The Annual Business Meeting of the Board of Cooperative Educational Services, Rensselaer-Columbia-Greene Counties, was held on Wednesday evening, April 1, 2015, at the Questar III Administrative Building located at 10 Empire State Boulevard in Castleton, New York.

Prior to the start of the Annual Meeting, Questar III Board President, Robert Gibson gave a warm welcome to the guests in attendance and led them in the Pledge of Allegiance.

President Gibson and Chief Operating Officer & Deputy Superintendent Gladys I. Cruz then recognized Questar III Chefs Peter Desmond and Andrew Ottati, and their Teaching Assistants, Mary Nescot and John McCarthy, along with their culinary students for their outstanding work in preparing the spectacular food for the evening. The audience joined in showing their appreciation for such a job well done.

Questar III Board President Robert Gibson called the annual meeting to order at 5:35 pm. President Gibson introduced the Questar III board members serving Rensselaer, Columbia and Greene county school districts.

### Rensselaer County
- Mr. Robert Gibson
- Mr. John Hill
- Mr. Chris Foster
- Mrs. Carol Orvis
- Mr. Paul Puccio

### Columbia County
- Mr. Edmund Brooks
- Mr. James Keegan
- Mrs. Lynn Clum
- Dr. Chris Southard

### Greene County
- Mr. Joseph Garland
- Mrs. Marilyn Noonan

President Gibson then introduced the board candidates who are running for three, regular term seats on the Questar III board from July 1, 2015 through June 30, 2018. Two candidates are incumbents: Mrs. Carol Orvis, Rensselaer County, nominated by the Rensselaer City School District, and Mr. Paul Puccio, Rensselaer County, nominated by the Schodack Central School District. The third candidate is Mr. Frank Zwack, Jr., Rensselaer County, nominated by the Berlin Central School District.
Chief Operating Officer and Deputy Superintendent Gladys I. Cruz 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 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 with our component districts.

Dr. Cruz began by presenting a video created by Questar III highlighting some of the programs and their students in our BOCES. The video included student perspectives on the special education program at Goff Middle School and CTE programs such as cosmetology, automotive and criminal justice. Each student echoed the advantages gained by the programs and the positive affects the instruction has had on them.

Next Dr. Cruz gave a brief overview of the budget presentation, introducing the Superintendents’ Council Steering Committee Members:

- **Cheryl Dudley**, Superintendent, Greenville CSD – APPR, Common Core, Leadership & Professional Development Committee
- **Sally Shields**, Superintendent, Rensselaer CSD – Academic Programs
- **Robert Horan**, Superintendent, Schodack CSD – Legislation & Policy Development Committee
- **Randall Squier**, Superintendent, Coxsackie-Athens CSD - Administration, Finance, Business Development & District Services Committee

Dr. Cruz explained that these individuals have been chosen by their colleagues to chair these committees that meet monthly, prior to each Superintendents’ Council Meeting to discuss and make recommendations to the full superintendents’ council concerning programs and services offered by Questar III.

Dr. Cruz reviewed our budget philosophy, explaining that ultimately, our budget development process and work is driven by a philosophy that moves resources closer to students and to:

- Improve our capacity to support student achievement and high academic standards.
- Be faithful stewards of the financial resources entrusted to us by our component school districts.
- Move resources, both human and financial, closer to our students and points of service.
- Provide the best possible service to our customers as quickly as possible.
- Constantly increase productivity providing districts with value for their money.
Dr. Cruz explained that our proposed Administrative Budget is at contingency level. Our total 2015-2016 budget will increase by 4.77% or $266K.

