

Rochester Board of Education Finance Committee

March 25, 2004 at 5:30 P.M.

Minutes

Attendance: Commissioners Bowers, Garcia, Powell, and Thompson
Commissioner Bowers convened the meeting at 5:40 p.m.

Discussion:

Commissioner Bowers welcomed Commissioner Garcia and expressed his interest in having Mr. Garcia join the Finance Committee. Ms. Thompson noted that she had already spoken with Mr. Garcia on that matter and would be making a recommendation to the Board at the April 8, 2004 Business Meeting.

Motion to approve minutes of March 9, 2004 by Commissioner Bowers, Seconded by Commissioner Powell. Adopted 2-0.

Follow up on Action Items from previous meetings

Commissioner Bowers asked for an update on the Small Class Size and Reading First grants per questions submitted following the March 9th committee meeting.

Mr. Marini stated the District received a letter regarding the Reading First grant, with an anticipated award of \$1.8 million spread over multiple fiscal years. However, they are awaiting SED documentation. He stated the District did receive the Small Class Size grant and has booked it.

Commissioner Bowers asked about the outstanding item from January 29th meeting on a risk pool for litigation. Mr. Marini stated in conferring with Mr. Looby on this matter, Mr. Looby has been occupied with the school health services situation and has not had time to address this matter to date.

Action Item:

- Commissioner Bowers asked that Mr. Looby provide a written response on this matter to Ms. Rohring at his earliest convenience. Ms. Rohring will share with the committee.

Discussion on Board Resolutions for April 2004

Commissioner Bowers asked Mr. Marini to comment on the resolutions before the committee this evening.

A. Endeavour contract resolution – Project manager for PeopleSoft

Commissioner Powell expressed concern that the legal department has not given its stamp of approval on these contracts before the committee in three separate resolutions this evening. The Board authorized negotiation of a contract, and the committee anticipated reviewing a negotiated contract.

Mr. Marini expressed his disappointment that legal staff did not communicate this with him. He stated that he believed he followed the process outlined to him by Chief Counsel.

Commissioner Bowers noted that the authorizing resolutions called for approval of a negotiated contract. He stated that it is his position, and he believes that of his fellow committee members, that legal should be

reviewing contracts prior to seeking Board of Education approval, that such review would be required to constitute a “negotiated contract.”

Mr. Marini again expressed his disappointment with legal staff not communicating this to him. He stated he followed the process outlined to him by Chief Counsel.

Commissioner Bowers stated it would be prudent to set this matter aside and see if there is someone from legal available to address the committee.

B. Wendel Energy Services

Commissioner Bowers invited Scott Smith of Wendel Energy Services to give his presentation. Mr. Smith noted how long energy performance contracts have been in existence. He also stated that this is the second such contract his company has done with the Rochester City School District. Copy of presentation provided to committee members with additional information on how a performance contract works, required expenditures, and the rate of return anticipated by the District. There was some discussion about the municipal leases for the equipment upgrades.

Commissioner Bowers asked Commissioner Powell to take over as chair for a few minutes at 6:15 p.m. Commissioner Bowers rejoined the meeting at 6:25 p.m.

Mr. Songer noted that the District is using its buildings more hours than when the estimates were made for savings and the anticipated savings rates are still on track.

Commissioner Bowers asked what percentage Wendel receives as payment for its services. Mr. Smith stated Wendel received 23% of the cost of construction as its fee.

Action Item:

- Commissioner Bowers asked members to review the information provided and forward any questions to Ms. Rohring.

RECESS

Commissioner Bowers noted there was still a significant portion of the agenda left and recommended that the committee recess for the special meeting, and reconvene immediately following. He noted that there were several members of the media present for the special meeting.

Commissioner Powell motioned to recess the Finance Committee meeting, Seconded by Commissioner Bowers. Adopted 2-0 at 6:42 p.m.

RECONVENE

Commissioner Bowers reconvened the Finance committee meeting at 6:59 p.m. He expressed appreciation to staff for their indulgence and asked the committee to return to agenda item III.

C. Rapidigm and PeopleSoft contract resolutions

Commissioner Bowers asked if the proposed Rapidigm contract represented in resolution before the committee this evening was at the same rate as the current contract. Mr. Marini stated yes.

Commissioner Bowers asked the committee to consider recommending resolutions on Wendel Energy Services, Rapidigm and PeopleSoft contracts to the Board for consideration. He indicated that there are substantive questions of the committee members regarding the proposed Endeavour Enterprise Consultants contract that he would like to take up with Mr. Marini in a different venue.

Commissioner Powell motioned to recommend resolutions for Wendel Energy Services, Rapidigm and PeopleSoft contracts to the Board for its consideration. Seconded by Commissioner Bowers. Adopted 2-0.

Commissioner Bowers motioned to table the resolution pertaining to a contract with Endeavour Enterprise Consultants. Seconded by Commissioner Powell. Adopted 2-0.

Action Item:

- Ms. Rohring will forward questions on the proposed Endeavour contract from the Committee to Mr. Marini for response.
- Ms. Rohring will schedule a follow up meeting with Commissioners Bowers, Garcia, Powell, Mr. Marini, Dr. Rivera and herself on the proposed Endeavour contract.

Discussion on Capital Improvement Plan

Commissioner Bowers asked Mr. Keysa for a high-level presentation. Mr. Keysa referred to a brief outline in the committee packets. He noted the state caps the debt limit at 9%, which the City Charter then allocates between the City (5.5%) and the District (3.5%).

Mr. Wheatcraft noted that a City policy stipulated the District could only borrow an amount equal to that which it will retire in debt for a given year.

Mr. Keysa suggested that at some point this has to be challenged. Due to the State's adjustments to building aid reimbursement and amortizing over more years, the amount the District retires annually will continue to decrease and it will be challenged at doing the minimum in building maintenance at some point.

Mr. Wheatcraft also noted that when the District borrows money, the City counts the entire debt in making its "limit" calculation. However, most of that amount is state aidable and not at risk, so there is a case to be made for not counting that portion.

Action Item:

- Commissioner Bowers asked for the amount of their 5.5% limit the City was actually using.
- Commissioner Bowers asked for a legal interpretation from counsel as to whether the City policy stipulating the District can only borrow that amount which it retires is enforceable.
- Commissioner Bowers asked the committee to consider whether or not there was a strategy on this that could be employed in Albany.
- Commissioner Bowers asked committee members to forward additional questions to Ms. Rohring. Ms. Rohring will provide to Mr. Marini.
- Commissioner Garcia asked for a breakdown of revenues, particularly noting the probability of certain revenues used in planning for the 2004-05 fiscal year, as well as the percentage coming from each source – federal, state, local taxpayers, etc.

- Mr. Marini to provide March 2004 Financial Reports to Commissioner Garcia in the March 26th mail packet.

Commissioner Bowers suggested that Commissioner Garcia meet with Mr. Keysa and Mr. Wheatcraft on the CIP if he would find that helpful.

Adjournment:

Motion to adjourn by Commissioner Powell, Seconded by Commissioner Bowers. Adopted 2-0 at 7:45 p.m.