

REPORT OF THE FINANCE COMMITTEE

The Finance Committee met on Thursday, October 18, 2018 at 4:00 PM at the Cincinnati Public Schools Education Center in the Board Conference Room.

ATTENDEES

Finance Committee Members

Chairperson Ryan Messer, Melanie Bates

Administrators

Laura Mitchell, Superintendent; Jennifer Wagner, Treasurer; Scott Adams, Chief Operations Officer; Vera Brooks, Interim Director, Early Childhood; Brittany Marks, Director of Financial Reporting and Transparency; Lauren Roberts, Internal Auditor; Laura Sanregret, Preschool Promise Lead Teacher

Kearney and Kearney

Eric Kearney, CEO, President

Focused Capital Solutions, LLP

George T. Glover, Managing Director

Community Members/Parents

Marlena Brookfield, Craig Rozen

Preschool Promise

Hector Polanco, Finance Manager

Cincinnati Federation of Teachers (CFT)

Julie Sellers, President

Governmental Relations Update

Mr. Kearney informed the Committee that the legislature has not been meeting as they are out campaigning. He advised that at this time he is focusing on spreading the message about CPS' innovations and growth.

He also informed the Committee about the following *projects*:

- Completed one-on-ones and education policy meetings with both gubernatorial campaigns.
- Calls regarding Urban 8 unified response on graduation rates.
The Board will be recommending a Resolution to Extend Graduation Options to the Class of 2019, 2020, and 2021 at their October 22, 2018 Regular Business meeting.

ACTION: The Finance Committee advised Board staff to send the document to all members of the Ohio General Assembly.

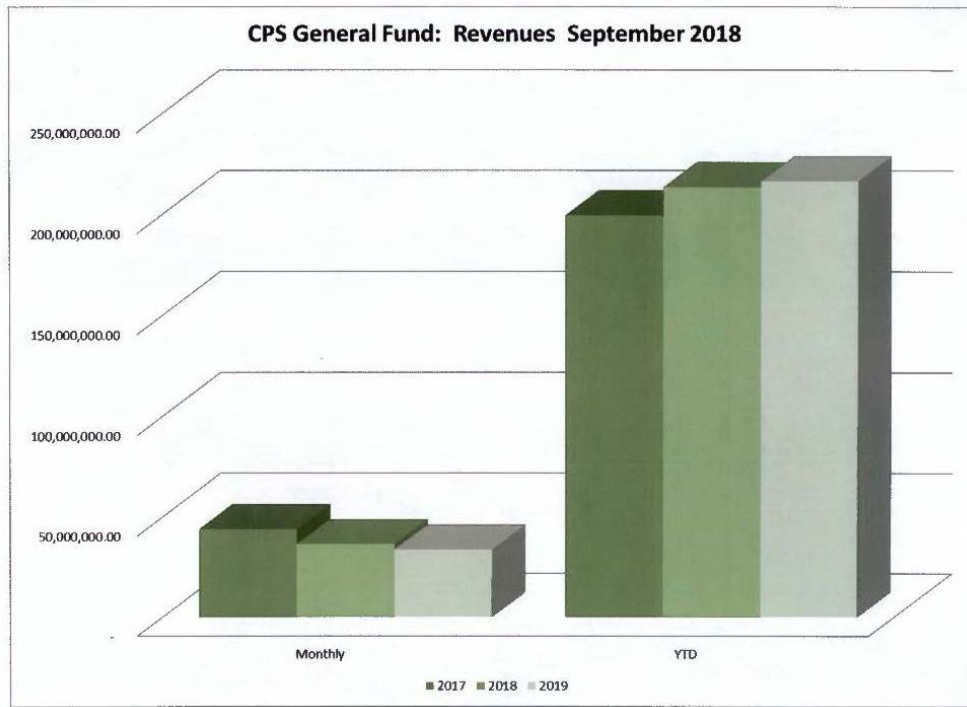
- Discussions with OASBO (Ohio Association of School Board Business Officials) regarding House Bill 705. The Bill is as follows:
HB705 Introduced by Representatives Hambley and Ingram (former CPS Board member) deals with the circumstances in which school district and educational service center treasurers may be held liable for a loss of public funds. It is currently in the House Government Accountability and Oversight Committee.
- Strategic Planning Session still needs to be set.

Committee member Bolton inquired about visiting the state house while she is attending the Ohio School Boards' Capital Conference from November 11-13 in Columbus, Ohio.

