The Annual Business Meeting of the Board of Cooperative Educational Services, Rensselaer-Columbia-Greene Counties, was held on Wednesday evening, April 10, 2013, at the Questar III Administrative Building located at 10 Empire State Boulevard in Castleton, New York.

Questar III Board President Robert Gibson called the meeting to order at 5:35 pm. and gave a warm welcome to the guests in attendance. President Gibson introduced the Questar III board members serving Rensselaer, Columbia and Greene county school districts, paying special tribute to outgoing member Donald Kline for his thirty-eight years of service to Questar III, and noted that combined with his four years of service to the Germantown CSD Board, he committed a very impressive forty-two years of service to the students of these communities. Mr. Kline will retire at the close of this school year. President Gibson then introduced the board candidates who are running for four regular terms from July 1, 2013 through June 30, 2016, and one two-year term from July 1, 2013 through June 30, 2015 left vacant by the passing of Nancy (Edna) Knabbe. Those candidates are: Mr. Robert Gibson nominated by the Brunswick Central School District, Mrs. Carol Orvis nominated by the Rensselaer City School District, Ms. Susan Garrigan-Piela nominated by the East Greenbush Central School District, Mr. Edmund Brooks nominated by the Ichabod Crane Central School District, Ms. Lynn Clum nominated by the Germantown Central School District and Mr. Christopher Southard nominated by the New Lebanon Central School District.

District Superintendent James N. Baldwin also greeted those in attendance and explained that this meeting has been a BOCES tradition since 1979 and while this meeting is held every April, in accordance with state law, to review our proposed operating plan, it is also an opportunity to showcase our culinary students’ talents, to focus on student programs, and to connect to our local districts in yet another way.

Dr. Baldwin stated that Questar III is an extension of the districts we serve – and a time-tested solution for sharing programs and services among communities. Our budget development process is driven by a philosophy that moves resources closer to students. He then discussed our proposed administrative budget for next year.

1) Administrative Budget Overview

- 2012-2013 Budget $4,202,000
- 2013-2014 Budget $4,238,898
- Budget Increase $36,898
- 2013-2014 Contingency Budget $4,256,964
- Amount below Contingent Budget $18,066
2) Administrative Budget Overview (cont’d)

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-2014 Budget</td>
<td>$4,238,898</td>
</tr>
<tr>
<td>Non-Component Admin Fees</td>
<td>(404,683)</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>(420,000)</td>
</tr>
<tr>
<td>Administrative Charge to Component School Districts</td>
<td>$3,414,215</td>
</tr>
</tbody>
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Admin, Rent/Capital School District Impact will vary based on RWADA
Maximum Decrease (10.43)% - Maximum Increase 1.83%

Sections 1950 and 1951 of the NYS Education Law established BOCES and the requirement of member or component districts to pay a proportionate share of the administrative costs.

Twenty-one of our 22 component districts will experience a decrease in their share of administrative costs.

The impact of the BOCES administrative, rent and capital charges (compared to 2012-2013) on local districts’ budget will range from a decrease of 10.43 percent to an increase of 1.83 percent.

3) Administrative Budget Components

- Superintendent Searches
- School District Strategic Planning Initiatives
- Grant Research
- Communications Support
- Budget Meeting Facilitation
- Superintendent Support Network
- Board of Education Workshops and Training
- Fingerprinting

The administrative budget supports the management, coordination and leadership provided by BOCES Board/Central Administration.

4) Factors Affecting Administrative Budget

Increases
- Fingerprinting Program charges
- Benefit costs

Decreases
- Central Warehouse & duplication charges
- Cost of purchased services
- Salary costs
5) Other Post-Employment Benefits (OPEB)

- The majority of health insurance costs for all BOCES retirees are included as part of the administrative budget.
- While the Rensselaer-Columbia-Greene Health Insurance Trust has been aggressive in keeping these rates low for the BOCES and districts, legacy costs remain a significant burden for Questar III and its component districts.
- Approximately 36% of the administrative budget accounts for OPEB. The balance of OPEB payments are distributed to programs, services, grants and contracts.
- If OPEB obligations were fully funded by the administrative budget, the year-to-year budget increase would be approximately 25% and OPEB would account for approximately 46% of the administrative budget.

Like other government entities, Questar III is required to comply with Governmental Accounting Standard Board Statement No. 45 (GASB 45), a governmental accounting standard that requires us to account for the costs of post-retirement employee benefits. We have monitored the evolution of this accounting requirement for a number of years, recognizing that the financial impact would be significant when it was implemented.