**Administrative Budget Overview**

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15 Budget without OPEB</td>
<td>$2,895,122</td>
</tr>
<tr>
<td>2015-16 Budget without OPEB</td>
<td>$2,895,122</td>
</tr>
<tr>
<td>No Increase without OPEB</td>
<td>$0</td>
</tr>
<tr>
<td>2014-15 OPEB Budget</td>
<td>$2,675,000</td>
</tr>
<tr>
<td>2015-16 OPEB Budget</td>
<td>$2,940,750</td>
</tr>
<tr>
<td>Dollar Increase</td>
<td>$265,750</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-2015 Total Budget</td>
<td>$5,570,122</td>
</tr>
<tr>
<td>2015-2016 Total Budget</td>
<td>$5,835,872</td>
</tr>
<tr>
<td>Dollar Increase</td>
<td>$265,750</td>
</tr>
<tr>
<td>Percent Increase</td>
<td>4.77%</td>
</tr>
<tr>
<td>2015-2016 Contingency Budget</td>
<td>$5,835,872</td>
</tr>
<tr>
<td>Amount Above Contingent Budget</td>
<td>$0</td>
</tr>
</tbody>
</table>

Our total administrative budget is $5.8 million. As always, any other revenue such as indirect costs and interest income we may earn reduces the overall administrative charges to our component districts. The actual charge will be $4,998,620 and will be allocated based on RWADA (Resident Weighted Average Daily Attendance).

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015-2016 Budget</td>
<td>$5,835,872</td>
</tr>
<tr>
<td>Non-Component Admin Fees</td>
<td>(432,946)</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>(404,306)</td>
</tr>
<tr>
<td>Administrative Charge to Component School Districts</td>
<td>$4,998,620</td>
</tr>
</tbody>
</table>

Admin, Rent/Capital School District Impact will vary based upon RWADA.
This is what generates the credit to the Administrative Budget of $837K or approximately 15% of the total Administrative Budget.

- Statewide Services Administrative Load
- Non-Component Administrative Fees
- 4% Administrative Fee on Special Educations Services for Non-Components
- Federal Indirect and Internal Service Charges
- Interest Income

**Total Administrative Credit: ($837,252)**

Dr. Cruz then explained the various activities supported by the administrative budget. These include:

- Superintendent Searches
- School District Strategic Planning Initiatives
- Grant Research
- Communications Support
- Budget Meeting Facilitation
- Board of Education Facilitation
- Board of Education Workshops and Training
- Regional Certification
- Superintendent Support Network
- Advocacy
- Emergency Management

She went on to point out the factors that impact the 2015-2016 Administrative Budget, showing that some cause increases, and others cause decreases, but the overall Administrative Budget increase is due to legacy (OPEB) cost increases.

**Factors Affecting the Administrative Budget**

**Increases**
- Fully Funding OPEB in the Admin Budget
- Information Technology Support
- Records Management System
- Internal Audit
- Operations and Maintenance

**Decreases**
- Fingerprinting
- Benefits (unemployment insurance, worker’s comp., ERS, TRS)
- Supplies
Dr. Cruz stated that prior to the 2013-2014 school year, Questar III had a longstanding practice of setting aside funds to pay for the future expenses associated with the other post-employment benefits of our retirees. This practice, which was reported annually to school districts, was a fiscally conservative approach to paying forward these costs. Over time, our actuaries estimated it would have saved component school districts approximately 65 percent of our net OPEB obligation.

- Questar III had a longstanding practice of setting aside funds to pay for future expenses.
- Task Force of superintendents, business officials was convened after this practice was questioned.
- Task Force plan was accepted by the Questar III Board on April 15, 2014.
- D’Arcangelo & Co, LLP conducted a forensic accounting of the OPEB accrual and presented findings at a July 2014 meeting of superintendents and business officials. Hodgson Russ, LLP conducted a legal review of the process and liquidation plan.
- Districts were asked to submit questions or comments in writing along with preference for a 5, 7 or 10 year liquidation plan.
- District Superintendent indicated that funds would be liquidated based on the majority of responses. The majority selected the five-year plan.
- Questar III submitted OPEB liquidation plan to SED for approval.
- Liquidation plan provides specific actions regarding our 22 components and 1 non-component.
- Prior to disbursement, Questar III required releases from future liability concerning the OPEB matter.
- Releases from 22 components and one non-component have been approved by local boards and received by Questar III.

