A Finance Committee meeting was held on Tuesday, December 9, 2008. Chair John P. Rigas called the meeting to order at 7:35 a.m. in the Board Room. Committee members present were John C. Allen IV (departed at 8:30 a.m.), Jacques A. Conway, Valerie J. Fisher, Dr. Dietra D. Millard, Dr. Ralph H. Lee, Sharon Patchak-Layman, and John P. Rigas. Also present were Dr. Attila J. Weninger, Superintendent; 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, Communications and Community Relations Coordinator; Doug Wiley, Supervisor of Finance; Tim Keeley, Purchasing Coordinator; Robert Zummallen, Kathy Pulksa-Brown and Steve Pugh of Pugh, Jones, Johnson & Quandt, and James Paul Hunter, OPRFHS Faculty Senate Executive Committee Chair.

Acceptance of the Finance Committee Minutes of November 12, 2008
The minutes of the November 12, 2008 Finance Committee meeting were accepted with the following modification.

Page 2, Para 3, line 2: after the word “points” add “outlined in memo as referenced from Mr. Keeley in his March 11, 2008 memorandum.”

Construction Update
Mr. Lanenga reported that the District planned to repair a galvanized 4-inch, 200-foot water pipe over the winter break at an estimated cost of $35,000. The Buildings and Grounds’ emergency contingency fund will pay for the cost of these repairs.

Executive Bid for Landscape Management
It was the consensus of the Finance Committee members to recommend to the Board of Education that it award the Executive Bid for Landscape Management to Ellington Landscape at its regular December Board of Education meeting.

At the November Finance Committee meeting, Ms. Witham had recommended that McAdams Landscaping be awarded the landscape contract. Since that time, Christy Webber Landscapes lodged an official protest of the bid tabulation, claiming that the other bids did not meet the bid specifications and questioned the means by which the contract pricing was indicated on the other bidders’ submission forms. All bid documents and the protest letter were presented to the District’s legal counsel for review and rendering of a legal opinion. Legal counsel’s opinion was “Ellington and Webber clearly submitted a bid for two seasons. Beary clearly submitted a bid for only one season. There is nothing in the McAdam documents indicating that it intended to submit
a two-year bid. And McAdams substituted its own contract form, which is not consistent with the bid specs.” Thus, legal counsel suggested that OPRFHS reject Beary Landscape and McAdam Landscape bid submissions and that the District move forward with the remaining qualified bidders.

Discussion ensued and Mr. Keeley responded to Committee member questions. Ms. Patchak-Layman expressed her concern that if all of the criteria had been listed in the same format that was proposed in March, the bids would have been correct in November. She was concerned that this had happened in the past, with no challenges to redo the bid. Mr. Keeley responded that it had been more of an interpretation of bid law; one is able to correct clerical errors if that is the interpretation, which was his assumption. Ellington Landscape had submitted a bid for a one-year price/per season and then McAdams submitted in a one-year contract and negated the specifications of the bid. He agreed that using matrix was a good idea; his interpretation of the conversation in March was that the information provided by Mr. Allen was for an RFP with a scoring system set up in advance. Bids generally go to the lowest bidder and there is very little room for discussion.

When asked if references were checked on for other bid packages, Mr. Keeley responded that it was common practice to check low-bidder references. Ms. Patchak-Layman asked if there were criteria in place that involved the quality of work and if the references matched. She questioned the quality of the work regarding the plantings in the front of the school and the planter boxes. She learned that the school does not contract that work. The landscape contract is for grass, fertilizing, and cleanup only. Points are not given for references. In the future, Mr. Keeley will provide the Committee with a matrix.

**Legal Firm**

Dr. Weninger welcomed Steve Pugh and Kathy Pulksa-Brown of Pugh, Jones, and Johnson (PJJ), a minority-owned and operated-law firm since 1991 with 25 lawyers and expertise in litigation, real estate, government contracts, etc. Its clients included AON, Pepsi, the City of Chicago, University of Illinois Chicago, and City Colleges.

Mr. Pugh was appreciative of the opportunity to be able to make a presentation to OPRFHS, noting that his grandchildren attend Oak Park schools. He then introduced Kathy Pulksa-Brown, an associate of the firm. Ms. Pugh distributed brochures about the law firm. Her credentials included being a 1982 Harvard Law School graduate and working in the areas of general litigation, construction, insurance coverage, electric regulation, telecommunication laws, and employment matters.

