

**Agenda Item: 1676**  
**PREP Board: 5.22.2013**

**PIEDMONT REGIONAL EDUCATION PROGRAM**  
**BOARD MEETING**  
**April 24, 2013**

The PREP Joint Board of Control met on Wednesday, April 24, 2013, at 10:00 AM in the Albemarle Resource Center (ARC) located at 1200 Forest Street, Charlottesville, VA.

**BOARD MEMBERS PRESENT:** Mr. Ned Gallaway, Albemarle County Schools Representative, Ms. Leah Puryear, Charlottesville City Schools Representative, Ms. Elizabeth Hutchins, Culpeper County Schools Representative, Ms. Brenda Pace, Fluvanna County Schools Representative, Mr. Greg Strickland, Louisa County Schools Representative, Ms. Doreen Jenkins, Madison County Schools Representative, Ms. Jane Mays, Nelson County Schools Representative, and Ms. Aline Johnson, Rappahannock County Schools Representative.

**BOARD MEMBERS ABSENT:** Mr. Jason Collier, Greene County Schools Representative

**ALTERNATE BOARD MEMBERS IN ATTENDANCE:** Ms. Carol Carr, Fluvanna County Schools Representative.

**STAFF MEMBERS PRESENT:** Dr. Mary McManus, Executive Director: Ms. Joanne Tyler, Clerk: Mr. G. Rodney Young, PREP Board Attorney arrived at 10:06 am.

A listing of Superintendents and Directors in attendance is on file in the PREP office.

Madam Chair informed the Board there was a lot to accomplish at this meeting. She informed the Board that she and Mr. Gallaway handled some things at the Boards request which went over the allotted time. She mentioned the last Board meeting went over the allotted time, and this meeting the Board needs to work diligently to get business done. Madam Chair informed the Board Mr. Young, "Rodney", the Board's Attorney was stuck in traffic on RT. 250 and would be arriving in ten (10) minutes.

Dr. McManus introduced and congratulated the new Greene County Superintendent, Andrea Whitmarsh.

**Agenda Item No. 1. Call to Order – Approval of Agenda** Madam Chair, Leah Puryear called the meeting to order at 10:03 a.m. and requested approval of agenda as presented. Dr. McManus suggested moving Agenda Item 1673 to after the Information Items to accommodate Mr. Young.

Ms. Doreen Jenkins made a motion to approve the agenda as amended and Ms. Jane Mays seconded the motion. The motion passed unanimously.

**Agenda Item No. 2 Consent Agenda Items**

- 1664. Minutes of the March 27, 2013 Meeting
- 1665. Review of List of Claims for March 2013
- 1666. Review of Revenues & Expenditures for March 2013 (A–E)
- 1667. Approval to Appropriate and Expend \$100,000.00 in Greene Medicaid Carryover Funds
- 1668. Approval to Appropriate and Expend \$283,903.00 in Greene PREP Carryover Funds
- 1669. Approval to Appropriate and Expend \$165,850.00 in Albemarle Medicaid Carryover Funds and \$42,197.04 in Albemarle PREP Carryover Funds
- 1670. Approval to Appropriate and Expend \$1,200.00 in Contingency Funds from Westminster Presbyterian Church donation to Ivy Creek School Enrichment Program
- 1671. Approval to Appropriate and Expend \$1,931.09 in Contingency Funds from the Parent Resource Center Grant

**Agenda Item No. 3 Action Items**

- 1672. Approval of the Consent Agenda

Ms. Jane Mays made a motion to approve the Consent Agenda as presented, and Mr. Greg Strickland seconded the motion. The motion passed unanimously

- 1673. Modification of VRS With-holding - Moved to after information items.

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**Agenda Item No. 4 Information Items**

**1674. Second Presentation FY2012 Financial Statement**

Dr. McManus informed the Board at the January 23, 2013 PREP Board Meeting, the Board received the first presentation of the Financial Statements Year Ended June 30 2012. The Board was notified at the January 23<sup>rd</sup> meeting that PREP discovered an error in Louisa's Medicaid funds in the amount of \$19,643.13. The error related to the accurate accounting of Louisa's request to use Medicaid Carryover funds to pay an Ivy Creek bill in the amount of \$19,643.13. The auditors applied the requested Medicaid funds to Louisa's Medicaid funds and deducted the Ivy Creek carryover balance by the same dollar amount in error.

