A Finance Committee meeting was held on Tuesday, October 13, 2009. Chair Allen called the meeting to order at 7:37 a.m. in the Board Room. Committee members present 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; Robert Zummallen, Director of Buildings and Grounds; James Paul Hunter, OPRFHS Faculty Senate Executive Committee Chair; Todd Buikema and John Webber of Crowe Horwath; and Erica Lindley of ED-RED and Terry Dean of the Wednesday Journal.

Acceptance of Minutes of September 8, 2009 Finance Committee Meeting
It was the consensus of the Finance Committee members to accept by acclimation the minutes of the September 8, 2009 Finance Committee meeting, as presented.

2009 Audit Report
Mr. Webber spoke about the process and results of the 2009 Audit, noting that this was the first year that Crowe Horwath was performing the audit for District 200. He was appreciative of the District’s cooperation in providing the firm with the necessary information. The documents provided were: The Comprehensive Annual Financial Report (CAFR), The Single Audit dated June 30, 2009, and a letter to the Board of Education explaining Crowe Horwath’s responsibilities in this audit.

Mr. Buikema reviewed the CAFR which included the following categories: 1) introduction; 2) District officials; 3) transmittal letter; background of the District; the current financial situation; Certificate of Excellence in Financial Reporting, etc. He continued that the District writes the transmittal letter and the management discussion portion of the CAFR (a verbal explanation of what happened this year, and it provides the figures.)

OPRFHS’s budget is $60 million. It receives only $15 million from specific charges and grants and is operating at a loss. Programs cannot sustain themselves and they need other funding.

There were no significant deficiencies or weaknesses in internal control. There were a couple of recommendations about the IDEA program, but overall OPRFHS received a clean audit. One recommendation had to do with quarterly reporting and the second
recommendation was about the interest earned on grant funds which has to be returned to the state. It was not something the District did wrong.

Regarding the amount of salaries to be paid over the next six years, Dr. Lee asked, on average, what was actually offset by hiring people at lower levels in replacement of individuals retiring who were at higher levels. It was suggested that this be discussed at the November Human Relations Committee meeting.

Construction Update
Mr. Zummallen provided a list of completed construction projects, all of which came in within budget. He noted that more bike racks were needed. Dr. Millard was complimentary about the new garbage cans situated around the building.

Mr. Grosser shared a PowerPoint proposal for renovated and reorganized science labs. The 5-year proposal was to develop infrastructure to support teaching, learning, and advanced research in the science division. Mr. Grosser believes in the school’s mission to help all students reach their maximum potential. To that belief, all chemistry labs were changed to universal labs so that both biology and chemistry can be taught in the same lab, allowing for continuity. His long-term vision is to pull all of the content areas together. He reviewed in detail each stage of the proposal.

2010 – renovate/develop 4 labs (2 universal labs and 2 biology labs)
2011 – renovate/develop 4 universal labs
2012 – Special Education science centers
2013 – Center for collaborative research
2014 – Update 4 biology labs

Discussion ensued. Dr. Lee asked if the area of “trades” was no longer considered a mission of the school, e.g., carpenter, plumber, machinist, etc., as some of the space Mr. Grosser was advocating for was presently being used by them. Mr. Grosser responded that a move would coordinate with Industrial Arts. The intent is to have a win/win situation and that the Applied Arts would have new facilities upstairs. Dr. Weninger added that the District is attempting to respond to the students’ needs. The demand for machinists, woodworking, etc., is not as great. The District is trying to align the courses taught within Applied Arts with the jobs that are in demand with the world. The plan is much larger and the District recognizes that it needs to revitalize Applied Arts by both improving and updating the programs and the facilities.

Ms. Patchak-Layman felt it would be easier to put this into context if there were a strategic plan with which to match it. In terms of the overall context, no discussion by the Board of Education and/or the community has occurred as to how this will fit and where the District should be going with the students. If the model used by the middle schools were used, e.g., science labs operating as units, having smaller units within the school, etc., this plan would be just the opposite. Discussions have already occurred about having a more integrated relationship between math and science and there are other models to explore.
Mr. Grosser was aware of several different models, noting that Mateo Valley went with science lab in the same areas as English Labs. Oswego is using a model such as the one proposed. These conversations should occur at another time.

