

**Robbinsdale Area Schools  
FINANCIAL ADVISORY COUNCIL (FAC)  
MINUTES FOR June 23, 2020  
Approved**

<b>Present</b>	<b>FAC Members</b>
X	Gregg Fishbein
	Earl Hoffman
X	Lennie Kaufman
X	Thomas Klick
X	Barry Rogers
X	Howard Schwartz
X	Terry Swanson
	<b>School Board</b>
X	Sherry Tyrrell, Treasurer
	<b>District 281 Staff</b>
X	Greg Hein, Executive Director of Finance
X	Carlton Jenkins, Superintendent

**Other Attendees: Stephanie Burrage (District 281 Administration), Karylanne Marchand (Finance Group), Richard McGregory (District 281 Administration), Kelly Smith (Baker Tilly), Ginny Verbrugge (Finance Group), Kristine Wehrkamp (District 281 Administration).**

**The meeting was called to order at 6:32 PM on June 23, 2020 with the Council members noted above in attendance. Due to the COVID-19 Pandemic this meeting was held virtually with all members attending via the Zoom platform.**

**Agenda Item 1: Welcome and Introductions:**

Chair Gregg Fishbein opened the meeting welcoming the attendees.

**Agenda Item 2: Accept Agenda:**

The Agenda had been distributed to the members prior to the meeting, and during discussion about the Agenda, a request was made to defer item 5 (Long Term Financial Planning) to a meeting to be scheduled in July. This would allow item 5 to be focused on in greater detail than would be likely at this meeting, as there were several other Agenda items which would take significant time and discussion. A motion was properly made and seconded to accept the distributed Agenda with item number 5 moved to the next FAC meeting. This motion passed unanimously.

**Agenda Item 3: Approve the May 12, 2020 FAC Meeting Minutes:**

A motion was properly made and seconded to approve the minutes of the February 11, 2020 meeting as distributed. The motion passed unanimously.

#### **Agenda Item 4: Enrollment Report / Space Utilization :**

Executive Director of Finance Greg Hein led a discussion regarding trends in District enrollment (using ADM's served as the enrollment measure), projections for the coming year, and the capacity of our various school buildings versus enrollment at those buildings. Mr. Hein opened his presentation with a slide showing the District's enrollment history beginning in 2001. The trend line showed relatively stable enrollment from 2001—2005, a sharp decline from 2005—2011, an uptrend from 2011—2017 (aided by the conveyance of Fair Crystal five years ago), and a continuing decline since (including a projected decline for FY 2021). The second slide showed the growing impact of open enrollment over the past 20 years as both open enrollment in and out has grown steadily. During that period, the share of enrollment attributed to resident students dropped materially. The numbers did not include the number of District resident students attending charter schools, private schools, or those being home schooled. Several questions and issues were raised regarding the impact to District financials of the open enrollment process. There is more information to be gathered and the topic of open enrollment will continue to be focused on by the FAC.

One issue that has impacted enrollment was the conveyance of Fair Crystal to District 281. When first conveyed to District 281, there were approximately 470 students enrolled at the school with approximately 70% coming from other Districts. The total number of students increased during the next two years, with most of that growth coming from District 281 resident students. Over the following three years, both the total number of enrolled students and the share of non-resident students declined steadily (partially due to a reduction in the grade levels served at Fair Crystal)—to the point where the number of students projected to be enrolled at Fair Crystal in the 2020/2021 school year will be half of the number existing at the time of conveyance.