In response, the Questar III Board adopted a long-term retiree health insurance action plan in 2009. The plan opted to accumulate resources and ultimately transfer them to a GASB 45 trust that would substantially reduce component school district liability for this expense over time. This plan was based upon guidance then available from the State Comptroller about how governmental agencies should plan for meeting expenses identified through application of the GASB 45 process.

Since February 2010, Questar III has reported annually the existence and purpose of this board-adopted plan to component board members and superintendents. This annual letter reviewed results of our external audit, financial outlook and the fact we had accumulated cash for this liability.

6) OPEB & Financial Practices Task Force

- Charged with reviewing how the accrued liability associated with OPEB incurred by the BOCES on behalf of component districts and related financial practices are addressed.
- Will identify and analyze options to improve the financial operations and related policies of Questar III and to make recommendations to the Questar III Board and administration to address recommended change.

When school districts raised concerns about this practice in December, our Board sought to engage member districts in a conversation about our financial policies and practices.

On January 25, following presentations by Averill Park CSD, our external auditor Cusack and Co. and Questar III staff, we asked the school leaders in attendance to discuss how they would like the BOCES to address the costs of post-retirement benefits going forward, and specifically the assets ($21 million) we have set aside to partially offset the accrued liability (currently recognized at $56 million) ultimately estimated at $143 million?

Superintendents and business officials expressed a number of differing opinions. Based on their discussion, input and questions, I recommended to the Questar III Board of Education the following course of action, effective immediately:
o Questar III will freeze contributions to this GASB 45 fund for one school year (until June 30, 2014) and work to make adjustments to 2013-2014 rates (to reflect this);
o Questar III will consult with the State Education Department and the Office of the State Comptroller to clarify various inconsistences between guidance provided by the Comptroller in 2009 which we have followed and subsequent audits of other BOCES.
o Questar III will assemble a task force to look at post-retirement benefit obligations of the BOCES, budget development, rate development and refunds to components and non-components; and,
o Questar III will begin work to account for the source of these funds which we have accumulated from a variety of sources (including federal and state grants and contracts operated by the BOCES and Questar III services purchased by districts across the state).

The Task Force on Questar III Financial Policies & Practices is chaired by Paul Puccio, a long-time member of the Schodack Board of Education and a member of the Questar III Board, President of the Tech Valley High School Operating Board and Chair of the Questar III Audit Committee.

Ultimately, we are focused on saving money for our school districts and our work in this regard is an example of that.

7) Rent and Capital Budget Overview

- 2012 – 2013 Budget $1,859,700
- 2013 – 2014 Budget $1,646,750
- Dollar Decrease $ 212,950
- Percent Decrease 11.5%

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget</th>
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<tbody>
<tr>
<td>11-12</td>
<td>12-13</td>
</tr>
<tr>
<td>Rents to Schools</td>
<td>$752,900</td>
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<tr>
<td>Rent to Other</td>
<td>$527,000</td>
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<tr>
<td>Transfer to Capital</td>
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- This budget covers the cost of rented BOCES facilities and facilities upgrades.
- The actual fee increase is based on each school district’s RWADA as a percent of the total RWADA.
- Questar III rents classrooms from local school districts – funds that stay within our local public education system.

8) Factors Affecting Rent and Capital Budget

- Capital Projects
  - Rensselaer Educational Center
  - Columbia-Greene Educational Center
- Potential partnership for CTE space with Rensselaer City School District
- Tech Valley High School relocation

In recent years Questar III’s special education program has moved to an academy approach. Questar III leases special education academy space from Averill Park, Catskill and Rensselaer to provide regionally centralized locations for clusters of classrooms.
Additionally, the agency leases special education classrooms from East Greenbush, Ichabod Crane and Schodack.

While Questar III has dramatically improved its special education facilities thanks to partnerships with component districts, one of its longstanding challenges has been finding appropriate space for Career and Technical Education (CTE) students. While we have been working year-to-year to maintain and update our Hudson-based Columbia-Greene Educational Center with good results, our Troy-based Rensselaer Educational Center (REC) is past its useful life.

Options to expand or renovate a CTE center with deteriorating conditions are limited. Right now Questar III would have to propose a region-wide vote to alter the footprint of REC – a non-starter in this fiscal climate. Moreover, these costs would also affect our component districts’ tax levies – something that already caused us to pull back a proposed $12.6 million renovation plan last year. Additionally, there is limited centrally-located space available for lease within component schools (and none of this space is designed for hands-on career training programs).

