

**Independent School District 196**  
Rosemount-Apple Valley-Eagan Public Schools  
*Educating our students to reach their full potential*

**Budget Advisory Council Minutes**

6:30 p.m., September 9, 2015

District Office

**Present:** Budget Advisory Council members Kathy Cason, Karen Harrold, Grace Keliher, Chris Knight, Gary Krueger, Chad LaBahn, Jeff Little, Chas McCready, Kris Nelson, John Wollersheim and Chris Wong; , director of finance and operations Jeff Solomon and coordinator of finance Stella Johnson. **Absent:** Budget Advisory Council member Jason Elias. **Guest:** Merle Waters, Senior Vice President & Senior Investment Strategist, Wells Fargo Bank.

Chairperson Chad LaBahn called the meeting to order at 6:35 p.m.

**Public Input** –No one was present in the audience.

**Welcome, Introduction** – The BAC welcomed three new members, Grace Keliher, Chris Knight and Chris Wong, and everyone introduced themselves and told a bit about their involvement with the district.

**Review Agenda and Minutes** – The agenda was reviewed and the June 10, 2015 minutes were approved.

**Budget Advisory Council Leadership** – Chad LaBahn and Jeff Little volunteered to serve as co-chairpersons for the 2015-16 school year. All members voted in favor to approve Chad and Jeff as co-chairpersons.

**OPEB Trust Overview/Investment Policy Review/Discussion** –Senior Vice President/Senior Investment Manager, Merle Waters, of Wells Fargo Bank reviewed the OPEB client summary showing since the inception of the Trust in March 2009, the asset has grown from \$37.15 million to \$47.27 million (August 31, 2015). This includes the August 2015 draw of \$1.4 million. The annualized rate of return from April 1, 2009 to August 31, 2015 of 5.10% is slightly below the district's target return of 5.50 %. Prior to the market correction in August the annualized return was above the target rate of return. He assured the BAC that it is not unusual to have this type of market correction and the volatility may continue for another couple of months. Mr. Waters reviewed the executive summary showing meaningful transactions for the last twelve months. Wells Fargo continues to monitor and rebalance the portfolio as needed. Due to some anticipated changes in the market, including increased interest rates and lower bond returns, Waters suggested the district consider revising the investment policy statement as indicated below:

- Reduce Fixed income - 40% to 35%
- Increase Equities – 40% to 45%

The committee will review the suggested revisions and discuss at the November meeting before making a decision to revise the investment policy statement.

**Beginning of School Overview** – Mr. Solomon reported that school is off to a great start.

As of September 8, enrollment of 28,084 is up by 507 students over projections. There is usually a fall off of students between the beginning of school and October 1 when the district reports their official enrollment. The October 1 enrollment numbers will be used to finalize the 2015-16 budget. On the first day of school, Cabinet members visit at least three schools at the beginning and end of the day. It is always an exciting time for all! John Wollersheim share the first day at Rosemount High School and his philosophy of "Make it Personal"

**Bond Referendum 2015** – A handout of the districts PowerPoint presentation “Safe and Successful Schools” was shared. This will be made available to all site council and will be shared with community groups. Mr. Solomon showed the BAC where the information regarding the November 3, 2015 bond referendum is located on the district website. The BAC viewed one of three videos on the site. The district wants to make sure all advisory councils are informed about the levy and prepared to share information if asked.

There were questions about the technology portion of the levy and if preschool was considered in the space needed. Solomon discussed in some detail the plan for roll out of the devices and the responsibility the parents take on as a result of their child having a device. He has had the opportunity to see first-hand technology in the classroom. Our district developed the plan to use technology in the schools then introduced the devices. He said, “It’s not about the device, it’s about the learning.” At this time the district has seven classrooms for targeted preschool and would like to expand that to one targeted preschool classroom for all 18 elementary schools. This has been taken into consideration in the recommendation for space needs, but the district will not be prepared if the state approves preschool for all students.

**Levy Certification Process** –Mr. Solomon has begun working on the levy certification process. The School Board will be asked to adopt a levy limitation for Payable 2016 levy at its September 28 regular meeting. Solomon will share more details with the BAC at the November meeting. At the December 14 School Board meeting the public will have the opportunity to comment on the proposed levy and the School Board will be asked to certify a final levy after input from the public.

**2014-15 Audit Update** – Ms. Johnson shared a preliminary audit summary. Based on the preliminary audit the general and community service funds performed better than anticipated. The June 30, 2015 projected fund balances include spring budget adjustments and an estimated \$7.50 million better performance to budget savings. General Fund revenues of \$322.47 million were slightly higher than expenditures of \$321.32 million. Ms. Johnson informed the council members that a draft copy of the district’s 2014-15 Comprehensive Annual Financial Report will be presented to the School Board at its October 26 meeting with approval expected at the November 9 meeting.

**Financial Plan** – There have been no surprises from the audit and therefore no major changes to the financial plan. The district was anticipating performing better to budget by approximately \$7.5 million, and this was projected in the financial plan. Mr. Solomon reminded the council the financial plan showed at least two years without needed budget adjustments and this should not change. Once the audit is completed, Mr. Solomon will update the financial plan with final numbers and share with the BAC.

**Adjournment** - The meeting adjourned at 8:12 p.m. The next meeting will be November 18, 2015. This may possibly be a joint meeting with the Legislative Advisory Council.