

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

**January 4, 2017
Informal Minutes**

The meeting of the Board's Finance, Audit and Operations convened on the above date at 4:00pm 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

Rita Moore-Chair
Mike Rosen
Paul Anthony
Amy Kohnstamm

Staff

Emily Courtage-Director of Purchasing and Contracting
Natasha Butler-Planning Principal for Harriet Tubman Middle School
Rosanne Powell-Board Manager
John Burnham- Interim Senior Director Environmental Health and Safety
Jerry Vincent-Chief Operating Officer
Joe Crelier-Director of Risk Assessment
Pradeep Raju- Principal Business and Finance Ops Analyst
Liz Large-Interim General Counsel
Harry Esteve-Director of Strategic Communications and Outreach
Brenda Fox-Interim, Senior Director of Instruction, Curriculum and Assessment
Mei Lee-Chief Financial Officer
Mary Kane-Senior Legal Counsel

Update: Corrective Action Plan for Material Deficiencies

Mei Lee shared the District's response to Talbot follow up to the annual financial audit done by Talbot, Korvola and Warwick (TKW) and the plan for corrective action. The Board will need to approve the corrective action plan prior to the District sending a letter to the Secretary of State. Mei Lee gave an overview of the material weaknesses found and the the staff training plan to avoid the issue moving forward. Director Anthony asked if she anticipates any push back from the Secretary of State. Mei Lee said she did not and that they are already beginning planning for 2017-18 audit. She also shared that she and the Superintendent met with the Secretary of State Audit team and that it will take approximately ten months for it to be complete. Her department has a person dedicated to coordinating the information for them. They will coordinate with the Oregon Department of Education's audit so it is not duplicative. For example they both will looking at grant funding. The committee unanimously approved the corrective action plan go to the full Board.

Budget Calendar Update

Mei Lee gave an update on the budget calendar which still has an accelerated staffing timeline. She shared the tax reform bill and the outcome of ballot measure 101 may have impact on some funding. Chair Moore asked when would we feel the impact of the new tax bill. Mei Lee said she was not sure. Chair Moore stated they would like to stay apprised of budget decisions including rationale. She would like discuss initiatives and priorities for the year ahead. Mei Lee said she is getting close to providing information to the Board. Chair Moore would like to see improvements in the budget book so that it is easier to understand and to reconsider the structure of the public budget hearing. Director Rosen would

like to see a high level of the budget much earlier. Roger Kirchner would like the budget meetings to happen prior to the Community Budget Review Committee's April report.

Harriet Tubman Environmental Update

Jerry Vincent explained that in addition to an update, he clarifying that although the Board approved an exemption from competitive bidding for the middle school conversion project, there was still an expectation to follow the standard contracting process and the threshold for Board approval. They have selected a design build firm for Harriet Tubman with an estimation that it will cost \$10 million to \$12 million to prepare the building for opening in August. Jerry Vincent shared that due to the timing of this project, with both design and due diligence happening simultaneously, spending will quickly spike up at a much faster rate than normal. The project will spend \$5 million pretty fast. Director Kohnstamm stated she is concerned about the cost spent for a building with an unknown lifespan. Director Rosen agreed that it was risky to spend this much money before the results of the environmental assessment came back. Director Anthony stated that no matter what, we needed to put a new roof and HVAC system on the building in order to take care of District assets. There was discussion on whether a wall will help with air quality around the building. There was discussion on selecting a firm to do the environmental assessment and whether or not it was an added value to spend \$500,000 for further testing, or could that money be put towards mitigation. Jerry Vincent discussed the two firms, Sonoma and Portland State University (PSU), and said there were advantages with working with PSU including being able to use that information to assess other building sites. He also shared the process for putting on a new roof for Tubman in winter. Natasha Butler would like to know when and if there would be a "Plan B" known if for some reason there is a decision to not move forward. Jerry Vincent said we would know in about three weeks.

Public Comment

Mary Peveto with Neighbors for Clean Air said this is a bigger conversation and that they need to build local capacity to address this issue. She thinks the Board needs to be involved with land use planning.

Chair Rita Moore adjourned the meeting.

Submitted by:

Rosanne Powell, Board Manager