While the agency has budgeted for capital projects at REC, it is currently exploring options with Rensselaer City to relocate REC programs to the district’s K-12 campus. Rensselaer has proposed building a special wing to house CTE programs for Questar III and its districts. One of the benefits of working with districts with high building aid ratios is the cost savings for the BOCES and in-turn, its component school districts.

Questar III and Capital Region BOCES established a lease with the University at Albany Foundation to provide space for Tech Valley High School at their East Campus location. Once this lease expires, Tech Valley will relocate to a new facility at UAlbany’s College of Nanoscale Science & Engineering in Albany starting in the 2014-2015 school year.

9) Admin., Rent and Capital Trends

<table>
<thead>
<tr>
<th></th>
<th>Admin Budget</th>
<th>Percent of Total Budget</th>
<th>Rent &amp; Capital Budget</th>
<th>Percent of Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009 - 2010 Budget</td>
<td>$3,827,613</td>
<td>6.9%</td>
<td>$1,771,886</td>
<td>3.2%</td>
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<tr>
<td>2010 - 2011 Budget</td>
<td>$3,980,195</td>
<td>6.2%</td>
<td>$1,771,886</td>
<td>2.8%</td>
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<tr>
<td>2011 - 2012 Budget</td>
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<td>6.6%</td>
<td>$1,859,689</td>
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<tr>
<td>2012 - 2013 Budget</td>
<td>$4,202,000</td>
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<tr>
<td>2013 - 2014 Proposed Budget</td>
<td>$4,238,898</td>
<td>6.5%</td>
<td>$1,646,750</td>
<td>2.5%</td>
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</tbody>
</table>

10) Program & Services Budget

- Component school boards do not vote on program & service budgets.
- These budgets are tentative.
- These budgets are determined by district demand for services, adjusted as warranted.
  - The budget for a BOCES differs in several significant ways from that of a school district. The most noticeable difference is that its total budget is actually a collection of several independent budgets. Another difference is that BOCES budgets are strictly revenue-based. That is, they are governed by the revenue generated rather than predetermined expenditures.
11) **Program Updates**

- When we say that we are a cooperative, we also model that concept in “how we do business” with respect to decision-making and prospective planning. We involve our component district superintendents on various committees to assist us in reviewing and evaluating services, responding to emerging needs, and “retooling” when it appears necessary to do so!
- Cheryl Dudley (Greenville), Lou McIntosh (Brunswick), Karen McGraw (New Lebanon), and Robert Horan (Schodack) will provide you with some insights into both the deliberations of these committees and the recommendations that have emanated from them.

- The subcommittees and chairs are:
  - **Leadership and Professional Development**
    Cheryl Dudley, Greenville CSD
  - **District Services**
    Louis McIntosh, Brunswick CSD
  - **Academic Programs**
    Karen McGraw, New Lebanon CSD
  - **Legislative & Policy Development**
    Robert Horan, Schodack CSD

Superintendent chairs of the four subcommittees presented as follows:

**Academic Programs** – Karen McGraw, New Lebanon CSD Superintendent

**Factors Affecting CTE**

- Elimination of cross contract costs with Capital Region BOCES for specific CTE programs and all New Visions programs when enrollment is not at capacity
- Expansion of CTE Green Technologies program to Rensselaer City School District
- Implementation of Regents Reform Agenda, APPR, DDI, CC, Network Team support
- Expansion of Work-Based Learning Initiatives
- Support for Consultant Committees

Questar III’s Career and Technical Education (CTE) programs offer high school students the opportunity to learn career skills while earning a Regents diploma. These half-day programs integrate classroom learning with professional training in a wide range of exciting fields. These programs range from aviation to welding. They also include New Visions programs based at RPI, University at Albany’s East Campus and the Arts Center of the Capital Region in Troy.

This year’s budget continues to combine CTE and Tech Valley High School rates into a five-year average. This was done at the request of our component school superintendents several years ago and it enables us to make full use of existing capacity by allowing school districts to send students to CTE or Tech Valley High without incurring additional costs in the current year.

Over the past decade, Questar III has expanded to offer a number of high-tech, CTE programs that can lead to in-demand and high-wage technical careers.
This year, Questar III and Capital Region BOCES established an agreement to offer wider CTE options for students. While the two BOCES have made their New Visions programs available to all high school seniors in either BOCES for several years, the new effort takes advantage of existing capacity and expands the number of courses offered jointly to provide students in all seven counties with more pathways to college and career readiness.

Last fall, Questar III expanded its Green Technologies and Renewable Energy program to Rensselaer High School. This program prepares high school seniors for emerging careers that can literally make a world of difference. Students learn about solar and photovoltaic energy, wind technology, energy saving solutions and efficiency, as well as renewable energy.

