

ROCHESTER BOARD OF EDUCATION

Special Meeting Minutes Finance Committee of the Whole via Zoom Video Conferencing June 9, 2020

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

Board Members Excused: N/A

Administration and Board Officers in Attendance: Superintendent, Lesli Myers-Small, Deputy Superintendent, Lynda Quick; State Monitor, Shelly Jallow; District Counsel, Karl Kristoff, Associate Counsel, Steve Carling; District CFO, Robert Franklin; Budget Director, Brian Pack; Chief of Human Resources, Harry Kennedy; Chief of Operations, Michael Schmidt; Chief of Schools, Sheelarani Webster; Chief of Accountability, Ray Giamartino; Chief Technology Officer, Glen VanDerwater; East EPO Superintendent, Shaun Nelms; East EPO CFO, Carleen Pierce; East EPO Assistant Superintendent of Strategic Planning, Lorna Washington; District Clerk, Marisol Ramos-Lopez; Board Staff, Kallia Wade

President White convened the meeting at 5:35 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 lists posted reflects the names of anyone who spoke, or submitted written comments for the record.*

Kristen French, a staff member, spoke via Zoom and addressed the Board about her concerns with Resolution 2019-20: 954, regarding the appointment of the State Monitor to the District.

II. Resolution Consideration

The Board Members considered Resolution 2019-20: 974. Chief Technology Officer, Glen VanDerwater addressed the Commissioners and provided greater context. He advised that the additional pay resolution was for teacher support to assist students completing online credit recovery and virtual courses given the shortening of the school year.

Motion by Commissioner Maloy to approve Resolution 2019-20:974. Seconded by Commissioner Powell. **Adopted 7-0.**

III. Finance Committee of the Whole Meeting:

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Commissioner Lebron convened the Finance Committee of the Whole at approximately 5:53 p.m.

Finance Committee Discussion Items

Motion by Commissioner Maloy to approve the Minutes of the May 19, 2020 Finance COW Meeting. Seconded by Commissioner Sheppard. **Adopted 7-0.**

Review and Discuss Financial Reports

CFO Robert Franklin presented the May 2020 unaudited Financial Report and Memo. He reviewed the cash balance, noting that the amount in the General Fund was favorable. Additionally, CFO Franklin reviewed the cash flow projection and indicated that while good, there is a caveat regarding the payments to vendors for services prior to Covid-19 closure. In discussing the Revenue Summary, Mr. Franklin noted the negative variants as it relates Building Aid, RJSCB QSB subsidies and capitalized interest. He advised that the Board needs to pay attention to these RJSCB revenue dollars, since in the past, capitalized interest is usually provided. In this case however, CFO Franklin stated that the RJSCB advised the District that these funds were instead needed for Building Aid.

The Finance Committee engaged in discussion regarding the RJSCB. In response to Commissioner Powell's question about the BOE's authority over RJSCB decisions on capitalized interest, CFO Franklin indicated that the BOE has limited capacity. However, the Board can appoint 3 members to the RJSCB. Commissioner Sheppard requested further information regarding the original agreement, and asked to see actual statements, Bond documents and text certificates. These requests were added to the Board question log.

The discussions moved on, focusing on upcoming debt issuance, possible changes to the budget and then to Vice President Elliott's question regarding whether the District is facing a significant deficit. CFO Franklin responded, advising that the Board continue to ask these kinds of questions and suggested that the Board ask the incoming CFO, "How are you accommodating the District's loss of revenue?" Mr. Franklin also responded to this question himself, noting that the administration has been squirreling away appropriations at this time. CFO Franklin also provided additional suggestions and insights to the Committee, including the fact that it was prudent for the Finance team to prepare and present the Board with June financials, even if not traditionally done in the past. However, he also advised that this financials report, if produced, would not look like the CAFR.

Following these discussions, CFO Franklin called the Committee's attention back to the financial report, by reviewing the Appropriations by Major Account, He noted that by looking at this report and the Revenue Summary, the Board would gain further insights into the District's fiscal standing.

Dr. Shelly Jallow questioned the impact of Covid-19 and what it meant for the District having money left over in the coffers. CFO Franklin responded by pointing out the Cash Balance Report and highlighted the cash impact in the May actuals has to do with vendor contracts like transportation not being paid. CFO Franklin also addressed the negative amounts presented in the Appropriations by Major Account that had to do with instructional computer hardware. Finance Chair LeBron noted for the benefit of the Committee that many of these discussion

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items were raised and are discussed as well in the preview financials meetings.

Motion by Commissioner Powell to forward the unaudited May, 2020 Financial Report to the June 18, 2020 Board Business Meeting for approval with a caveat to change the verbiage on page 2 of the report from “higher” to “lower”. Seconded by Commissioner Adams. **Motion passes 7-0.**

Budget Hold ‘Em Game

Committee Chair, Commissioner Lebron, discussed the novel Budget Hold ‘Em Game, noting its benefits for learning about District budgeting. She suggested that the Board consider adding it as a PD item during the retreat so that the Board could complete the activity as a team. Commissioner LeBron advised that she would be pursuing funding to provide a facilitator for this PD session if conducted.

Dr. Jallow requested a copy of the Board’s PD plan/schedule.

Shifting Budget Projections to Actuals

Commissioner LeBron raised the idea of shifting the District’s budgeting practices, from using projections to actual dollar values. She advised that while this would be a hefty lift for the District, it could be beneficial and asked for this practice to be considered. Commissioner LeBron also uplifted East CFO Carleen Pierce for raising this as a potential plan of action and requested that this conversation be driven by the new Superintendent and CFO.

Dr. Jallow suggested that the Board clearly articulate the request being made to Superintendent Myers-Small. Commissioner LeBron requested that the administration provide a timeline for when this topic could be addressed. Superintendent Myers-Small noted the need to get a new CFO on boarded and acclimated with the District. She also noted the need to get the current year-end financials squared away before addressing.

It was decided that the topic would be revisited in the 1st week of August, 2020.

Charter School Reconciliation Reports and Auditors’ Findings

Commissioner LeBron clarified the concerns and made requests regarding the District’s charter school funding processes:

1. Suggestion that the charter school reconciliation reports be audited
2. Requested that HR and Finance Departments prepare and share with the Board a quarterly report detailing the District’s substitute teacher usage (FTE and dollar values)

Commissioner LeBron also noted that these concerns were also introduced in the State Comptrollers’ Report.

In following up, Dr. Jallow also suggested that the Board also review the Charter School Special Education numbers as well.

CFO Franklin noted these requests and clarified the charter school payment schedule and accountability mechanisms.

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The Committee discussed where this discussion item should be followed up and considered the addition to the Audit Committee or Finance Committee agenda.

Finance Committee of the Whole adjourned at approximately 8:13p.m.

New Business

President White noted that the Board had another matter to consider and would need to discuss in Executive Session. He advised that the Board may reconvene in open session afterwards.

Motion by Commissioner Adams to adjourn the Special Meeting to go into Executive Session for the purpose of addressing a personnel matter and to receive legal advice at 8:24 p.m., seconded by Commissioner Maloy. **Motion carries 7-0.**

Motion by Vice President Elliott to reconvene in open session and adjourn the Special Meeting at 8:44 p.m., seconded by Commissioner Maloy. **Motion carries 7-0.**

Next monthly Finance Committee Meeting of the Whole: July 21, 2020