December 20, 2012

The regular Board meeting of the Board of Education of the Oak Park and River Forest High School was held on Thursday, December 20, 2012, in the Board Room of the OPRFHS.

Call to Order

President Finnegan called the meeting to order at 6:38 p.m. A roll call indicated the following Board of Education members were present: Terry Finnegan, Valerie Fisher, Dr. Ralph H. Lee, Dr. Dietra D. Millard, Amy Leafe McCormack, Sharon Patchak-Layman, and John Phelan. Also present were Dr. Steven T. Isoye, Superintendent; Michael Carioscio, Chief Information Officer; Cheryl L. Witham, Assistant Superintendent for Finance and Operations and Treasurer; and Gail Kalmerton, Executive Assistant/Clerk of the Board and FOIA Officer**.**

Closed Session

At 6:40 p.m. on Thursday, December 20, 2012, Mr. Finnegan moved to enter closed session for the purposes of discussing the appointment, employment, compensation, discipline, performance, or dismissal of specific employees of the District or legal counsel for the District, including hearing testimony on a complaint lodged against an employee or against legal counsel for the District to determine its validity. 5 ILCS 120/2(c)(1), as amended by PA.93—57; Student disciplinary cases 5 ILCS 120/2(c)(10); Collective negotiating matters between the District and its employees or their representatives or deliberations concerning salary schedules for one or more classes of employees. 5 ILCS 120/2(c)(2); The placement of individual students in special education programs and other matters relating to individual students 5 ILCS 120/2(c)(11); Litigation, when an action against, affecting or on behalf of the particular District has been filed and is pending before a court or administrative tribunal, or when the District finds that an action is probable or imminent, in which case the basis for the finding shall be recorded and entered into the closed meeting minutes; seconded by Dr. Millard. A roll call vote resulted in all ayes. Motion carried.

At 7:28 p.m., the Board of Education recessed its closed session and resumed its open session at 7:30 p.m. in the second floor library.

Joining the Session were: Dr. Tina Halliman, Assistant Superintendent for Pupil Support Services; Amy Hill, Director of Assessment and Research; Philip M. Prale, Assistant Superintendent for Curriculum and Instruction; Nathaniel L. Rouse, Principal ; Lauren M. Smith, Assistant Superintendent for Human Resources; Karin Sullivan, Communications and Community Relations Coordinator, James Paul Hunter, Faculty Senate Executive Committee.

Visitors

The Board of Education welcomed the following visitors: Annette A., John Abbott, K. Bahl, John Balchert, John B. Bokum, Tom Cofsky, Lee Coleman, Mary T. Cullitan, Martin Dunlavey, Helen Doty, Rod Doughterty, Dave Erfont, Dorothy & Paul Fischer, Josi G. Flores, Beatrice Fung, Robert Gale, Jim Gearhart, Polly Grimes, Karen & Mohamad Hammond, Chris Henson, P. Juravic, Jim Kelly, Annice Kelly, JoAnne Kelly, Monica Klinble, Gregg Kuenster, Dr. Barb Langer, Nancy Leavy, Bill Lappe, Randy Macuelsie, Larry Macy, Deborah V. Majanner, X. Malesany, Karen Mansfield, Brandy Masoncup, Julie McCarthy, Tim Mojonnier, Donna Morris, Joanne O'Hara, Jamie Pack, John V. Palmisano, Jason A. Pattie, Jeffrey Petrovski, Janet Pito, Royace Pratner, Christine Ramus, Abby Reisch, Eugene Renfrue, Carlo & Mary Rodrigo, Phil

Schoenthal, Leslan Snow, B.S Taylor, Virginia R. Thomas, and Jeff Weissglass, community members; Ali ELSaffar, Oak Park Township Assessor, Dr. Barry Epstein, Janet GI, Al Steffeter, Robert Walsh, and others; Linda Speracino of Parents 4 Student Success; Laura Pauli and Audra Scharf of PMA; Ray Johnson of the Village of Oak Park; Bill Foster of School Perceptions (telephonically); and Terry Dean of the *Wednesday Journal* and William Dwyer of the *Oak Leaves*; and others.

Change in Agenda

Mr. Finnegan moved to alter the agenda as follows: After the Tax Levy Hearing, the order under the Finance Section of the Agenda will be:

B. PMA Annual Investment Update
C. Presentation of Financial Projections
D. Presentation of Henry Bros. Contract
E. Presentation of RE Walsh Contract for Residency Services
F. Presentation Monthly Financials
G. Presentation of Treasurer's Report

followed by the adoption of the Tax Levy under the Action portion of the Agenda; seconded by Ms. McCormack.