In September 2014, the District Superintendent recommended six actions. Questar III, which consulted with the State Education Department throughout this process, submitted its recommendations to SED for approval. A copy of the plan was also filed with the OSC. The liquidation plan, approved by SED, provides specific actions regarding the 22 component districts (and one non-component district) in the cooperative. It also provides specific actions for other districts. Prior to the disbursement of funds or credits, Questar III required releases from future liability concerning the OPEB matter from any Board of Education receiving a credit. To date, Questar III has received releases from 22 components and one non-component release.
Dr. Cruz then informed the audience that there are no major variances in the 2015-16 rent and capital budget.

### Rent and Capital Budget Overview
- **2014 – 2015 Budget** $1,618,650
- **2015 – 2016 Budget** $1,647,611
- **Dollar Increase** $28,961
- **Percent Increase** 1.79%

### Factors Affecting Rent and Capital Budget
- **Capital Projects**
  - Columbia-Greene Educational Center
  - Rensselaer Educational Center
- **Tech Valley High School lease**
- **College-based programs**

Questar III occupies a number of instructional and office spaces in the tri-county region including space owned and leased by the BOCES.

We are nearing the completion of a three-phase renovation of the Columbia-Greene Educational Center with a total investment of $2.6 million. However, we continue to explore options for our CTE facility in Rensselaer County. The BOCES previously deferred investment at the Rensselaer Educational Center.

Questar III also continues to renew leases with school districts for instructional space including special education (Averill Park, Catskill, East Greenbush, Ichabod Crane, Rensselaer, Schodack); career-tech education (Catskill, Rensselaer); and adult education (Hudson).

While Questar III has reduced the overall rent paid to private landlords over the past decade (in favor of rents from component districts), there is an increase in rent to others for the 2015-2016 fiscal year due to leases for college-based programs such as Sarah's Sisters at Sage, New Visions and Tech Valley High School at SUNY Polytechnic Institute’s Colleges of Nanoscale Science and Engineering (CNSE). These spaces provide our students and districts with access to hands-on experiences and partnerships with these colleges and staff.

Dr. Cruz then showed the overall trends for the admin, rent and capital budgets over the past 5 years, explaining that it depicts the rent and capital budget has remained fairly consistent during that time. However, an increase in the administrative budget was realized starting in the 2014-2015 school year. This is due to allocating 100 percent of the OPEB expenses to the administrative budget, based on the Task Force recommendations.
## 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>2011-2012 Budget</td>
<td>$4,118,053</td>
<td>6.6%</td>
<td>$1,859,689</td>
<td>2.9%</td>
</tr>
<tr>
<td>2012-2013 Budget</td>
<td>$4,202,000</td>
<td>6.6%</td>
<td>$1,859,700</td>
<td>2.9%</td>
</tr>
<tr>
<td>2013-2014 Budget</td>
<td>$4,238,898</td>
<td>6.5%</td>
<td>$1,646,750</td>
<td>2.5%</td>
</tr>
<tr>
<td>2014-2015 Budget</td>
<td>$5,570,122</td>
<td>8.7%</td>
<td>$1,618,650</td>
<td>2.5%</td>
</tr>
<tr>
<td>2015-2016 Proposed Budget</td>
<td>$5,835,872</td>
<td>8.3%</td>
<td>$1,647,611</td>
<td>2.4%</td>
</tr>
</tbody>
</table>

Dr. Cruz explained that 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 rely on the revenue generated rather than predetermined expenditures. If districts do not purchase the service, the budget is reduced.

### Program Budgets

- Component school boards do not vote on program budgets.
- These budgets are tentative.
- These budgets are determined by district demand for services and adjusted as warranted.

