



Join
MSRPO
Now!

Greetings Seasonal Owners:

In early July the Ely School Board began pushing for a special Bond Referendum to provide retirement benefits to about 80 retired teachers. They are pushing it through without voter approval using an obscure law that is set to sunset in October. As the *Ely Timberjay* wrote, "four to six people on the (school) board can pass (this cost) on to us without our approval." Here is a link to the [full article](#).

The Ely School District is on the hook for about \$400,000 a year in order to provide retirement benefits to about 80 teachers. They plan to establish a fund by raising property taxes to create a \$5 million Other Post-Employment Benefit (OPEB) bonds. Ely School Superintendent Don Langan pushed the board, saying that "There is no way we can maintain that (retirement obligations) liability ..." of about \$400,000 a year. At a meeting in June, Mr. Langan told the board he'll make a formal recommendation and ask the board to vote on the matter July 13 in order to meet a fall deadline for districts wishing to move forward with bonding without voter approval.

But some board members said they wanted to hear from the public before they proceeded, and set a meeting for July 7 at the high school media center. School Board Chair Scott Kellerman believed that public turnout would indicate tacit voter approval or disapproval of the plan.

Tom Coombe, *Ely Echo* editor, quotes Kellerman as saying, "If only three or four or six people show up, then they don't care."

A public meeting was held on July 7 (6:30 p.m.) at the high school media center.

It was standing room only.

According to Kellerman, low turnout would indicate that district residents are indifferent to board action.

The OPEB allows unequal application of the tax burden, a key reason MSRPO has opposed it. For instance, this OPEB would cost a home owner in Ely \$67 on a \$100,000 property, but over a hundred dollars on a cabin.

[Click here](#) to sign up
for our mailing list

from the cost — many people in the Ely area own both a homestead or business and a seasonal recreational property in town. These people will be taxed two or three times to pay for teacher retirement benefits that are, according Superintendent Langan, much more generous than in other parts of the state.

For this reason the June 7th meeting was standing room only, and the majority of the comments opposed the OPEB. The Board is scheduled to make their final decision tonight at their July 13th meeting.

Legislative History

The 2008 state legislature gave an expanded authority to school districts to sell bonds to cover costs for Other Postemployment Benefits (OPEB). The authority was pushed in part by school districts and school boards across the state. These monies were intended to be set up in trust to pay for teacher retirement and health benefits when extreme budget shortfalls exist. In addition, the legislature also then granted school districts the authority to sell these bonds, and levy property taxes to pay their obligations without requiring a voter referendum, applying the levy to all property classifications.

MSRPO opposes this authority and has argued that removing the voter approval is certain to cause problems. Last session, in 2009, the Public Finance Committee rescinded the referendum exemption. Beginning October 1, 2009 all OPEB bond sales will need district voter approval.

The Ely School Board is ignoring the intent of the law, and trying to push through their plan to sell bonds worth \$5 million before October of this year.

Given the turnout at the hearing on July 7th, there can be little doubt that the public would reject the measure, and for good reason. When bonds are let for purposes such as these, they generally are paid back over the course of decades incurring interest that can in some cases double the original obligation.

MSRPO felt the original legislation was short-sighted and served as a potential backdoor for stealth property tax increases. The legislature agreed and has attempted to right the course.

So far the Ely School Board seems to be the only one in the state trying to slip through OPEB bonds before the October sunset.

The LAST meeting on this issue will be tonight — 7:00 PM at the High School Board Room. Email the Ely School Board members TODAY to give them your thoughts on this issue:

School Board

Chairperson Ray Marsnik: rmarsnik@ely.k12.mn.us

Treasurer Peggy York Jesme FNP: pjesme@ely.k12.mn.us

Clerk Scott C. Kellerman: skellerman@ely.k12.mn.us

Director Bill Erzar: berzar@ely.k12.mn.us

Director Paul Pengal: ppengal@ely.k12.mn.us

Director Amy Richter: arichter@ely.k12.mn.us

The Ely School District is in a very tight spot of course, as the state continues to cut back on its Local Government Aid payments. Minnesota must undertake a complete state and local fiscal system overhaul. Public services like education must be adequately funded, but that funding must be fair and equitable, there must be a connection between services received and taxes paid, and between taxes and ability to pay. And finally, funding public services should not come at the cost of our forests, lakeshore habitats or clean water.

It is time to demand that our Governor and Legislators undertake property tax reform.

Hope that you all had a great Independence Day Holiday, and please forward this email to anyone you know who might be interested. Email the Ely School Board with your concerns or ideas before the meeting tonight.

Sincerely,



Jeff Forester
Executive Director
MSRPO Coalition
(952) 854.1317
jeff@msrpo.org

Not a member of MSRPO? [Click here](#) to join our mailing list. Together, we can protect the family lake place from confiscatory property taxes.