Tax Hearing

Mr. Finnegan reminded the public that each speaker had 3 minutes to speak. Each resident would forego their three minutes and grant them to the speaker and needed to be present. All other individuals were welcome to speak for three minutes. While speaking, typical rules of etiquette, decorum, and respect are expected and will be enforced. The purpose of the public hearing is for the Board to hear public comments on the Levy. The Board and School District employees are not required or expected to answer questions or respond directly to statements or questions of the public.

At 7:45 p.m., Dr. Lee moved to open the public hearing on the tax levy; seconded by Mr. Phelan. A roll call vote resulted in all ayes. Motion carried.

The following people ceded their time to Dr. Barry Epstein: Larry Macey, X. Malesany, Karen Mansfield, Marty Dunlavey, Bill Lappey, Rod Dougherty, and Mary Rodriquez.

Dr. Epstein, 604 N. Kirkwood, Chicago, presented the same material as he had at the December 11, 2012 Finance Committee meeting, speaking in opposition to the proposed tax increase by going through the school's past history of reserves and the high school's projections which shows there a tax increase is unnecessary. He believed the fund balances of $123 million were in excess and the District was receiving trivial earnings on the cash balances that had not been deployed for educational purposes. He believed that in the end, cities, counties, and schools should break even. He believed that even in the worst-case scenario and the District had to pay off its current debt obligation, it would leave the high school with $100 million. He objected to the money taken from the property owners via property taxes were sitting in the bank earning little investment income. Only $18 of the $100 million was earmarked for a specific purpose. That surplus has been growing at 20% per year compounded for 10 years with taxpayers' money doing nothing. He believed that the tax levy increase was unnecessary.

The following people ceded their time to Dr. Barb Langer: Christine Ramos, Virginia Thomas, Tim Mojonnier, Dr. Helen Dieks, Mary Cullitan, and Carlo Rodriqo.

Dr. Langer thanked those that volunteered and distributed post cards. She thanked Dr. Epstein for his analysis and for donating his valuable time to help better this community. She asked that the District 200 property taxpayers be protected. She reviewed her handout. She stated that District had misinformed and deceived the voters of the need for a referendum in April 2002. She accused District 200 of lying about the amount of surplus cash when it claimed it could not meet its operating expenses and other obligations. And, she stated that the District had manipulated the rate for its annual levy. Dr. Langer stated that John Rigas and the Board of Education had made District 200 independent of community approval for annual tax increases. She noted that the word "community" had been removed from the organizational chart after 2005. She called on the public to run for the four Board of Education seats in order to repeal the referendum and refund the surplus.

Jim Kelly, resident of 1043 S. Harvey, Oak Park, did not support the District imposing 2.5% levy in the same year that property taxes had skyrocketed, some as high as 38%. He complimented District 97 for help the community understand its needs were urgent or real. He continued that having high fund balances allows the schools to lock in programs before the efficacy of the programs was proven.

Donna Morris, resident of 634 N. Humphrey, stated that the Board of Education had lost touch with community. Many of her family members had lost their jobs and her taxes increased $2000.

Randall Michalek, resident of 206 Harvard, Oak Park, and a resident of Oak Park for 26 years, and he valued the school system. This is bad timing to incur additional economic expenses. He suggested the following.

1. Do a better annual assessment of its expenses in order to avoid intermittent tax levies such as this.
2. Use more conservative data, so increasing the levy is not necessary.
3. Get better financial advice, conservative investments, etc.
4. Encourage the state to solve this problem, not the local district.

John Abbott, 518 S. Ridgeland, Oak Park, had been generally happy with the taxes he paid in Oak Park and he appreciated the quality of services he had received. However, he believed District 200 had become the outlier as the other taxing bodies had explained the reasons for needing to increase the taxes. District 200 has insulated itself from taxpayer review and supervision. Nowhere in the articles written by Mr. Finnegan or Dr. Lee was the word "referendum" used. While the community has consistently shown support of the high school, the high school has shown that it does not trust the community. He suggested that District 200 demonstrate better evidence for the need for this increase.

Royace Pratner, resident of 1103 Woodbine, Oak Park, had children who graduated from OPRFHS and he appreciated the education they received. However, as soon as children graduate, they leave. He commended the Board of Education on its professionalism; however, people can no longer pay their taxes. While he can afford to stay here, the District is at the point where it will lose philanthropic reasons to live in Oak Park. By voting not support this increase, it is an opportunity for change and an acknowledgement that the Board of Education has listened to the people it represents.

