A Finance Committee meeting was held on Tuesday, November 12, 2013. Mr. Cofsky called the meeting to order at 5:00 p.m. in the Board Room. Committee members present were Thomas F. Cofsky, Dr. Ralph H. Lee, and Jeff Weissglass. Also present were Dr. Steven T. Isoye, Superintendent; Tod Altenburg, Chief Financial Officer; Nathaniel L. Rouse, Principal; Philip M. Prale, Assistant Superintendent for Curriculum & Instruction; and Gail Kalmerton, Executive Assistant/Clerk of the Board.

Visitors included Sharon Patchak-Layman and John Phelan, Board of Education members (arrived at 5:29 p.m.); Sheila Hardin, Faculty Senate Executive Committee Chair; Karin Sullivan, Coordinator of Community Relations and Communications; John Stelzer, Athletic Director; Robert Zummallen, OPRFHS Director of Buildings and Grounds; Kevin Peppard, Wyanetta Johnson, Gay Campbell and Aleta Clardy, community members.

Visitor Comments
Kevin Peppard, resident of 715 Thomas, Oak Park, IL, addressed the Board of Education regarding the building of a pool. He noted that in order for the high school to pay for a free-standing building for a swimming pool, it would have to either 1) run a successful bond referendum, 2) use proceeds from a real estate transaction, 2) pay for it with donations, or 3) pay for it with a state grant.

Other Construction Project
Mr. Zummallen provided the Board of Education with background information about how the District does its forward planning on annual maintenance and construction projects. This report was to educate the Board of Education members as to the differences between annual maintenance projects and things such as replacement of the swimming pool. Mr. Zummallen highlighted the projects in the packet that were complete.

Comments/Questions:
1) Congratulations on the work being done on energy reduction;
2) The driving force of differences between conceptual estimates and the actual bid is that the original plans are 50% complete. They are reviewed and then adjusted to be 95% complete. When they go out to bid, the estimates are 100% complete. AIA documents at 95% are considered accurate.
3) The work being planned is for the summer of 2015. The work for 2014 had already been approved.
4) With regard to evaluating the work and the timeframes, it is important to know what is important or special with regard to facilities versus finances. The administration is responsible for ongoing building maintenance which is about deferred maintenance. The industry standard for schools with good maintenance is $4 per sq. ft. OPRFHS spends $7 per sq. ft. now in order to complete its projects.
5) The high school’s 1 million square feet of building includes 750,000 sq. ft. for the main building and 250,000 sq. ft. for the stadium.
6) Previously the Board of Education has concurred with the administration’s recommendations on capital projects. This may not be the case in the future. How can the projects that have occurred
be evaluated, i.e., Modified Closed Campus (MCC)? What are the repeating and compensating costs? The administration’s restraint and prioritization of projects is unknown to the Board of Education.

This information will not be provided to the full Board of Education at its regular meeting.

Pool
The administration’s intent was to provide ongoing summary information regarding the proposed swimming pool so to build the Board of Education member’s knowledge and allow them formulate questions before a final recommendation is made. Originally 4 sites were considered, but the site of the existing east pool south gym was eliminated because it would cause the most disruption, had the biggest financial impact, and is too small for an 8-lane pool. The District is focusing on three other areas: 1) the baseball fields, 2) the tennis courts, and 3) the parking garage. Mr. Altenburg acknowledged the work by Mr. Rouse, Mr. Prale, Mr. Zummallen, Mr. Stelzer, Ms. Sullivan, and Mr. Clay Reagan to analyze the impacts and considerations of each of these sites.

Comments/Questions:
1) The next step is to work with Legat and Henry Bros. on a feasibility study, i.e., Village building ordinances, etc. for each of the sites. The administration will prioritize the sites and make recommendations to the Board of Education, hopefully, in the January/February timeline.
2) A concern was raised about tearing down the parking garage and building a pool and its effect on the long-range finances.
3) The footprint for each of the sites would accommodate a 50-meter pool.
4) Building a pool on the garage site would impact parking.
5) If the District were considering buying Dominick’s, it should be aware of the tax loss the Village itself would have to forego.

An update will be provided at the December Finance Committee meeting. The Finance Committee members supported this report going to the full Board of Education at its regular November meeting.

Presentation of Estimated 2013 Levy
The Estimated Levy will not bind the Board of Education from approving a different levy at the December 19 meeting. The Board of Education’s legal obligation is to “not less than 20 days prior to adoption of its aggregate tax levy in school districts outside of Cook County and not less than 30 days prior to adoption of its aggregate tax levy in school districts inside Cook County, …must determine the amount of money, exclusive of any portion of that levy attributable to election costs, estimated to be necessary to be raised by taxation for that year on taxable property within its district.” Mr. Altenburg worked with the Oak Park Township Assessor and the business managers of Districts 90 and 97 and based on those conversations determined the safest route would be a decrease of 6% in EAV for the 2013 tax levy. However, the increase in taxes collected by the school district will be capped by the increase in CPI-U of 1.7%, plus the taxes on new property which is best estimated at $6 million. The total levy request is 5.91%. The public will have the opportunity to make comment at the December 19, 2013 hearing. The Committee favored holding a hearing even though it technically is not required.

