

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

FINANCE COMMITTEE MEETING

Tuesday, March 13, 2007

A Finance Committee meeting was held on Tuesday, March 13, 2007. Chair John P. Rigas called the meeting to order at 7:33 a.m. in the Board Room. Committee members present were: Barbara P. Fernandez, Valerie J. Fisher, Dr. Barry S. Greenwald, Dr. Dietra D. Millard, Yasmin A. Ranney, and John P. Rigas. Also present were: Susan J. Bridge, Superintendent/ Principal; Cheryl L. Witham, Chief Financial Officer; Jack Lanenga, Assistant Superintendent for Operations; and Gail Kalmerton, Executive Assistant/Clerk of the Board.

Visitors included: Kay Foran, Director of Community Relations and Communications; Robert ZumMallen, Director of Buildings and Grounds, James Paul Hunter, F.S.E.C. Chair; Erica Cohen, Supervisor of Finance; Neil Weisman, faculty member.

Acceptance of the February Finance Committee Minutes

The Finance Committee members reviewed and accepted the minutes of the February 13, 2007, Finance Committee, as presented.

Visitor Comments

Mr. Weisman, faculty member, addressed the Finance Committee members regarding the increasing cost of the Childcare Center. Even though he and other faculty members had met with Ms. Witham and Ms. VanNatter, the director of the childcare center, the day before and who explained clearly why the tuition for the toddlers was being raised, he wanted to express his desire for the Board of Education to spread raising the cost of the toddler weekly fee by \$35 over a two to three year period for the following reasons:

- 1) This increase would wipe out any salary step increase that could be realized; and
- 2) It is now too late for any parents to find alternative childcare that would be less expensive.

He noted these were his thoughts and that a more formal presentation may be made by other parents with children in the childcare center at a later date. The parents love the childcare center and it is a great benefit. It has been used as a carrot by more than one department head in enticing perspective employees to accept a job at O.P.R.F.H.S.

He understood the importance of having reserves, but if a small adjustment were made in next year's budget, the budget would still be profitable.

Ms. Ranney asked if the high school were commensurate in terms of outside childcare centers. She was informed that the toddler cost is a little above market, but the teacher-to-student ratio is only 4 to 1; it is the same as the preschoolers. The comparable centers in the area are 8 to 1. The children enjoy smaller class size at O.P.R.F.H.S. Ms. Witham stated that the Business Office is working collaboratively with these parents. While a surplus is projected for this year, only one childcare employee is requesting health care at this time. If that were to change, there would be a deficit.

Dr. Millard asked if were possible to grandfather people in to lower rates. Ms. Witham responded that it was and that this will be a discussion for the next Finance Committee meeting. Next year, she will bring approval for any rate increases to the Board of Education earlier in the year to accommodate the parents. Mr. Hunter explained that the January timeframe was at issue because of the flexible spending account. In the marketplace, parents must pay for 12 months of childcare and only nine months at O.P.R.F.H.S. and they need to know how much to allocate to their flexible spending account.

Ms. Witham reiterated that the discussion would continue.

Construction Update

Mr. Lanenga introduced Mr. ZumMallen and spoke about his credentials and what he had brought to O.P.R.F.H.S.

Mr. Lanenga provided a written report on the emergency replacement of a coil, which heats and cools the auditorium (attached to and made a part of the minutes of this meeting). Not being able to control the temperature will be a significant issue in the spring, especially for large events such as the eighth grade graduations, concerts and possible viewing of O.P.R.F.H.S.'s own graduation. State law allows for an emergency project to commence without going through an extended bidding process. The administration considers this to be an emergency. The cost will be approximately \$125,000. Mr. Lanenga also reported that because this qualifies for life safety, the school can levy for it. It was the consensus of the Board of Education to add the approval of the replacement coil to the agenda of the March 15, 2007 Special Board of Education Meeting.

Skyward

Mr. Lanenga's written report on Skyward (attached to and made a part of the minutes of this meeting), indicated that Skyward continues to run as expected. Occasional bumps in the road sometimes occur when someone runs a big report or if the T-1 line is suddenly saturated due to an inadvertent routing of non-Skyward information.

The Skyward Steering Committee meets monthly. This month the decision was made to open "Parent Access" to all teachers. This will allow teachers to see how a student is

performing in other classes. Parent Access will be closed during exam week. Final grades, as computed, post immediately and teachers often re-calculate or make changes to grades. During this week, the information causes more problems than it solves. The committee also suggested that Skyward improve its software. In the past, Skyward has incorporated many of the high school's suggestions.