Leslin Snow, resident of 1313 Lathrop, River Forest, expressed her concern with the amount of taxes that families had to pay. Children, her children and their friends, who grew up in this community are not able to move back to it because they cannot afford to live here. And if they can, why would they when communities with similar tax rates provide much more to the community.

John V. Palmisano, resident of 1139 N. Grove, Oak Park, stated that he had not known any of the people at this meeting. He is an OPRFHS alumnus, his family moved here in 1949, and he was a former military officer. He urged the Board of Education not to support an increase in the tax levy, saving, "the power to tax is the power to destroy." If not, it would be a legal war.

S. Taylor, resident of 319 N. North Park Avenue, has lived in Oak Park for 41 years. While not politically active, she does volunteer work for the university and arthritis organizations. She felt compelled to speak because of what has happened in this community. She is president of her condominium association and reported that two condominiums had to sell because of taxes and one could not sell because of the taxes. The recent rise ranged from 19 to 21%. She did not see how taking this money out of the hands of the consumer and putting it into the bank would help anyone. She urged the Board of Education to vote note.

Ali ELSaffar, Oak Park Township Assessor and resident of 142 N. Austin, Oak Park, had long supported open discussion on tax issue. He had several conversations with Dr. Barb Langer. He wanted to clarify what was a respectful debate. He knew many people in this room and he knew taxes were a real problem for some. Boards of education have diferent views and it is important to have a debate to see what someone else says. One must be respectful where everyone is concerned. He felt that when people used words such as "lying" or making personal attacks, it was unnecessary and hurtful to the process. The people who are hurting because of the tax rates need to be heard. He clarified some comments attributed to him. The District did not lie or mislead the community. The phase-in allowed the District to get additional money, and while he had not agreed with that decision, it was all public information. He stressed that he tries to be respectful of disagreement The Board of Education works long hours for the community. It is important to be respectful.

The following people ceded their time to John Bokum: Halley Dunn, Phil Schoenberg, and Robert Walsh.

John Bokum, resident of 629 S. Home, Oak Park, for 34years, has attended Board of Education meetings for four plus years. Because he was a former high school employee and after having been in the corporate world for 34 years, he knew the ins and outs of the high school. He appreciated the time the Board of Education spent volunteering. He knew this year's tax levy was going to be a major issue. His four children attended the high school and one was a special needs child that cost the District between $35,000 to $40,000 per year to educate. The Villages having openly supported the schools since 2002. Ms. Patchak-Layman was the only Board of

Education member to speak out against raising the Levy. At the state level, politicians who have been in office for 40 years have created a budget deficit that they now want to pass on to the local level to fund pensions. Mr. Bokum had said that Mr. Phelan had referred to legislation that was in committee in the House of Representatives that allow the assessed levy amount to be frozen and given back to the community. Mr. Rigas said a referendum had to be passed. Within the last two years, the teachers have taken a pay freeze. Custodians took a pay cut. The Board of Education gave the administration a 2% increase. How does that affect the morale of the others? In the corporate world when there were lean years, no one got a pay increase. He asked the Board of Education to vote no on the levy increase.

Beatrice Funk, resident of 1039 S. Clinton, Oak Park, a resident for 41 years, and an Asian American from Hong Kong, objected to the high school raising the Levy by 2.5% when it had $123 million in surplus. She noted that her daughter graduated from OPRFHS in 1985 and had since become an attorney and was raising five children.

Chris Hanson, resident of 920 Wenonah Avenue, Oak Park, commended the Board of Education for having this open meeting for public debate, as the state does not require it. His family moved to Oak Park in 2008 because of the school district. He had his first child 9 months ago. He asked the Board of Education to make the right decision for those in the community who were trying to pay their bills and play by the rules.

Jose Florez, resident of 1132 Edmer, Oak Park for 40 years, was thankful for the opportunity for concerns to be expressed. He was distressed at what was occurring in the community. He asked the school to live within its budget as he does as a retired teacher. His family has supported both the high school and elementary schools by working to get referendums passed and to pay their taxes, because schools are the foundation of a strong community. He and others were concerned about not being able to continue in this community. His second tax assessment was almost $1400 more than the first half. He urged the Board of Education to vote no to the levy increase.

