

REPORT OF THE FINANCE COMMITTEE

The Finance Committee met on Thursday, September 20, 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

Jennifer Wagner, Treasurer; Scott Adams, Chief Operations Officer; Vera Brooks, Interim Director, Early Childhood; Emily Campbell, Director, Curriculum; Laura Sanregret, Preschool Promise Lead Teacher; Nathan Tyahur, Accounts Receivable Supervisor

Kearney and Kearney

Eric Kearney, CEO, President

Focused Capital Solutions, LLP

George T. Glover, Managing Director

Ohio State Board of Education

Pat Bruns

Activities Beyond the Classroom

Brian Leshner

Community Members/Parents

Marlena Brookfield, Craig Rozen

Governmental Relations Update

Mr. Kearney reported that House Committees had not met since June 2018 and that he did not have a status report about action on any Bills. The following information and projects are contained in their written report.

Projects

- Coordinate meetings with Gubernatorial candidates. Both campaigns have committed to a meeting. Superintendent meeting with one campaign set. Second Gubernatorial Education Policy meeting set for October.
- Coordinated meeting with OASBO.
- Coordinated meeting between CPS and ODE, Budget Director regarding House Bill 21
- Strategic Planning Session still needs to be set.

Items of Note

Sub HB 21

Bill Introduced by Representative Hambley to make changes regarding the verification of community school enrollments, to prescribe an annual public comment period for the community school sponsor evaluation system, to exempt certain chartered nonpublic schools from state testing and graduation requirements, to prescribe a one-year moratorium on the building code requirement for schools to have storm shelters, to eliminate the current Education Management Information System (EMIS) Advisory

Board, and to require the Department of Education to establish a new EMIS Advisory Council. This will go into effect September 28, 2018.

A copy of the full monthly legislative report is available in the Board Office.

Pat Bruns, a member of the Ohio State Board of Education, was present and updated the Committee on graduation strategies. She reported that “equivalent graduation pathways” will be included as a requirement as well as traditional pathways. The Board voted on a resolution to extend the class of 2018 graduation options.

ABC (Activities Beyond the Classroom)

Brian Leshner, Executive Director for ABC, provided the Committee with a historical background of how and when ABC started. ABC is fifteen years old and started as a booster club to raise money for extra things for athletic students in CPS. Mr. Leshner reviewed the below contract with the Committee and reported that the contract with CPS is \$2,486,377.34. The organization raises approximately \$2 million on their own.