Ms. Patchak-Layman noted that other schools have a mixed science sequence. How would this plan work if the District moved to a spiraling of the general curriculum? Mr. Grosser responded that flexibility is provided by having more universal labs. The decision on which direction to take is interesting. The ILS Program grew out of Fermilab. Naperville schools went to a physics program first, abandoned that, and then went to a general science program/integrated. OPRFHS advantage is that it has been stable. The direction could be consumer driven after some experience. To say that the District would do physics would be a major event. Ms. Patchak-Layman noted that science requirements would change, the number of students in the class would change and how the resources would be used would change. Mr. Grosser felt that the universal labs would allow for that flexibility.

**Summer 2010 Construction**

Ms. Witham reported that the Facility Committee had met several times in September and October in order to compile a long-range plan and to prioritize construction projects for next summer.

The Committee reported that identifying and approving construction projects early in the school year affords several benefits:

1) greater planning and bid preparation time which will increase the accuracy of the bid process and reduce change orders,  
2) earlier bid specifications and publications, which provides access to the best contractors and pricing,  
3) earlier bid awards which increases planning time and assures completion by the first day of school, and  
4) Earlier bid awards provide opportunities to respond to pricing and strategically change, add, or delete projects.

Ms. Witham provided a timeline for summer 2010 construction projects. The projects would catch up on the Life Safety projects, begin the masonry projects for the outside of the buildings, and continue the HVAC, elevator and science lab projects. A summary of the projects follows.

1) Replace air handlers in field house and 2nd floor library.  
2) Replace old mechanical VAV boxes in 1907-1924 building.  
3) Install fire dampers throughout building.  
4) Provide new heaters and safeties for East and West Pool’s.  
5) Replace domestic hot water piping on 1st and 2nd floor 1907-1962 building.  
6) Remodel science labs 126, 127 and 128.  
7) Replace drains and sumps in east and west pool per Virginia Baker Act.  
8) Replace sanitary drains on 1st and 2nd floor 1907-1294 building.  
9) Code upgrades to new building elevator.
10) Tuck pointing and caulking several areas on the exterior of the building.
11) Replace deteriorating brick in freight elevator chase.
12) Phase II of bells and clocks.

Ms. Witham reported that some of the proposed projects do not have a “home” and the Committee will work to add these to the list of actual projects to be completed within the next five years. Ms. Patchak-Layman asked if donations could be sought for some of these or grants written for them. She asked if there were a list of wish projects. Dr. Weninger added that some are not Life Safety or wish list projects, and that it was important not to lose sight of them.

Ms. Witham stated that all life safety projects had to be complete within five years of October 2007. Ms. Patchak-Layman asked if the school had explored reducing utility expenses by signing a performance contract with a company that does that. Ms. Witham noted that conversations have occurred with one company and she has also talked with some business managers of other school districts. Other business managers have said that hiring a performance company was not worth the money, as the school districts can do this work themselves. OPRFHS has already replaced many lights. However, the District can entertain that idea if it is the Board of Education’s directive. Mr. Zummallen added that the District went from T12 to T8 conversion and receives grant money. If a contractual company were used, the District would receive the same amount of money. Ms. Witham noted that the projects on the final spreadsheet would be paid for with Tort Funds. Accessing the excess funds from the Bond and Interest Fund will allow the District to strategically care for this vintage building.

It was the consensus of the Finance Committee members to recommend to the Board of Education that it approve the Summer 2010 Construction Projects as presented at its regular October Board of Education meeting.

**ED-RED**

Ms. Lindley spoke about the major educative priorities, in which ED RED was involved, the history of the organization, and its membership. The ED RED organization is composed of approximately 100 suburban school districts, three special education cooperatives, and three unions. Its mission is to be a united voice advocating for the diverse needs of suburban schools.