### Factors Affecting All Programs

- Salaries and benefits aligned to workload
- OPEB accounted for in the Administrative Budget
- Some benefits decreased (unemployment insurance, worker's comp., ERS, TRS)
- Budgets with little room for error
- Smaller surpluses expected

### Program Rate Trends

Most of our program rate increases are at or below 2 percent next year.

Nearly 54 percent of our programs will have decreases or will remain at the same rate next year.
<table>
<thead>
<tr>
<th>Year</th>
<th>% of Programs with a Rate Increase &lt; 0%</th>
<th>% of Programs with a Rate Increase &lt; 2%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-12</td>
<td>49.77%</td>
<td>69.12%</td>
</tr>
<tr>
<td>2012-13</td>
<td>56.03%</td>
<td>90.95%</td>
</tr>
<tr>
<td>2013-14</td>
<td>66.67%</td>
<td>88.19%</td>
</tr>
<tr>
<td>2014-15</td>
<td>55.78%</td>
<td>69.72%</td>
</tr>
<tr>
<td>2015-16</td>
<td>53.59%</td>
<td>87.05%</td>
</tr>
</tbody>
</table>

Program Updates

Dr. Cruz stated that Questar III models its cooperative planning decision making in “how we do business”. Questar III involves our component superintendents on various committees to assist us in reviewing and evaluating services, responding to emerging needs, and “retooling” when it is necessary to do so. He thanked those superintendents who actively participate in these processes.

Introducing Sally Shields (Rensselaer), Cheryl Dudley (Greenville), Randy Squier (Coxsackie-Athens), and Bob Horan (Schodack) she explained that they would each provide information about the issues and deliberations of their respective committees.

- The subcommittees and chairs are:
  - **Leadership and Professional Development**
    Cheryl Dudley, Greenville CSD
  - **District Services**
    Randall Squier, Coxsackie-Athens CSD
  - **Academic Programs**
    Sally Shields, Rensselaer CSD
  - **Legislative & Policy Development**
    Robert Horan, Schodack CSD

Superintendent chairs of the four subcommittees presented as follows:
Factors Affecting CTE

- Additional Equipment for Green Technologies and 3D Printing & Prototyping
- Increase of 0.3 FTE for Green Technologies position
- Increase of 0.5 FTE for 3D Printing and Prototype program at RCSD
- Teaching Assistant positions to support programs
- Equipment for proposed Hotel & Hospitality Program

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

Questar III CTE programs continue to thrive with high demand by students and districts thanks to the success and reputation of our programs and the ongoing input from our superintendents.

Looking ahead to next year, we continue to realign resources and programming to better support career pathways in areas demanded by employers.

In response to district requests, we have added new satellite CTE programs at district locations. This year, we piloted a media communications program at Catskill High, one that will be available to all districts starting in September.

Additionally, we restored the Green Technologies program at Rensselaer High School, increasing the teaching position by 0.3 FTE and purchasing additional equipment. We also restructured our former Mechanical Technology program into a 3D Printing & Prototyping. We purchased additional equipment and increased the teaching position by 0.5 FTE to expand it to Rensselaer High this fall.

Questar III is also exploring a Hotel and Hospitality program at Hunter-Tannersville High School. This Career Studies program, which is only offered at the Rensselaer Ed. Center at this time, would expand opportunities for students to earn college credit and participate in an internship at Hunter Mountain.

Thanks to the support of our districts, business and higher education, our CTE programs continue to thrive. Some recent accomplishments include:

- We graduated over 91 percent of our CTE students last year. It is important to note that approximately 30 percent of these students were special education students. We also know that some of them would not have graduated without these programs.
- Last year 80 percent of students earned a technical endorsement on their diploma, the highest rate ever.
- Increased work-based learning experience (every student is involved in a job shadowing or internship experience in their chosen field).
- As a region, we also identified health care, engineering and advanced manufacturing, media and communications and alternative energy as part of a regional pathways initiative. Moving forward, key individuals from our districts will play a role in creating four structured pathways from high school to college to careers.
Factors Affecting Special Education
  o State regulations require educating students with special needs in the least restrictive environment
  o In keeping with State regulations, Questar III embraces movement along the continuum of services from a more restrictive to a less restrictive environment as appropriate to meet students’ needs
  o Actual cost for the 4:1:2 program
  o Many program rates have remained the same or been reduced
  o Developed new methodology for configuration of classes and rates