Oak Park Taxing Bodies Agreement with District 97

Ms. Witham provided a detailed memo on the possible options the Oak Park Council of Governments had agreed would help solve District 97's financial problems. She noted that a subcommittee, composed of the chief financial officers from each entity, was formed and these suggestions were brought back to the larger group. The CFOs reviewed the current EAV and distribution levels from the Madison Street and Downtown TIF districts and have noted that the EAV's and distributions were higher than had been anticipated. In the case of the Madison Street TIF, there is the potential to increase TIF distributions over the short term, forfeit those distributions to District 97, and then delay the 100% distribution from the TIF by two or more years. However, TIF distributions are allocated to all taxing bodies, including those taxing bodies outside of Oak Park. If distributions are increased solely to benefit District 97, 12 percent of that distribution would be immediately lost to the taxing bodies outside of Oak Park. The group suggested finding alternative funding options. Additional suggestions included the sale and potential leaseback of District 97's property on Madison Street.

An attached spreadsheet contained the summaries on the possibilities or opportunities with comments about why or why not they were good plans. In the end, the solution will require a combination of solutions. Unless another idea arises, there will be some kind of distribution. Because the Madison Street and Downtown TIF distribution will be more than planned, the impact may not be as great as originally thought. The Madison Street TIF distribution starts in 2009.

Discussion ensued. Ms. Ranney had significant concerns about this. She asked what measures District 97 had taken to curtail its spending. She would like that detail. She was informed that in the 2006-07 school year, 12 people were fired. Ms. Ranney felt that this was not enough. When one is aware three years prior that people and programs have to be cut, it is in a critical financial state. She was concerned about releasing the high school's funds. She asked if the high school would ever get the money back. Ms. Witham responded no. Mr. Rigas pointed out that the high school would be giving up \$2.1 million and still getting \$4.3 million. Ms. Ranney reiterated that this situation was predictable and the Village of Oak Park did help District 97 a couple of years ago. She felt strongly about this, even though District 97 made personnel cuts this year as she has seen areas where different choices could have been made.

Ms. Fisher asked if there were progress made with the Village not using TIF Funds for its operating expenses. Ms. Witham responded that both villages were paying for some administrative expenses out of the TIF funds. In Ms. Fisher's opinion, that was a more basic problem. Before the issue of District 97 can be resolved, there needs to be

assurance that the amount of money available is all what it should be. Ms. Witham noted that discussions are continuing and pressure is being applied in Oak Park. In the last meeting regarding the TIF's, the Village was given a deadline of July 1 to solve that problem and to come to an agreement on how it would separate out those services. It is presently giving District 97 money for transportation, paying for the policeman on the beat, etc. The 2005 TIF report was just received.

Ms. Fisher felt it was disingenuous to talk about entering into an intergovernmental agreement about District 97 when there is not a current annual report on the TIF itself. Assuming the Village admits this money is coming from the TIF instead of their own budget, would the Village backfill? Mr. Rigas did not believe that would be the case. The Village is the same as the high school; it has a budget. The Village can take money out of the TIF or use other resources. Ms. Fisher noted that the Village has a variety of ways to get revenue, but the high school does not. She continued that everyone is being asked to assist District 97 because of the Villages of Oak Park and River Forest and what they are doing with the TIF's.

Dr. Greenwald noted that it was Village President Pope who commenced the discussion of the District 97 bailout this time.

Ms. Fisher stated that the Village has not yet said what it will do with the millions it had supplied the Park District before the approval of the Park District's referendum. She felt that these unknowns should be resolved before any decisions were made. While this appears to be an appealing solution for District 97, all of the taxing bodies, particularly, the Village of Oak Park, needs to be upfront about what is happening. She would hate to be the hold out for District 97, as the high school certainly supports it, but the Village must cure some of the unknown issues before others can be asked to help with this issue. Ms. Ranney stated that at a minimum, a report on the distribution of funds was needed. Dr. Millard asked what District 97 could do to reduce administrative costs?

Ms. Witham offered to bring back the message to the Village of Oak Park that the O.P.R.F.H.S. Board of Education would like to know the following:

- 1) What is happening with Park district funds
- 2) What is District 97 doing to reduce administrative costs, and
- 3) What are the administrative costs the Village is paying from the TIF?

Ms. Fisher stated that she would not sign on to any governmental agreement until the Village comes forward with the above information. Dr. Greenwald stated that not approving a proposal would have a strong impact on District 97. Ms. Fisher felt District 97 should also be pressuring the Village.

