approve a contract in which a Board member, the family member of a Board member (“family member”), or a member of the Board member’s household (“household member”) is a party or has a financial interest unless the following disclosure, voting, and recording requirements are met:

Definitions:

- a. Family Member: Family member means a person’s spouse or spouse’s sibling or child; a person’s sibling or sibling’s spouse or child; a person’s child or child’s spouse; a person’s parent or parent’s spouse, and includes these relationships created by adoption or marriage.
- b. Household Member: Household member means anyone living in the Board member’s household at the time the contract will be voted on by the Board.
- c. Financial Interest: Financial interest means any contract or financial transaction with the District in which any of the following apply:
 - i. The Board member, family member, or household member is a direct party to the contract or financial transaction, or
 - ii. The contract or financial transaction is with any firm, partnership or other unincorporated association, in which the Board member, family member, or household member, is a partner, member, or employee, or
 - ii. The contract or financial transaction is with a professional limited liability company organized pursuant to the Michigan Limited Liability Company Act, if the Board member, family member, or household member, is a member (not merely an employee) of the company, or
 - iii. The contract or financial transaction is with any corporation in which the Board member, family member, or household member is a stockholder owning more than 1% of the total stock outstanding in any class if the stock is not listed on a stock exchange, or owns stock that has a present

- market value in excess of \$25,000.00 if the stock is listed on a stock exchange, or
- iv. The contract or financial transaction is with a corporation in which the Board member, family member, or household member is a director, officer, or employee; or
 - v. The contract or financial transaction is with a corporation in which a trust, if the Board member, family member or household member, is a beneficiary, owns more than 1% of total stock outstanding in any class if the stock is not listed on a stock exchange, or owns stock with a present market value in excess of \$25,000 if the stock is listed on a stock exchange.
 - vi. Any trust of which the Board member, family member or household member is a beneficiary or trustee.

Disclosure Requirements

A Board member shall promptly disclose any financial interest in the contract or financial transaction to the Board of Education, which disclosure shall be a matter of record in its official proceedings. This disclosure shall be made in the following ways:

- a. If the contract or financial transaction is for emergency repairs or services, the Board member must promptly disclose any financial interest in the contract or financial transaction by filing a sworn affidavit with the Secretary of the Board. The disclosure shall be made a matter of record in the Board's official meeting minutes as outlined in c. below.
- b. If the Board member, family member, or household member will directly benefit from a contract or financial transaction in an amount less than \$250.00 and less than 5% of the public cost of the contract or financial transaction, the Board member must disclose the financial interest in the contract or financial transaction by filing a sworn affidavit with the Secretary of the Board. The disclosure shall be made a matter of record in the Board's official meeting minutes as outlined in c. below.
- c. If the Board member, family member, or household member will benefit by \$250.00 or more, or 5% or more of the public cost of the contract or financial transaction the financial interest must be disclosed in one of two ways:
 - i. By notifying, in writing, the President of the Board of the financial interest at least seven (7) calendar days before the meeting at which a decision regarding the contract will be made. If the President of the Board is the individual with the conflict of interest, disclosure must be made to the Secretary of the Board. The disclosure shall be made public in the same manner as in public meeting notice, or
 - ii. By disclosing the financial interest in the contract or financial transaction at a Board meeting. Under this option, the Board may not vote on the relevant contract or financial transaction until a subsequent Board meeting convened not sooner than seven (7) calendar days after the meeting at which the disclosure was made.
- d. If the Board member, family member, or household member's financial interest in the contract or financial transaction exceeds \$5,000.00, the Board member must disclose the financial interest in the contract or financial transaction at a Board

meeting, and the Board may not vote on the contract or financial transaction until a subsequent Board meeting convened not sooner than seven (7) calendar days after the meeting at which the disclosure was made.

Amendments or re-negotiations of a contract or financial transaction or additional payments under a contract or financial transaction, which were not authorized by the contract or financial transaction at the time initially approved or awarded are also subject to the disclosure and recording requirements of this policy.