Dr. McManus presented a hand-out to show the Board how it affected the Ivy Creek and Medicaid Carryover funds.

Dr. McManus also pointed out to the Board, on page 2 of the Financial Statements report, Robinson, Farmer and Cox states, "As discussed in Note 5 to the financial statements, the Piedmont Regional Education Program for Special Education had amounts due to the localities of \$6,111,829. While the total amount due to localities remains unchanged, the amounts due to individual localities have been reallocated. This discovery was made subsequent to the issuance of the financial statements. The financial statements have been restated to reflect this correction."

**Discussion on the Second Presentation FY2012 Financial Statement:**

Dr. Atkins questioned when the auditors come to PREP to audit the books, do the auditors audit the information PREP has given them or do they take what information PREP has given them and apply it in some way where they can make a mistake like that? Dr. McManus informed Dr. Atkins that the auditors do both, the auditors request information and they also apply information. Dr. Atkins reaffirmed, the auditors look at what information they received from PREP and interrupt what information has been given to them and apply it. Dr. McManus mentioned the auditors did not question the use of Louisa's Medicaid funds and misinterpreted Louisa's request. Dr. Atkins mentioned she had her finance director look over the report and he questioned why would the audit firm apply any amounts in any way, they should only be looking at what PREP has documented and evaluate what has been documented. Dr. McManus mentioned that the Auditors treated Louisa's Medicaid Carryover request as a payable to Louisa, and it was the Auditors error. Mr. Strickland mentioned that Louisa was aware of this mistake and they had also discovered it on their end.

Dr. McManus informed the Board of two (2) additional comments of Robinson, Farmer and Cox. On page 6, the auditors noted the following: "The fund balance of the Program's general fund decreased by \$67, 889 during the current fiscal year. The key factor in the decrease of the fund balance was the decrease of interest earned on the Program's bank account of \$974 in the current fiscal year compared to \$10,560, in the previous year..."

Dr. McManus informed the Board that PREP now invests \$3,000,000, a conservative investment for the first year, in the Local Government Investment Pool (LGIP), and for eight (8) months of this current fiscal year had increased the interest earned from \$974 figure of last year to \$3,577. Dr. McManus also stated, given this year's history of revenues over expenditures, PREP may be able to invest more than \$3,000,000 in LGIP, increasing the interest return even more.

**1675. Transition Program Grant Proposal**

Dr. McManus informed the Board on the Grant Proposal for the Transition Program.

Dr. McManus requested the Board give her consensus on allowing PREP in conjunction with Beth Hilscher, former PREP Board Member and mother of a victim of the Virginia Tech shooter, along with the Virginia Tech Victims Family Outreach Foundation to proceed with applying for a grant that would fund this pilot program at no cost to the districts. PREP would be applying for the Grant through the Department of Justice. The Virginia Tech Victims Family Outreach Foundation has put together a grant proposal by a professional grant writer that they are paying and is willing to look at the proposal PREP has put together and fold that in with theirs and proceed to see if they could get the grant from the Department of Justice. Dr. McManus reminded the Board, she had mentioned this program to the Board at past Board Meetings. Madam Chair reminded the Board that Dr. McManus is requesting consensus from the Board to move forward with the grant, she is not asking for a vote for this program

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at this time. Madam Chair asked if there were any questions from the Board that Dr. McManus can address concerning the Transition Pilot Program and the Proposed Presented Grant?

Dr. McManus mentioned the program would run through PREP. PREP would be responsible for the staff in the program. Dr. McManus also mentioned if the Transition Pilot Program was successful, PREP would look to disseminate it state wide.

Dr. Atkins and Dr. Moran requested page two of the narrative of the Transition Pilot Program be changed to read "continuation of the program, after the third year, will be contingent upon the success of the program"

Dr. McManus mentioned that Phase II of the Transition program includes the third year of the pilot program. Years one, two, and three would not effect the localities budgets. The program will be grant funded.