When asked what areas the firm felt it could benefit OPRFHS, Ms. Brown stated that it would be policy, construction, general litigation, real estate, government contracts, and employment. Mr. Pugh noted that Dr. Weninger had already negotiated the best fees for his clients.
Ms. Patchak-Layman had wanted OPRFHS to use the process of going out for an RFP and/or an RFQ for legal services; she was disappointed that this was not being made a public procurement process. While she knew that PJJ’s credentials were fine, she wondered what other firms might offer. When bidding at the state level, all bidders have good qualities and the entity is comfortable entering the process. She asked Mr. Pugh and Ms. Pulksa-Brown for their comments on pursing a competitive bid and whether they could say that their firm would provide the best service for the District. Mr. Pugh responded that OPRFHS has primarily used one legal firm for a long time and there was comfort in that. With professional services, it is a matter of being comfortable with the lawyers and knowing their expertise and experience. There is no legal requirement to go out for an RFP or an RFQ. The question is how does one get the best product in the most efficient way? Pugh, Jones, and Johnson likes that process and as its relationship with OPRFHS goes forward, the Board of Education can continue that process. While there are many ways to pick a counsel, the state’s process takes six months and extensive information is provided, including a pre-selection form that would qualify a firm. The relationship between OPRFHS and PJJ would be an ongoing and the CEO would monitor the economics and the quality of the work. The worst thing one can do when procuring legal services is to go for the lowest price.

Dr. Lee expressed his enthusiasm for entering into this new relationship with this firm.

Mr. Conway received a commitment from them to participate gratis in OPRFHS’s African-American Career Day. Mr. Pugh stated that members of PJJ already serve as the principals for a day, etc., at Chicago Public Schools (CPS). Ms. Pasulka Brown has also participated at CPS with the Black Star Committee and she has volunteered to be part of OPRFHS’s African-American Leadership Roundtable.

Mr. Pugh continued that his firm provides an independent, quality, neutral, objective opinion on legal matters and is not persuaded by the outcome of its analysis, the members of the Board of Education, and/or the leadership. While the firm does not lobby in Springfield, a couple of the lawyers have secured lobbyist certification in the City of Chicago. PJJ is a member of Alliance of Business, an organization that requires a fifty percent African-American ownership in a business and a certain threshold of annual business; it is through that mechanism that PJJ does lobbying.

**Preliminary 2008 Levy**

It was the consensus of the majority of the Finance Committee members to recommend to the Board of Education that it adopt the Preliminary Levy as presented at its regular December Board of Education meeting.

Ms. Patchak-Layman went on record that she opposed the Levy. She suggested 1) not increasing the amount of the Levy by CPI and 2) not recognizing the TIF dollars so that there is some savings to the taxpayers. She clarified that if the District did not levy the capture of the TIF EAV then when the carve-out TIF properties come back on the tax rolls, they would be put in general property and share a percentage of the tax burden for the high school, as opposed to having a separate entity and collecting at a different rate.
This would effectively reduce the tax burden. Dr. Lee questioned whether Ms. Patchak-Layman would continue to not want to increase the tax levy for next year if it meant going for a referendum three or four years earlier. Ms. Patchak-Layman replied affirmatively, as one must place this in the context as to where OPRFHS is locally and nationally, to project out to 2018 is a big unknown. If OPRFHS lost $10 to $20 million in tax receipts, the District would look at the revenue and the expenses and determine how to provide excellent education to all students with what it has. Dr. Millard reiterated that was the Board of Education’s fiduciary responsibility. Ms. Patchak-Layman continued that OPRFHS has enough money in its funds; it is one thing to levy to have money in the savings account, it is another to levy for a future savings account. This discussion continued in the next agenda item.

For the 2008 Levy, the CPI used is 4.1% and EAV for new property is estimated at $20,000,000 plus $21,339,170 in TIF carve-outs. The Village of Oak Park has not given notice concerning the carve-outs due from the 2007 levy or for the carve-out due for the 2008 levy. This levy includes an assumption that the Village of Oak Park will carve-out the full value. The estimate of the 2008 aggregate tax Levy is 105.6 percent of the Actual 2007 Levy.

The total actual 2007 Levy was $58,464,808 and the Preliminary 2008 Levy is $61,752,377.

The timeline is as follows:

- November 12: Finance Meeting
- November 20: Board of Education Meeting
- December 18: Board of Education Meeting
- December 19: Board of Education Resolution filed at Cook County Clerk’s Office

**Five-Year Financial Projections**

Ms. Witham provided the Finance Committee members with a copy of the Five-year Financial Projections. It contained a background and overview, a description of the District’s revenue sources and its expenditures, and historical and future projections for 1) student enrollment, 2) contract salary increases and length of contract, and 3) FTE. An in-depth discussion by fund and an aggregate view-projection analysis was provided for informational purposes only. Discussion ensued.