Questar III provides an array of services for students with disabilities, based on their individual academic capabilities and social/behavioral needs. Last year, 88 percent of students from the special education class of 2014 achieved their projected credential (Regents, local diploma, CDOS or Skills and Achievement Commencement credential) – a success that is a testament to the partnership between our staff, school districts, families, students and others.

As we know, the cost of delivering high-quality programs and services to students with disabilities has increased over time. As a result, we continue to explore newer, less costly ways of doing business while educating students with disabilities in the least restrictive environment in accordance with state regulations.

In keeping with state regulations, Questar III continues to move students along our continuum of services from a more restrictive to a less restrictive environment as appropriate to meet their needs. In recent years, the 4:1:2 program had become a default placement for many students. This program is very costly.

This movement from 4:1:2 to 6:1:2 has allowed Questar III to not only better serve students, but also to better account for the actual cost of the 4:1:2 program. As a result, many program rates have remained the same or been reduced due to a better accounting of 4:1:2 program costs.

Questar III, working with district CSE chairs and the Superintendent Academic Subcommittee, has developed new methodology for the configuration of classes and rates. This continues the work started several years ago to address costs, including the reduction of 1:1 teaching assistant/aides needed for students.
Factors Affecting School Improvement
- Strong demand for ongoing embedded Professional Development requiring additional staffing
- Uniformity of cost structure of services within the School Improvement Office
- ELA regional scoring requires additional time due to the demands of the Common Core

This budget funds high-quality professional development and other instructional support services that benefit students, teachers and administrators across our region. All school improvement initiatives are coordinated by the Office of School Improvement, which responds directly to our schools’ identified needs.

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

Several years ago, we developed a regional approach to implement the Regents Reform Agenda through Questar III. A Steering Committee called the Superintendent Subcommittee on APPR, Common Core, Leadership and Professional Development spearheaded by superintendents also includes principal coaches and advisors. Our Subcommittee continues to provide leadership and guidance on how Questar III can best assist our districts with the implementation of the Common Core Learning Standards, APPR and other Regents Reform Agenda elements. Ultimately, we’re looking to move beyond compliance to take a systematic approach to helping our schools and students improve.

There continues to be strong demand for ongoing embedded professional development, which will require Questar III to hire additional staff to meet the region’s needs for next year.

Questar III coordinates the regional scoring of the 3-8 state assessments in ELA, Mathematics, Science and the New York State English as a Second Language Achievement Test. The scoring of ELA exams will increase $1 per test next year due to the additional scoring time needed to meet the demands of the Common Core Learning Standards.

Questar III is also preparing for the national launch of three online Common Core math courses in partnership with Excelsior College. We are hopeful that this product will be sold to school districts implementing the Common Core statewide and across the country – providing our BOCES with additional revenue that can be used to further support our component districts. Several of our school districts help to pilot these courses during the development process last year.
Factors Affecting District Services

- Successful redesign of the GASB 45 Service
- Expansion of the client base of the Fixed Asset Inventory service (15% growth)
- Addition of Central Business Office staff as a result of doubling client base
- Expansion of the State Aid Planning service to include BOCES
- Growth of the STAC service continues to provide staff development, support and claim submission assistance
- Development of new services
  - Fire Systems Maintenance
  - Fire Alarm System Maintenance
  - Video Security Preventive Maintenance
  - Access Control Preventive Maintenance
  - Smoke Detector Sensitivity Test

Our districts face many challenges that often require innovative solutions or a high level of technical expertise. Questar III’s district services extend, enhance and enrich the capacity of participating districts. In fact, many of the services would be cost-prohibitive if individual districts tried to provide them independently.

