Finance Oversight and Review Committee Meeting
October 10, 2019
Meeting Minutes

In Attendance: FORC Members: Chair - Carrie Hagner, Vice-Chair Dr. Michelle Mangan, Jeff Mathis, Justin Erkfritz-Gay, Greg Kolar, Peter Lisnic (on phone) Board Members: Holly Spurlock, Cheree Moore
Administration: Dr. Carol Kelley, Lou Anne Johannesson

Also in attendance: Robert Grossi/Crystal Financial Group, Jeanne Keane/Senior Director of Buildings and Grounds, Elizabeth Hennessy/Raymond James

Absent: Anna Richards

Chairwoman Hanger called the meeting to order at 7:07 p.m.

1. Public Comments: There were no public comments.

2. Standing Items - Approval of Minutes – Minutes from July 2019 were unanimously approved.

3. Financing Information

Grossi presented to FORC information that he will share with the full BOE at their October 15, 2019 meeting; he further reported that the capital plan is embedded in his numbers and presentation, and that Keane is at the table available for questions.

- The report included:
  - New assumptions for the 5-year forecast
  - If the BOE accepts all monies from the expiration of the TIF, the District will expect 5.1 million dollars
  - The BOE will make a decision on the expiration of the TIF dollars at its 12/19/19 meeting
  - He stated that the District not abate this year’s additional levy (Grossi met in-depth with former BOE member, Bob Spatz, to gain perspective on the abatement over the last 3 years)
  - Grossi further stated that his recommendation would be that the BOE capture all new revenue in and out of the TIF district
  - After the initial 5.1 M dollars from the TIF expiration this year, the District will accrue 360K a year over CPI index moving forward (for the last several years, the District’s distribution of the TIF dollars was 3M/year, this will no longer be available)
  - Grossi stated that if the District follows these recommendations, he sees no need for DSEB for the foreseeable future to cover capital projects
  - Grossi does not anticipate any new debt until 2025 if all recommendations are followed
Hagner asked what Grossi’s confidence level is on the assumptions he had just presented. Grossi responded that he has full confidence in the revenue assumptions. Mangan stated that the District is still not using its transparency policy. She asked what the purpose of FORC is, if they’re only looking at high-level financial information. She asked when the staffing decisions would be made for next year’s budget.

Spurlock stated, that the staff decisions for the next year have not been finalized. The work begins after the first of the year. Moore suggested that FORC come to the BOE meeting prior to its vote on financial decisions. Grossi stated, that his financials should not be viewed as part of a staffing plan. However, the assumptions have factored in a 3.3% overall staffing salary increase in 2022, in that year a new contract will be negotiated and therefore assumptions will have to be adjusted based on the outcome the new contract. He has also taken into account confirmed retirements through the year 2025. Grossi reinforced his confidence in the revenue assumptions. He stated that revenues are expected to exceed expenses by 3.6M over 6 years. Grossi stated that the BOE has abated additional levy dollars over the last 3 years to pay for the Holmes school expansion in lieu of DSEB dollars. Spurlock expressed that it was indeed the choice the BOE made. Spurlock stated that 14M in property taxes have annually gone into the TIF district and that the 5.1M is D97’s share. Hagner asked, “Then why wouldn’t the BOE choose to capture it?”

Spurlock stated, that as she understands it the increase will be $150/household for the D97 share of the TIF dollars and that this is the important conversation that the BOE will be having over the next 2 months. Erkfritz-Gay asked for clarification in terms of the options available for capital projects that would fall beyond the referendum dollars of 2017. Grossi replied, that if the District captures all of the TIF and additional levy revenue, and keeps spending under the CPI index, DSEB will not be needed. He further explained that if the state of Illinois passes a property tax freeze, all assumptions would need to be revisited. Moore asked that if the BOE adopts all of the recommendations laid out in this reporting, where does that leaves the fund balance over the next 5 years. Grossi stated, that there will be an increase in the fund balance in the first year if all available revenue is captured. However, that is a one-time only increase and thereafter fund balances will be lowered primarily due to the fact that the District was receiving 3M from the TIF and once the TIF expired after the initial intake of $5.1M the District moving forward will only receive $360K/year. The fund balance, according to BOE policy should remain between 3 months and 6 months surplus. Hagner stated that that is correct and that this policy was drafted by FORC in 2017.

Spurlock stated that she is “in the camp” of having the fund balance closer to 3 months than 6.

FORC recommended that the district capture the estimated $5.1 million from the expiration of the TIF. The vote was unanimous.

BONDS

Hennessy and Grossi recommend that the District sell the remainder of the 2017 referendum bonds by January of 2020 to lock in a good rate, and because work will begin on the projects in late spring of 2020. Spurlock reminded the group that the summer 2020/2021 work was part of the commitment made to the community in the 2017 referendum, and that unlike Holmes expansion, operational dollars and abated levy cannot be used. Lisnick asked Grossi if he is confident that CPI rates will not go down. Grossi and Hennessy expressed confidence that the bond sale should happen in January, and at the latest February of 2020, to ensure the best rate for the District.

FORC recommended that the district issue the $27.5 million of remaining Capital referendum bonds for construction projects scheduled for the summers of 2020 & 2021. Five members voted to send the recommendation to the full Board of Education. One member abstained from voting on the recommendation.

5. Adjournment: The meeting was adjourned at 8:56 pm