Comments/Questions
1) Mr. Cofsky recommended not approving a levy that increases by CPI, as the 2013 audited financial results showed that the fund balance continues to grow. This would be separate from the debt service levy.
2) Dr. Lee expressed the view that the Board of Education has had no discussion about slowing down the growth of expenditures of which it has control over the last 6 ½ years other than ways to trim the budget. He was uncomfortable with tampering with one rate of growth while doing
nothing about the other rate of growth. Slowing down the growth rate of revenues must be accompanied by some direction or plan to discuss slowing down the increased rate of expenditures. He supported the administration’s recommendation of status quo at this time. He believed that the District could bring realistic expenditures in line with realistic revenues without a calamity to reach a steady state within 7 years.

3) Mr. Weissglass noted that the Finance Advisory Committee (FAC) has worked for the last several months on this issue and has not yet made a recommendation to the Board of Education. Three Board of Education members are participants of FAC and other Board of Education members are observing. He briefed the Board of Education at its last meeting about its progress. For him, it was clear that the Board of Education should adopt a flat levy.

The Finance Committee members recommended allowing the administration’s recommendation to go to the Board of Education with its additional input.

Types of Payments
The Finance Committee accepted the report on what items would be considered non-usual or non-routine payments as noted in amended Policy 4:50, Payment Procedures, and requiring the Board of Education’s approval before being paid. They included:

1) Legal settlements (i.e. items related Special Education, employment, workers compensation)
2) Back payments for invoices being held related to incomplete and/or unsatisfactory work
3) Payments for services related to special studies, research, investigations, and/or other work as commissioned by the Superintendent and/or Board of Education.

The Finance Committee members did not recommend moving this forward to the full Board of Education.

School Energy Efficiency Project Grant
The Finance Committee members recommended that the School Energy Efficiency Grant be brought for approval to the full Board of Education under its regular November Consent Agenda.

Presentation of Monthly Treasurer’s Report
The Finance Committee members recommended that the Monthly Treasurer’s Report be brought for approval to the full Board of Education under its regular November Consent Agenda.

Presentation of Monthly Financial Reports
The Finance Committee members recommended that the Monthly Financial Reports brought for approval to the full Board of Education under its regular November Consent Agenda.

Future Debt Abatements
Mr. Altenburg provided the Committee with information on this year’s and next year’s levy and timelines for approving a resolution to abate the 2014 levy and future debt.

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<th></th>
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<th>Amount</th>
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<tr>
<td>(This year’s)</td>
<td>2013</td>
<td>$2,529,105</td>
<td>.13</td>
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<tr>
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<td>2014</td>
<td>$2,565,785</td>
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<tr>
<td></td>
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If the Board of Education desired to abate the Bond & Interest (B&I) Levy for 2013, the following steps would be taken.
1) The Board would approve a resolution to abate $2,529,105 between November 2013 and February 2014.
2) This resolution directs the Cook County Clerk’s not to extend taxes for the B&I levy in that same amount between November 2013 and February 2014.
3) The Board would approve a resolution to transfer this amount from the Working Cash Fund to the B&I Fund between November 2013 and February 2014.
4) At the time that the payment is due, it would be paid with funds transferred from the Working Cash Fund to the B&I Fund.

If the Board of Education did not abate this debt, a spike in taxes would occur. On November 18, the FAC will deliberate on different models, all of which assume an abatement for 4 years. This information supports abating the B&I levy for 2013.

The Finance Committee members recommended presenting this information to the Board of Education at its November 21 meeting.

Mr. Altenburg had contacted experts from Legat, Franczek Radelet, Robbins Schwartz, Chapman Cutler, and William Blair about Mr. Peppard’s concern about the ability to build a standalone structure for the pool and was awaiting feedback.

Role of Finance Committee
Discussion ensued regarding what the mission and function of the Finance Committee should be. Comments included:

1) Determine the administration’s role and how the Board of Education can dedicate its time to the Board of Education’s work.
2) Strive to minimize work on contracts.
3) Determine how to make a part of policy such things as budget variance analysis, guidance on what marginal deficit should be, and/or Board of Education guidelines.
4) One member felt it would be helpful for the Board of Education president to appoint two additional members to the Finance Committee so that two committee members could talk without violating the Open Meetings Act. He felt it would speed up the work of the committee. He did not advocate that for all committees.
5) Should the FAC’s recommendations about financial practices or measurements be referred directly to the Finance Committee?
6) Should the Finance Committee amend existing policies or create a separate policy as a result of FAC recommendations.

The Committee members determined that further dialogue and more time would occur on issues of finance and budgetary actions and value based on FAC recommendations. Committee members should direct their communications to Mr. Altenburg or Dr. Isoye as they will be the clearing house until the committee structure permits other ways of communicating.

Adjournment
Dr. Lee moved to adjourn at 6:30 p.m.; seconded by Mr. Weissglass. A voice vote resulted in motion carried.

By Gail Kalmerton
Clerk of the Board