

For Board of Education Review and Approval on February 19, 2019.

SCHOOL DISTRICT 69
Skokie, Illinois 60077

January 31, 2019

**SPECIAL MEETING OF THE BOARD OF EDUCATION
COMMITTEE OF THE WHOLE**

The special meeting of the Board of Education, School District 69, Cook County, Illinois, was called to order in the District Office Board Room, 5050 Madison Street, Skokie Illinois on January 31, 2019 at 6:35p.m. by Mr. Steve Dembo, President.

ROLL CALL

The following members of the Board responded present to the Secretary's call of the roll:

Mr. Steve Dembo	President
Mrs. Felicia Holtz	Secretary
Mr. Richard Van Hees	Member
Ms. Fernanda Perez	Member
Dr. Mark Chao	Member
Ms. Tessi Davis	Member

The following members were absent:

Mrs. Joanne Marsden	Vice President
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Also Present: Margaret Clauson, Superintendent; Justin Attaway, Business Manager; Lorenzo Cervantes, Principal; George Demarakis, Jeff Huck, Rick Cozzi, Jillian Scholl, ARCON Associates; Jeff Zurlinden, Joe Papanicholas, Nicholas & Associates; Elizabeth Hennessy, Raymond James, and Nathan Coleman, parent.

STATEMENTS FROM VISITORS

There were none.

CHANGES/DELETIONS

There were none.

Construction Design Options Phase 3 (Lincoln)

Dr. Clauson introduced Architects Jeff Huck and George Demarakis from Arcon. She noted that they would be reviewing several potential design options for Lincoln. Mr. Demarakis reviewed the process starting with the BOE decision in early October to move Lincoln modernization forward in the master facility plan schedule. The architects met with the administration to further refine the facility needs and to kick-off a more in depth design process. The subcommittee visited several area schools that had recently modernized their facilities. They saw several examples of schools that had added on to existing buildings and modernized structures as well as districts that had decided to replace a significant portion (or in some cases all) of their existing buildings. Three options were reviewed in late November. Based on construction manager input regarding the significant structural issues – specifically asbestos abatement/containment and water intrusion issues – a fourth option was developed. The Facilities and Finance Board subcommittee reviewed the four options in December, and recommended that a Committee of The Whole meeting be convened for the full board to review the options.

Mr. Huck reviewed each of the four options. Option 1 includes a new addition and renovation of the existing building. It is the least expensive option in terms of construction costs but has some significant long-term annual expenses to continue to maintain the 1928 and 1957 portions of the building. In this option, the 1928 building presents significant hurdles to modernization, and the building cannot be fully modernized to appropriately support the learning model. The water intrusion issues cannot be fully addressed and this option will continue to require regular capital outlay. Option 1 has the highest renovation costs as a

significant portion of the dollars is diverted from creating appropriate learning spaces to structural upgrades and repairs.

Under Option 2, the 1928 building is demolished and the remaining building modernized along with a new addition. This option has one of the longest construction timelines and the most impact on students over several years during construction. It would also require the district to find temporary spaces for administrative offices, drama/fine arts, and the library. It's a high cost option, and the final design does not provide adequate space for the 4-section organization (6th, 7th, 8th and advanced). Providing for that space would further escalate the cost.

Option 3 includes demolishing all but the existing 2003 gym and building a significant addition. An advantage of this model is that all spaces are new except for the existing gym. However, this is the most expensive option. Construction under Option 3 is very difficult as all of the programs housed in the 2003 wing of the building would be displaced over at least one school year and there is no place to move them. It also displaces the mechanical systems for the occupied building during construction, requiring the construction of temporary mechanicals and further increasing the cost.

Options 4 includes demolishing the 1928 and 1957 sections of the building, modernize the 2003 building and existing gym, and add on to the building. This option allows for all new spaces and updated learning environment, and aligns the building with the instructional program. It can be phased in a way that allows the existing school to operate with little to no disruption. There are improvements to the site including pick-up/drop-off, parking, and outside sports areas. The Richert Room can be memorialized within the new community schools space, and key architectural elements can be repurposed into renovated spaces and the new addition.

The range of costs for Options 1-4 are \$30 - \$50 million, with Option 1 as the least expensive and Option 3 as the most expensive. The projected cost of Option 4 is \$40 million. During the Master Facility Planning process, the Lincoln renovation was projected at \$28 million and was most similar to Option 1. However, based on the recent experiences during renovations, the structural limitations of Lincoln are better understood - how they would impact the cost of construction, the timeline of projects, and the inability to fully address those limitations. It is impossible to fully abate the asbestos in the building – it can only be contained and requires costly construction techniques for any future changes. Additionally, the older sections of the building have significant water intrusion issues that require costly annual repairs/upkeep and cannot be addressed without rebuilding the exterior walls and re-roofing the entire building at significant expense.

The Facilities and Finance sub-committee has identified Option 4 as the preferred option. The F&F committee believes Option 4 best supports the educational program, addresses the priority areas, and provides the best long-term return on investment.

Dr. Chao added that the existing basement was never intended to be used as instructional space. Its original purpose was to house the steam pipes used to heat the building. This space is less than desirable as an instructional space. Dr. Chao also noted that over the past ten years, the Board has spent money in an attempt to address immediate need issues related to security, water intrusion, safety, and basic operations (flooring, lockers). However, these have been more band-aid or stop-gap measures to keep the building operating, and have not addressed the bigger needs.

Mr. Van Hees inquired about the ongoing costs associated with maintaining the building and addressing the water intrusion issues. Dr. Chao noted that it has been fairly significant over the years and the issues cannot be remedied. Mr. Attaway will compile the recent history and share with the Board.

Mr. Van Hees also acknowledged that the current group of 6th grade student will once again be impacted by construction that will not be completed until after they graduate.

