REPORT OF THE FINANCE COMMITTEE

The Finance Committee met on Tuesday, April 18, 2017 at 11:30 AM at the Cincinnati Public Schools Education Center in the Board Conference Room.

ATTENDEES

Finance Committee Members Present
Chairperson Melanie Bates, Eve Bolton, Carolyn Jones

Administrators Present
Mary A. Ronan, Superintendent; Daniel Hoying, General Counsel; Bill Moerhing, Interim Chief Operations Officer; Lauren Roberts, Internal Auditor; Rebecca Vogler, Director, Grants Administration; Amy Twarek, Assistant Treasurer; Janet Walsh, Director of Public Affairs

Attorney
David C. DiMuzio

Focused Capital Solutions, LLC
Nan Cahall, Managing Director

Kearney and Kearney
Eric Kearney, CEO, President

Parent
Craig Rozen

Success by Six
Stephanie Byrd, Executive Director

The Fortus Group
Stephen Dronen, Development Director

Vandercar Holdings
Steve Dragon, Vice President

Keating Muething & Klekamp (KMK)
P. Andrew Spoor, Of Counsel

Tax Abatement Proposal

Steven Dronen of The Fortus Group and partners with Vandercar and Al Neyer (Development Team) discussed with the Committee a proposal to redevelop the Anthem building, located at the corner of Woodburn and Taft in East Walnut Hills, into approximately 450 new residential units.

The Development Team is asking the District to allow all Tax Increment Financing (TIF) Service Payments that are payable to the District for the first 10 to 12 years following completion of the construction of the first phase of development to be abated back to the development.
Mr. Dronen reported that the TIF is a 30-year Project TIF Tax Abatement, with a 75 percent/25 percent split with District. The District would receive its full 25 percent of the TIF increment over the 30 years.

The funds will be used to offset the over burdening cost of the asbestos abatement of the existing structures on the site. At year 13, the District will be paid its agreed upon amount. The cost to remove the asbestos is $3 million.

He also reported that the group would be following the MedPace model to form a partnership with one of the local schools in that area. The Chair asked for a recommendation from the Committee as to endorse or move the proposal forward.

ACTION: The Committee recommended that General Counsel brief the full Board rather than the Finance Committee recommending the proposal.

Preschool Promise Finances

Stephanie Byrd, Success By Six, Executive Director

Ms. Byrd updated the Committee on financial processes being put in place for the Preschool Promise Alliance. She reported that United Way has banked with Fifth Third Bank for many years and will not bid their banking out again until 2020. Therefore, United Way recommended tabling the bid for banking for a year or two in order to allow for Preschool Promise to begin operating. Accounts are being set-up with Fifth Third Bank.

Ms. Byrd reported that a Request for Proposal for Audit firms will go out on April 18, 2017. Ms. Byrd will be managing the process and hopes to have an Interim Operations and Finance person on board by the middle of summer 2017. United Way does not want to manage that process.

The Audit will be for the short-term budget for the months of January through June 2017. She inquired if the District’s Internal Auditor had to be used or if firms that the State Auditor makes available for District use can be used.

Treasurer Wagner will be speaking with David Yost to determine what the expectations are for the audit. Ms. Byrd stated there are questions needing to be answered about what the State Auditor expects as it relates to setting up accounts, procedures that need to be in place on how funds are managed, and requisition processes.

She advised that a portion of the $1.5 million budget that was approved by the Board is being used for management expenses and that the Parthenon will continue assisting Preschool Promise only until the end of May 2017. The Cincinnati Preschool Promise Board met on April 12, 2017 and discussed extending Parthenon’s contract beyond May 2017.

A portion of the $1.5 million dollar budget will be used to hire an Interim Operations and Finance person, a Quality Improvement Manager, a provider relations person as well as seeking a full-time permanent Director. The Preschool Promise Board has a search committee formed that will identify a search firm.

Committee members suggested and reminded Ms. Byrd of the School Board Policies requiring deference to local vendors and businesses. Ms. Byrd gave a number of examples of the group's efforts to comply.


**Lobbying Goals – Funding from Federal and State**

Nan Cahill, Managing Director, Focus Capital Solutions, LLC, and Eric Kearney of Kearney and Kearney were present and discussed the following projects with the Committee.

