

OAK PARK AND RIVER FOREST HIGH SCHOOL
201 North Scoville Avenue
Oak Park, IL 60302

FINANCE COMMITTEE MEETING

Tuesday, January 18, 2011

A Finance Committee meeting was held on Tuesday, January 18, 2011. Co-Chair McCormack called the meeting to order at 7:39 a.m. in the Board Room. Committee members present were John C. Allen, Terry Finnegan, Dr. Ralph H. Lee (arrived at 7:50 a.m.), Amy McCormack, Dr. Dietra D. Millard, and Sharon Patchak-Layman. Also present were Dr. Steven T. Isoye, Superintendent; Michael Carioscio, Chief Information Officer; Philip M. Prale, Assistant Superintendent for Curriculum and Instruction; Lauren M. Smith, Director of Human Resources; Cheryl L. Witham, Chief Financial Officer and Treasurer; and Gail Kalmerton, Executive Assistant/Clerk of the Board.

Visitors included James Paul Hunter, FSEC Chair; Doug Wiley, OPRFHS Supervisor of Finance; Robert Zummallen, Director of Buildings and Grounds; Dale Craft, Physical Education Division Head; Laura Pauli and Nathan Nisson of PMA; Ken Florey of Robbins, Schwartz, Nicholas, Lifton & Taylor, Ltd.; and Rance Clouser and John Phelan, community members.

Ms. McCormack announced that if the meeting were not adjourned by 9:30 a.m. it would be recessed at 9:30 a.m. in order to hold the Special Board Meeting and reconvened after that time.

Approval of December 7, 2010 Finance Committee Minutes

It was the consensus of the Committee members to accept December 7, 2010 Finance Committee minutes, as presented.

Legat Contract

Ken Florey, construction attorney, gave an update on the negotiations of the contract with Legat Architects. He reiterated that the District was preparing to be more transparent in its process as it was separating the work of the architect and the construction firm, with a construction attorney. The Board of Education will have more control over the contract and contingencies, i.e., change orders. Because change orders are fluid, a process is necessary to approve small changes expeditiously (currently \$25,000 or less), so that the work can continue and he hoped that the current dollar amount would be raised. ISBE suggests 10 percent of the project. A change in the Board of Education's policy will be required. Change orders that are more than 10 percent must go to bid. He hoped for contract resolution with Legat soon and that a construction manager would be chosen and approved in February. He informed the Board of Education that should it have special requirements, e.g., pursue women or minority-owned business trades, have a successful track record in working with diversified subcontractors, etc., it should make that known soon so that contractors can encourage that participation. Requiring exact percentages of firms has been challenged and found illegal. Subcontractors are hired because they are the lowest bidder.

Construction Update

Mr. Zummallen informed the Committee that the 2010 summer projects were nearly completed with the exception of a few punch list items. Athletics seems happy with the installation of the new boilers because hot water is now immediately available in the showers and for the pools.

Ms. Patchak-Layman requested the minutes of Facilities Committee meetings on a regular basis via email.

PMA Investment Update and CDARS Deposit Placement Agreement

Ms. Laura Pauli (PMA representative) informed the Committee members of different options for the investment of the District's funds that fit its scope and its objectives, i.e., permissible under state statute, appropriate for its investment objectives, and safe. PMA reviews 1) the vehicles used in the District's portfolios, e.g., banks and investment options, etc., 2) its liquidity by doing cash flow analysis to insure that cash flow needs meet expenditures, and 3) the return on investment.

One new investment, CDARS, is a platform that allows deposits in a lead bank to be sent to banks within a national network (usually smaller banks) in order to utilize the FDIC insurance. This is an opportunity to 1) look at more banks, and 2) access different portfolios to get higher interest rates. A deposit of \$1 million in the lead bank would result in the District receiving one interest rate, even though the FDIC insurance from four different banks would be used. CDARS owns the administrative platform and PMA works as the intermediary to assist in finding the lead bank that sets the rate. Currently, OPRFHS has its money in 99 banks. The cost for this would be 25 basis points. It was unclear as to whether banks had to pay a fee to belong to CDARS. Placing the District's funds in this type of option even though all of its current deposits are guaranteed by the FDIC would eliminate 1) any delay in retrieving its money should there be a bank failure, and 2) the stress and inconvenience of going through a bank failure.

A second new investment option is a Term Series Pool. The District already invests in two of the series. Each pool is unique with bank deposits within a portfolio and the District would buy shares in the pool.

Comcast Contract

It was the consensus of the Finance Committee members to recommend to the Board of Education that it approve the contract with Comcast at its regular January Board of Education meeting, as presented.

Mr. Carioscio explained that having two providers of bandwidth in the building was positive both in terms of cost and service.

Increasing the high school's bandwidth is an underlying piece of technology that it must have. Should any further discussion occur about services for the whole community, it will help/add to that discussion. District 200 is also meeting with associate District 90 and District 97 and talking with other districts about their computer activity.