Mr. Rigas complimented Ms. Witham on this outstanding document, as it contained a tremendous amount of information. He personally felt it was unlikely that OPRFHS would have a $10 million shortfall in the future. He also felt that the reductions made in health care costs, etc. might make it possible for the high school to go out beyond 2018
before it had to go for another referendum, if OPRFHS would continue to evaluate the budget yearly using the zero-based budgeting concept. Ms. Witham could be instructed to do different modeling and if changes were suggested to the Levy, that could drive that model. Supposedly, OPRFHS now has a better predictably of enrollment statistics; the Board of Education could undertake a discussion in Policy on higher-class size, etc. Many cost savings areas have been reviewed. In the past five- to seven-years, the non-people savings have been considerable and are continually reviewed. One has to discuss the efficiencies in all areas of the building and he thought that 2018 would be the nearest year the high school would have to go out for a referendum, but it could be much longer than that.

Dr. Lee read for the committee the following proposal.

“When I look at local and national events over the past three months, which reflect the current and apparent future of our economic circumstances over the next several years (and perhaps even longer), I am convinced that there is an urgent need for OPRFHS District 200 to make a substantial change in the direction in which it is headed over the next ten years. That direction, as I currently have come to understand it, is one which accepts the inevitability of cost increases, and therefore spending increases, that are greater than the rate of inflation. I believe that we have accepted the axiom that we will necessarily have to go to the taxpayers periodically to ask for yet another tax increase.

“As I understand it, our current plan is to make annual tax increases at the rate of the change in the Consumer Price Index, and that we expect to go the taxpayers again in the year 2018 to ask for the next increase in the tax rate. I believe that such a plan is feasible only if we are able to continually increase the average income level of the residents of Oak Park and River Forest substantially. I believe that such a plan can be continued in only one way: that way is to force lower income families to leave in order to make room for families that can afford, and are willing to pay, higher property tax rates.

“I find such a possibility unacceptable, and it is my intention to offer a resolution to the school board to change that direction in very specific ways, to be voted up or down in the regular board meeting in January of 2009. The specific wording of that resolution will be written after consulting extensively with the superintendent and his staff, with each of my fellow board members (one at a time in private meetings, as well as in open public meetings), and possibly with other stakeholders in our community. A specific goal of this resolution will be to shift our direction of financial planning to the end that we will be able to live within the means of our current tax burden, without the necessity for periodically increasing it. Another specific goal will be to signal our resolve to exercise greater control over our spending levels, and to face the inevitable problems that will come with actually doing such a thing.

“We have occasionally summarized our current financial plan by saying: “We will not have to ask the taxpayers for a tax increase until the year 2018.” It is my hope that we will be able to say, “We will not have to ask the taxpayers for a tax increase at all in the foreseeable future.”
“Over the next month, it is my intention to (1) confirm, deepen, and if necessary, make corrections to my understanding of our financial planning, and (2) use all of the help that I can get to formulate a clear statement that can guide us in establishing a new, sustainable direction.”

Mr. Rigas was not troubled by Dr. Lee’s proposal and added that if the Board of Education thought the Levy could be cut next year, the process must start immediately. The Board of Education may have to commence a subcommittee of the Board of Education, including community members; it would be a tremendous balancing act. Mr. Rigas continued that it becomes difficult when funding increases can only come from real estate taxes. It would be a difficult discussion if the Consumer Price Index went to 2% and one could not go for a referendum. Dr. Lee suggested that the CPI could also go negative and asked what rules would then apply. Ms. Witham stated that the law does not address that situation. Ms. Witham does not know that if it went lower, taxes would be lowered. Not receiving any money would be an extreme and difficult situation. For this reason, Dr. Lee was not opposed to the current Levy. The difference from his position and that of Ms. Patchak-Layman’s position to give money back was that he feels the District should hold on to what it has but not ask for any more, which means controlling expenses and salaries. In 2014, OPRFHS still has a slight surplus. After that time, it would be in deficit spending. After 2018, OPRFHS would be in large deficit spending. Ms. Witham recommended that the Board of Education not embark on this discussion unless it was willing to take the necessary steps. If OPRFHS limited its revenue to no increase or limited the scenario, it would mean increasing class size, ending programs, etc. She reiterated that the Board of Education should fully understand the consequences. Dr. Lee believed he understood the consequences. He wanted to reject the proposition that spending will necessarily always increase at a rate greater than the CPI. That is the assumption the Board of Education has been operating on forever and eventually the District will have to ask the taxpayers ask for a tax increase. Dr. Lee asked the Board of Education members for their cooperation in wording a resolution and then voting in favor of that resolution that the high school would change its premise to always ask for tax increases. Mr. Rigas noted that the Board of Education would need to make an educated decision on the Levy. Dr. Lee wanted to make it clear to the taxpayers at the January meeting what the Board of Education’s intentions are and what the basic assumptions are.