Like our school districts, Questar III is implementing the Regents Reform Agenda. The CTE budget provides support for implementation of the Common Core Learning Standards and Annual Professional Performance Review (APPR) in our CTE programs. While Questar III does not directly receive Race to the Top money for programs, it does connect to the Network Team and our professional development resources to learn about and share best practices and resources.

Thanks to the support of business and higher education, we have expanded our work-based learning initiative for students. This includes job shadowing, internships and service learning projects onsite at local companies. In fact, last year’s students completed more than 6,200 hours of internships, including time at the University at Albany and organizations such as Habitat for Humanity.

Questar III’s CTE programs are actively involved in regional economic development initiatives and conversations. More than 200 representatives from business, labor, government and higher education serve on our consultant committees—advising the BOCES on course content, equipment and current trends. This equals more than 10,000 hours of volunteer service to Questar III, its students and programs annually. The collaborations resulting from these collaborations allow our CTE programs to be responsive to school, economic and workforce needs.

**Factors Affecting Special Education**
- Discontinuing the medically fragile class due to low enrollment
- Established a new college partnership (Sarah’s Sisters) at Russell Sage for students with intellectual disabilities ages 18 – 21
- Expansion of Professional Learning Communities from one to two academies

In recent years, the cost of delivering high-quality programs and services has increased and districts have asked us to seek newer, less costly ways of doing business. Last year, we convened a Special Education Task Force to research different delivery models that better meet the academic and behavioral needs of our students in light of uncertain finances and greater accountability for all.

As a result of that work we have implemented a number of changes. Last fall, Questar III started using SED ratios rather than class names to place students. Ultimately, this process allows us to construct more homogeneous classes for students. It also provides districts with greater flexibility when placing a student from the Committee on Special Education.
The 12:1:4 program for students who are medically fragile will be discontinued due to low enrollment. School districts have indicated that they can accommodate these students through other means.

The agency is finalizing a new college partnership (Sarah’s Sisters) at Russell Sage for students with intellectual disabilities ages 18-21. This will provide these students with a learning experience in a college setting before they move to post-secondary life.

Next year’s budget also supports expansion of the Sackett Educational Center’s success with a grant-funded partnership with Brown University. Brown’s Collaboratory for Adolescent Literacy Leaders (CALL) grant has allowed a team of four teachers and one literacy specialist to join six other teams across the country in a professional development program to improve classroom instruction and student achievement. Teachers on the CALL grant team are required to meet for three hours each week prior to the start of the day to share strategies and discuss how they are interacting as a team with their students. They observe each other’s lessons and work together to strengthen their teaching practice.

As with all Questar III instructional programs, the special education budget also supports implementation of the Common Core Learning Standards and APPR.

**Leadership and Professional Development** – Cheryl Dudley, Greenville CSD

Factors Affecting School Improvement

- Increased demand for Professional Development to meet Regents Reform Agenda
- Development of Regional Student Assessments to support districts’ APPR requirements
- Creation of position to coordinate Regents Reform Agenda
- Creation of position to manage BOCES students’ data requirements

Questar III continues to be the only BOCES in the region that offers ongoing embedded professional development in mathematics, ELA, and integration of technology for educators who serve all student populations. The goal is to provide support where teachers need it the most – in the classroom.

Through its School Improvement Office, Questar III BOCES developed a regional approach to implementing the Regents Reform Agenda several years ago, before many details became final on new teacher and principal evaluation systems and Common Core standards. A Race to the Top Steering Committee – comprised of superintendents, principal coaches, and advisors – was created to provide leadership and guidance on how Questar III could best assist districts.

We are taking an approach in our region that goes beyond compliance with the Regents Reform Agenda and Race to the Top Initiatives – this is a systemic approach to transforming our schools to improve student achievement. There has been increased demand for professional development to meet Regents Reform Agenda.

The BOCES is also developing Regional Student Assessments to support districts’ APPR requirements.
This budget also supports the creation of a position to coordinate the Regents Reform Agenda and a position to manage BOCES students’ data requirements.

Ultimately, this BOCES has also been very strategic in aligning activities to support the Regents Reform Agenda and Race to the Top initiatives, from offering opportunities at our Superintendents Support Network, presenting information to board members at Saturday morning workshops to engaging principals in regional conversations. Last fall, John King spoke to board members about implementation of the Regents Reform Agenda and Common Core (he also took a number of questions from the audience). Last month, a Saturday program was held on the board of education’s role in implementing the Common Core and APPR – something on the mind of all of us.