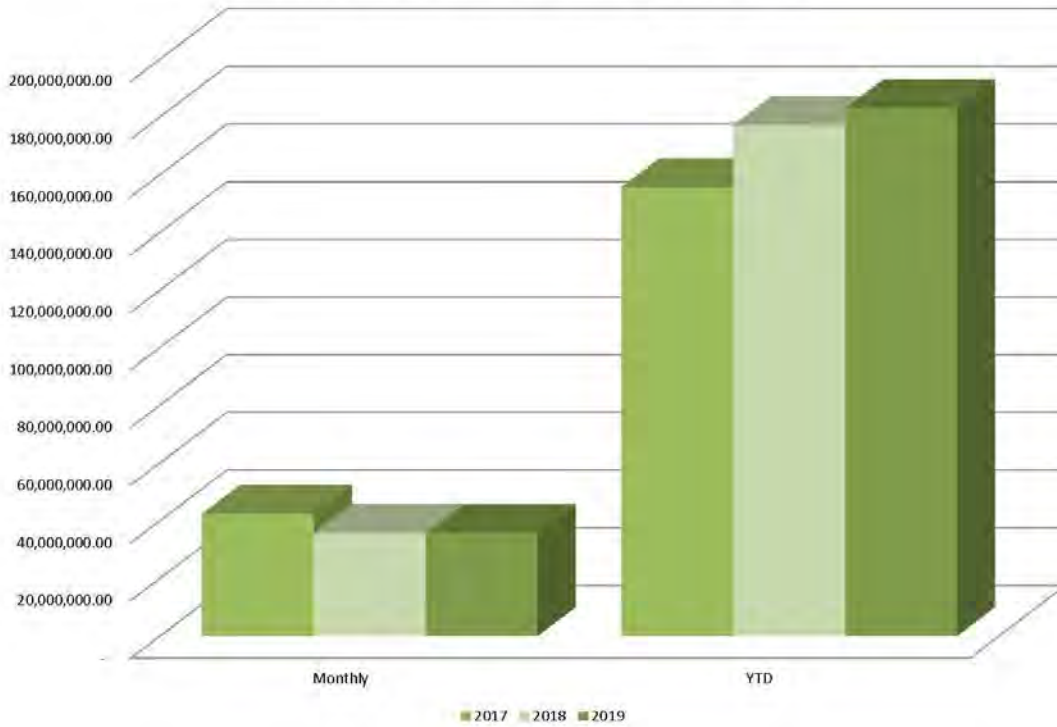
Activities Beyond the Classroom			
Fiscal Year 2017-2018 Contracts with Cincinnati Public Schools			
<i>Fund</i>	<i>Max Value</i>	<i>Purpose</i>	<i>Manager of Contract</i>
High School Athletics	\$ 1,646,500.00	Provide 9 High School Athletic Directors and support to all athletic programs in the Cincinnati Public School district.	Bill Myles
Summer Mentoring	\$ 55,000.00	Summer mentoring and academic program for boys.	Bill Myles
Athletic Contingency	\$ 250,000.00	Support contingent athletic expenses, i.e Security	Bill Myles
Assistant Athletic Director	\$ 19,355.00	Support athletic programs at Withrow High School	Withrow HS Principal
Carson Elementary	\$ 37,630.00	Provide compensation for Behavior Specialists at Carson School	Carson Principal
Winton Hills After School	\$ 21,017.34	Support tutoring and after school efforts at Winton Hills Academy	Winton Hills Principal- Ben Fulton
Resource Coordinators	\$ 390,000.00	Employ Resource Coordinators at 6 CPS schools	Community Learning Center Manager- Julie Doppler
SCPA Multiple Donor Accounts	\$ 18,630.00	Support SCPA programs, private lessons, and productions	SCPA Fund- Monya Wyatt
CPS Fine & Performing Arts	\$ 9,000.00	Support district-wide arts programming and curriculum	CPS Curriculum Manager- Isidore Rudnick
Roll Hill Arts	\$ 8,000.00	Support after school arts programming at Roll Hill	CPS Curriculum Manager- Isidore Rudnick
CPS Athletic Donor Accounts	\$ 30,000.00	Support CPS district athletic department	CPS Athletic Manager- Josh Hardin
Msc. Athletic Contracts	\$ 1,245.00	Support athletic programs at Riverview East	Athletic Director- Phillip O'Neal
Total \$ 2,486,377.34			

