

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

FINANCE COMMITTEE MEETING

Tuesday, November 10, 2009

A Finance Committee meeting was held on Tuesday, November 10, 2009. Chair Allen called the meeting to order at 8:00 a.m. in the Board Room. Committee members present were John C. Allen, IV, Terry Finnegan, Dr. Ralph H. Lee, Amy McCormack, Dr. Dietra D. Millard and Sharon Patchak-Layman. Also present were Dr. Attila J. Weninger, Superintendent; Jason Edgecombe, Assistant Superintendent for Human Resources; Cheryl L. Witham, Chief Financial Officer; and Gail Kalmerton, Executive Assistant/Clerk of the Board.

Visitors included Kay Foran, Communications and Community Relations Coordinator; Doug Wiley, OPRFHS Supervisor of Finance; James Paul Hunter, OPRFHS Faculty Senate Executive Committee Chair; Donna Sebestyen, OPRFHS Coordinator of Benefits; Nikki Paplaczyk, OPRFHS Faculty member, Joe Romano and Jim Cornelius of Corporate Benefit Consultants (CBC); and Terry Dean of the *Wednesday Journal*.

Acceptance of Minutes of October 13, 2009 Finance Committee Meeting

It was the consensus of the Finance Committee members to accept by acclamation the minutes of the October 13, 2009 Finance Committee meeting, as presented.

Health, Dental, and Life Insurance Renewal

It was the consensus of the Finance Committee members to recommend to the Board of Education that it approve the following at the Special Board Meeting scheduled for that day:

- 1) Acceptance of Exhibit III as the preferred alternative for medical insurance Blue Cross Blue Shield of Illinois with no change in premium rates (as presented);
- 2) Acceptance of the Individual and Aggregate Stop Loss insurance coverages with Blue Cross as proposed.
- 3) The continuance of a self-funded dental insurance program with Delta Dental with a 3% increase in premiums rates.
- 4) The change of life, long-term disability, and accidental death and dismemberment insurances with Met Life with a reduction in premium rates.

Raising the District's reserve level will be discussed at another meeting. It was suggested that it raise the current level to 70 percent with \$3.5 million in reserves and with a stop loss of 135 percent.

Based on prior discussions, the District explored whether economies might be created by viewing both the PPO and HMO as one group, instead of separately, as the PPO is an ASO and the HMO is fully insured. Thus, the District sought to get different quotations from Blue Cross/Blue Shield. The District's new insurance brokerage company (CBC) used a three-prong approach to analyzing the District's medical insurance costs.

Exhibit I showed an analysis of the costs of renewal should the District continue to self-fund the PPO and VEBA products, continued use of Health Trans for prescription services, and continue to maintain fully funded HMO products with Blue Cross.

Exhibit II showed an analysis of the cost of renewal if the District moved to a Unified Cost Plus funding arrangement with Blue Cross and maintaining the District's relationship with HealthTrans for prescription drug services. A unified cost plus funding arrangement would allow for the combining of PPO, VEBA, and HMO products into a single, self-funded plan with a total of 489 lives.

Exhibit III showed the analysis of the cost of the renewal if the District moved to a Unified Cost Plus funding arrangement and moved the prescription drug services back to Blue Cross.

CBC also recommended that the District change its ASL (aggregate stop lost) insurance coverage from 125% to 135% of expected claims. Presently the District has reserves in its self funded programs for medical and dental insurances of \$1,894,245.79 and \$111,608.20 respectively.

An addendum related to prescription was distributed at the table.

The Committee was informed that Corporate Benefit Consultants (CBC) has thirty-nine (39) public entity clients and thirty-five (35) are with Blue Cross/Blue Shield because of the great discounts CBC is able to obtain. This provides the ability to reduce fixed costs without taking away the benefits. BCBS has improved the average wholesale business significantly, i.e., increased rebates by 50 percent.

While having a self-funded insurance program did not require the District to abide by state mandates, moving to a unified cost plus funding arrangement with Blue Cross/Blue Shield would require the District to adopt all State mandates which would result in assuming additional liabilities. Examples of state mandates would be to provide coverage for dependents up to the age of 26 and paying up to \$10,000 or four attempts for infertility. However, even having the ability to opt out of such mandates, OPRFHS has not and, technically, should not have any further liabilities.

When asked about how premiums are set, it was noted that it is a blended number ideally between PPOs and HMOs.