Moreover, Questar III has created brochures for APPR and the Common Core to support our districts with communicating these changes to our communities as well as a DVD training set with accompanying materials.

**District Services** – Louis McIntosh, Brunswick CSD

- Factors Affecting Other Services
  - District Services – minimal rate increases
  - New service – Asbestos surveillance
  - New service – First line of service for fire and security systems
  - New shared Facilities Manager service
  - Professional development in technical expertise and leadership
  - Expansion of the STAC service
  - Expand Central Business Office services to include Grant Financial Management, Budget Analysis
  - Changes in the billing methodology for equipment purchases
  - Enhance product mix for Communications Service – focus groups, social media management, website enhancement

Districts face many challenges that require innovative solutions or a high level of technical expertise today. Whether it is providing health and safety programs or communicating with the public, Questar III’s support services extend, enhance and enrich the educational capacity of participating districts. Through teamwork and collaboration, these services can solve problems, simplify tasks or support district's operations.

Many of the services would be cost prohibitive if individual districts attempted to provide the services independently.

Questar III’s health and safety team serves the vast majority of our districts. Services range from on-site support to an array of services that can be purchased separately. The department is adding an asbestos surveillance, fire and security system, and shared facilities manager services in response to district needs. In recent years, the service also added a backflow inspection and Class C water operator service (to assist with state health compliance for water well systems).

The State Aid & Financial Planning service continues to be purchased by nearly every district in New York. The service is being expanded to offer more onsite support for districts in business management or operations. In particular, the service expanded its
offerings related to the state’s System to Track and Account for Children (STAC) system and process for claiming aid for students with disabilities.

Questar III has developed a variety of services to support the increasingly complex school district business operations. In response to district feedback, we developed a central business office (CBO) service. Looking ahead, we will expand this service to include grant financial management, budget analysis and long-term financial planning. The Questar III Purchasing Department routinely generates regional Requests for Proposals (RFP’s) or bids for various goods and services. It has been our experience that regional RFP’s and bids generate better vendor pricing and save business officials time. Looking ahead, there will be changes in the billing methodology for equipment purchases (that are part of our Model Schools Program) with increased district savings.

Finally, our communications service continues to help school districts like mine plan and implement a comprehensive communications strategy from publications and media relations to websites and internal communications. This group has expanded its offerings and expertise to support focus group facilitation, communications planning and the launch of social media websites such as Facebook.

Leadership and Professional Development – Robert Horan, Schodack CSD

I led the joint Legislative Committee with Bob Libby from Cohoes. Our group – supported by Questar III’s State Aid Planning and Communications Services along with Capital Region BOCES – planned and organized two high profile events at Columbia and Niskayuna High School – event at Columbia backed up traffic to I-90 and filled the auditorium and gymnasium with 1,500 people including a dozen lawmakers.

I’m pleased to say these events made an impact in raising awareness and restoring funding. The event at Columbia High School was attended by Regent James Jackson and the presidents/executive directors of NYSSBA, NYSCOSS and the state affiliate of NFIB. Several legislators asked for meetings with Rick Timbs and school superintendents.

Through our efforts, we also drew the media’s attention to our issues – I was part of an editorial board meeting at the Times Union. We’ve had over 130 stories in local, regional and statewide media about school aid, including 10 editorials calling for more equitable funding and mandate relief.

The two forums were also well-covered – in real live – via social media, with many reporters and attendees tweeting from inside the auditorium using our hashtag #NYSchoolsInPeril. On screen you’ll see tweets from three of our elected officials. These officials subsequently held a press conference on Feb. 20 calling for increased aid – they repeated our line that “schools are running out of time and options.”

Videos associated with the event and produced on the tax cap and GEA have been viewed more than 5,900 times – many of these are posted on your school websites. Additionally, fact sheets produced last year on the tax cap and other topics have been updated and shared with your districts.
12) Budget Vote and Board Election

Questar President Robert Gibson reminded the superintendents and board members that the Budget Vote and Election is Tuesday, April 23rd, 2013.

A motion was then moved by Mr. Frank Zwack, Berlin CSD, to approve the minutes of the 2011-12 Annual Meeting. This motion was seconded by Mr. Robert Criswell, Cairo-Durham CSD, and unanimously carried.

A motion to adjourn was moved by Mr. William Fiske, Catskill CSD, seconded by Mrs. Marilyn Noonan, Questar III, and unanimously carried.

Meeting adjourned at 6:30 p.m.

Respectfully submitted,

Robin Emanatian, Board Clerk