



Financial Oversight Committee Meeting

Remotely via Zoom
1829 Denver West Dr., Building 27
Golden, CO 80401

Meeting Minutes

April 7, 2020 – 10:00 a.m.

Financial Oversight Committee (FOC)

Members Present:

Mike Bestor
Gordon Calahan
Leanne Emm
Mary Everson
Kyla Jones
Scott Tarbox

Committee Members and Staff Absent:

Brian Ballard, Chair

Staff Present:

Dr. Jason Glass, Superintendent
Kathleen Askelson, Chief Financial Officer
Steve Bell, Chief Operating Officer
Stephanie Corbo, Finance Director
Tim Reed, Exec. Director of Facilities
Nicole Stewart, Budget and Treasury Director
Debbie Rainguet, Exec. Assist., Financial Services

Independent Auditor and Other:

Paul Niedermuller, CliftonLarsonAllen, LLP

Welcome and Introductions: Scott Tarbox called the meeting to order and declared a quorum.

Approval of the Minutes: Leanne Emm moved to approve the minutes for March 3, 2020. Gordon Calahan seconded. The motion carried unanimously, and the minutes were approved as presented.

Insight Investment: Mary Donovan, Senior Portfolio Manager with Insight Investment, discussed the market environment and strategies in place and reported on the district's reserve and bond proceeds portfolios. The presentation first covered economic indicators, status of yields and Gross Domestic Product (GDP). Donovan then walked through the effect of the COVID-19 pandemic on our global economy, the expected peak to trough GDP impact, as well as, the government lockdown measure, its impact on growth and the fiscal and monetary policy responses. For both the reserve portfolio and the bond proceeds portfolio, Donovan reviewed annualized yields, portfolio size and duration, provided an update on portfolio performance versus benchmark, portfolio distribution, securities held, maturity distribution of securities held, and investment risk disclosure per GASB 40. There was discussion regarding the importance of liquidity during this time of dramatic and rapid change in the market and elaboration on bonds that are reaching and have most recently reached their maturity.

Committee Vacancies: Kathleen Askelson informed the committee of the Board of Education (BOE) District Advisory Committee Vacancies process and noted that applications are still being accepted through April 19. Those applicants will then be vetted and sent to committees for review to allow committees to make recommendations to the Board of Education (BOE). In May, the Board will receive a list of applicants along with committee recommendations, and on June 4 the BOE will vote to fill vacancies.

Bond CIP Update: Tim Reed, Executive Director-Facilities & Construction Management, provided an update on the financial status of the Capital Improvement Plan that compared expenditures as of March 31, 2020, to February 29, 2020. The presentation covered the status of March 2020 bid results and the status of additions and new buildings to be bid on in late summer and fall. Reed noted that the current COVID-19 impact is minimal and projects are continuing normally, to which Steve Bell concurred. There was discussion regarding the

possibility of the force majeure clauses being exercised and contractors requesting extended general conditions for work ceased due to the COVID-19 pandemic. It was added that this occurrence, though possible, is unlikely to effect the 85 percent mark as projects are moving forward according to plan and earlier due to school closures. There was further conversation on the investment in underutilized schools and the shared confidence that these developments will increase utilization.

Enrollment Projections Report: Reed provided an update on enrollment providing details on historical and projected enrollments for the 2020/2021 school year and factors that were considered. Reed reviewed changes by articulation area and for underutilized schools. There was discussion pertaining to the foreseeable increase in enrollment for charter schools and added conversation around specific efforts to improve underutilization of schools. Dr. Glass shared his consideration to change school programming in an effort to provide a new, robust set of offerings and boost enrollment.

2020/2021 Budget Development Update: Askelson reviewed our current budget activity for the month of April and highlighted upcoming targets/deadlines. Public comment and presentation of proposed budget to Board with legislation finalized is scheduled for May 7, and budget adoption is scheduled for June 4. Legislature is currently on hold and may go past the May 7 date. The proposed assumptions per the governor's proposal were reviewed. Should the Board provide the direction, Askelson presented an option for increasing the amount of available resources by \$2.1M by making central reductions. Should the Board direct staff to look for additional funds beyond that, additional reductions from both central and schools would be necessary.

Askelson then reviewed the March forecast and the 2020/2021 budget outlook and walked through the uncertainty of our economic outlook due to COVID-19 pandemic and potential subsequent downward revenue revisions. With recession odds increasing, budget impacts are anticipated and funds will be appropriated conditionally. Askelson discussed the 2020/2021 adjustment scenarios, specifically the fourth scenario, which was approved by the BOE last meeting. This scenario is to assume no new funding and remove all increase assumptions until the final School Finance Act is in place. The School Finance Act and Long Bill are expected around June 1. Askelson covered community engagement, noting the community survey closes April 27.

There was conversation over the ongoing monitoring of our Jeffco financial position and impacts of the COVID-19 pandemic. April will have full payroll cycle following the COVID-19 closure and some expenditures; staff will monitor for potential property tax impacts that could occur. Staff is awaiting further information on possible relief funding from FEMA, Grants and the CARE's Act. Askelson shared items recommended for immediate action that include protecting reserves, implementing central hiring review, holding on promotions and discouraging entering into recurring cost agreements. Askelson added that there is likely to be an increase in the budget stabilization factor which will increase the amount of funding withheld by the state to balance its budget; that, combined with reduction from state funding, financial services staff is working on assumptions that will be anticipatory during this unprecedented time.

There was a shared appreciation from the committee regarding Jeffco and the swift action taken to alter procedures to ensure safety and health of employees, follow proper social distancing protocol, and for the district's swift transition to a remote learning/work model.

FOC Conclusions/Recommendations: Following discussion, the committee did not have anything to communicate at this time.

Wrap Up and Next Meetings: Askelson reviewed dates of upcoming meetings.

The meeting adjourned at 11:45 a.m.