- Met with various legislators in Columbus to reintroduce Cincinnati Public Schools as an innovative school district with strong and positive relationships with business and in the community. We thanked the legislators for encouraging ODE to hold off on submitting the Ohio ESSA plan to USDOEd. We discussed the CPS state agenda items as outlined by the Board Ad Hoc Committee. These issues included local share disparity, EMIS relief, Para Professional/Instructional Assistants Licensure, audit relief, and CPS as an innovator among others.
  - Representative Fred Strahorn, House Minority Leader
  - Representative Andy Brenner, Chair, House Education and Career Readiness Committee
  - Representative Bob Cupp, Chair, House Finance Subcommittee on Primary & Secondary Ed.
  - Representative Dan Ramos, Ranking Member House Finance Committee
  - Representative Marilyn Slaby, House Education and Career Readiness Committee
  - Representative Theresa Fedor, House Education and Career Readiness Committee
  - Representative Catherine Ingram, House Education and Career Readiness Committee
  - Senator Cecil Thomas, Senate Education Committee
  - Senator Joe Schiavoni, Minority Senate Leader

**Comments/Topics of importance to legislators:**

- HB 49 – Operating budget - Budget is tight. HB 49 will not address any big issues or accomplish big changes. Education component is changing. Transportation funding an issue. There may be an alternative student funding formula
- Important for CPS to participate in the Joint Education Oversight Committee (JEOC) chaired by Representative Cupp.
- JEOC will address transportation and other big issues. They will become more active following the passage of HB 49 in June.
- Legislative leaders are looking for effective programs that close the achievement gap that can be scaled up. Does CPS have some examples?
- CPS needs to highlight/promote innovative programs, particularly the Oyler model with wrap around services.
- The teacher externship with business will be dramatically different. One proposal is a one hour continuing ed for teachers online or in classroom.
- Financial literacy curriculum will continue to be a focus.
- Partnerships with Joint Vocational School such as co-location is important.
- Summer food program
- May/June dates to invite SW Ohio Legislators to visit CPS
  - Bill Blessing – member Finance Subcommittee on Primary & Secondary Education, Bill Seitz, Tom Brinkman, Alicia Reece, Brigid Kelly, Catherine Ingram, Cecil Thomas, Louis Terhar, Steve Wilson
- Joint Education Oversight Committee (JEOC)
  - Suggest we invite the JEOC to visit Cincinnati Public Schools

**ACTION:** The Finance Committee will schedule a breakfast to invite Southwest Ohio Legislators to meet with the Board and the Administration to provide the Legislators with an update on CPS, learn about new programs that have yielded strong outcomes, and visit with students
at the schools. With an emphasis on workforce development and other innovative programs, Superintendent Ronan suggested hosting it at SCPA and other downtown schools sending representatives.

**ACTION:** The Finance Committee will invite the JEOC to visit CPS later in August or September 2017-2018 school year.

- Met with Kristi Phillips, Executive Director of Catholic Inner-city Schools Education Fund (CISE). Kristi spent many years, until February of this year, managing the Cincinnati Business Committee Education Policy. She provided some good advice as we move forward.
  - The Parthenon/Ernst & Young report released in 2016 has good data for CPS to use with the business community and state elected officials. Demonstrates the need for funding reform. It would also be valuable to support a levy renewal
  - The Archdiocese and CISE have no position on SB 85, School Choice legislation. The CISE supported schools will gain nothing from the expansion of choice since all of their students are already eligible for vouchers.
  - It would be valuable to introduce the new Superintendent to the CBC/CRBC as quickly as possible

**Review Draft of New Year Budget/Budget Development**

*Amy Twarek, Assistant Treasurer*
*Rebecca Vogler, Director - Grants Administration*

Ms. Twarek reported that the budget is above target and weekly meetings are occurring with the executive management team to find areas in the budget that can be scaled back.

The following are Strategic Investments of the budget:

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<th>Description</th>
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<td><strong>Total of investments</strong></td>
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The Committee discussed:

1. The need for the Administration to explain the larger portion of the General Fund Budget and not just the initiatives;
2. The need for the Administration to relate at least the initiatives and other major portions of the General Fund to the Equity and Excellence policy—very specifically; and
3. How this budget informs both the 5-year plan and monies required as a result of contract settlements.

Finally all questions and inquiries prior to the May 17, 2017 Board Budget Workshop should be directed to the Treasurer preferably in writing.
Please find attached the Draft Budget presentation.

The meeting adjourned at 1:49 PM.

**Finance Committee**  
Melanie Bates, Chair  
Eve Bolton  
Carolyn Jones

**Staff Liaisons**  
Mary A. Ronan, Superintendent  
Jennifer Wagner, CFO/Treasurer  
Bill Moehring, Interim Chief Operating Officer