Treasurer Financial Updates

Monthly and Year-to-Date Revenue

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

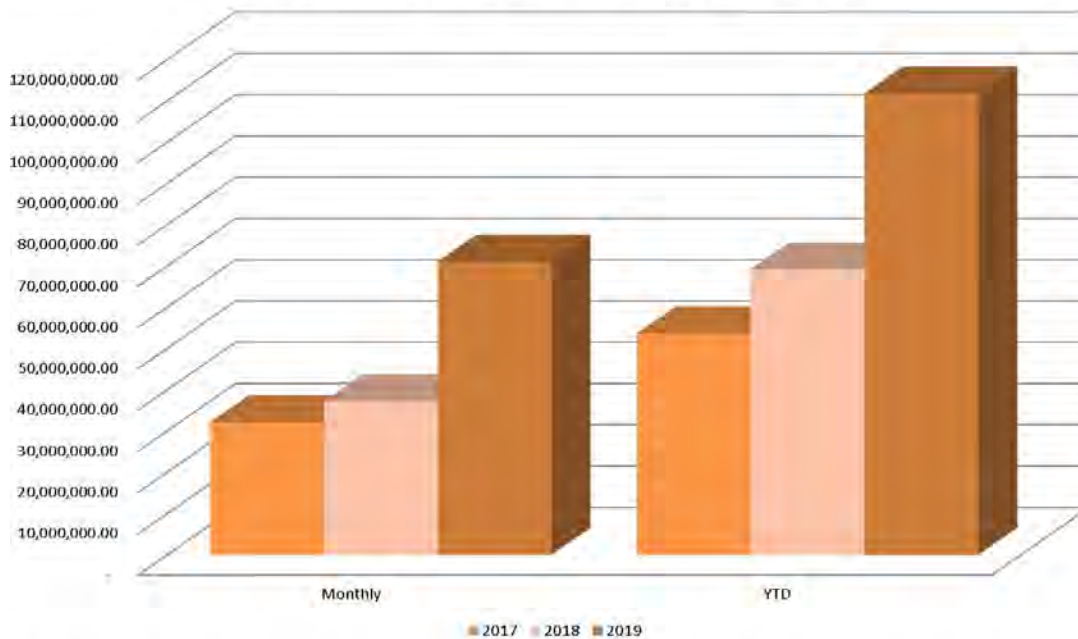
CPS General Fund: Revenues August 2018



Monthly and Year-to-Date Expenditures

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

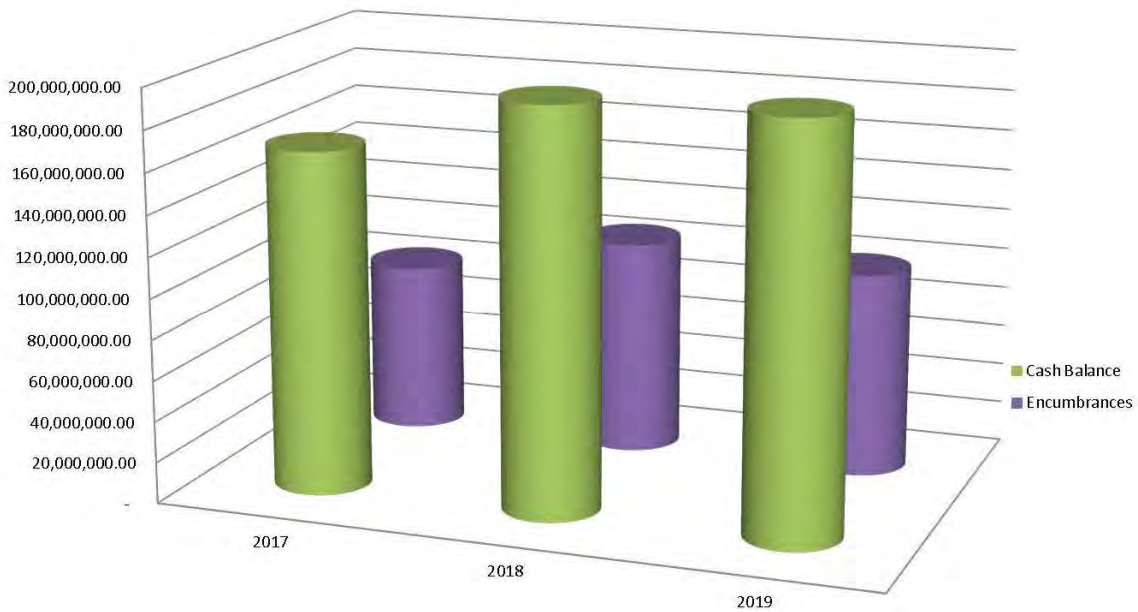
CPS General Fund: Expenditures - August 2018



- Increase in August expenditures over previous year is mostly explained by the \$10M transfer to finance Starge Stadium and the annual debt transfer (12.2M) and fund 34 maintenance transfer (3.2M) was made in September last year.