At the last meeting, Ms. Witham reported that District 97 agreed to sell the building and if additional money were needed, discussion would ensue about distributions. It could also sell its warehouse to the TIF. Ms. Witham noted that District 97 had not outlined its needs. No date for the next meeting had been set.

It was the consensus of the Committee members to delay writing a letter to the Village of Oak Park outlining the need for information as noted above until a future date.

TIF Reports

Ms. Witham prepared a written report on the Oak Park and River Forest TIF Districts (attached to and made a part of the minutes of this meeting).

District 200 TIF distributions for FY 2007 will be:

\$317,025 from the Downtown Oak Park TIF

\$177,400 from the Madison Street TIF

\$125,000 from the River Forest TIF

She asked if the Committee members had any questions. When asked how much the administrative costs were, Ms. Witham responded that they were approximately \$200,000. Both Villages have no intention to reduce the costs. When asked if this were against the law, Ms. Witham responded that there were attorneys in the room when this was being discussed. Ms. Witham was directed to have a conversation with Greg Peterson, the previous finance director for the Village of Oak Park.

Amended Budget

Ms. Witham presented the Committee members with the 2006-07 Amended Budget's Management Discussion and Analysis Report (attached to and made a part of the minutes of this meeting) and highlighted the information contained in it. She informed them that the Board of Education would be asked to approve the amended budget at its regular April Board of Education meeting.

Gatekeeper Agreement

Ms. Witham provided a copy of the agreement for Gatekeeper Administration & Consulting L.L.C. to be the plan administrator for the District's 403 (b) and 457 deferred compensation plans. This firm advises the District of the legal aspects of the plan, maintains plan compliance, and distributes funds to various vendors on behalf of the district.

It was the consensus of the Policy Committee members to recommend that the Board of Education approve this agreement at the meeting on March 22, 2007.

Township Treasurer Update:

Ms. Witham reported that the interim Township Treasurer Jeffrey Schroeder held a meeting of member districts on March 6, 2007. At that meeting, he updated the districts on the reconciliation process. He informed the group that seven or eight more accounts

had been found. It is not clear at this point to whom the total balance of approximately \$5.5 million belongs.

O.P.R.F.H.S. would like to move forward on the June 30, 2006 balances and begin reconciling 2007. The interim treasurer and staff were agreeable to expediting O.P.R.F.H.S.'s reconciliation.

Ms. Witham's office is presently reviewing RFP's for banking and investment services and plans to make a recommendation to the Board of Education shortly.

The services of Virchow Krause will cost \$750,000, but there will be a savings of \$300,000 per year in salaries and benefits.

Ms. Ranney asked if Ms. Witham was continuing to see representation from the other districts at the Township Treasurer's meetings. Ms. Witham stated that only the business managers now attend. At the last meeting, District 201 voiced its opinion that O.P.R.F.H.S. should pay all the auditors' fees.

Senate Bill 423, which will allow the Berwyn and Cicero districts to withdraw from the Treasurer's office, has passed out of committee. The Cicero and Berwyn districts are hopeful that a referendum to abolish the office will be successful in the April election. While the Oak Park incumbents, Louis Angelina's and Maureen Sherwood, are running, the other candidates could be elected and then Mr. Sullivan would not enjoy a cooperative majority of the board.

Ms. Witham noted that Paul Millichap was drafting an intergovernmental agreement so that O.P.R.F.H.S. could withdraw in May.

To Ms. Fernandez's question as to whether O.P.R.F.H.S. had sufficient staff to take on these additional responsibilities that the Township Treasurer's Office did, Ms. Witham responded that while the Business Office is stretched and behind in some things, Ms. Cohen, the new Superintendent of Finance is very helpful as is the rest of her staff.

Mr. Rigas asked how the bank accounts were discovered. Ms. Witham stated that the Treasurer's Office simply received a letter informing it that the investments had matured.

Ms. Fernandez asked how deposits would be made when O.P.R.F.H.S. has control over these funds. Illinois Asset Fund will be recommending a package for investment, banking and cash flow. Both Ms. Witham and Ms. Cohen have had this responsibility previously. When asked if more than one financial institution would be used, Ms. Witham said she was not sure. Presently, O.P.R.F.H.S. has two small accounts at Park National Bank.

Monthly Financial Statements

Mr. Rigas acknowledged the financial statements included in the packet. No discussion ensued.

Adjournment

The Finance Committee adjourned at 8:48 a.m.