Joanne O'Hara, resident of 147 Franklin, River Forest. She is an alumni, and she had three children, an OPRFHS graduate, a current student and one who will be a student. She loved the school. After reading Mr. Finnegan's letter in the Wednesday Journal she went to Cook County Treasurer's website to look at the District's fund balances as of June 30, 2013, operation expenses, etc. She was comfortable with the District's having an extra nine months of surplus. She objected to fund balances that were higher than and to the District approving an increase in taxes again. She urged the Board of Education to vote no.

Nancy Leavy, resident of 155 N. Ridgeland, Oak Park for 42 years, served on the Board in 1995 and 2003. She was part of the Board of Education that passed the 2002 referendum. A Citizens' Finance Advisory Group was formed prior to seeking the referendum. Any and every group who would listen was provided information. At the time of the phase-in, the Board of Education was surprised. A current member of the Board, Valerie Fisher, voted against it. After the phase-in was passed, there was an enormous run up in in the EAV because of significant new construction, the TIF district—a confluence of things that made the phase-in large. There was no deception involved. Since that time, one unified thought was in the minds of the administration and that was a commitment to husband that money for as long as possible. She noted that there were many erroneous impressions expressed, but she thanked those who spoke for this community. She had felt compelled to speak.

At 9:22 p.m., Dr. Lee moved to close the public hearing; seconded by Mr. Phelan. A roll call vote resulted in all ayes. Motion carried.

Public Comments

Bob Gale, resident of 1530 William Street, River Forest, a 47-years resident, spoke about the discrepancy between teacher pay and the rest of the world. He referred to an article that appeared years ago about teacher retirement pay. He spoke about his own work experience at GE, where, who reported to him, and who reported to them. He stated that not one of their compensations equaled that of the teachers. He knew this was an issue across the country. Recent research shows that there was no correlation between teacher pay and student performance. One way to address this is to hold the line. A common justification is to say the others around this community pay the same and it is the marketplace. He believed the comparison should be the Montessori schools, Catholic schools, and private schools that have superior performance. He did not believe there was justification for teacher compensation as it now stands compared to what is going on in the rest of the world.

PMA investment Update

Laura Pauli and Audra Scharf of PMA Financial Network provided the PMA annual investment update.

Ms. Pauli spoke about risk management program, the cash flow analysis and bid management.

The first foundation for the investment program comes from the District's investment policy and objectives, which are safety, liquidity, and yield. The state is very restrictive and the schools have limited options. Safety is further defined by a District's policy and OPRFHS's policy is more restrictive than the policy of the state. The investment objective of safety occurs through credit analysis of a financial institution or a bank. Last year over 300 banks failed in the United States. Much time is spent considering where to put the District's money and how secure it is.

The second foundation is liquidity and understanding what the District's cash flow will look like over the next two to three years. How much cash needs to stay liquid and what can be used for the longer term. Most schools do not invest for more than one year.

The third foundation is yield. PMA takes every available dollar and bids it out in order to get the best investment deal possible that day.

Ms. Pauli reviewed three charts showing an analysis of revenue, expenditures, and the total funds balance (excluding capital projects). Ninety percent of the District's revenues come from property taxes. Eighty percent of expenditures are for salary and benefits.

PMA takes the fund balance over a 2- to 3-year period and figures out the investment strategies and maximum yield. OPRFHS is putting its dollars to work as shown in the chart with optimized investments. Once a strategy has been developed, PMA goes through a bid management program. OPRFHS is investing through PMA. The base is what is allowable to OPRFHS. Every time money is available, PMA looks at the state statute and OPRFHS' investment policy.

The following are investment vehicles in which OPRFHS is allowed to invest in per Illinois State Statute.

- Registered Money Market Fund Pools
- Savings Deposits
- Certificates of Deposit
- US Treasury and Agency Securities

PMA uses a national network of providers, which includes over 1,000 banks, 20 securities dealers. Bids are solicited on behalf of the client. PMA executes the applicable paperwork. PMA does consolidated monthly reporting.

A snapshot of the yield curve comparison was provided. OPRFHS's longest investment is 3 years. The three hundred twenty (320) days in an equivalent governmental agency is about 12 basis points. That is where the money is working, which is on the short-end of the yield curve. Eighty percent of the District's funds are in certificates of deposit earning more than the government rate. The rest is liquid cash to pay bills, which is inside of 3 or 4 months. The current blended rate is .40, which is .28 above the government market. The benchmark is against the portfolio and the market rate. OPRFS has 256 fixed rates investments at this point with a large number are deposits of less than $250,000 utilizing FDIC. Anything above that amount would follow state statute or policy. All funds are collateralized.