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

CPS General Fund - Cash & Encumbrances - August 2018



State and Federal Grants

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

August 2018

	State	Federal	Combined	FY18
Beg Cash	1,971,239.69	7,778,481.65	9,749,721.34	9,194,087.04
Receipts	2,519,051.96	7,151,640.21	9,670,692.17	14,082,855.55
Expenditures	1,545,932.84	7,136,893.72	8,682,826.56	8,413,345.84
Encumbrances	919,315.64	3,229,121.19	4,148,436.83	5,913,312.33
Ending Cash	2,025,043.17	4,564,106.95	6,589,150.12	8,950,284.42

Community Reinvestment Act (CRA) Agreements

Treasurer Wagner updated the Committee on the following CRA Agreements.

Agreement	Years of Agreement	Estimated Annual Revenue	Estimated Total Agreement Revenue
(A.) US Bank National Association	10 – years	\$ 73,616.11	\$ 736,161.11

Description: the improvements made to the real property located at 425 Walnut Street in downtown Cincinnati, in connection with the remodeling of the office tower consisting of approximately 110,000 square feet of office space - Ordinance #100-2018, Contract #85x2018-317

(B.) Bond Hill Roselawn Senior Housing, LP	15 – years	\$ 65,845.52	\$ 987,682.82
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Description: the improvements made to the real property located at 1811 Losantiville Avenue in the Roselawn neighborhood of Cincinnati in connection with the construction of a building containing (a) 50 senior affordable housing units and common space with an aggregate of 52,254 square feet and (b) 6,822 square feet of community-focused commercial space location on such real property, which construction shall be completed in compliance with LEED Silver, Gold, or Platinum standards or LBC standards, in each case as more particularly specified in the agreement - Ordinance #128-2017, Contract #85x2018-178

Preschool Promise Expansion Report

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

Cincinnati Public Schools		
Preschool Expansion - FY2019		
	CPS FY19	YTD August
Revenues:		
General R/E Property Tax	13,649,553.39	6,573,438.98
Public Utility Personal Property Tax	1,100,847.17	592,218.40
Homestead Exemption	249,599.45	249,599.45
Less: Auditor collection fees	(165,000.00)	(86,965.03)
Revenues	14,835,000.01	7,328,291.80
Expenses:		
Tuition Assistance	4,376,878.00	-
CPS Payments to United Way	8,887,251.00	-
Cost of Quality (Wages) and WDC	108,463.68	3,800.36
Special Education Support	654,353.44	86,061.72
Recurring administrative:	200,000.00	9,398.25
Expenses	14,226,946.12	99,260.33
Net Income	608,053.89	7,229,031.47

Preschool Promise Finances

The following chart shows calculations of unspent funds.

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

CPP Carryover/Unspent Funds Report FY18

FYE18		
Received	Funds transferred by CPS to CPP	\$7,081,837.18
minus	Total Spending by CPP	\$4,117,571.77
plus	adjustments for non-levy funds	\$21,236.27
= Return	Carryover Unspent funds \$	\$2,985,501.68
	Carryover Unspent funds % of FY18 CPP Budget	42.2%

CPP Unspent Funds Policy, part B.3. requires return of unspent funds if over 10%
 "If the total of Carryover Funds represents 10.0% or more of the total CPP budget for said fiscal year, the Carryover Funds will revert to Cincinnati Public Schools (CPS). CPS shall keep the reverted funds segregated in the same way as other tax levy funds received by CPS and to be used for preschool expansion. Said funds shall be allocated between CPP and CPS for future preschool expansion spending using the same process as was used to split preschool expansion funds between CPP and CPS during the most recent CPP budgeting cycle."