Treasurer Financial Updates

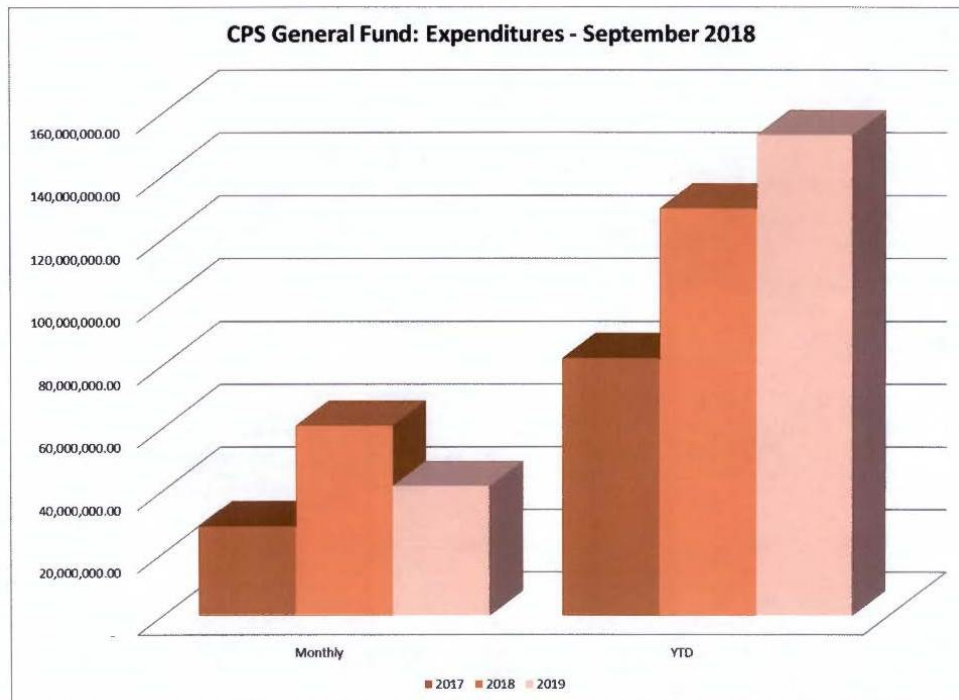
Monthly and Year-to-Date Revenue

Treasurer Wagner updated the Committee on the following: *CPS General Fund: Revenues for September 2018.*

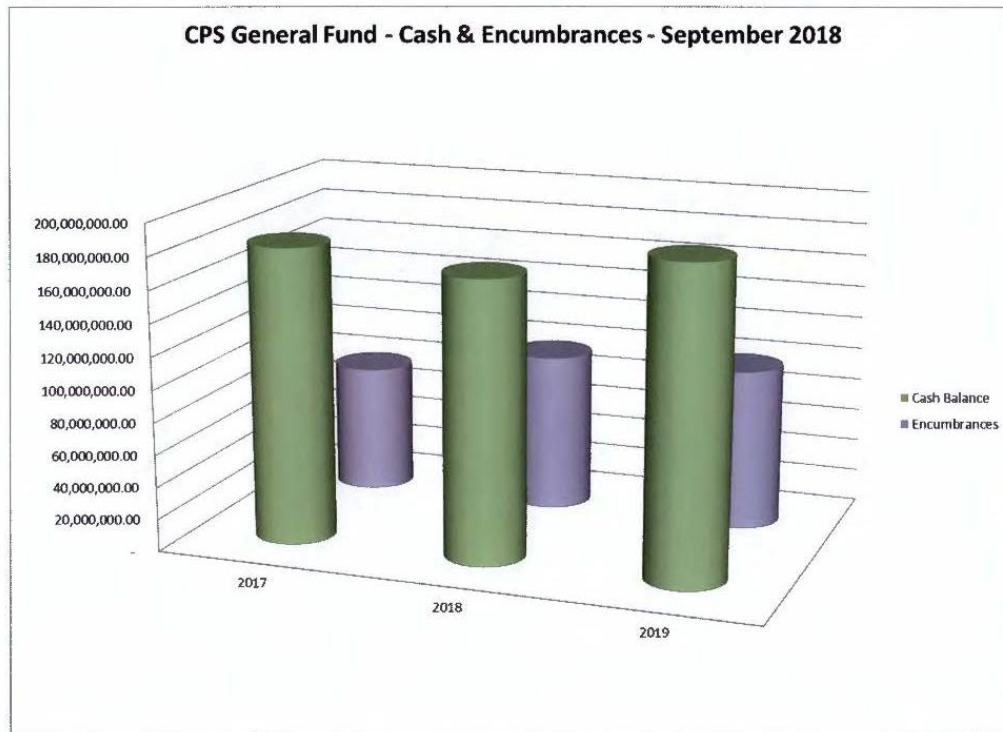


Monthly and Year-to-Date Expenditures

Treasurer Wagner updated the Committee on the following: *CPS General Fund Expenditures for September 2018.*