Madam Chair asked who would be responsible to evaluate the program, what is PREP's evaluation measure? Dr. McManus mentioned that would be created during the design phase. Dr. McManus informed the Board that PREP is currently working with the Grant Writer and in the proposal there are some Outcome Measures listed.

Madam Chair and Board Members present advised Dr. McManus, the Board has given PREP consensus to move forward with the Grant and before PREP submits the Grant to bring back the final document, corrected as suggested to the Board for approval.

Important dates to remember:

Madam Chair informed the Board of upcoming events.

- A. PREP Board Meeting – May 22, 2013 – 10:00 am, Ivy Creek Gymnasium
- B. Ivy Creek Graduation – May 31<sup>st</sup>, 1:00 pm, Ivy Creek Gymnasium

**1673. Modification of VRS With-holding - Moved to after information items.**

Madam Chair informed the Board there would be no closed session on the Modification of VRS With-Holding because the PREP Board already voted on the option. Based on that, Mr. Young had discovered some new information on the option the Board voted on.

Mr. Rodney Young presented the Board with the modification of VRS-holding.

Mr. Young presented the Board with three options that have the actual financial implications for PREP. He also stated employees needed to be notified of the changes to their VRS effective July 1<sup>st</sup>.

Mr. Young stated at last months meeting, the Board discussed three (3) options that were proposed by VRS in a conversation with Ed Breslauer, Finance Director of Fluvanna County Schools. The new three (3) options he would present are very similar in comparison to last month's three (3) options. Option Two (2) and Option Three (3) are identical, Option Two (2) being the option the Board voted on last month, which was to correct the over payment of salaries for FY2013 by FY2014, cutting pay by 3% to get PREP close to being on track with Fluvanna. Option Three (3) leaving FY2013 in tact as the Board moves forward for the entire five (5) year phase, employees pay up to 5% their retirement contribution. Mr. Young mentioned, Option One (1) is a different option and was created from a colleague of Mr. Young's, along with himeself and was discussed with Ed Gillespie, Finance Director of Charlottesville City Schools. Option One (1) puts PREP in lock step with Fluvanna, meaning FY2014. The disadvantage of Option One (1) puts PREP back to FY2012 salary scales and the Board would have to consider employee moral. Option One (1) does not include a step increase or any additional 1%. Mr. Young stated, there was nothing to prevent the Board, if the Board wishes, to increase pay and step (if they wish). Mr. Young reminded the Board, the only thing that has to match Fluvanna is the VRS contribution, everything else is a PREP Board decision.

- 1. Option One (1) cost saving to PREP \$188,500
- 2. Option Two (2) cost saving to PREP \$109,000
- 3. Option Three (3) cost saving to PREP \$170,000

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Mr. Young informed the Board there was an issue that complicates this even further. When pay increases were applied FY2013, the five (5) percent plus one (1) percent, to modify the FY2012 pay scales to turn them into FY2013, those increases were applied only to base pay, the numbers on the salary scale, and were not applied to supplemental pay. According to VRS that is not the appropriate method and it skews the numbers a bit. The shifting the responsibility to the employees is to pay 1% of creditable compensation as the employee's contribution to VRS. Creditable compensation is both base pay and any supplements. Dr. McManus mentioned this effects staff that have a Masters, Masters plus Thirty, and Doctorate Degrees.

Madam Chair asked the Board if the Board would like to rescind the decision of the Board from last meeting, Option Two (2) and vote on a new option.

Ms. Doreen Jenkins made a motion to rescind the action taken by the Board at the March 27<sup>th</sup> Board Meeting regarding the modification of the employee VRS contribution. Ms. Aline Johnson seconded the motion. The motion passed unanimously.

**The Clerk called roll.**

Ayes: Mr. Ned Gallaway, Albemarle County Schools Representative, Ms. Leah Puryear, Charlottesville City Schools Representative, Ms. Elizabeth Hutchins, Culpeper County Schools Representative, Ms. Brenda Pace, Fluvanna County Schools Representative, Mr. Greg Strickland, Louisa County Schools Representative, Ms. Doreen Jenkins, Madison County Schools Representative, Ms. Jane Mays, Nelson County Schools Representative, and Ms. Aline Johnson, Rappahannock County Schools Representative.