When asked why there was this savings, Mr. Ramona stated that approximately six years ago, Blue Cross Blue Shield had everything bundled and was not passing along discounts; it was not being competitive. So private people, such as himself, shopped other RX or PBM companies and ultimately took that business away from Blue Cross/Blue Shield. In turn, Blue Cross/Blue Shield bought a PBM and tightened up its fee structure. When questioned whether the high school could recoup any rebates from previous years, Mr. Ramona said the old contracts would have to be reviewed to see what was stipulated. Drug Card's claim is that when it was purchased by Benescript, it was

not technically considered a pharmacy benefit management (PBM) company. Thus, if Drug Card was asked for the previous rebates due, it could claim that it was not a PBM then and was not legally obligated to pay rebates.

The Finance Committee members were informed that the District's Insurance Committee had met the previous week to review the same presentation with the exception of the addendum distributed at the table.

CBC's proposal will save the District approximately \$235,000 without changing the benefits to its employees.

Superintendent Search Presentations

At the Special Board Meeting on November 3, the Board of Education members selected four superintendent search firms to make personal presentations. Three firms were scheduled to present at the Finance Committee meeting and the fourth was scheduled for the Special Board Meeting on Thursday, November 12, 2009. The following individuals representing their superintendent search firms.

Linda Hanson and John Sawyer
School Exec Connect

Phil Hansen
PROACT Search

Dr. Gerald Chapman & Dr. David Smith
Hazard Young Attea & Associations

After hearing each of the individual presentations, the Committee members asked pertinent questions of each of the firms regarding its processes, the candidate pool, its consultants, past searches, whether it should be an open or closed search, etc.

Preliminary Levy

It was the consensus of the Finance Committee members to recommend to the Board of Education that it approve the Preliminary Levy at its regular November 19, 2009 meeting.

Ms. Witham stated that the Board of Education would adopt the 2009 levy at its regularly scheduled Board of Education meeting in December. The 2009 Levy CPI is .1% and the EAV for new property is estimated at \$60 million, which includes an estimate of Downtown Oak Park TIF District carve outs that were not previously released as provided for in the Intergovernmental Agreement. The Village of Oak Park has not given notice concerning the carve-outs due from the 2007 levy, the 2008 levy, or for the carve-out due for the 2009 levy. The 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 102.6 percent of the Actual 2008 Levy.

Fund	Actual 2008 Levy	Preliminary 2009 Levy
Education	\$ 45,326,816	\$ 45,048,352
Liability Insurance	1,223,904	1,168,764
Special Education	678,707	678,707
O&M	5,581,097	6,081,097
Transportation	891,087	891,087
IMRF	1,097,220	1,197,220
Social Security	1,097,220	1,097,220
Working Cash	1,034,696	1,187,077
Life Safety	1,225,427	2,374,153
Total	\$ 58,156,174	\$ 59,723,677
Bond & Interest	\$ 3,004,182	\$ 3,006,729
TOTAL LEVY	\$ 61,160,356	\$ 62,730,406

Ms. Witham reported on the discussion at the Village of Oak Park meeting. It was reported that there was a “universal” understanding about the IGA and the school district would receive communication next week. While the Village of Oak Park may carve out property in this levy, the District has to be prepared for the eventuality of a carveout. A public hearing on the levy will be held in December.

Ms. Patchak-Layman reported that the agenda for the Village of Oak Park meeting on November 9 called for the staff to lead a discussion on the TIF in preparation for the Joint Review Board. However, after the Village Manager made a statement, the Village then went into closed session for the purpose of discussing potential litigation by District 200. Both Mr. Darrell Davidson and Attorney Ray Heiss were in attendance. The regular meeting started at 9:00 p.m. rather than 8:30 p.m. She was concerned that having a discussion about the TIF in closed session was a violation of the Open Meetings Act.

It was pointed out that the Village of Oak Park has set aside no money in its budget to pay the taxing bodies. It was suggested that Ms. Witham write a letter informing the Village that the District is setting its Levy and she required that information.

Monthly Financials

The Board of Education will be asked to approve the September 2009 Financial Reports at the regular November Board of Education meeting.

Treasurer’s Report

The Treasurer’s Report for September will be submitted for approval at the regular November Board of Education meeting.

Adjournment

The Finance Committee adjourned 11:09 a.m.