FY19 Transfer of Funds Table

	Budget FY19	Adjustment to Return Funds to transfer	
		Unspend Funds	after adjustment
Total Budgeted Spending by CPP	\$8,887,251.07		
09/01/18 payment	\$2,221,812.77	-\$2,221,812.77	\$0.00
11/01/18 payment	\$2,221,812.77	-\$763,688.91	\$1,458,123.85
02/01/19 payment	\$2,221,812.77		\$2,221,812.77
05/01/19 payment	\$2,221,812.77		\$2,221,812.77
Total cross-check>>>	\$8,887,251.07	-\$2,985,501.68	\$5,901,749.39

Preschool Tuition Costs (Magnet Sibling Application)

Ms. Vera Brooks updated the Committee on the following report and asking to increase tuition rates \$200.



**INTER-OFFICE
CORRESPONDENCE**

Early Childhood Department
Phone: 363-0240 FAX: 363-0245

TO: Finance Committee
FROM: Vera Brooks, Interim Director ECE
DATE: September 19, 2018
RE: Preschool Tuition

Below is a list of yearly tuition rates for Cincinnati Public Schools (preschool & in-state school age students), comparison rates with other local and statewide districts and a tuition timeline.

CPS Tuition Rate (preschool)

School Year	Full Day	Half Day	
2012-2013	N/A	\$3,000.00	<i>Tuition generally increased every 2 years with the exception of 2015-2016 to 2016-2017 SY.</i>
2013-2014	\$6,000.00	\$3,100.00	
2014-2015	\$6,000.00	\$3,100.00	
2015-2016	\$6,200.00	\$3,200.00	
2016-2017	\$6,800.00	\$3,500.00	
2017-2018	\$6,800.00	\$3,500.00	
2018-2019	\$6,800.00	\$3,500.00	

CPS Tuition Rate (in-state school age)

FY13	\$6,632.11
FY14	\$6,578.34
FY15	\$6,562.69
FY16	\$6,801.72
FY17	\$6,684.83
FY18	\$7,679.52
FY19	\$7,793.37

Comparison Rates

School Name	Area	Half Day	Full Day			
Cincinnati Public Schools	Cincinnati, Ohio	\$3,500.00	\$6,800.00			
Garden Montessori	Anderson Township	\$8,200.00	\$9,200.00			
Mercy Montessori	East Walnut Hills	sliding scale from \$2901.00 - \$10547.00				
The New School	North Avondale	P3- \$9,115.00 P4- \$11,190.00	\$12,450.00			
Cleveland Montessori	Cleveland, Ohio	\$ 6,100.00	\$ 7,600.00			
Columbus Montessori	Columbus, Ohio	\$ 8,000.00	\$ 9,550.00			
Hudson Montessori	Hudson, Ohio	\$10,440.00	\$13,095.00			
Lakewood Montessori	Lakewood Ohio	\$ 5,550.00	\$ 6,525.00			
Lancaster Montessori	Lancaster Ohio	\$ 2,850.00	\$ 4,050.00			

CRA Approval Requirements

Mr. Tyahur submitted the following written report on an overview of the City’s CRA approval requirements.

Per the July 19, 2018 Finance Committee meeting, it was recommended to obtain an overview of the City's CRA approval requirements and present at the Finance Committee meeting.