This led to a discussion of enrollment versus capacity at the school buildings in District 281. At the elementary school level, average enrollment was 84% of capacity with a range of 68% (Noble and Sonnesyn) to 101% (SEA). At the Middle school level, the average was 63% with a range of 34% to 78%. At the High School level, both Armstrong and Cooper had enrollments of over 90% of capacity. This led to a discussion about the opportunities the District has to add enrollment where capacity exists. At the elementary level, the magnet and immersion programs have attracted substantial enrollment. Waiting lists exist to get into these types of programs. One plan for increasing enrollment will be to expand magnet and immersion offerings at other places where capacity exists. There has been success at Lakeview, which now is at 98% capacity. One issue raised was the preference policies for these types of programs. A question was raised regarding the policy in various Districts to give preferences to resident students for limited openings over open enrolled students. District 281 does not have this type of policy. Preferences are offered based on siblings currently in the program. The concern raised indicated that for resident students who do not get into our magnet or immersion programs, their next choice is to open enroll outside of District 281—thus negatively impacting our enrollment. Enhancing our enrollment is a key path to improve the financial position of District 281. Retaining our resident students continues to be a goal of our District, and programs are being developed/enhanced to accomplish this goal.

This discussion ended with Mr. Hein walking through an example of cost savings and challenges that are tied to the closing of a school building should the decision to adjust existing capacity be investigated.

### **Agenda Item 5: Long Term Financial Planning:**

Discussion of this item was postponed to the next FAC Meeting.

### **Agenda Item 6: Discussion of the State Auditor's Report**

Greg Hein led a discussion regarding the results of the Minnesota State Auditor's report. The Report had already been presented to the School Board at their recent meeting. In response to a petition signed by a sufficient number of eligible voters, the Office of the State Auditor (OSA) examined the books, records, accounts and affairs of the District for the period from July 1, 2015 through March 31, 2019. There were several issues of concern raised by the Petitioners, and through discussion with the Petitioners, the OSA created the scope of the audit. There were 17 areas which were looked at, and where appropriate, the OSA made recommendations to the District for potential improvements in processes or procedures. The OSA did not find any malfeasance or illegal behavior in the actions of the District or any of its employees or School Board members. There were certain areas where the OSA recommended enhanced recordkeeping along with some process improvement recommendations. The OSA also recommended the District balance its budgets and increase fund balance in the General Fund to avoid possible statutory operating debt. The \$69,000 cost of the audit will be borne by district 281.

### **Agenda Item 7: LTFM/Health and Safety Submission.**

Greg Hein briefly updated the group regarding the status of the ten year plan for maintaining and improving our buildings. The plan calls for spending approximately \$1,500,000 per year on building maintenance and another \$14,000,000, on average, in improvements and additions to the buildings over the next 10 years. This results in an outflow of nearly \$158,000,000. With district buildings valued at nearly \$500,000,000, it is important to maintain our investment. The plan is updated twice per year, and the primary focus is on the first 3 years of the plan which require MDE approval. One issue that was raised had to do with the money budgeted for Fair Crystal (approximately \$4,700,000 over the next 3 years). With that school operating at 34% of capacity, how high a priority is it? This is especially true if enrollment continues to decline and the current number of students represent only 20% of the capacity available at the other three middle schools.

In conjunction with this discussion, we talked about the debt outstanding which supports these facilities plus the debt looking to be issued to support our needs going forward. The FAC would expect to take a more detailed look at the outstanding debt of the District, including bonds outstanding, Capital participation notes, Capital leases, and Long term operating leases.

### **Agenda Item 8: Two FAC members' terms expire June 30, 2020**

The terms of Barry Rogers and Earl Hoffman expire at the end of this school year. The School Board will post these openings and the current members as well as community members can apply to fill the open spots.

### **Agenda Item 9: End of Year Report—Bylaws Article VII**

The annual presentation to the School Board called for in the FAC Bylaws is being scheduled for August 3, 2020. Further discussion will be needed to complete the report for presentation.

**Agenda Item 10: Other**

The budget for school year 2020/2021 was presented and approved by the School Board.

The next meeting for the FAC will be held on Tuesday, July 14, at 6:30 pm.

**Agenda Item 11: Adjournment:**

After a proper motion was made and seconded to adjourn our meeting, the meeting was adjourned at 9:07 pm.

**Minutes submitted by Lennie Kaufman**