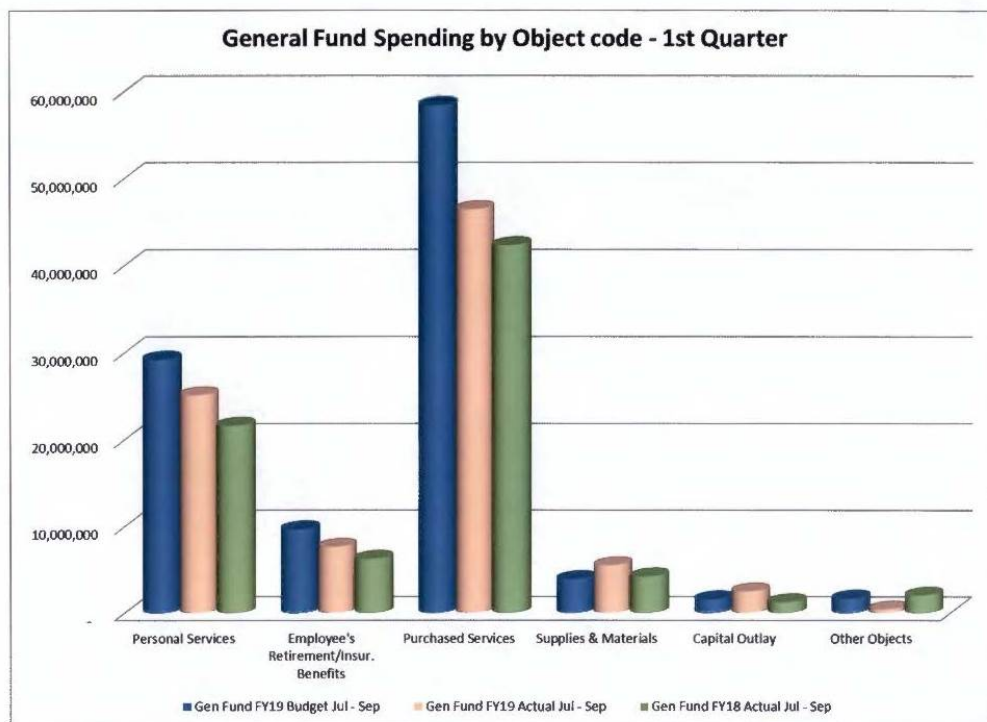


Treasurer Wagner updated the Committee on the following: *CPS General Fund – Cash and Encumbrances – September 2018.*



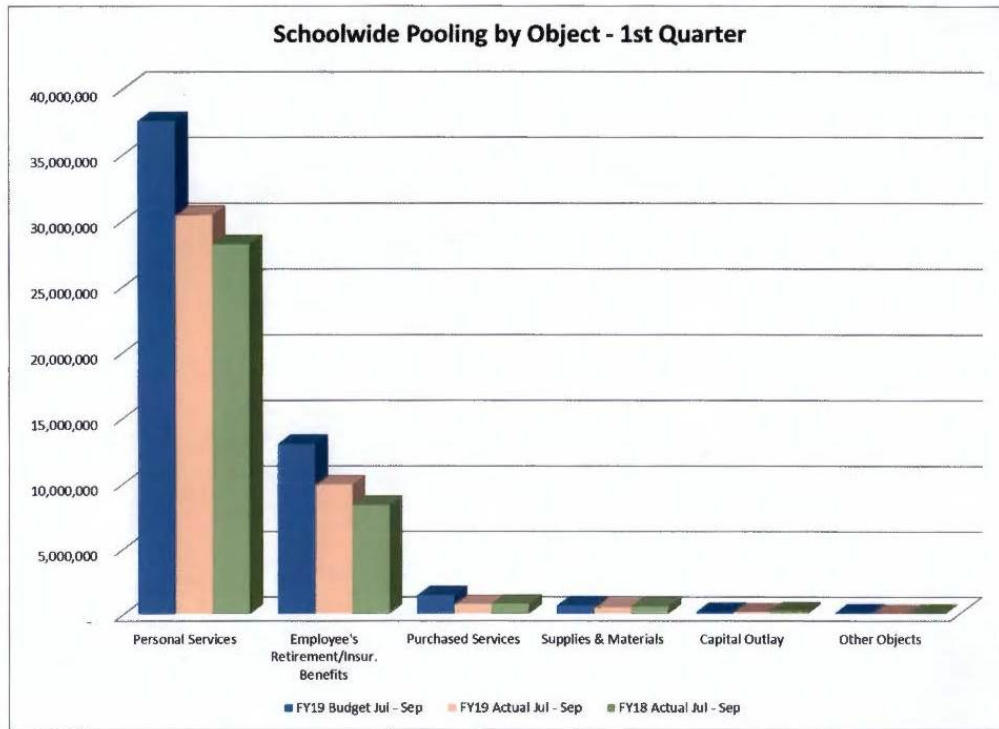
Treasurer Wagner updated the Committee on the following: *General Fund Spending by Object Code – 1st Quarter.*