Approvals & Requirements

- Commercial CRA (Commercial, Industrial, Mixed-Use, and Multi-Unit 4+ units)
 - Requirements
 - Fees: \$750 application fee and 1% annual monitoring fee of the annual taxes exempted (\$500-\$2,500)
 - Improvements/Costs: Minimum \$40,000 in costs must be documented
 - Approved permits for renovation/construction, Proof of funding sources including detailed breakdown and use of funds, Post-construction operation pro forma for the building and cash flow analysis, Proof who is authorized to sign for the organization, Proof of ownership of property, Copy of the proposed construction plan/rendering/etc., Estimated pre-construction, and post-construction real estate taxes, Proof of registration if seeking LEED or LBC certification, Submit an annual report by March 31 of each year during the life of the tax exemption
 - Evaluation of approval: Point System (Page 3)
 - Notes: Applicants are supposed to contact a city development officer prior to applying to explain the application process and go through the requirements. Very few denials have been documented over the last 5 years (approximately less than 5) and were solely due to the construction of the project starting before the negotiations were approved. Regarding the point system, a (VTICA) voluntary tax incentive contribution agreement of 15% or more will get the property owners the minimum points needed to get the full tax abatement percentage. A VTICA is an agreement with a third-party non-profit designated by the city in which the applicant would contribute a portion of the abated taxes to support neighborhood-based projects and services as well as city-wide affordable housing initiatives. This can include the streetcar operations pending the location of the property (Page 4.)
- Residential CRA (Condominium and 1-3 Unit Residential Structure)
 - Requirements
 - Fees: \$75 application fee
 - Approved permits for renovation/construction, Proof of ownership of property, Approved permits for renovation/construction, Documentation to support the cost of improvements.
 - Improvement/Costs: Minimum \$2,500-\$5,000 depending on the dwelling size
 - Evaluation of approval: Applications are sent from the city up to the state for approval
 - Notes: Applicants are supposed to contact a city development officer prior to applying to explain the application process and go through the requirements. Denials haven't been tracked by the city but any issues for a denial may be fixed and the property owner may re-apply for the same CRA.
 - O.R.C. 3735.67 Applying for exemption from taxation

Links (Information & CRA Application)

- Commercial CRA – Approved by the city
 - <http://www.choosecincy.com/Economic-Development/Programs-Services/Incentives-Financing/Commercial-Reinvestment-Area.aspx>
- Residential CRA – Approved by the state
 - <http://www.choosecincy.com/Community-Development/Homebuyers/Residential-Tax-Abatements.aspx>

CITY OF CINCINNATI COMMERCIAL TAX ABATEMENT TERMS

Applications for projects located within the Streetcar VTICA Area (as depicted on the following page) are eligible for a net abatement of up to 75% (less any VTICA contributions, if any) for up to 15 years. Such abatement will be determined based upon job creation, VTICA contributions, project need and other factors that the Department of Community and Economic Development may consider. If the project will be certified LEED Silver, Gold or Platinum or will obtain Living Building Challenge (LBC) Net Zero, Full or Petal (must be "Energy Petal"), the project will not be subject to gap financing analysis.

Applications for projects located outside the Streetcar VTICA Area will be scored in accordance with the below point values:

- "But For" Analysis – 0-3 points (determined by Department of Community and Economic Development
- Non-LEED, LEED Certified, or Non-LBC Qualified – 0 points
- LEED Silver – 2 points for new construction; 3 points for renovation
- LEED Gold/LBC Net Zero – 3 points for new construction; 4 points for renovation
- LEED Platinum/LBC Full or Petal (must include "Energy Petal") – 5 points for new construction; 6 points for renovation
- VTICA – 8 points for 15% VTICA contribution; 1 point for any payment up to but excluding 15% VTICA contribution

Points	Term (years)	Net Rate*
0	3	25%
1	4	30%
2	5	35%
3	5	40%
4	6	40%
5	6	45%
6	7	45%
7	7	50%
8	8	60%
9	9	60%
10	11	60%
11	12	60%
12	13	60%
13	14	60%
14	15	60%
15	15	60%
16	15	60%
17	15	60%

* Abatement applies to improved value only. The Net Rate of the abatement takes into account Cincinnati Public Schools PILOT Agreement pursuant to which the Applicant must contribute 25% of the gross amount of the abatement, as well as VTICA contributions, if any.

STREETCAR VTICA AREA



Lighthouse Community School

General Counsel Hoying informed the Committee about a letter that Lighthouse Community School sent to him and Superintendent Laura Mitchell asking for continued sponsorship by the District.

Mr. Hoying reported the District has financially supported the school with an approximate \$300 thousand per year. The District has decided to discontinue sponsorship of the school after the 2018-2019 school year.

ACTION: The Finance Committee referred this matter to full Board for discussion.

