

**Portland Public School District 1J, Multnomah County, Oregon
Board of Education's
Finance, Audit and Operations Committee Meeting**

**February 26, 2018
Informal Minutes**

The meeting of the Board's Finance, Audit and Operations Committee convened on the above date at 3:00pm at the call of Chair Rita Moore, in the Wy'east Conference Room at the Blanchard Education Service Center, 501 N. Dixon St., Portland, Oregon, 97227.

There were present:

Board Committee Members

Rita Moore, Chair
Amy Kohnstamm
Mike Rosen
Paul Anthony

Staff

Jerry Vincent, Chief Operating Officer
Jim Scherzinger, Interim Chief Finance Officer
Ryan Dutcher, Interim Chief Budget Officer
Carlton Steele, Interim Treasury Manager
Patrick Leboeuf, Director Construction and Programs
Emily Courtnage, Director Purchasing and Contracts
Whitney Ellersick, Senior Director Nutrition Services
Teri Brady, Assistant Director Transportation Services

Cash Management Policy

Mr. Scherzinger stated that a Cash Management Policy was required by law and that it must be updated every year if the district wishes to invest funds longer than 18 months. However, the District does not intend to invest funds past 18 months. There were two changes being proposed to the Policy: changing numbers in the preamble and a reference on Page 7 of the Policy. There were no substantive changes being proposed. Chair Moore referred to Page 5 of the Policy and Collateralization, asking how you obtain a 102% in interest? Carlton responded that you can purchase securities at a discount and you could have principal appreciation that gets you beyond 100%. Chair Moore referred to Page 10 of the Policy and asked if a report has been provided annual to the Board as stated. Carlton responded that he does not know when the last report happened, but usually the report gets rolled into the Comprehensive Annual Financial Report. Director Moore questioned if the District could open a bidding process for banking services as our current bank, Wells Fargo, has been found guilty on several accounts. Mr. Dutcher stated that staff could put banking services out to bid in the future. Director Kohnstamm stated that previous discussions have also included diversifying our funds to a local credit union or local bank.

The Committee unanimously approved the Cash Management Policy to go before the full Board for a First Reading.

Middle School Implementation and School Transitions

Mr. Vincent provided a spreadsheet only on the facilities construction budget. Due to exceeding costs, the middle school projects are underfunded and staff needs direction in regards to the increases. The City will work with the District on permits. Statutorily, right now, land use comes first, and then the permit process. The District was currently running the land use permits concurrently with the building permits. Steve stated that the City considers the Applegate site as a daycare site as it was only used as a Pre-K School. It cannot revert back to a school use since it has not been used as one for over five years. Mr. Vincent reported that staff was looking at a Phase I and Phase II for opening by September 2018. We can use some funds from the current fiscal year, and after June 30th, we could use funds from the next fiscal year. The Board could also consider a loan to cover the increased costs. Director Rosen stated that the permitting

needs to be moved up to the political level and asked if staff could create a punch list of the good things the City has done with us, but include the issues we have run into. Maybe the City could provide us with a Special Use Permit status. A meeting should be scheduled with City Commissioner Eudaly. The sites depending upon an expedited purpose include Applegate, Rice, and Tubman. Patrick commented that the City will bring up the fact of State Statute. Tubman's issue is Design Review.

Director Kohnstamm stated that the Board needs to have a discussion of where the extra money can come from. Mr. Dutcher mentioned that some funding may be able to come from the Improvement Bond, or the District could go out for a loan as we were not at a cap for borrowing. Patrick asked if the Board would be open to improving the facilities as a phased project overall. Tubman could be finished in August 2018, and Phase II would be completion of the other facilities by August 2019. Director Kohnstamm responded no. Chair Moore stated that it would be good if the Committee could see how staff would phase the particular work. Mr. Vincent indicated that he would develop the actual language for the City ask.

Update on Community Eligibility Provision and Nutrition Requirements

Ms. Ellersick provided the preliminary predictions regarding HB3454 (Lunch Shaming Bill), which the State put into act on July 1, 2018. Parents were no longer paying for school lunches. It is considered bad debt after one year. Currently, the District was in \$300,000 in debt due to non-payment of student lunches. Ms. Ellersick proposed the following for the 2018-19 school year: no longer provide a la carte items (cheeseburger, one slice of pizza), and no longer provide milk as an a la carte item. The District would then not have as many unpaid items.

Transportation Update

Ms. Brady suggested that the District work with TriMet on a cheaper student pass (less than \$28/month), and also the possibility of diversifying bus providers. Patrick Kneib, School Bus Consultants, provided a PowerPoint presentation on PPS Student Transportation.

Adjourn

Chair Moore adjourned the meeting at 5:13pm.

Submitted by:

Caren Huson-Quiniones, Board Clerk
PPS Board of Education