Ms. Davis inquired about preserving the history of the building, and ensuring that in any option care is taken to preserve those features. Several Board members expressed their support for ensuring that this is part of any plan.

Mr. Demarakis shared a tentative timeline for Option 4. Design work would commence now with construction documents prepared at the start of the next school year. Bids would be sought in the second semester of the next school year, and ground could be broken as early as March 2020. Construction of the new addition would take 14 months from Spring 2020 – Summer 2021, and the new facility could be

occupied for the start of the 2021-22 school year. There would be Summer 2022 work that would need to take place before the entire project was complete. This work includes demolition and site work.

Ms. Davis asked about whether or not the proposed construction timeline would impact the school calendar with a late start. Dr. Clauson noted that it is too early to know, but it's not uncommon during major construction for districts to need to flex their calendar in order to provide sufficient time for work to be complete.

Ms. Holtz expressed concern that the District financing plan keep in mind the needs at Madison School. She shared that she did not want to be in a position where there is not money available to address the facility needs at Madison. Mr. Attaway reported that the District is in process of completing the Ten-Year Life Safety review. The tentative draft has approximately \$1.5 M in Life Safety projects for Madison. Assuming the State approves those, the District will have Life Safety funds available to begin addressing some of the more immediate needs.

Financing Options Construction Phase 3 (Lincoln)

Dr. Clauson introduced Elizabeth Hennessy, Raymond James, for a finance update. Dr. Clauson reminded the Board that Lincoln was originally slated for Phase 6 and beyond in the Facility Plan. Selecting Option 4 increases the original projected cost, however, as discussed earlier in the meeting the extra dollars invested will fully address the structural issues and eliminate on-going capital outlay to maintain the aging structure. The Option 4 estimated cost is \$40 million, and Ms. Hennessy's presentation will focus on the options available.

Ms. Hennessy explained that the financing plan was similar to the way the district had funded earlier construction projects including the most recent at Madison and Edison. The plan includes using a combination of designated fund balance and issuing bonds. One option includes utilizing operating funds to pay for alternate lease bonds.

Ms. Hennessy reviewed the current market rates, which continue to be favorable for bond issues. Ms. Hennessy reviewed the District's current debt limit and the capacity for future bonds. Ms. Hennessy reviewed Alternate Lease Certificates and explained that the title for the school is held by a bank until the debt is paid off. In order to issue alternate lease certificates, the district has to have operating funds to pay towards that debt. Ms. Hennessy also discussed the implications of exceeding the debt limit. These include a lower financial profile score from ISBE and/or a bond rating downgrade by Moody's. Ms. Hennessy noted that the debt limit is 6.9% of EAV, which is a statutory limit set many decades ago and many districts outside of the collar counties routinely exceed that limit due to lower EAV.

Ms. Hennessy shared a plan that includes \$27 million in bond issues and \$13 million in fund balance. Ms. Hennessy then shared three debt service options with different timelines and different structures. She noted that her models are very conservative because she assumes no EAV growth and CPI at 1.5% for the next 18 years, however, the District already knows there will be EAV growth with some of the development in downtown Skokie and a triennial reassessment on the horizon.

In Option 1A, the District would issue \$20M in DSEB Bonds (\$9.5 M in 2020 and \$10.5 M in 2021) along with \$7 million in Alternate Bonds with either a 15 or 20-year repayment. In Option 1B, the District would issue \$20M in DSEB Bonds (\$9.5 M in 2020 and \$10.5M in 2021) along with \$3.5M in Alternate Bonds in 2022 and \$3.5M in DSEB Bonds in 2023. Option 1B would free up operating fund dollars.

In Option 2 the District would ask the voters via a referendum in March 2020 to issue \$9.3M in referendum bonds with a 20-year repayment. This would effectively extend the previous referendum bonds from 2010. Then the district would issue \$17.7M in DSEB Bonds (\$10.5M in 2020 and \$7.2M in 2021). This would free up all of the operating fund dollars, but would also place the largest burden on taxpayers. This option would also delay construction by at least a year, and would result in increased construction costs which the construction managers estimate at 3.75% per year.

Dr. Chao indicated that Options 1A and 1B align with the Board's financial goals. They put the least amount of burden on taxpayers by utilizing fund balance and operating funds without asking taxpayers for additional funds (as in Option 2). He supported Option 1B. Ms. Davis asked if the financial projections for the district indicate that there is fund balance available to pay the alternate lease bonds. Mr. Attaway confirmed that there are, and that Option 1B is a better option since it commits less of the operating funds. Dr. Clauson noted that in Option 1B the Alternate Bonds are not issued until 2022. It's possible that the Board could

continue to tweak the plan including reducing the Alternate Bonds and increasing the DSEB bonds. Those decisions can be made as we receive new information on EAV and CPI.

Dr. Clauson explained that there is nothing for the Board to vote on at this meeting. Instead, the administration seeks direction from the Board on which design plan and financing plan they would like to pursue. This will allow the architects to begin focusing on a design plan and the construction managers to continue to advise as to whether the plan fits within the projected budget. The Board takes formal action at various later points in the process – at the time bonds are issues and when bid packages are approved. Dr. Clauson also explained that similar to the previous construction, the Board would hold a Town Hall Meeting in late August/early September. At the Town Hall meeting, the Board would review with the community the overall construction and financing plan for Lincoln.

The Board expressed its support for Design Option 4, and for Financing Option 1B.

ADJOURNMENT

There being no further business to come before the Board at its regular meeting, it was moved by Dr. Chao and seconded by Mr. Van Hees and on a voice vote unanimously carried that the meeting adjourn.

The meeting so adjourned at 8:35p.m.

President

Secretary