

OAK PARK AND RIVER FOREST HIGH SCHOOL

Julian Middle School
416 S. Ridgeland Avenue
Oak Park, IL

JOINT SPECIAL BOARD MEETING

Village of Oak Park, Oak Park Elementary School District 97, and
Oak Park and River Forest High School 200
December 13, 2011

The River Forest Elementary School District 90, the Oak Park Elementary School District 97, and the Oak Park and River Forest High School District 200 held a Joint Board Meeting on Tuesday, December 13, 2011, beginning at 6:33 p.m., in the Board Room of the OPRFHS.

Roll calls showed following Board and Trustee Members present:

District 97 Board of Education

Peter Barber, President
Robert Spatz, Vice President
Amy Felton
James Gates
Jim O'Connor
Denise Sacks
Peter J. Traczyk

District 200 Board of Education

Dietra D. Millard, President
Terry Finnegan, Vice President
Amy Leafe McCormack, Secretary
Ralph H. Lee
Sharon Patchak-Layman
John Phelan
Valerie J. Fisher

Village Oak Park Trustees

David Pope, President
Glenn Brewer
John Hedges
Ray Johnson
Colette Lueck
Adam Salzman

Also present were: Dr. Steven T. Isoye, Superintendent District 200, Dr. Albert Roberts, Superintendent of District 97, and Dr. Edward Condon, Superintendent District 90; Tom Barwin, Village Manager of the Village of Oak Park; Sheryl Mariner, Clerk of the Board of District 97, and Gail Kalmerton, Executive Assistant/Clerk of the Board of Education District 200, and Therese Powell, Clerk of the Board Village of Oak Park.

Visitors

Kay Foran, Community Relations and/or Communications Coordinator; Cheryl L. Witham, Chief Financial Officer; Tom Barwin, Village Manager of Oak Park; David Powers, Public Relations of the Village of Oak Park; Chris Jasculca of District 97; Bridge Doyle of *Chicago Trib Local*, William Dwyer and Marty Stempniak of the *Wednesday Journal*; Carolyn Newbery Schwartz, Dr. Anthony Millard, Victoria Shartz, James Paul Hunter, and other community members.

Mr. Barber thanked the Julian Middle School community for hosting this meeting. He continued that the three governing boards have been working for years to reach agreement about how payments and details of the Downtown TIF should be handled. Because of mediation and additional discussions, they were prepared to consider approval of the settlement teams have presented. He recognized the negotiation teams and the administrators that were part of this, noting that their work was much appreciated.

No public comments were received.

Mr. Pope stated that the Village was pleased to be at the meeting to have the opportunity to approve a draft settlement agreement that is forward looking in nature. It looks at the opportunities to be able to set aside the kind of litigation that lead to the mediation discussions. It helps to address some of the key concerns from each entity. It is not probably what any of the jurisdictions wanted going into the settlement discussions, but it is something each of the bodies feels is a fair representation of their interests. It captures the concept that District 97 should be held harmless in potential losses of the General State Aid (GSA). It addresses the Village's current commitments by the TIF, i.e., debt and other obligations. It acknowledges that in these difficult economic times, it would be difficult for the TIF to meet all of the obligations. The negotiation teams and the CFO's from each entity have carefully reviewed the settlement. While giving credit to all of those involved in this process, he specifically gave credit to Bob Spatz, John Phelan, Valerie Fisher, Ray Heiss, Darrell Davison, and John Hedges.

Mr. Hedges moved to approve the motion moved to approve the Settlement Agreement, dated December 13, 2011, (including all Attachments and Exhibits) between the Village of Oak Park, Oak Park Elementary School District 97, and Oak Park and River Forest High School District 200 to resolve the Cook County, Illinois, Circuit Court Case No. 10CH07059; seconded by Mr. Johnson.

Mr. Traczyk stated that District 97 had not wanted to enter into legal action and he had believed it could be settled through dialogue with the respective Boards. The facts on the ground changed dramatically in the performance of the TIF and this is the best agreement he believed they could reach. District 97 was very pleased as a district with the outcome of the settlement negotiations and he thanked the Board of Education of District 200 for its support of District 97's financial position and the understanding of its position as well as mutual recognition that the students of District 200 depend in large part upon their experience and success at District 97. That mutual recognition coalesced around the right way to look at this as this went forward. He thanked Mr. Phelan and Ms. Fisher for their long hours, increasing understanding, building relationships, and their honest and genuine willingness to reach an agreement that supported both their missions as well as ultimately avoiding a burden on the Oak Park taxpayer. He considered them friends. He also thanked Village for its long-term support, Dr. Roberts, and Therese O'Neil as well as his colleague board member Bob Spatz for his detailed and understanding of education funding in Illinois as well as the Cook County tax levy system. Mr. Spatz was a rock for the District 97 board in helping to understand the complex concepts that are not routinely talked about by school boards. The ongoing existence of the TIF deters significant loss of GSA for District 97, which would have occurred had the TIF had terminated prematurely. District 97 projected to net \$9 million dollars more than if the TIF was dissolved because of these negotiations. While no one thinks this will happen, the

Settlement Agreements allows for participation and growth within the TIF once it does cease upon its normal and natural life in 2018. It also protects District 97 assumptions that were built into its referendum sizing. It was important to see predictability and The District hoped that it would fall in line with the referendum. While it will not hit the dollars exactly that were project, it is close enough so that District 97 will not take a big hit going forward. It allows the districts to focus on the students and has increased intergovernmental cooperation in the best interest in all of their students.