Its vision is to be a premier education policy resource for Illinois legislators and ED-RED membership.

Its beliefs are:
1. In a comprehensive education system supporting life-long learning.
2. It is the responsibility of public education to support all aspects of student learning.
3. A local school district must have the ability to make educational and fiscal decisions appropriate for its school community.
4. The State must provide adequate financial support for all public schools.
   - Funding for public schools must be stable, reliable, and predictable.
• The state must fully fund the additional costs for programs that support special education and at-risk students.
• All state mandates should be fully funded.

Its strategic goals are:
1. To research, develop, and initiate legislation advantageous to member districts;
2. To actively advocate for or against legislation affecting member districts;
3. To engage school board members and school administrators in the legislative process;
4. To communicate proactively with member districts; and
5. To develop and nurture collaborative relationships with state agencies, advocacy groups, and other organizations to accomplish mutual objectives

Dr. Lee is District 200’s representative.

Ms. Lindley highlighted the issues ED-RED was addressing:
1) Being part of a responsible budget coalition which wants to work with legislators to help find ways to increase revenue. She asked that school districts make their priorities known to their appropriate legislators at the appropriate time.
2) Getting support for school districts in times of low CPI.
3) Working to limit unfunded mandates.

ISBE put together a list of unfunded mandates, as a resource for schools. IASA will consider this a legislative priority and IASBO is working to get money for these items. Most of the work that ED RED does is defensive, as it provides help to the legislators to understand the work in the school districts. Ms. Finley stated that ED RED does not go back and relieve unfunded mandates. Instead, it looks forward. Ms. Patchak-Layman asked if it used criteria such as teaching and learning as opposed to sprinkler systems. Ms. Finley responded affirmatively, requiring additional staff time. Dr. Lee felt that even if an unfunded mandate were a good idea, it should be put forth by a local school board rather than a legislator.

Mr. Allen asked about ED-RED’s efforts in supporting teachers being subpoenaed to testify. Ms. Finley asked to have more information about this subject.

Ms. Patchak-Layman asked what ED RED’s formality was with districts that supported or opposed legislation. Ms. Findley said that most of the legislation that ED RED works on falls into five or six categories. Either an executive board or a person in particular districts familiar with the legislation is asked for feedback. If there is an opposition, ED RED has a conversation with the school district’s legislators about that concern.

The Committee members thanked Ms. Lindley for her presentation.

Aid to Needy Children Report
Ms. Witham provided the annual report to the Board of Education on Aid to Needy Children. In her written report she stated that the recommendations for financial assistance for books and required supplies for needy students are processed through the Business Office. The requests for free and reduced lunches originate by parent
applications. The Food Service Department processes the Free and Reduced Lunch Program applications. All approved applications must meet government guidelines. The reimbursement received from State and Federal governments helps to defray the cost for the total lunch program. Discussion ensued. Dr. Millard asked if the District could recapture the money outstanding. Ms. Witham responded that while the District does attempt to collect, it is a growing problem. Previously, class schedules were held up as a way to incentivize parents to pay their debts. All students have to do to obviate this obligation is to return their books.

Dr. Lee felt the Board of Education needed more information in order to make a policy decision as to just how far it wanted to go in terms of collection. What would that process be and where would the line be drawn? He asked to discuss this again later in the year.

Ms. Witham clarified for Mr. Finnegan that the figures for deferred payments were an end-of-the year balance. A family could have deferrals for three years.

Virchow Kraus Release of Claims
It was the consensus of the Finance Committee members to recommend to the Board of Education that it approve the Mutual Release of Claims at its Special Board Meeting following that meeting. Of the $37,000 invoice, OPRFHS’s portion is $18,000. Mr. Allen noted an objection to pay for the copying of files.