2. The Board of Education must disclose the following summary information in its official minutes:
 - a. The name of each party involved in the contract or financial transaction,
 - b. The terms of the contract or financial transaction, including duration, financial consideration between parties, facilities or services of the school District included in the contract, and the nature and degree of assignment of employee of the District for fulfillment of the contract, and
 - c. The nature of the financial interest.

3. Voting Requirements

The contract or financial transaction must be approved by a vote of not less than 2/3rds of the full membership of the Board in open session without the vote of the Board member making the disclosure. However, that if 2/3rds of a majority of the members of the Board are required to abstain from voting based on this policy, then for purposes of that contract or financial transaction, the Board members who are not required to abstain constitute a quorum of the board and are eligible to vote. This does not apply where the contract or financial transaction is between the District and a trust in which the Board member is a beneficiary or a trustee. In that case, a 2/3 vote of the full Board is required.

4. This policy shall not apply to:

- a. Contracts between the school District and another public entity,
- b. Contracts awarded to the lowest qualified bidder, other than a Board member (or an entity in which a Board member has a financial interest as defined in this policy), upon receipt of sealed bids pursuant to a published notice provided such notice does not bar, except as authorized by law, any qualified person, firm, corporation or trust from bidding.
- c. Contracts for public utility services where the rates are regulated by the state or federal government.

See also Policy 3610-Purchasing Goods and Services.

Approved: June 29, 2009

Revised: April 10, 2017

LEGAL REF: MCL 15.321, *et seq* and MCL 380.1203

Section 3000 – Fiscal Management

3610 Purchasing Goods and Services

3610

The Board shall approve the purchase of goods and services, property leases, and inter-agency agreements when the initial order, contract, or agreement exceeds the base amount established annually by the Michigan Department of Education above which competitive bids must be obtained according to the Michigan School Code. The Superintendent or designee shall authorize the purchase, lease, or agreement that is equal to or less than the Michigan Department of Education's annually established base amount.

The Director of Purchasing shall be the sole purchasing agent for the District. All purchases shall comply with the Board's purchasing policies and the implementing administrative rules.

Purchasing From District Employees and Board Members Employees:

The District shall not purchase goods, materials, or directly from an employee or where an employee has an interest in any of the following:

- a. Any firm, partnership, or other unincorporated association, of which the employee is a partner, member, or employee.
- b. Any private corporation in which the employee is a stockholder owning more than 1% of the total outstanding stock of any class if the stock is not listed on a stock exchange, or stock with a present market value in excess of \$25,000 if the stock is listed on the stock exchange.
- c. Any corporation where the employee is a director, officer, or employee.
- d. Any trust of which the employee is a beneficiary or trustee

The District may purchase specialized services from employees in an amount less than \$500 upon approval of the Superintendent or designee.

Board Members:

The District shall not purchase goods, materials, supplies, or services from a member of the Board of Education, from a board member's family member, or from a member a board member's household, except as outlined in Board Policy 1900.

Purchases For Personal Use

Board members and employees shall not authorize or make any purchase through the District for personal use. The name of the District, school, or an employee's position, shall not be used to gain personal discounts or cost preferences. The District shall not purchase equipment or supplies for resale to employees.

Emergency Purchases

The requirements of this policy and Policy 3660, *Bids and Quotation Requirements*, may be suspended if an emergency is declared by the Superintendent or the Chief of Staff. Such emergencies may arise because of accident or other unforeseen occurrence that could affect the life, health, welfare or safety of the District's students or employees.

When the cost of the emergency purchase exceeds the base amount established annually by the Michigan Department of Education, above which bids are required, telephone or

electronic communication with members of the Finance Committee of the Board shall be made as soon as possible after the emergency is declared, and written notice shall be given to the members of the Board of Education at the next scheduled Board meeting.

