Board Special Meeting
Audit & Finance Committee
April 5, 2021, 7:00-9:00am
Meeting held remotely

Minutes

Call to Order

1. This meeting was called to order at 7:02 am. Directors Hampson, Director Rankin and Director Dury were present. Director Hersey was not present. New Board member, Director Dury joined the committee while Director Rivera-Smith is now a permanent member of the Operations Committee. This meeting was staffed by Chief Financial Officer JoLynn Berge. Director Hampson noted that the meeting was being held remotely consistent with the Governor’s proclamations prohibiting the meeting from being held in person due to COVID-19. Director Hampson noted that the public had been provided remote access through Microsoft Teams and teleconference.

2. Approval of agenda - Director Dury moved to approve the agenda. Director Rankin seconded. Agenda was approved.

3. Approval of meeting minutes for March 15, 2021. The meeting minutes were passed with one in favor and two abstentions. Director Dury and Rankin abstained from the vote since they did not attend the March 15th meeting.

Special Attention Items

1. Triennial Report: Rental, Lease & Sale of Real Property per Policy 6882 (Podesta/Carlson)
   Chief Operations Officer Fred Podesta shared a briefing on Policy 6882 that requires his department to report on rental leases and sales of real property every 3 years. Included in this report are buildings not being used for educational reasons or core District business. Real Estate Supervisor, Lewis Carlson stated that the purpose of Policy 6882 was to increase revenue and place holds for potential Seattle Public School use, including giving discounts on rents for youth education. Mr. Carlson shared slides showing ground leases for 4 locations and short-term leases which are being held for future use. There have not been any properties sold in the last three years. The Leschi house is currently under consideration to be sold and a conservation easement of the Cleveland Forest to King County is in the process of being completed. Any action taken on the sale of the house will be brought to the Board for approval. Mr. Carlson shared an inventory spreadsheet of all the short-term and long-term leased buildings as of April 5th. Mr. Carlson showed a slide of the stadium parking revenue over the last five years. Although revenues have been down due to Covid-19 they do expect revenue to increase once we are past the pandemic. There was discussion on terminating leases on some of the ground leases, but Mr. Carlson stated that it would be very costly as we would have to purchase the buildings.

   Directors requested that Chief Podesta’s team investigate the long-term planning for some of those developments and possibly adding looking into the long planning to Policy 6882.

2. Notification of Contract Exceeding $250k: PERCH Behavioral Health contract (Campbell)
   Director of Special Education Patricia Campbell spoke on the need to increase the PERCH contract which is an agency that supports our students with behavioral health needs. The increase is due to an increase in students who require these services as we transition into in-person services. The support is for
offsite and onsite services as determined through their Instructional Education Plan (IEP). The support for students will likely go down once students are all back in school. **Directors** discussed the $250K threshold and would like to work with Greg Narver, Chief legal counsel to clean up the language.

3. 5345 Anti-Retaliation (Codd)
Chief Human Resources Officer, Clover Codd informed the Board that there were significant changes to Policy 5345 in 2017. Director Hersey had requested to add it the work plan but since he was not present, they will bring it back to the Board for discuss.

4. Committed/Minimum Fund Balance Percent per Policy 6022 (Berge/Sebring)
Budget Director Linda Sebring, shared slides that showed the history of our economic stabilization fund, committed/minimum fund balance. In keeping with the 2020-21 conversation of balancing the budget Ms. Sebring stated that they would need to use $19,400,000 rainy-day fund to help bridge the gap between Fiscal Year 2021-22 resources and expenditures which would bring the economic stabilization fund down to 2% of the prior year’s total expenses. Board Policy recommends that district have a stabilization fund of between 3 to 5 percent. We are currently at 4% and will be dropping down to 2%. In order to raise the Economic Stabilization fund to a minimum of 3% the Board will need to decide on a repayment plan. Ms. Sebring spoke of two options for the Board to consider but said that there are many variations of the two that can be implemented. The Chief Financial Officer JoLynn Berge recommends the Board use ESSER Funds to restore the Economic Stabilization Fund. Chief Berge also recommended that the funds we receive from continuity of operations should be placed in the Economic Stabilization Fund and not the General Fund. **Directors** discussed making a one-time payment or spreading repayment throughout several years. There was also some discussion on restoring the Economic Stabilization Fund to 2.5% instead of paying it in full. Directors requested that Ms. Sebring add information regarding the 4% Board approval rainy day fund goal so other Board members are reminded of it at the April Work Session. Directors also requested a few slides on the implications of staff cuts if not using the full amount of ESSER funds to increase the economic stabilization funds to 4%.

**Standing Agenda Items**

1. Monthly Accounting Update (Fleming)
Accounting Director, Amy Fleming shared the February monthly financial report. General fund balance had dropped in funding but was as usual for this time of year. They will begin seeing an increase in March due to tax revenue. Enrollment is down and has been down all year. Showed trend analysis comparing the general fund over the last couple of years. Highlighting that the Federal Special Funds and School Food Service funds were up because they received ESSER funds. She also noted that the Support Services funds were low due to transportation not transporting students. If transportation were transporting students, the number would be much higher. The monthly budget status report showed that they fell short of the original budget amount due to the decline in enrollment. The Associated Student Body (ASB) fund had a slight uptick in revenues due to yearbook purchase and sports. ASB expenditures mostly consist of referee’s costs for the various sports taking place. The capital projects fund showed levy funds beginning to come in and expenditures taking place as the district begins building projects. Ms. Fleming shared Head Start Program reporting from November -October. Their budgeting cycle does not line up with the districts. Ms. Fleming reviewed cash flow graphs with Directors with nothing major to report.
2. Monthly Budget Update (Sebring)
Chief Berge gave a preview of what will be discussed at the April Budget Work Session. They will clarify that they will not be reducing transportation but will replace it with the transportation efficiencies. They will discuss ESSER dollars and how Directors would like to use the funding. They will discuss the Economic Stabilization Fund. Updating the enrollment projection and what it will look like. There was discussion on the need for more counselors in schools, funding for counselors and the difficulty in finding counselors for hire.

3. Committee Annual Work Plan (Berge)
Directors requested to move Policy No. 6114 Gifts, Grants, Donations and Fundraising Processes from June to October.

Adjourn

This meeting adjourned at 8:45 am.

Minutes submitted by: The Office of Chief Financial Officer