Ms. Patchak-Layman stated that the five-year projections are made on the present model in terms of the number of staff, curricular activities, increases in salaries, etc. Ms. Witham responded that staffing increases or decreases depend on enrollment, assuming the same class size. Ms. Patchak-Layman stated this was a historical model and not based on another service delivery model that might change or decrease the number of staff. Mr. Rigas stated that the Board of Education would have to give direction in that regard. Ms. Witham’s job is to use the present model. Ms. Witham asked if she was expecting a long-term plan with decreasing programs. Ms. Patchak-Layman responded that there were models that are able to deliver to excellent programming at a lesser cost; the current model causes deficit spending in 2014 and it is this model that the District
supports by collecting an additional $10 million, etc. She also felt there was an ethical/moral element in collecting monies from community members where those monies are not being able to be spent on the needs of the students currently in the school. Ms. Witham felt there was an ethical/moral issue with the funding model in the State of Illinois based on property taxes thereby paying the school only two times per year and PTELL based on the CPI which is not reflective of what the school spends its money on, which is salaries. Schools in Illinois need more money in the bank because they only receive their payments two times per year. Ms. Patchak-Layman was asked to bring alternative instructional models to which she was referring to the Instruction Committee so that they could be discussed and considered in a concrete way.

Ms. Fisher asked Dr. Lee for clarification as to whether his resolution to pledge a limit on the revenue meant impacting contract negotiations. Dr. Lee responded that it would mean having a major effect on the negotiation of employment contracts and acknowledged that it would be difficult.

Ms. Patchak-Layman questioned some of the numbers in the projections. She was interested in the difference between the Education Fund and the Operations and Maintenance fund in terms of the dental and health insurance increases; they are not the same. Ms. Witham responded that the Education Fund in the model included the number of retirees moving on and off the plan and in the Operations and Maintenance Fund there were not as many. There are less retirements and people on the plan for the Operations & Maintenance Fund.

Dr. Lee stated that everyone was aware of his commitment to closing the achievement gap but he also believed that the Board of Education might have to make closing the achievement gap its second priority, as the Board of Education may have to make major changes. Mr. Allen noted that he was resistant to making any changes to the Board of Education’s focus on the achievement gap. Mr. Rigas stated that when priorities are set, the Board of Education will have to vote on its path and that might involve a larger community discussion. Dr. Lee stated that the Board of Education may have to spend less talking about the achievement gap in some meetings in order spend more time talking about how to reduce expenditures.

Dr. Millard stated that as the Board of Education talks about a resolution and a potential debate at the Instruction Committee, the word “balance” is important. What is the balance of the citizens and the taxes they pay and how that balances with the educational benefits to the students. The high school has saved tax dollars now so that the educational quality of the schools can be maintained, which has helped to hold up property values versus other suburbs. Ms. Fisher agreed that this was an area where the word balance was most important and stated that equal time must be spent by both the Finance and Instruction Committees discussing this issue. Maintaining a good educational system is important to attract new people to the communities. Mr. Rigas concurred. She understood Dr. Lee’s concern about not wanting to “tax out” different people from the community but at the same time maintaining a good education is about attracting new people. Mr. Rigas stated that the Board of Education knows its revenue
and its expenditures and it has to determine how it wants to spend the money. Ms. Patchak-Layman added that the expenditures projected for next year were the same as what was collected last year without any federal or state dollars included.

Ms. Patchak-Layman suggested that the Board of Education could have a policy that OPRFHS should have six to eight months surplus in its savings account. Mr. Rigas stated that this would not work in the present model, as OPRFHS would need to have a referendum every year and spend only at CPI. Ms. Patchak-Layman clarified that the District now has enough in its savings account.

Ms. Fisher reiterated discussing this in Instruction, as Ms. Witham does not set policy for educating students. She looks for savings in various areas and she has saved millions of dollars. She suggested adding the agenda item of Instructional Methodologies, Programs, and Alternatives to Permit Quality Education While Saving Money. Dr. Millard, Dr. Lee, Ms. Witham, and Mr. Prale will meet to discuss what tools would be necessary to enable the Board of Education to set appropriate priorities. Dr. Lee stated that one must have the tools and know what the options are available before making an intelligent decision. His thought was to develop the tools that are necessary to stay within its resources.