The report highlights what is being spent on the various areas outlined at the bottom of the Chart. Areas include: Personal Services, Employee’s Retirement/Insurance, Benefits; Purchased Services, Supplies and Materials, Capital Outlay, and Other Objects.



Treasurer Wagner updated the Committee on the following: *Schoolwide Pooling by Object Code – 1st Quarter.*

She reported that schoolwide pooling spend is smaller than the past due to more schools being in the General Fund.



State and Federal Grants

Treasurer Wagner updated the Committee on the following State & Federal Grants for September 2018.

**State & Federal Grants
September 2018**

	State	Federal	Combined	FY18
Beg Cash	1,971,239.69	7,778,481.65	9,749,721.34	9,194,087.04
Receipts	2,543,306.77	7,157,059.41	9,700,366.18	14,317,550.55
Expenditures	2,343,699.22	10,778,742.42	13,122,441.64	25,044,064.20
Encumbrances	717,029.17	3,561,498.07	4,278,527.24	8,41,762.31
Ending Cash	1,453,818.07	595,300.57	2,049,118.64	(9,943,188.92)

Preschool Promise Expansion Report

Mrs. Wagner also discussed with the Committee the following Preschool Promise Expansion report:

CPS Preschool Expansion

	Budget	September YTD	Sep YTD FY18
Revenues:			
General R/E Property Tax	13,649,553.39	6,573,439.21	6,637,693.14
Public Utility Property Tax	1,100,847.17	592,221.38	581,685.47
Homestead Exemption	249,599.45	131,467.92	-
Less: Auditor Fees	(165,000)	(86,966.53)	(86,813.69)
Revenues	\$ 14,835,000.01	\$ 7,210,161.98	\$ 7,132,564.92
Expenses:			
Tuition Assistance	4,376,878.00	593,946.76	-
Payments to United Way	8,887,251.00	0	1,770,459.29
Workforce Development	108,463.68	5,778.50	-
Special Education Support	654,353.44	105,197.71	27,497.08
Administrative Support	200,000.00	9,398.25	18,397.53
Expenses	\$ 14,226,946.12	\$ 714,321.22	\$ 1,816,353.90
Net Income	\$ 608,053.89	\$ 6,495,840.76	\$ 5,316,211.02

Community Reinvestment Act (CRA) Agreements

Treasurer Wagner updated the Committee on the following CRA Agreements that will be recommended to the Board for approval. The Committee reviewed the agreements and expressed concern about a 30-year agreement for DeSales Apartments III, LLC.

The Committee recommended that the Board write a letter to the City stating concerns about the 30-year TIF agreements and that the Board is monitoring these type of abatements.

Mrs. Wagner informed the Committee about the Tax Abatement’s Team desire to do a public presentation on background information about TIFs. The meeting could be videoed and an invitation extended to City Council for them to attend.

CRA PILOT Agreements

Agreement	Years of Agreement	Estimated Annual Revenue	Est. Agreement Revenue
(A.) <u>Race and Vine Offices, LLC</u>	11-years	\$127,865.54	\$1,406,520.95

Description: the improvements made to the real property located at 1502 Vine Street, 1434 Vine Street, and 1537 Race Street in the Over-the-Rhine neighborhood in Cincinnati, in connection with the remodeling of existing buildings into approximately 38,177 square feet of office space and 7,672 square feet of commercial space - Ordinance #200-2018, Contract #95x2019-165.