This year we have expanded and redesigned a number of services in reaction to what’s happening across the state or in response to district needs.

Questar III successfully redesigned the GASB 45 service to expedite the preparation of Actuarial reports and reduce cost. This service helps over 130 districts across the state calculate and manage their OPEB liability. We have successfully redesigned the GASB 45 service to expedite the preparation of actuarial reports and to reduce costs.

Moreover, Questar III expanded the training and consulting services offered by Financial Services. This includes a Coordination of Insurance Management service to assist districts with Affordable Care Act compliance and reporting requirements.

The Fixed Asset Inventory service continues to be valued by participating districts. Questar III is in the process of completing six new physical inventories of districts.

Questar III provides a variety of services to support the increasingly complex school district business operations. This includes a Central Business Office (CBO) service that includes grant financial management, budget analysis and long-term financial planning.

The CBO service doubled in size and strength during the 2014-2015 year, adding clients that requested the service to perform all available functions.

The State Aid and Financial Planning Service continues to provide invaluable information and assistance to districts and BOCES in the areas of state aid, the property tax cap and other school finance and management issues. This past year, the specialists developed and delivered a new program designed to provide state aid training for new school business officials.

Additionally, the new STAC (System to Track and Account for Children) service continues to grow. The service is currently working with 30 districts across the state providing training, data collection and data reporting services related to claiming aid for students with disabilities. This is designed to maximize high cost aid and provide significant additional revenue to districts at a fixed fee solution (much less than competitors across the state).
Questar III’s Health and Safety has become a statewide service which ranges from on-site support to an array of safety services and trainings that can be purchased separately. The department continues to add new cost effective services that support facility and compliance needs, including fire systems maintenance, fire alarm maintenance, virtual building tours, video security preventive maintenance, access control preventive maintenance and smoke detector sensitivity testing – all based on district needs or requests.

The department also continues to partner with state and local law enforcement to provide a comprehensive and standardized approach to school safety.

Services are also available in a wide range of areas including communications – which includes website, graphic design, social media, video and facilitation – as well as IT, substitute calling, and distance and online learning.

In closing, our district services are built on the concept of providing quality services at cost efficient prices in recognition that we have choices in how we provide or procure services. Questar III knows that school districts must see value in what they offer and that they are vigilant in making adjustments. Thank you to my colleagues that serve on the District Services Subcommittee and for the conversations we’ve had over the past year.

**Legislation and Policy Development** – Robert Horan, Schodack CSD

Earlier this year, Questar III organized a Saturday morning forum with then-Commissioner John King. We have had the opportunity the past four years to share our concerns and ideas and I hope this relationship continues when SED hires a new commissioner.

We have also continued our individual and collective efforts to reach out to our elected officials. Earlier this month a group of us met with Senator Marchione’s Office to talk about finally ending the GEA. Through our efforts over the past several years we have continually called attention to the GEA and we now have a number of elected officials and media articles calling for its end.

We encourage you, in your roles as school leaders and policymakers, to invite our elected officials to attend a board meeting or visit a classroom, speak with your parents and students, and learn more about the challenges and successes of your programs.

Like the BOCES, this is all about relationships. We may not always agree but we need to work together.
Budget Vote and Board Election

Questar President Robert Gibson reminded the superintendents and board members that the Budget Vote and Election is Tuesday, April 21st, 2015.

A motion was then moved by Mr. Joseph Garland, Coxsackie-Athens CSD, to approve the minutes of the 2013-14 Annual Meeting. This motion was seconded by Mr. Matt Wade, Brunswick (Brittonkill) CSD, and unanimously carried.

A motion to adjourn was moved by Mr. Ed Brooks, Questar III, seconded by Mrs. Lynn Clum, Questar III, and unanimously carried.

Meeting adjourned at 6:37 p.m.

Respectfully submitted,

Robin Emanatian, Board Clerk