Mr. Traczyk moved to approve the Settlement Agreement, dated December 13, 2011, (including all Attachments and Exhibits) between the Village of Oak Park, Oak Park Elementary School District 97, and Oak Park and River Forest High School District 200 to resolve the Cook County, Illinois, Circuit Court Case No. 10CH07059; seconded by Mr. Gates.

Mr. Phelan stated that he was pleased to present to the District 200 Board of Education and to the public a settlement agreement tentatively reached by the mediation teams of the Village of Oak Park, Oak Park Elementary School District 97 and Oak Park and River Forest High School District 200. He recommended this agreement be ratified and provided the following statement in support of that recommendation.

Mr. Phelan stated that everyone knew the history of this litigation well – the different interpretations offered by the parties, the rationale by which the Village stopped making carve-outs to the TIF District and the interpretation of the 2003 IGA that compelled District 200 to file the lawsuit that he asked to end here tonight. Fortunately, the parties were directed to mediation and in large part due to the skill of the mediator, the parties did not spend the mediation sessions dwelling on who was right and who was wrong. His father once told him that he would have to face a choice on occasion – would he rather be right, or would he rather be happy. When taxpayer dollars are being spent on lawyers, there is an obligation to look at what solution serves the constituents in the future, rather than where, if anywhere, blame should lie. That is not to say that litigation and mediation did not serve a purpose – on the contrary, they served a very important purpose.

They enabled the parties to renegotiate effectively the 2003 IGA in a manner that protects students and taxpayers and allows schools to focus on teaching children and the Village of Oak Park to focus on providing services and economic development to its citizens. To their credit, the mediation teams utilized this opportunity to put the past behind us and to craft an agreement for all of our future that focuses entirely on these interests.

Mr. Phelan continued that the agreement proposed allowed property tax revenues collected for levy years 2010 and forward to be used for very few and very specific purposes. First, TIF money is to be used to pay off debt incurred for TIF related economic development, avoiding increasing costs to Village taxpayers for the remaining life of the TIF. In addition, the settlement would allow the continued collection of money for Special Service Areas, funds collected voluntarily by businesses to be used for group purposes. Finally, the TIF allows a small amount of specified vacant property to be developed within the TIF and for the EAV generated by that development to be used to pay for development expenses, a victory for the village and, in the longer run, for its taxing bodies.

Mr. Phelan stated that those on the mediation teams know that this is not the settlement any of them wanted, but as they met and exchanged visions they came to understand that it is the settlement they could all live with because it balances the interests of the students and the constituents. He applauded the trust and sacrifice of the mediation committee members, the respective boards, and the staff members all of whom worked hard to arrive at this point. He looked forward to the cooperation of the governmental bodies to continue to keep Oak Park and River Forest the exceptional communities where he grew up, was educated and where he chose to return to educate his own children. In this spirit, he would move for the Board of Education of Oak Park and River Forest High School District 200 to adopt the settlement agreement presented here today.

Mr. Phelan moved to approve the Settlement Agreement, dated December 13, 2011, (including all Attachments and Exhibits) between the Village of Oak Park, Oak Park Elementary School District 97, and Oak Park and River Forest High School District 200 to resolve the Cook County, Illinois, Circuit Court Case No. 10CH07059; seconded by Ms. Fisher.

Amendments to the latest draft the officials received earlier included:

- 1) All those pages marked as “Attachments” are now marked as “Exhibits”
- 2) Exhibit A, page 6, last bullet replaced the word “percentage” with the word “distributed”

Ms. Patchak-Layman asked why the settlement agreement had not been made public before this meeting for the community to review before it was approved. Mr., Phelan stated that the rules of the mediation provided for confidentiality amongst the parties while the mediation continued. He has seen that in his work as a labor negotiator and employment litigator. Discussion of what was in the agreement continued until that afternoon. While the bodies looked at the agreement as a mainstay it was not finalized until that afternoon. It allowed an open discussion to understand everyone’s perspective. He added that his own belief was that boards were elected to lead and he will lead and move on voting today. Several proposals had gone back and forth since the Board of Education had seen the latest draft, but other than the typos that were pointed out earlier, no other change were made.

Ms. Patchak-Layman read the following statement: “For all of my years in elected office, the TIF has been front and center. I was elected to a school board to provide educational services and to make use of local tax dollars to provide those services. The problem with TIFs is that those school dollars are diverted from services to something called “economic development”. I do not believe that school tax dollars should be used for anything but providing an educational program to students.

“I also believe that property taxes collected and spent should be very straightforward. In a January 2003 Oak Park Township press release, Oak Park Assessor, Ali ElSaffar, explained the relevance of TIFs to properties outside TIF districts.