The [Lighthouse Community School](#) provides services for students experiencing extreme behavioral learning challenges. The school has been in operation since 1969 and is nationally recognized as an innovator in services for families in crisis, for homeless youth and young adults, and for youth learning to become self-sufficient.

The agency also provides early childhood services; behavioral health and psychiatric services; home-based services to families; services to youth engaged with the juvenile justice system; community residential treatment facilities; foster care and adoption; independent living services; and opportunities through education.

Gates Grant

Emily Campbell, Curriculum Director, reported that the Gates Foundation spoke with StrivePartnership about partnering with eight of the District's high schools to offer mathematics for 8th grade students to equip them with a strong math foundation before entering high school. Ms. Campbell provided the Committee with the below information provided by the organization.

StrivePartnership, in partnership with Cincinnati Children's Hospital Medical Center (CCHMC) and Cincinnati Public Schools (CPS), is applying for funding from the Bill & Melinda Gates Foundation to support one year of planning for Network for School Improvement (NSI). This opportunity (BMGF) shall allow StrivePartnership, CCHMC, and CPS to build a program to use continuous quality improvement (CQI) to identify, test, and refine solutions that help improve outcomes among Black, Latino, and low-income students that are predictive of high school graduation and postsecondary success.

The StrivePartnership Network for School Improvement will focus on Middle School On-Track, and the indicator of 8th grade math proficiency, as measured by the percent of students demonstrating 8th grade student ability on benchmarked math assessments aligned with high-quality curricula. This outcome is a priority because a 2014 review of student data from urban districts attending regional colleges and universities, nearly 67 percent required math remediation, twice that of English remediation. Statistically, only 33 per cent of that group will then ultimately graduate.

If awarded, this funding will provide \$750,000.00 for one year and invite StrivePartnership to apply for another opportunity of Type 1 funding in 2019. While StrivePartnership and CCHMC have been building CQI capabilities in local leaders and education stakeholders over the past several years, this influx of funding shall focus on CPS and allow all partners to build and test the framework to do more, and more quickly, than would have been accomplished in the absence of the additional financial support.

Ms. Campbell advised that StrivePartnership will be the fiscal agent and CPS will be the partner school and she will know in the month of October 2018 if CPS is granted the award

Ms. Campbell will share this information at the Student Achievement Committee meeting on October 18, 2018.

Financial Policies Review

Treasurer Wagner reviewed the following policies and recommended no changes.

- 6220 Tax Budget Preparation
- 6230 Tax Budget Hearing
- 6231 Appropriations and Spending Plan
- 6232 Appropriations Implementation

6233 Amenities for Participants at Meetings and/or Other Occasions

Mrs. Wagner reported that NEOLA sent the following notification to its member districts and recommended that a policy revision to stipulate that Amenities for Participants at Meetings and/or Other Occasions are not allowable expenditures of district funds. The follow is NEOLA’s response to the revisions.

Revisions to this policy have been made in response to several recent audits, finding that certain expenditures fail to meet the Auditor's definition of a "proper public purpose." Such expenditures cited include: 1) gift and reward cards given to students and paid from student activity accounts; 2) athletic funds paying for athletic shirts, jackets, etc. and given to employees; 3) wellness committee reward cards to employees; 4) the reimbursement of or direct payment by a district for an out-of-state hotel room, excluding conference rates, that are above the Government Services Administration (GSA) prescribed rates; 5) food provided at staff meetings paid for by public funds even if a district policy is in place indicating that these expenses serve a public purpose; 6) expenses related to staff recognitions and/or awards even if a district policy is in place indicating that these expenses serve a public purpose; 7) expenses related to staff bereavement even if a district policy is in place indicating that these expenses serve a public purpose. *Revisions to this policy should be considered for adoption in order to avoid such audit findings.*