Nays: None

Abstentions: None

Ms. Hutchins inquired how would VRS to be notified, and asked if VRS had a preference? Mr. Young informed the Board that VRS preferred using Option Three(3), according to Ed Breslauer (Fluvanna's Finance Director). Mr. Young also mentioned VRS did look at Option Two(2) and thought that was acceptable as well. Mr. Young stated that he has not shown VRS Option One (1). Mr. Young stated he planned on presenting Option One (1) to VRS in the next week and cannot imagine VRS finding it unacceptable.

Ms. Doreen Jenkins made a motion to go with Option One (1) for the VRS modification as presented by the advisor. Ms. Aline Johnson seconded the motion. Mr. Ned Gallaway offered a counter motion with Option Three (3).

Mr. Gallaway stated Option Three (3) was the better option with regards to PREP employees. Option Three (3) allows for the Board to inform the employees they already received the increase and would need to start to prepare for the coming deductions in the next years (three, four, and five years). Mr. Gallaway stated he believed Option One (1) would be a more complicated option, it changes salary scales and may cause a lot of stress on staff. Option Three (3) allows PREP to enjoy the significant savings like the full five (5) percentage increase would do, and a chance for the Board to apologize and notify the employees to be prepared that their VRS contribution is going to increase and they will now have the time to prepare for how that is going to impact their take home pay for the next three (3) years. Doing Option One (1) does not give employees the chance to prepare. Mr. Gallaway mentioned, employees have been under a year of a significant pay increase, and he reminded the Board that we did have employees question Fluvanna. Employees questioned if Fluvanna was taking out the right deductions, and the nature of the situation disallowed Fluvanna Staff to say anything less than yes, that they were taking out the right deductions. Mr. Gallaway does not want to penalize employees any further in their daily lives without giving them some ability to get out of this in a more easy way for their monthly budget.

Ms. Keller stated she agreed with what Mr. Gallaway said and thanked him. Ms. Keller stated that what ever is done by the PREP Board has huge cost role implications. She stated that PREP has to be an attractive opportunity to have people come in and serve our most needy children and that she trusts the PREP Board to make the right choice.

Dr. Atkins expressed concerned over being stewards of public tax dollars, the implications this will have when it becomes public knowledge. Dr. Atkins stated that Option One (1) rectifies the entire issue and puts us back on track. Dr. Atkins expressed her concern on the impact Option One (1) would have on the employees and morale

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but then on other hand the she mentioned the Board has a responsibility as stewards of public tax dollars and how the Board allocates those dollars. Dr. Atkins stated she was conflicted between Option One (1) and Option Three (3). Ms. Groves agreed with Dr. Atkins.

Ms. Jenkins mentioned that the Board cannot put a price tag on employee morale and is now leaning towards Option Three (3).

Mr. Young stated that both options are legally permissible. In his view he felt Option Three (3) is fairly bullet proof and there would be more atmospheric noise with Option One (1).

Dr. Moran noted she did not feel PREP would not escape a morale issue. She felt once employees hear salaries are frozen, there will be a morale issue. She mentioned, the Board needs to consider, financially, what is in the best interest of PREP and secondly, what is in the best interest of the educators?

Mr. Gallaway reminded the Board, the Board is not freezing salaries, the Board is freezing the off-set of VRS. The Board can revisit salary increases at a later time.