PMA complimented OPRFHS on its investment strategy. Only 6% of its funds were liquid. The other monies were being invested at a rate higher than a checking account rate. the District has been maximizing, extending out as far as possible, and earning higher than the market. PMA is only paid if a trade is made and that is capped at 15 basis points.

PMA was unable to state what a typical fund balance would be because of the many factors involved, e.g., growth in enrollment, building needs, district needs, etc. When asked if it made a difference in the number of days other districts could stretch out their investments and if that was related to how much one have in the fund balance, PMA responded yes, depending on the fund balance and funding strategy. PMA wants to maximum the return so the yield curve is upward sloping. Every basis point counts.

Financial Projections Ms. Witham reported that the ALT had provided scenarios for the Board of Education to consider. The ALT's purpose is to annually review long-range financial projections, perform what-if analysis, and propose long-term parameters to maintain fiscal stability and quality educational programs. Its membership consists of

•3 community members
•2 Faculty members
•2 Building administrators
•1 B & G representative
•1 non-affiliated representative
•1 classified representative
•Superintendent

- •Assistant Superintendent for Human Resources
- •Asst. Superintendent for Finance and Operations

A building utilization study was completed recently to understand how the building can meet the future enrollment needs and it was determined that the present facilities will have to be used differently than it was in 1970. The ALT looked at the long-term projection models. PMA works with over 160 school districts, using sophisticated software. Each fall the projection model is updated and ALT considers the model, analyzes, and proposes recommendations for the Board of Education to consider for a soft landing, so that when deficit spending does occur, it is not such a drastic ending.

The ALT is finishing its work now but has actually proposed reduction targets in spending. Taking the base model and projecting out the recent budget beginning to occur in 2018 and even with those reduction targets, 1) the long-term ramifications of a levy that does not include the PTELL normal CPI-U increase (a flat levy) and 2) the long term ramifications of the proposed increase in the District share of the TRS pension payment. In the case of the TRS scenario, the ALT modeled the most recent proposal of an annual increase in the participation rate of 0.5% of currently employed certified staff salaries plus 6.2% of newly hired certified staff salaries. The District percentage will increase or compound annually at 0.5%.

Both scenarios already include the anticipated increased enrollment. As a reminder, due to the heavy reliance on property taxes rather than State Aid, the District will not receive additional revenue as enrollment increases. This is because the District's State Aid calculation is based on the Alternate Formula rather than the Foundation Formula. The Consumer Price Index (CPI-U) used for the 2012 levy was 3.0%. Tax capped school districts in the State of Illinois will be using the 3.0% increase as the normal levy increase for the 2012 levy according to the tax cap laws.

The Base Model 12/13/12: Included were the September 2012 projections with the additional of ALT recommended cost reduction targets. These are the dollar amounts that the ALT is recommending the District implement in order to soften the future deficit spending on an annual basis.

Flat 2012 Levy: This scenario models the long term impact on the Base Model if the District does not include the PTELL normal CPI-U increase in the 2012 levy. A deficit will begin in 2017, even with implementation of the reduction targets of $1.5 million dollars. As enrollments increase, these deficits grow on an annual basis. The loss of revenue would grow at CPI. OPRFHS receives just $344 per student from the state.

Flat Levy and TRS: This scenario models the long term impact on the Base Model if the District does not include the PTELL normal CPI-U increase in the 2012 levy AND the legislature approves the new TRS contribution compounding at 0.5% each year over the next 10 years. As indicated in the model, the deficit spending in FY 2017 is over $1.0 dollars even after a reduction target of $1.5 million dollars. Typically, when a district goes for a referendum, it is something that is a moderate increase as opposed to large increases at any given time. It is an issue for districts having to look at where teachers and programs are to be cut, when going out for a referendum, wondering if it will pass, etc. The Board and the District would not have control over programs. Some districts have found themselves with negative balances because no money is coming in.

An important measure to monitor in each of these scenarios is the change in per pupil spending during these years. As enrollment increases, additional resources will be required to meet the needs of the additional students.

What is the significance of moving into deficit spending? OPRFHS will begin to use its reserves; the number grows to $12 million per year in 2023. When that occurs, a district cannot get enough money to pay its bills via a referendum. Difficult decisions will need to be made in order to meet the reduction targets. If they are not met, then it will be a worse scenario, as revenue will not be growing, as the same time student enrollment will increase.

