



Financial Oversight Committee Meeting

1829 Denver West Dr., Building 27
Golden, CO 80401

Meeting Minutes

April 3, 2018 – 10:00 a.m.

Financial Oversight Committee (FOC)

Members Present:

Brian Ballard
Mike Bestor
Mary Everson
Chris Johnson
Gordon Calahan
Bob West

Staff Present:

Kathleen Askelson, Chief Financial Officer
Steve Bell, Chief Operating Officer
Nicole Stewart, Budget and Treasury Director
Stephanie Corbo, Finance Director
Tim Reed, Facilities and Construction Management
Executive Director
Joel Hirschboeck, Risk Management Director
Brad Rupert, Board of Education

Committee Members and Staff Absent:

Scott Tarbox

Independent Auditor and Other:

Paul Niedermuller, CliftonLarsonAllen, LLP

Approval of Minutes: Mary Everson moved to approve the minutes from March 6, 2018. Gordon Calahan seconded. The minutes were approved as presented.

Insight Investment – Investment Management Program Review: Mary Donovan with Insight Investment covered an economic overview and noted flattening of the yield curve over long range investments. Due to improving rates in the fourth quarter of 2017, the district investments are behind on annualized return goals. Donovan discussed portfolio size, duration, diversification, maturity outlook, and potential rate increases by the Fed which may warrant a longer investment holding period. She noted that with a large portion of the district's portfolio maturing in the next 1 to 2 years, the district may be able to strategically gain some long term advantage.

Summary of Findings and Enrollment Projections Reports Overview: Tim Reed, executive director of facilities and construction management, reviewed the presentation for the upcoming Board of Education meeting with regard to enrollment changes and facility needs. He noted an overall decrease in enrollment districtwide with a shift into growth for charter schools but with charter growth beginning to taper off as those schools reach capacity. There was discussion regarding the overall decline in enrollment attributed to low birth rates and high cost of living.

Reed reviewed the district's Facility Condition Assessment Summary of Findings and reported the district's real estate portfolio valuation increased by 4.63 percent with the condition assessment of facility improvement costs increasing 2.23 percent. Facility needs were assessed in five priority levels with Level 1 critical needs estimated at \$29.5 million. Reed noted that the overall goal is to reduce by 50 percent the districtwide facilities condition index (FCI) which is currently at 20 percent. The maintenance and operations goal is to be reduced by 20 percent through one-time asks with efficiency in utilities.

Insurance Renewals Update: Joel Hirschboeck, director of risk management, reported on the status of property and casualty insurance renewals including the impact from the May 8 hail storm which has resulted in increased premiums. He noted that going forward, that no wind/hail coverage will be provided and most roofs over 15 years will be excluded. The district's deductible is estimated to

increase from \$100,000 to \$2.5 million. The contract renewal request to be presented at the May 3 Board of Education meeting includes an estimated increase of \$600,000.

Negotiations Update: Kathleen Askelson updated the committee on the April 2, 2018, negotiation meeting. The meeting focused on the collective bargaining agreement language. No financial conversations have begun yet with both sides watching for actions from the state.

Budget Update: Askelson walked through updates on school finance from the state. Highlights of the presentation included an overview of the budget timeline, an update on the state's March forecast, and most recent school funding proposals. She noted that the funding outlook had improved since the last projection of \$27 million to \$33 million currently. Senate Bill 200 on PERA was discussed and some current proposed changes to the bill were noted. Askelson confirmed that all items are not final and her team continues to monitor actions coming from the state.

Recommendations for the Board from FOC: The committee discussed providing a recommendation to the Board to increase the capital transfer more than the \$500,000 currently being requested in the budget if funding from the state is increased. The transfer increase would help the district make faster progress towards the industry standard. The committee requested that Capital Advisory Committee (CAC) provide information on standard benchmarks along with the CAC recommendation. FOC will review and provide a formal support of the CAC recommendation to the Board.

FOC emphasized the importance of the Board of Education communicating in other methods such as a video to tell the message about the need for a bond as an outreach tool to the whole community and not just the school community.

Wrap Up and Next Meetings: The meeting was adjourned at noon.