Levy Timeline
Ms. Witham provided the Levy Timeline as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
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<tbody>
<tr>
<td>October 13</td>
<td>Finance Committee Meeting</td>
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<tr>
<td>November 10</td>
<td>Finance Committee Meeting</td>
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<tr>
<td>November 19</td>
<td>Board of Education Meeting</td>
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<tr>
<td>November 19</td>
<td>Preliminary Levy on Display</td>
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<tr>
<td>December 10</td>
<td>Notice of Truth in Taxation Public Hearing</td>
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<td>December 17</td>
<td>Board of Education Meeting</td>
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<tr>
<td>December 17</td>
<td>Truth in Taxation Public Hearing</td>
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<td>December 18</td>
<td>Final Adoption Levy</td>
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<tr>
<td></td>
<td>Board of Education Resolution filed</td>
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<tr>
<td></td>
<td>at Cook County Clerk’s Office</td>
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Because the District has not received notice if the Village of Oak Park will carve out properties, Ms. Witham suggested going for the maximum levy anticipating that it will do a carve out. She hoped to have information in time for the levy. Mr. Allen requested a copy of the email to the Village requesting a meeting on the TIF.

Gatekeepers 403(b) Plan Third Party Administrator
Ms. Witham reviewed with the Committee members the situation regarding the administration of the 403(b) and 457 plans. She stated that it recently had come to her attention that Gatekeepers had failed to remit employee and employer 403(b) contributions to the appropriate investment firms for the two September payrolls. The
District’s attorney has been working with Gatekeepers’ owner and its Errors and Omissions Insurance carrier to make a demand for the transfer of funds and to file the proper claim. Business Office personnel will meet with individuals who have made contributions to verify that all contributions deducted from their paychecks and the corresponding employer match has been properly deposited into employee investment accounts.

In FY 2002-03, the 403(b) plan was out of compliance with IRS regulations and no plan documents existed. An appropriate, qualified TPA was contracted. That was Citizens Bank and Trust of Maryville, it was a seamless transition.

Tamara Middleton purchased the business from Citizens Bank and formed her own company, Gatekeepers, in 2006. Again, it was a seamless transition.

When the new regulations became effective January 1, 2009, many additional reporting requirements and oversight were necessary. Most school districts sought new TPA relationships as a result. Gatekeepers grew from approximately 70 to 400 overnight. New software had to be developed to handle the new regulations. All TPA providers were experiencing issues because of the new regulations. By working with Gatekeepers on the issue, in May all outstanding issues seemed to be corrected. However, that is not the case at this point and OPRFHS will be out of compliance by October 15.

Discussion ensued. Mr. Finnegan asked if the District would have to make good on these claims and subrogate the Errors & Omission Insurance. Ms. Witham responded that it is the District obligation to the employees and to make a claim on the Errors & Omission Insurance. The missing funds will be paid out of the Tort Fund.

While Ms. Witham outlined other options for the Board of Education, her recommendation was Option #3.

1) Discontinue offering 403(b) plan benefits. (not an option due to collective bargaining agreements.)
2) Select one investment firm and require all employees to use that firm. This exposes the District to fiduciary and personal liability.
3) Remain with CPI or another TPA. The fee is $3 per member/per month.
4) Administer the plan in-house with OPRFHS’s staff. Compliance and legality issues are very large.

Mr. Finnegan concurred with Option #3, as this plan is a tremendous benefit for the employees. Doing it in-house is a great responsibility and limiting staff to only one investment firm leaves the District vulnerable to huge lawsuits. The District has more than one vendor and each individual can choose the vendors. Ms. Witham added that the District is responsible for the deduction of the employees’ paycheck and getting the funds to the vendor. If the District was to choose a fund and something was to happen to it, there could be other liabilities.
It was the consensus of the majority of the Finance Committee members to accept the administration’s recommendation of remaining with CPI or another TPA at a fee of $3 per member/per month.

**Treasurer’s Report**
The Treasurer’s Report for August will be submitted for approval at the regular October Board of Education meeting.

**Monthly Financials**
The Board of Education will be asked to approve the August 2009 Financial Reports at the regular October Board of Education meeting.

**Adjournment**
The Finance Committee adjourned 10:05 a.m.