“After all, one might think, only properties within TIF districts pay for TIFs. According to ElSaffar, however, he stated that it was more accurate to say that properties within TIF districts pay for TIFs directly. However, all other Oak Park properties also contribute to TIF districts, albeit indirectly. Properties within TIF districts generally pay the same rate as everyone else; the money those properties pay to the TIF district reduces, dollar for dollar, the

money they pay to schools and other taxing districts. To make up for the money diverted to the TIFs, properties outside the TIF boundaries have to pay the other taxing bodies more. Thus all Oak Park taxpayers, no matter where they live, have a stake in what happens with TIFs.”

“The collection of tax dollars in Oak Park is not straightforward. TIFs cost Oak Park property tax payers an additional 5% on the tax bill. This is part of the analysis done by the assessor’s office in past years. It is important to know these facts in weighing the merits of the proposed settlement agreement before us tonight.

“This agreement continues the Downtown TIF district until the 2018 tax levy year. It continues to collect an additional tax from taxpayers, so that the TIF debt can be paid and any surplus dollars can be distributed to all the taxing bodies. If, on the other hand, the agreement called for ending the TIF, there would be a reduction in the property tax bill. My estimate would be a reduction of .44/\$100 EAV, minus the TIF debt obligations. If the TIF ends, the Village of Oak Park will need to increase its tax levy by .11/\$100EAV. Thus, the net savings on the tax bill would be about .33/\$100EAV. Just as a reference point, the Village of Oak Park Library Fund is almost the same dollar amount as the downtown TIF fund. This year he tax rate for the library fund is .451/\$100EAV. The library will collect \$8,346,431, just under the \$8,469,738 going to the downtown TIF. As elected officials, we are always talking the talk about the tax burden for Oak Park residents. It is time to walk the walk, not just by being efficient in our spending, having economies of scale, etc., but in actually reducing the tax rate. This alone is reason enough to end the TIF.

“But there is another compelling reason to end the TIF. It involves the holding and distributing of surplus dollars from the TIF. This agreement permits the practice of hiding tax dollars and the corresponding EAV from the State Board of Education calculations of general state aid. So what is wrong with getting more money to spend on our students? It corrupts and distorts a fair tax distribution system. It is a game and one that poorer communities and their students tend to lose. In a way that is not transparent to taxpayers, we collect two checks, one amount from an unknowing state board coupled with an additional amount from taxpayers, through the taxpayer “surcharge” for the TIF. As with an offshore banking fund, we hide the dollars and EAV, so they will not be taxed.

“I believe that as elected officials, our community expects us to govern with integrity and transparency. This proposed settlement agreement does not support that expectation. It is time to end the Downtown TIF, not continue it. I urge all to vote “no” on the motion to accept this settlement agreement.”

Mr. Traczyk reiterated that if the TIF were eliminated, it was projected that the cost to District 97 would be \$9 million. There are three versions of the GSA formula and District 97 is in the middle version. The GSA is predicated on the ability to tax the residences via the EAV. Had the TIF terminated prematurely, all of that EAV would have been available to be taxed by all of the taxing bodies. For District 97, it would have been a revenue gain in the first year, but in the next immediate year, the estimate from the independent financial consultant, the same who works with District 200, was that District 97 would have had a 50% on the dollar hit to the GSA from the release of EAV. By having the TIF stay in place and the tax dollars continuing to flow to District 97, it is able to meet the financial projection

on which the referendum was predicated. If the TIF had terminated prematurely, District 97 would not have been able to meet that referendum promise without either drastically cutting programs or talking about a referendum earlier than planned.

David Pope added that if the TIF had ended prematurely, it would still have had \$23 million of bond debt that would need to be paid through alternative sources.

Dr. Lee believed that the scenario Ms. Patchak-Layman presented was accurate. He believed that some of the primary recipients of what was being done reside in southern Illinois, East St. Louis, etc. He did not agree that the solution was not defeating the motion, but the solution was to change the entire taxing system of the State of Illinois and that they were not up to that task. Therefore, he would vote in favor of the motion, in spite of the fact that Ms. Patchak-Layman was correct. Sometimes being right is not enough.

A roll call vote of the Village of Oak Park resulted in all ayes. Motion carried

A roll call vote of the Oak Park Elementary School District 97 resulted in all ayes. Motion carried.

A roll call vote of the Oak Park and River Forest High School resulted in six ayes and one nay. Ms. Patchak-Layman voted nay. Motion carried.

Mr. Barber was elated to have found that these entities can work together and stated that another joint board meeting with School Districts 90, 97 and 200 is scheduled for Tuesday, January 10, 2012 to discuss communication and technology.

Adjournment

At 7:10 p.m., on Tuesday, December 13, 2011, Dr. Millard moved to adjourn the Joint Board meeting; seconded by Mr. Finnegan. A roll call vote resulted in all ayes. Motion carried.

Amy McCormack
Secretary

By Gail Kalmerton
Clerk of the Board