In the 2002 referendum asked for an increase of $.65 or $2.95, the rate was 2.30. The District never levied the $2.95, which created the phase-in opportunity. Ms. Witham did not know the average referendum because the variances in size. Some districts in this model, rather than having level property taxes, have large spikes, rather than CPI. Some districts are in crisis mode because they are not paying attention to the future and have to lay off teachers.

The District cannot reduce the Levy in all funds, i.e., IMRF, etc. If it did, however, the Education Fund would have to be adjusted so that the other funds got the revenue necessary for operation. The Education Fund would be most affected. Other funds would see a reduction as well, but the slides presented at this meeting were for the Education Fund. The percentages in the third column represented a 3% decline.

Dr. Lee stated that the fund balance, as of June 30, 2012, was $117 million or $123 million, if counting student activity accounts. The $117 million was being described as "uncommitted." He asked for clarification. Ms. Witham responded that unrestricted did not mean uncommitted. The District is self-funded on health and dental insurance, property and liability insurances, etc. Money has been set aside for construction, furniture, and equipment replacement beginning July 1. There are many reasons to hold fund balances. Dr. Lee felt that people in the community felt that the District had millions of dollars for uncommitted reasons.

Mr. Phelan applauded the ALT for the financial oversight it had given and the money that it had saved, including that of keeping the health insurance from rising significantly and below what the rest of the country was experiencing. The ALT had found countless ways to lower expenditures, self-insurance, policing of residency efforts. The District levies every year and it will be asked to do so forever. This is not an exceptional year. The owner of a $300,000 home will see an increase to his/her taxes from the high school of approximately $62.

Ms. Patchak-Layman asked in which of the funds was the District mandated to put the money into, e.g., IMRF, Social Security, Transportation, debt payments, etc. She suggested not levying for working cash and putting that money in the Education Fund. She asked when looking at the decrease in fund balance over the years, how one could align the working cash dollars into the Education Fund in order to decrease the deficit. Ms. Witham concurred that the Working Cash could be used in future years, but a discussion had occurred about paying off debt early with its cash. The ALT will be presenting its recommendations to the Board of Education. Ms. Patchak-Layman felt looking at just the Education Fund decrease was limiting when one knew that working cash could go into that fund.

Ms. Witham explained that when CPI was 1% and the previous projections showed 2%, the revenue stream changed. At the same time, projections on the expenditure side changed. The District has been fortunate to have less than 5% increases in health insurance in the last five years.

Discussion ensued about referendums. Ms. McCormack stated that the law was designed for communities to go back for referendums and they fail at a rate of 70%. This community has supported it, which is why the District has the fund balance it does. The fund balance decreases over the course of time. OPRFHS has managed its funds well and she hoped it could continue to do so before it had to go back for a referendum. Referendum campaigns are expensive and, philosophically and economically, it is a difficult thing to do every couple of years. Ms. Patchak-Layman stated that referendums were only difficult if what the Board of Education was doing did not match the community. She continued that OPRFHS is an outlier. The community feels the District will keep going this way for another ten years for some of the students who are not even born or are here.

Construction Contract

It was the consensus of the Board of Education to approve the contract with Henry Bros. for construction projects for the summer of 2013. The estimated completion date for this work is August 9.

Contract for Residency Services

It was the consensus of the Board of Education to approve under the consent portion of the agenda, the contract for residency services with RE Walsh. In order to efficiently service of residency in a short period of time, contract services will be used rather than staff when needed at an hourly rate of $85. The Administration would like to discuss the possibility of 100% residency verification, meaning every family will have to register every year in order to significantly lessen the need for investigations. A proposed reorganization of the in-house residency services will be brought to the Board of Education in January.

Monthly Financials

It was the consensus of the Board of Education to approve the Monthly Financials, as presented, during the Consent portion of the agenda.

Treasurers' Report

It was the consensus of the Board of Education to approve the Treasurer's Report, as presented, during the Consent portion of the agenda.

Adoption of the Levy

Mr. Phelan moved to adopt the Tax Levy for 2012, as presented; seconded by Mr. Finnegan. Discussion ensued.