Refer also to Board Policy 1900 – *Contracts and Board Member Disclosure Information* and Board Policy 4005 – *Employee Conflict of Interest - Purchases*

Approved: June 29, 2009

Revised:

LEGAL REF: MCL 15.321-330; 380.1216; 380.1274

Section 3000 – Fiscal Management

3660 Bids, Quotations, and Local Preference (Cf. 4760)

3660

All purchases shall be in compliance with Board policies. Purchases requiring competitive bids shall be made in accordance with current statutes, the creation of bid specifications, and adherence to the District's bidding procedures.

The Director of Purchasing shall develop and maintain lists of potential bidders for various types of materials, equipment, and supplies. These bid lists shall be used for the distribution of specifications and invitations to bid.

Any supplier may be included in the list upon written request. The Director of Purchasing shall review all bid lists annually or as needed.

Written Quotations

The District shall not purchase supplies, materials, or equipment in a single transaction costing \$10,000 or more without obtaining written quotations from a minimum of three vendors.

Competitive Bids and Cooperative Purchases

The District shall not purchase supplies, materials, or equipment in a single transaction exceeding the amount published annually by the Michigan Department of Education unless competitive bids are obtained and approved by the Board.

The Director of Purchasing is authorized to consider, and recommend for Board approval, membership in cooperative purchasing organizations that would benefit the District.

Cooperative purchasing also pertains to what is commonly referred to as “third party bids.” Third party bidding shall constitute a competitive bid for purposes of this Policy.

Bid Specifications

All bid specifications shall be clear and concise and shall include the following: required performance, surety, bid, statutory bond information, sworn statement of familial relationship, Iranian Business Relationship Affidavit, the debarment and suspension certification, compliance with preferential bid laws,; financial statements, the District’s right to reject any or all bids, compliance with all federal, state and local laws, ordinances and regulations, and the date, time, and place for the opening of bids.

The Board, upon recommendation of the Superintendent or designee, reserves the following rights:

- to accept or reject all bid proposals in whole or in part;
- to waive minor irregularities;
- to award a contract to other than the lowest bidder; and
- to award contracts to one or more vendors.

The Purchasing Office shall retain all bids and supporting documentation in accordance with State of Michigan guidelines for record retention.

Local Purchasing Preference

The District provides a 5% preference (bid discount) in the purchasing of school equipment and supplies from local vendors, providing the quality and service are commensurate with the bid requirements. Bids, or proposals when bids are not required, shall be accepted from non-local vendors in order to maintain a fair market price.

In determining the qualification for a Local Purchasing Preference for purposes of this policy, vendors must:

- a. Have obtained the Certification of a Michigan Based Business as determined by the Michigan Department of Technology, Management and Budget and have its primary business operations located within the municipal boundaries of the City of Grand Rapids, Michigan for at least the last six months, or
- b. Be certified by the City of Grand Rapids, as a Micro-Local Business Enterprise and have its primary business operations within the municipal boundaries of the City of Grand Rapids.

A successful recipient of a contract and/or purchase order which has received a Local Purchasing Preference may be required to present proof of its status as a Michigan Based Business and documentation of its location within the City of Grand Rapids at any time upon request from an authorized District official. Failure to provide the requested information or failure to maintain business operations with the City of Grand Rapids for the duration of the contract will make the contract voidable at the District's discretion, and will result in disqualification from future consideration of a Local Purchasing Preference for a period of two years unless excused by the Superintendent or Designee.

Local Construction Contracting Preference

The District provides a preference (bid discount) in construction contracts from local vendors, providing the quality and service are commensurate with the requirements set forth by the District as to satisfy the demands of the bid or proposal. Bids, or proposals when bids are not required, shall be accepted from non-local vendors in order to maintain a fair market price.

In determining the qualification for a Local Construction Contracting Preference for purposes of this policy, vendors must:

- a. Have obtained the Certification of a Michigan Based Business as determined by the Michigan Department of Technology, Management and Budget and have its primary business operations located within the municipal boundaries of the City of Grand Rapids, Michigan for at least the last six months, or
- b. Be certified by the City of Grand Rapids, as a Micro-Local Business Enterprise and have its primary business operations within the municipal boundaries of the City of Grand Rapids.