Amendment of Lease with Konica-Minolta

It was the consensus of the Finance Committee members to recommend to the Board of Education that it approve the amended lease with Konica-Minolta at its regular January Board of Education meeting. The amendment of the lease will allow Konica-Minolta to provide OPRFHS with a replacement for the DocuTech machine and provide service to it at the same cost and for the same term.

Northshore Academic Contract

It was the consensus of the Finance Committee members to recommend to the Board of Education that it approve the contract with Northshore Academics for supplemental educational services at its Special Board meeting following this meeting.

As a requirement of Title I, OPRFHS is required to notify families that it will provide outside tutoring if their children did not make AYP. OPRFHS mailed letters in the fall to those families whose children qualify for the Free and Reduced Lunch Program, are either freshmen or sophomores and did not make AYP about tutoring services and those providers. Thirty-two slots have been filled and there is a waiting list of five. If a family chooses not to follow through, the slot will be offered to the next family on the waiting list. Title I funds are used to provide supplementary educational services, professional development, offset some summer school costs, and a proposed reading program.

Summer School 2011 Budget and Fees

Discussion ensued about the administration's recommendation to increase tuition by \$5 and to increase teacher stipends by \$50 or a 2.25% increase for the 2011 Summer School. The dates of Summer School would be June 16 through July 27, which is 27 days of instruction. Some committee members wanted to consider holding steadfast on tuition and teacher stipends and asked how OPRFHS stipends compared to other school districts.

Approximately 42 to 44 teachers teach summer school of which 10 to 15 are from other schools. The argument given about raising the cost of tuition was because tuition not only covers the cost of the regular offerings, but also it helps support the Special Education portion of summer school, the 8 to 9 Program, the 9 to 10 Program, some assistance offered to students who cannot afford summer school or are specifically targeted by counselors for the Math Step Up Program, etc. Also the musical varies in its costs because sometimes it is not as successful as it is hoped or is more expensive. This year there may be some additional costs for support staff (security and clerical) as they will be paid at an hourly rate, per the Fair Labor Standards Act (FLSA), and after 40 hours paid at 1 ½ times their standard hourly rate. The District was appreciative that last year there was a surplus which went into the General Education Fund.

The Committee asked the administration to provide the Board of Education at its regular January meeting, the hourly rates for teachers from other districts and a comparative surplus between retaining the \$180 tuition fee versus increasing it to \$185.

Bid for Commodities

It was the consensus of the majority of Finance Committee members to recommend that the Board of Education approve the bid for commodities at its regular January Board of Education meeting on its consent agenda.

Ms. Witham reported that OPRFHS is audited by the government and has found that the OPRFHS Wellness Committee has stricter guidelines than the government.

Advisory Leadership Team Composition

This item was tabled until the adjourned Finance Committee meeting on Thursday, January 20.

Authority to Commence the Amended Budget 2010/11

It was the consensus of the majority of the Finance Committee members to recommend to the Board of Education that it approve the resolution giving authority to commence the Amended Budget for 2010/11 at its regular January Board of Education meeting.

Authority to Commence with Tentative Budget 2011/12

It was the consensus of the majority of the Finance Committee members to recommend to the Board of Education that it approve the resolution giving authority to commence the Budget for 2011/12 at its regular January Board of Education meeting on the consent agenda.

Further discussion would occur at the PEG meeting on January 20, 2011 about how the Board of Education goals would be incorporated into the budget.

Ms. Witham reported that the River Forest TIF dollars (\$500,000) would be included in the amended budget. Discussion ensued about whether to put this unanticipated funding in either the Capital Fund or the Education Fund. Ms. Witham recommended using these dollars to begin construction prior to July 1, when the new budget would begin so as to insure that everything could be completed before the start of the 2011-12 school year. She added that the one-time funds should be used for one-time expenditures. Ms. Patchak-Layman suggested that this money could be used for pilot projects or for one-time activities as a way to decide whether or not to include it as part of the regular budget or make modifications. She asked if this conversation was to be part of the amended budget or the regular budget process and suggested that this money could be used to start construction before July 1 and then replaced or held in an escrow account for next year. Ms. Witham stated that this is a Board of Education's decision.

Agenda Items

Due to the lateness of the day, Ms. McCormack asked if there were any questions/discussions about the following agenda items. There was no discussion or questions about these items.

- 1) River Forest TIF Update
- 2) Cicero Township Treasurer Update
- 3) Contracts between \$10,000 - \$25,000
- 4) Financial Reports
- 5) Monthly Treasurer's Report

As such, the Financial Reports and the Monthly Treasurer's Report will be forwarded to the Board of Education for approval at its regular January Board of Education meeting.

Adjournment

The Finance Committee recessed at 9:27 until after PEG Meeting on January 20, 2011.