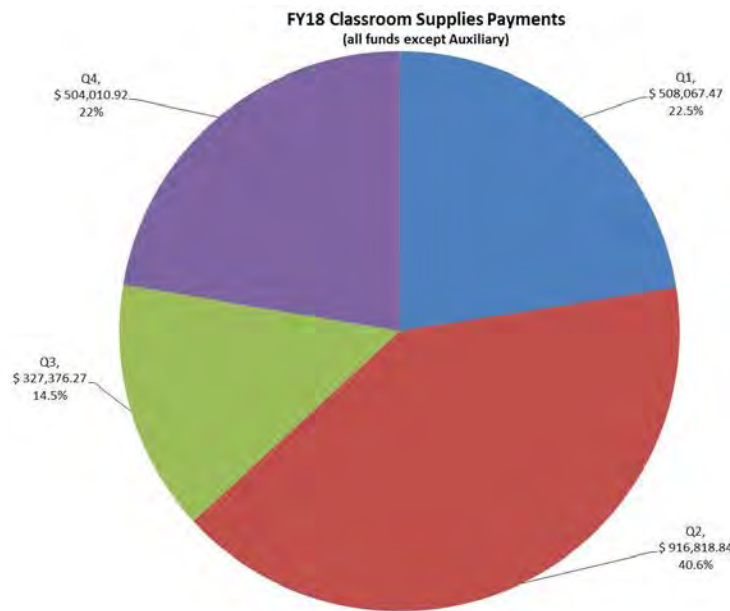
ACTION: The Finance Committee will discuss the policy at their October 18, 2018 Committee meeting.

Instructional Supplies

Mrs. Wagner updated the Committee on spending’s for instructional supplies to find ways for teachers to provide more supplies for their classrooms.

General Fund/Schoolwide Pool
FY17 – unspent 27.1 percent
FY18 – unspent 27.3 percent

All Funds
FY17 – 33.1 percent
FY18 – 42 percent



Certificates of Participation (COPS)

Mrs. Wagner updated the Committee on the below good news:

COPS Pricing Issue (Sept 6th)

- September 6th COPS Pricing – \$22M
- We received \$67,810,000 in orders (over 3x overall subscription)
- Oversubscribed maturities yields were reduced 1 to 5 basis points. Savings (over life) \$169,187
- Sept 6th pricing to today – 12 basis points
- Savings – \$338,374 in savings over life

A certificate of participation (COP) is a type of financing where an investor purchases a share of the lease revenues of a program rather than the bond being secured by those revenues. Certificates of participation are secured by lease revenues.

Other Business

United American Capital Corporation (UACC)

Mrs. Wagner informed the group that she received a letter from Dennis Yacobozzi of UACC, the District's investment advisor, informing the District that UACC now has an agreement with Meeder Investment. This agreement does not affect the District, and no action is needed by the District. Mrs. Wagner will be signing a letter to knowledge the agreement.

Mr. Yacobozzi's letter contained the following information.

I am writing to inform you of an agreement between United American Capital Corporation ("UACC") and Meeder Investment Management ("Meeder") whereby Meeder is acquiring UACC's operational assets. The transaction between UACC and Meeder will result in the "assignment" of your Agreement for Investment Advisory Services ("Agreement") with UACC to Meeder Public Funds, Inc.—Meeder's SEC registered investment advisor subsidiary. This agreement is expected to close on or about November 15, 2018.

Please note that this transaction will not affect the continuing investment management of your account. I will remain as President and, together with UACC's entire staff, will continue to manage the District's investments, provide other advisory services as requested, maintain comprehensive investment accounting and all related operational services at the high standards that you have been accustomed.

Pursuant to the terms of your Agreement and provisions of the Investment Advisers Act of 1940, the assignment of your Agreement requires your consent. If we do not hear back from you within 60 days from your receipt of this letter and you continue to accept our services, we will assume that you consent to the assignment of your Agreement, and we will continue to provide you with the same investment advisory services pursuant to your Agreement that you have received to date.

Green Initiatives

Finance Chairman Messer advised Operations Officer Scott Adams to look into Green Initiatives for the District.

The meeting adjourned at 5:11 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