(B.) <u>793 East McMillan, LLC</u>	15-years	\$5,316.72	\$79,750.80
Description: the improvements made to the real property located at 793 E. McMillan Street in the Walnut Hills neighborhood of Cincinnati, in connection with the remodeling of approximately 2,300 square feet of commercial space for food and beverage use - Ordinance #99-2018, Contract #85x2018-314.			
(C.) <u>Cincinnati Scholar House, LP</u>	15-years	\$12,670.07	\$190,051.03
Description: the improvements made to the real (LIHTC) property located at 939 E. McMillan, 957 E. McMillan, 951 Curtis Street, and the former St. James Alley right-of-way between E. McMillan Street and Curtis Street in the Walnut Hills neighborhood of Cincinnati, in connection with the construction of approximately 44 residential rental units (7 of which will be rented to individuals with a gross household income at or below 50% of the Area Median Income) and approximately 13,035 square feet of commercial space consisting of a daycare and retail space, which construction shall be completed in compliance with LEED Platinum standards - Ordinance #93-2018, Contract #95x2019-168.			
(D.) <u>Santana Properties, LLC</u>	12-years	\$1,635.91	\$19,630.96
Description: the improvements made to the real property located at 611 Main Street in downtown Cincinnati, in connection with the remodeling of the first floor and basement of the existing building into approximately 2,600 square feet of commercial space for use as a restaurant - Ordinance #139-2018, Contract #95x2019-171.			
(E.) <u>Carrie's Place, LLC</u>	12-years	\$18,877.60	\$226,531.20
Description: the improvements made to the real property located at 132 East Clifton Avenue, 134-136 East Clifton Avenue, 119-123 Peete Street, and 127-129 Peete Street in the Over-the-Rhine neighborhood of Cincinnati, in connection with the remodeling of 4 properties to create 16 affordable units - Ordinance #243-2018, Contract #95x2019-190.			
(F.) <u>DeSales Apartments III, LLC</u>	30-years	\$141,874.61	\$4,256,238.16
Description: the improvements made to the real property located at 3001 Woodburn Avenue, and 1525, 1527 and 1529 Gilpin Avenue, in the Evanston neighborhood of Cincinnati, consisting of the construction of approximately 116 residential units and approximately 148 surface parking spaces - Ordinance #277-2017, Contract #85x2018-150.			

Mr. Polanco updated the Committee on Cincinnati's Preschool Promise Program Pipeline Stages. He reported on programs: Tuition Assistance (TA) and Quality Improvement. He informed the group about the number of programs in QA. He also informed the group about the students enrolled under TA and what dollars have been budgeted. Mr. Polanco reported that cost of quality is still in development.

Committee Chair Messer reiterated the need for the Board and Preschool Promise to meet together.

Gates Grant / Strive Partnership

Superintendent Mitchell reported that Strive was awarded a \$750,000.00 Planning Grant to focus on 8th grade mathematics with only CPS. Strive is the fiscal agent

Five-Year Forecast

Treasurer Wagner informed the Committee that she will be presenting her Five-Year Forecast to the Board for approval at the October 22, 2018 Regular Business meeting.

She also reported that beginning in 2019, the Five-Year Forecast has been changed to be approved in the month of November.

Financial Policies Review

6233 – Amenities for Participants at Meetings and/or Other Occasions

The Committee reviewed a revised draft of the policy that talks about public funds not being used to pay for meals, refreshments, and/or other amenities for staff, students, citizens, advisory groups who

participate in meetings and staff development sessions, or on other occasions as deemed appropriate by the administration.

Due to State requirements, funds for amenities must be purchased using private funds and/or donations. The State auditor is currently issuing recovering of funds where public funds have been used to purchase food.

ACTION: The Committee will continue review of the policy after a second review of the document by General Counsel.

The following policies will be reviewed after review by the Chief Operations Officer.

- 6320 – Purchasing of Goods and Services
- 6320.01 – Determination of Lowest Responsible Bidder
- 6320.02 – Business Policy
- 6320.03 – Local Business Enterprise Initiative
- 6350 – Prohibition against Contracting with a Person Whom an Unresolved Finding for Recovery Has Been Issued

Preschool Promise Finances

ACTION: Mr. Hector Polanco will provide a more in-depth financial update about preschool finances at the October 18, 2018 Finance Committee meeting.

Other Business

Financial Internship Program

Brittany Marks, Director of Financial Reporting and Transparency, and Lauren Roberts, Internal Auditor, informed the Committee that they will do a presentation on a Financial Internship Program at the October 23, 2018 Audit Committee meeting.

Green Initiatives

The Committee will discuss Green Initiatives for the District at the November 15, 2018 Finance Committee meeting.

The meeting adjourned at 5:27 p.m.

Finance Committee

Ryan Messer, Chair
Melanie Bates
Ericka Copeland-Dansby, *absent*

Staff Liaisons

Jennifer Wagner, CFO/Treasurer
Laura Mitchell, Superintendent
Scott Adams, Chief Operations Officer