Board Members in Attendance: President White, Vice President Elliott, Commissioner LeBron, Commissioner Powell, Commissioner Maloy, Commissioner Adams,

Board Members Absent: Commissioner Sheppard

Administration and Board Officers in Attendance: Superintendent, Lesli Myers-Small, State Monitor, Shelly Jallow; District Counsel, Karl Kristoff, Associate Counsel, Steve Carling; East EPO CFO & Acting District CFO, Carleen Pierce; Budget Director, Brian Pack; Chief of Operations, Michael Schmidt; Chief of Schools, Sheelarani Webster; Chief of Schools, Carmine Peluso; Chief Technology Officer, Glen VanDerwater; East EPO Superintendent, Shaun Nelms; East EPO Assistant Superintendent of Strategic Planning, Lorna Washington; Auditor General, Anissa Henry-Wheeler; HR Administrator, Maurice Snipes; District Clerk, Marisol Ramos-Lopez; Board Staff, Kallia Wade

President White convened the meeting at 5:34 p.m.

I. Speakers: Due to the closure of meetings to the Public as a result of COVID-19, speakers will provide comments via the Board Email or via Zoom. These will also be posted to the District web site. The list posted reflects the names of anyone who spoke, or submitted written comments for the record.

No speakers.

II. Special Meeting Discussion Items

Comptroller’s Response: RCSD Corrective Action Plan

President White invited Auditor General, Anissa Henry-Wheeler to provide the details regarding RCSD’s corrective action plan response to the Comptroller. Ms. Henry-Wheeler addressed the Committee and indicated that the plan addresses three major focus areas for the District:
1. Ensuring that there is sound budget/budgetary practices
2. Maintenance of District Fund Balance
3. District has a fiscal plan

Superintendent Myers-Small commented that the key take away points from the report are that the District is modelling sound practices and that the budget process for 2021-22 will allow time for collaboration with Board and community. State monitor, Dr. Shelley Jallow also commented and shared confidence in how things were moving forward. Following the
sharing of the plan with the Committee, Ms. Henry-Wheeler indicated that following Board approval, the corrective action plan would be sent off that evening. There was no Board member objection to the report and so approval was given to submit the report.

III. Finance Committee of the Whole Meeting:

Commissioner Lebron convened the Finance Committee of the Whole at approximately 5:43 p.m.

Finance Committee Discussion Items

Motion by Commissioner Maloy to approve the Minutes of the June 9, 2020 Finance COW Meeting. Seconded by President White. Adopted 6-0 with Commissioner Sheppard absent.

Review and Discuss Financial Reports

CFO, Carleen Peirce addressed the Finance Committee for the first time in her capacity as acting District CFO. She noted her intent to be transparent as she shared the details of the preliminary year-end (June 2020) financial report. In support of this, CFO Peirce shared that an addendum had been created as a support to the financial report that provides additional explanation of the contents of the report. This document presents the reported data in a more readable and easily understood way. She encouraged the Board and public to follow along by referring to this resource when reviewing the monthly financials moving forward. CFO Pierce also noted that the June report numbers were not final, and likely to change.

In response to State Monitor, Dr. Shelley Jallow, CFO Pierce noted the major take away points that the Board should consider regarding the financial report:

1. Understand the importance of trend analysis
2. Understand that the numbers will be changing as the current report is just a snapshot of the financial standing of the district as at June 30, 2020
3. Board should feel free to ask questions

Fund Balance Presentation

CFO Pierce made a presentation on the District Fund Balance. She noted the following:

1. Why the fund balance is projected
2. The risk of making poor projections and/or not making projections at all
3. When to start projecting fund balance
4. How to calculate fund balance

She followed this, by noting how the District can begin to overcome its financial crisis:

1. Disciplined spending
2. Budget freezes
3. Right sizing of staffing
4. Utilizing shared services
5. Maintaining proper management of substitutes

The Commissioners engaged in discussion with CFO Pierce regarding the fund balance, regarding topics of contracts and payment during Covid-19, delays in payments, the

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unrestricted cash balance etc.

Cash Flow Projections Presentation

CFO Pierce presented on the District’s cash flow and provided visuals by way of spreadsheets, to share how the cash flow was performing without accounting for the anticipated Revenue Anticipation Note (RAN) of $85M and without the RAN. CFO Pierce provided added details, noting that the RAN needed to be paid back by June 30, 2021. The Commissioners engaged in discussion regarding this presentation. Topics included using the RAN to close state aid deficits, and the conditions dictated for the District to qualify to borrow.

Discussion on the Initiation of a District Budget Freeze

CFO Pierce engaged with the Committee regarding the following aspects of initiating a budget freeze for the District:
1. Out of Town Travel
2. Non-grant/non-health/safety related equipment purchases and rentals
3. Non-grant/non-health/safety related purchases of certain supplies and materials
4. Control of Overtime Utilization
5. Freeze on creation of new positions (not included in the 2020-21 budget)
6. Limit substitute teacher usage

Following a discussion on these points, Superintendent Myers-Small noted that this would be a sizeable shift for the District and that taking these actions would elicit grumbling and complaints from stakeholders. She requested that the Board refer all questions and concerns to her and the administration for them to address. She also noted that they would try their very best to stay away from touching expenses that would impact the classroom and students.

Charter School Enrollment Data Presentation

CFO Pierce presented the charter school enrollment data and noted the intention to present this information monthly to the Board. Via a spreadsheet document, she indicated that the data details how much is paid out to each charter and in aggregate. The Commissioners engaged in discussion regarding the data. Topics discussed include:
- A focus on inconsistencies with True North Logic Data
- Reduction of charter school costs through District rebranding
- Efforts made to reduce charter school numbers
- Impact of state funding on charter school funding

Substitute Teacher Presentation

HR Administrator, Maurice Snipes addressed the Committee and led the group through a PowerPoint presentation on substitute teachers and the current state of per diem substitutes and temporary employment services, usage, programs, and recommendations for improvement in the District. His presentation included details on:
1. The background and historical review of per diem and temporary employment services in the District
2. The current state as of June 2020 and the obtaining of some control of District spend
3. Projections for future usage
4. Impact of Covid-19 on usage
5. List of recommendations for improvement and controlling/reducing usage

Mr. Snipes noted that more information would be shared in upcoming meetings. Following the conclusion of the presentation, the Board engaged in a question and answer session with Mr. Snipes and District Administration regarding the topic of substitute teachers. Questions focused on:
- Substitute usage during Covid-19 and the financial impact of providing technological training to subs during Covid-19
- Impact of reopening schools on substitute teacher usage
- Decentralizing substitute costs
- Controlling substitute costs

In closing, Commissioner LeBron noted that substitute teacher usage would be regularly tracked in Finance Committee meetings moving forward. She also highlighted that in the upcoming Finance Committee meetings commissioners could look forward to more discussions and moving forward on a fiscal professional development schedule. She noted that a survey would be circulated to gain the Board’s input on topics.

The Finance Committee Adjourned at 7:28pm

New Business

No new business items for discussion

**Motion** by Commissioner LeBron to adjourn the Special Meeting to go into Executive Session for the purpose of receiving legal advice and to discuss a particular individual at 7:30 p.m., seconded by Vice President Elliott. **Motion carries 7-0.**

**Motion** by Commissioner LeBron to reconvene in open session and adjourn the Special Meeting at 9:38 p.m., seconded by Commissioner Adams. **Motion carries 7-0.**

Next monthly Finance Committee Meeting of the Whole: August 18, 2020