**The Clerk called roll for Option One (1).**

Ayes: None

Nays: Mr. Ned Gallaway, Albemarle County Schools Representative, Ms. Leah Puryear, Charlottesville City Schools Representative, Ms. Elizabeth Hutchins, Culpeper County Schools Representative, Ms. Brenda Pace, Fluvanna County Schools Representative, Mr. Greg Strickland, Louisa County Schools Representative, Ms. Doreen Jenkins, Madison County Schools Representative, Ms. Jane Mays, Nelson County Schools Representative, and Ms. Aline Johnson, Rappahannock County Schools Representative

Abstentions: None

Mr. Gallaway made a motion to approve the VRS Modification following Option Three (3). Ms. Doreen Jenkins seconded the Motion. The Motion passed unanimously

**The Clerk called roll for Option Three (3).**

Ayes: Mr. Ned Gallaway, Albemarle County Schools Representative, Ms. Leah Puryear, Charlottesville City Schools Representative, Ms. Elizabeth Hutchins, Culpeper County Schools Representative, Ms. Brenda Pace, Fluvanna County Schools Representative, Mr. Greg Strickland, Louisa County Schools Representative, Ms. Doreen Jenkins, Madison County Schools Representative, Ms. Jane Mays, Nelson County Schools Representative, and Ms. Aline Johnson, Rappahannock County Schools Representative

Nays: None

Abstentions: None

**Agenda Item No. 5 Closed Meeting**

At 11.08 am Mr. Ned Gallaway made a motion and Ms. Aline Johnson seconded the motion. The Motion passed unanimously that the Joint Board meet in closed session pursuant to Virginia Code § 2.2-3711 (A)(1) for the purpose of discussion of the assignment, appointment, and/or performance of specific public officers, appointees, or employees of the Joint Board relating to PREP operations and pursuant to Virginia Code § 2.2-3711 (A)(7) for the purpose of consultation with legal counsel retained by the Joint Board regarding specific legal matters requiring the provision of legal advice by such counsel, specifically the appointment and performance of employees of the Joint Board

Madam Chair, requested Dr. McManus, Ms. Carol Carr, Ms. Whitmarsh, along with Superintendents present and the PREP Attorney, Rodney Young attend the Closed Meeting.

Dr. McManus was excused from the closed meeting at 11:52 am.

Ms. Aline Johnson, Rappahannock County Schools Representative excused herself at 12:25 pm.

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**Agenda Item No. 6 Certified Closed Meeting**

At 12:57 pm, the Clerk called roll and each School Board Member present certified by an affirmative vote that only those matters under the stated codes were discussed.

WHEREAS, the Piedmont Regional Education Program Joint Board has convened a Closed Session on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712(D) of the Code of Virginia requires a certification by this School Board that such Closed Session was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED that the Piedmont Regional Education Program Joint Board hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed session to which this certification applies, and (ii) only such public business matters as were identified in the motion convening the Closed Session were heard, discussed, or considered.

Ayes: Mr. Ned Gallaway, Albemarle County Schools Representative, Ms. Leah Puryear, Charlottesville City Schools Representative, Ms. Elizabeth Hutchins, Culpeper County Schools Representative, Ms. Brenda Pace, Fluvanna County Schools Representative, Mr. Greg Strickland, Louisa County Schools Representative, Ms. Doreen Jenkins, Madison County Schools Representative, and Ms. Jane Mays, Nelson County Schools Representative.

Nays: None

Abstentions: None

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Clerk  
Piedmont Regional Education Program Joint Board

**Closed Meeting Actions:**

Mr. Ned Gallaway made a motion to approve the Appropriation and Expenditure of \$4,925.00 from the Contingency Funds for a Long-Term Substitute. Mr. Greg Strickland seconded the motion. The Motion passed unanimously.

**The Clerk called roll**

Ayes: Mr. Ned Gallaway, Albemarle County Schools Representative, Ms. Leah Puryear, Charlottesville City Schools Representative, Ms. Elizabeth Hutchins, Culpeper County Schools Representative, Ms. Brenda Pace, Fluvanna County Schools Representative, Mr. Greg Strickland, Louisa County Schools Representative, Ms. Doreen Jenkins, Madison County Schools Representative, and Ms. Jane Mays, Nelson County Schools Representative.

Nays: None

Abstentions: None

**Agenda Item No.6 Adjournment**

Ms. Doreen Jenkins made a motion to adjourn Ms. Jane Mays seconded the motion, hearing no objections, at 12:59 pm Madam Chair called the meeting adjourned.

Respectfully Submitted:

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Chair, PREP Joint Board of Control

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Clerk, PREP Joint Board of Control