Dr. Millard was saddened that the speakers who commented before had not stayed to hear the rest of the conversation. When she ran for the board, she spent fifty (50) hours trying to learn finance, including spending time with Mr. ELSaffar. Until she had listened to many discussions, it had been difficult for her to understand the nuances of school funding. It is a cycle that starts with a referendum; a dollar tax rate is approved. Within that, the District starts to collect revenue. There is a point at which the District cannot increase revenue, expenses increase, and the District has to ask the community for more money. In 2005, the District had predicted it would come back for a referendum in one year. The Board made a conscious decision to see how long the money approved in 2002 could last before the District had to ask for a higher tax rate. The District, through a variety of ways, believes it does not have to go for a referendum in 2018, perhaps 2020, because It had received very judicious financial advice, including advice from the members of the community, on continuing to stretch those dollars. She too would like a tax rebate on the large amount she pays, but she feels that as a steward of the District, the value of property is based on the education in the community, and as an elected member of the Board of Education, she must sustain the programs and educate the children. People move to these communities because of the school's stellar programs and the amount of money spent on students. She felt she was elected to be a steward of the school and to do what she could to sustain the programs and to educate the children within these fabulous communities. She applauded all those that stayed for the full presentation. She encouraged everyone to run for the Board of Education and to learn the nuances of school finance. The teachers have been instrumental in helping the Board of Education stretch the dollars. This is not just Oak Park; it is Oak Park, the globe. She would approve the levy. She, too, took a hit in salary but both she and her husband have kept their jobs. She had received many calls expressing differing opinions than some offered that evening. She encouraged all to look at board membership and to see if they could do a better job of maintaining financial stewardship.

Ms. Fisher had heard some very compelling comments, the young man with the new baby, the gentlemen who always supported referendums when it was hard not do so, etc. The Board of Education struggles with these issues; they are not lightly determined nor without a lack of concern. Board of Education members, too, are members of the community and they do have an understanding of what is occurring within the community. It was said that during the phase-in conversation that the full amount of it was put in place. The Board of Education struggled during that time; there were hours of meetings, many discussions, public discussions, and consideration was given to a wide range of possible phase-in amounts, and not the amount ultimately selected. She supported this levy amount because it was critical to all to maintain the education that is available in the community for the students, not just the present students and for those who have graduated and have had their great educational experience, but for the future students to be able to have the same thing. Another speaker referenced the freeze that the faculty agreed to in its current contract in order to continue to offer these programs. It is a huge contribution and it is another way that the District has tried its best to make this money last as long as possible.

Dr. Lee was aware of the District's fund balance and that it might be called discretionary. He believed a significant portion of the public was under the impression that the District had $117 million that served no useful purpose other than to earn little interest. He understood that amount to be much less, perhaps $20 to $30 million. He would support the 2.5% increase this year and attempt to do better next year.

Ms. Patchak-Layman reviewed her history on the Board. She had suggested reducing the Levy, as the District was receiving $7 million more than it needed each year. The District is not educating the children presently at the high school with that fund balance and while the District has suggested that this money is for educating the children, it has, instead, put it into a savings account for 10 years, to pay the expenses of students 10 years from now. She did not believe the District should be subsidizing those students. If the dollars collected at that time are not enough, the community should decide the amount it should be giving to the District. In 2005, when the District took the stance of taking the phase-in money and collecting extra dollars, it made it impossible to talk about getting the dollars back to the community. While 2.5% and $62 are small amounts, at some point, the District must take a stand and start using or reducing the fund balances. She did not think it was right to have $120 million in fund balances. She felt the District could run a good school without collecting additional funds every year.

Dr. Millard noted that when Ms. Patchak-Layman came on the Board of Education, she had made a firm suggestion to cut the budget by 10%. The Board of Education asked her where the cuts should be made, but she had no response. Ms. Patchak-Layman responded that she had made different recommendations, and having just come from District 97 where cuts had to be made, she knew of ways to provide quality education with better programs and with fewer dollars. The problem is that the excessive is 20% more than what is being spent. It is a different philosophy on what should be collected. There was much conversation about what if's in the community governmental agencies.

Mr. Phelan cautioned about people who gave too little information. He had not understood school finance when he was elected and, therefore, spent days learning the nuances. It is a very complicated subject of which to inform the public. He thanked Mr. ELSaffar for his message about decorum and being polite. He came into this role thinking he was right about things and learned that there were things he did not know. He was elected to understand school finance and he did that. However, it cannot be explained in it a short period.