Dr. Weninger recapped his interpretation of the discussion that the Board of Education would continue discussions about the short and long term financial and instructional services of the District in order to maintain quality and efficiency in both so that the District remains healthy both financially and instructionally. Ms. Patchak-Layman asked if there were a place where the District would abate taxes, i.e., reduce the amount being collected, because it already has those dollars. Ms. Witham stated that the District could abate the bond and interest, a one-time abatement of $1 to 2 million, and pay that out of the savings account. Abatement of the bond and interest would not affect the Levy. A district cannot abate its general fund. A one-time abatement would save the taxpayer approximately $27 to $30 dollars once.

Mr. Hunter recognized the bad situation in Illinois. The Villages of Oak Park and River Forest have no industrial base and every time there is recession and an economic downturn, discussion ensues about how to save money in the schools. However, when the economy is going well, no discussions occur about increasing programs for students, etc. To talk about sacrifice at this time, does not recognize the cyclical nature. Having read the five-year plan, he stated that the focus should be on the job that Ms. Witham, Dr. Weninger, and the rest of the administrative staff have done to bring costs under guidelines established by this Board of Education and where every aspect of spending is examined repeatedly. He felt a discussion at the Instruction Committee would be a naïve exercise. One decreases services by cutting class size. He stated that Ms. Patchak-Layman’s ideas are expensive and invited her to talk with him about those ideas that she feels might be less expensive. Referendums are not easy and they take a great deal of work. The fact that the Board of Education made a decision to support a referendum in the future for the purposes of keeping the high school strong and to provide an accountability to the community and then to throw it away did not make sense. Some taxing bodies in these communities have done a terrible job of managing their finances.
and he asked why the high school had to bail them out. Dr. Weninger, Ms. Witham, and the rest of the team deserve credit for what they did on this five-year plan. He felt that the big picture was not being grasped.

**Discussion of Budget Cycle**
Ms. Witham presented the Finance Committee members with a revised Budget Cycle Timeline based on their request at its November meeting.

Ms. Patchak-Layman asked 1) where in the timeline could the Board of Education discuss making changes to the budget in the 2010-11 school year; and 2) where could the Board of Education’s conversation occur about impacting the current school year. Ms. Patchak-Layman wanted flexibility in order to make adjustments, e.g., add services, etc. for current students. A conversation about adding a contingency fund would need to occur in January and at the same time a decision would have to be made as to what would be omitted.

Ms. Patchak-Layman was informed that the high school begins the discussion on the budget for the 2009-10 school year when it begins to discuss the course proposals in October and then again with the five-year plan. Dr. Weninger stated that students make their selection of course registrations beginning in the January/February timeframe and staffing occurs after that. To look at the number of dropouts, their profile, and what the school could do to help them would be time consuming and would not necessarily fall into the calendar schedule to have something in place in the 2009-10 school year. However, something might be able to be set up midstream if the Board of Education approved a contingency fund. Ms. Patchak-Layman stated that programs should be based on the needs of the students here; that was the reason for her request for flexibility. It was noted that the school does extensive work with IEPs, etc., to provide the best services for the students.

Ms. Witham agreed to add the topic of a Board of Education Contingency Fund to the Finance Committee Agenda.

Ms. Fisher stated that this reverts to “balance.” It is a contradiction to talk about setting aside more money for contingencies and cutting the Levy. Ms. Witham noted that the discussion would be about the dollar amount for the contingency fund and what would be cut to offset that amount or whether the Board of Education would approve going above the Five-Year Plan.

Ms. Patchak-Layman wanted to see what dollars would be left from the phase-in funds, after paying for the mandated programs. Dr. Weninger offered to bring that information to the Instruction Committee meeting. Ms. Fisher reflected that the Board of Education made the decision to use the phase-in money to fund the mandated requirements.

**Financial Reports**
It was the consensus of the Finance Committee members to recommend to the Board of Education that it approve the July, August, September and 2008 Financial Reports at its regular December Board of Education meeting under the Consent Agenda.

**Treasurer’s Report**
It was the consensus of the Finance Committee members to recommend to the Board of Education that it approve the September and October 2008 Treasurer’s Reports at its regular December Board of Education meeting under the Consent Agenda. It is a requirement that the Board of Education accepts and approves the monthly Treasurer’s reports.

**Adjournment**
The Finance Committee adjourned at 9:30 a.m.