



## **Financial Oversight Committee Meeting**

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

### **Meeting Minutes**

**April 2, 2019 – 10:00 a.m.**

#### **Financial Oversight Committee (FOC)**

##### **Members Present:**

Brian Ballard  
Mike Bestor  
Gordon Calahan  
Mary Everson  
Scott Tarbox

##### **Committee Members and Staff Absent:**

Bob West

##### **Staff Present:**

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

##### **Independent Auditor and Other:**

Paul Niedermuller, CliftonLarsonAllen, LLP

**Welcome and Introductions:** Brian Ballard declared a quorum.

**Insight Investment: Investment Management Program Review:** Mary Donovan with Insight Investment presented a portfolio review that included a market environment and strategies overview noting slowing of economic growth with a continuing tightening market. Donovan commented on portfolio size, extended durations, diversification, maturity outlook, and yield. She commented that the loss payback strategies on the sale of GE helped to realize improved yield.

**Approval of the Minutes:** Gordon Callahan moved to approve the minutes for March 5, 2019. Mike Bestor seconded. The motion carried unanimously, and the minutes were approved as presented.

**Committee Vacancies Application Process Update:** Kathleen Askelson advised that Bob West submitted his resignation from FOC and provided an update on the process for filling the vacancies. Staff will send a packet of applicant information for consideration with the meeting packet for May. Askelson noted that ideally the committee can make a recommendation to the Board for filling the two vacancies following discussion at the May meeting. The Board of Education will make appointments at the June 6 Board of Education meeting. Everson advised that she won't be able to attend the May meeting but will submit comments for consideration.

**Summary of Findings, Enrollment Projections Report and Bond Update:** Tim Reed presented an overview of 2018/2019 Enrollment. Highlights included enrollment comparisons between current year and prior year as well as a look back from 2009/2010 compared to 2018/2019 and out year projections. Askelson clarified that the facilities enrollment report looks at membership which counts every head in a building and noted that this is not the same as the funded count which CDE uses to fund districts. There was discussion regarding historical and projected enrollment, enrollment decreases, metro area district enrollment comparisons, growth pockets, and the status of the bill to fund full day kindergarten. Reed's report also covered a summary of findings overview that looked at the district's real estate portfolio value, condition, size and Facility Condition Index percentages and discussion of prioritized deficiencies.

Also provided was an update on the 2018 Capital Improvement Program. Reed advised that the anticipated spend for 2019 is \$70M with just over \$15M spent to date. The presentation included an overview of significant projects underway as well as project status by school site.

There was discussion of security upgrades, project management strategies and staffing, and contractor challenges.

**Status of Bond Proceeds Investment:** Askelson advised that there was no change and that the proceeds continue to be held with CSafe. Staff is continuing to evaluate other options.

**Budget Update: 2019/2020 Budget Development – State Forecast, Negotiations, Assumptions and Legislation:** Askelson presented a budget update that included a timeline through budget adoption, the forecast from the state, current budget assumptions, status of legislation and an update on negotiations. She reviewed a supplemental appropriation for 2018/2019 that would authorize funds from the 5A mill levy override to be spent on 1:1 devices due to the need to accelerate purchasing of devices in the current year. She noted that the governor’s proposal included 2.7 percent inflation, a statewide increase in enrollment and a \$77M decrease to the budget stabilization factor statewide. There was discussion regarding the compensation placeholder and the impacts of full day kindergarten funding.

Askelson reported on the community budget forums that were held April 1 and 2.

**Insurance Renewals Update:** Joel Hirschboeck, director of risk management, discussed the property/casualty insurance annual renewal process. He noted that Colorado is now a catastrophe exposed risk area for wind and hail. The district is facing challenges finding companies that are willing to insure and that can provide comparable limits and deductibles to prior years. He anticipates that multiple carriers will be needed to provide proper coverage and that the premium costs will rise significantly. There was discussion regarding hail damage from the May 2017 storm, several large workers compensation claims and planned spenddown of insurance reserves to offset insurance premiums.

**FOC Conclusions/Recommendations:** No further recommendations will be communicated at this time. There was discussion regarding updates on the expenditures from 5A mill levy override funds.

**Wrap Up and Next Meetings:** Askelson confirmed that the proposed budget will be presented to the Board at the May 2 BOE meeting. The next FOC meeting is scheduled for May 7, and FOC will have an opportunity for dialogue with the Board at the May 8 meeting along with the Third Quarter Financial Report review.

The meeting adjourned at 11:35 a.m.