A successful recipient of a contract which has received a Local Construction Contracting Preference may be required to present proof of its status as a Michigan Based Business and

documentation of its location within the City of Grand Rapids at any time upon request from an authorized District official. Failure to provide the requested information or failure to maintain business operations with the City of Grand Rapids for the duration of the contract will make the contract voidable at the District's discretion, and will result in disqualification from future consideration of a Local Construction Contracting Preference for a period of two years unless excused by the Superintendent or Designee. Preference will be provided on the following basis:

- a. Contractor Participation: Grand Rapids Public Schools will provide up to a 5% bid discount to prime contractors and/or construction managers who satisfy the criteria for consideration as a Local Vendor.
- b. Subcontractor Participation: Construction bids for non-local vendors may be discounted when a bidder on a Grand Rapids Public Schools' project voluntarily subcontracts with businesses meeting Local Vendor Criteria. Prime contractors and/or construction managers must submit affidavit(s) verifying Local Vendor subcontractor participation.

Prime contractors and/or construction managers must require Local Vendor certification documentation to be submitted by each subcontract bidder with their sealed bid. The District, at its discretion, may request additional documentation to verify the qualification of any Local Vendor subcontractor participating in a construction project.

- c. The following is a schedule of discounted percentages based upon Local Vendor subcontractor participation achieved by the prime contractor:

<u>LBE Subcontractor Participation</u>	<u>Discount Percentage</u>
i. <u>1.0% - 2.5%</u>	<u>1.0%</u>
ii. <u>2.51% - 5.0%</u>	<u>1.5%</u>
iii. <u>5.01% - 7.5%</u>	<u>2.0%</u>
iv. <u>7.51% - 10.0%</u>	<u>2.5%</u>
v. <u>10.01% - 15.0%</u>	<u>3.0%</u>
vi. <u>15.01% - 18.0%</u>	<u>4.0%</u>
vii. <u>18.01% +</u>	<u>5.0%</u>

- d. Prime contractors and/or construction managers may not terminate an approved Local Vendor subcontractor working on a Grand Rapids Public Schools construction project, and then perform the work on the terminated subcontract with its own forces or those of another subcontractor, without prior written consent by the Grand Rapids Public Schools Executive Director of Facilities and Operations Management. If a Local Vendor subcontractor fails to complete its work on the contract for any reason, a prime contractor/construction manager must notify the Grand Rapids Public Schools Executive Director of Facilities and Operations Management and make good faith efforts to find another approved Local Vendor subcontractor to substitute for the original Local Vendor subcontractor. Utilizing good faith efforts, and to the extent reasonable, the prime contractor/construction manager shall substitute an approved Local Vendor subcontractor to perform the same amount of work under the contract as the Local Vendor subcontractor that was terminated.

Section 4000 – Business Management

4005 Employee Conflict of Interest - Purchases

4005

Employees shall not have a direct financial interest in District purchases, or benefit directly from any financial transaction with the District, except for specialized services in an amount less than \$500 upon approval of the Superintendent or designee.

Purchases of, or use of District property, materials, or personnel by employees shall be accomplished in accordance with good business practices, and within the framework of applicable laws, regulations, and Board policies.

The Superintendent and his/her cabinet and any other administrator deemed by the Superintendent to be in a position to influence the purchase of any goods or services, shall annually, or if changes occur, sign and file a conflict of interest disclosure document. Refer also to Board Policy 3610 – *Purchasing Goods and Services*

Approved: June 29, 2009

Revised:

LEGAL REF: MCL 15.322-323

Administrative Position

Dr. Flores raised a question regarding the hiring process and voiced his concern regarding perception and if the district is hiring the right people for positions. Superintendent Neal expressed her hopes that after five years as the superintendent, her decisions regarding positions would be trusted with all Board members.

ADJOURNMENT

The Board adjourned at 8:00 p.m.

Secretary

/db