Mr. Phelan was unsure of Dr. Epstein's motives in asking the Board of Education to believe him and doing this work pro bono. Of the 40 articles Dr. Epstein had written on finance since 2006, none of them dealt with Illinois school finance. Perhaps, Dr. Epstein did this for many communities. Mr. Phelan did feel he understood Dr. Langer's motive, as she had circulated a petition asking the district to spend millions of dollars on a pool, not saying anything about students. Mr. Phelan stated that previous school board messages have been consistent for the last 10 years. They took the increases. Are the communities consistently electing foolish people? Is it a big conspiracy for personal benefit? Mr. Phelan's motives are 1) he graduated from OPRFHS, 2) one of his children is an OPRFHS graduate, 3) presently, two of his children are attending OPRFHS, and 4) he has middle school and elementary school children. Many of Mr. Phelan's vacation days have been spent working on school business. Many of the people who spoke at the meeting did not know school finance, and some did and had a contrary opinion. Some had hidden agendas. He applauded the first two groups and he wanted to give relief, especially the veteran who spoke, to those who worried about the tax bills and the community. He reiterated some information that he gave at the November 15 meeting. In 1996, legislation was passed to prohibit school districts from levying more in a given year than the amount it levied the prior year plus the lesser of 5% or CPI because people were upset that there were no limits. Districts knew they must go to referendums. OPRFHS has a good reserve and this is bad economic timing. If the Board of Education gives relief this year, that amount will compound year after year until a referendum is passed. SB 410 would allow a district to forego a levy increase in a year and not have it compound in order to give relief, but the bill is stuck in the House. While Dr. Epstein stated that the District does not need the money now, Mr. Phelan was elected to provide for this District on a long-term basis and, therefore, he believed he had to approve this Levy for these reasons. He hoped those who elected him would trust his judgment. He offered to help anyone understand school finance.

While Ms. McCormack chose not to reiterate the vast majority of the Board of Education comments, she reminded the community that schools were financed almost 100% at the local level. She felt that maintaining the excellent education of the students was worth high tax bills. She quoted former board member Jacques Conway. He used to say that OPRFHS was the most valuable piece of real estate in these two communities, and she agreed. She is an example of the classic family who moved to this area for the school so her children could have an excellent education in a diverse high school. "In order to maintain our community, our future, our students, we need to maintain the excellence. It will be detrimental if the Board of Education does not pass this levy."

A roll call vote resulted in six ayes and one nay. Ms. Patchak-Layman voted Nay. Motion carried.

The Board of Education recessed at 9:22 and resumed its meeting in the Board Room.

Status of FOIA Reports

Mr. Finnegan reported that one FOIA request had been received and it resolved.

Faculty Senate

Mr. Hunter wished all Happy Holidays.

Superintendent Comments

Dr. Isoye reminded the community that Board of Education candidates wishing to file their nominating papers must have them in to Ms. Kalmerton, Clerk of the Board of Education and Election Designee, by 5:00 p.m.

Strategic Plan Update

Bill Foster of School Perceptions, one of the architects of the Strategic Plan Survey, provided the Board of Education with the preliminary results of the survey in a PowerPoint presentation included in the packet.

Policies 3920 and 6600

It was the consensus of the Board of Education members to approve Policy 3920, Transportation, and Policy 6600, presented for first reading under the Consent portion of the agenda.

Driver Education Waiver

It was the consensus of the Board of Education to approve the application for a Driver Education Waiver under the consent agenda. The waiver would allow 18 hours of practice driving in a simulator system in lieu of 2.8 hours of instruction in a dual controlled car.

Change in Agenda

It was the consensus of the Board of Education members to remove the approval of the District Improvement plan from the Consent Agenda and approve it individually.

Consent Items

Mr. Finnegan moved to approve the consent item as follows:

1. Approval of the Check Disbursements and Financial Resolutions dated December 20, 2012
2. Approval of Treasurer's Report
3. Approval of Monthly Financials

4. Approval of Gifts
5. Approval of Henry Bros. Contract
6. Approval of Contract with RE Walsh for Residency Services
7. Approval of Drivers' Ed Waiver
8. Approval of NIIPC Commodity Foods and Selected Commercial Foods Contract RFP
9. Approval of Policy 3920, Transportation, and Policy 6600, Education of Homeless Children for First Reading

seconded by Dr. Lee. A roll call vote resulted in all ayes. Motion carried.

District Improvement Plan Mr. Finnegan moved to approval of District Improvement Plan, as presented; seconded by Dr. Millard. A roll call vote resulted in all ayes. Motion carried.

Open Minutes Dr. Lee moved to approve the open minutes of November 6 (Instruction), November 15, and December 11(Special), 2012, and a Declaration that the Closed Session Audiotapes of January 2011 are destroyed; seconded by Mr. Finnegan. A voice vote resulted in motion carried.

Closed Session At 12:01 The Board of Education resumed its closed session. At 1:15 a.m., on Friday, December 21, 2012, the Board of Education resumed its open session.

Personnel Recommendations Mr. Finnegan moved to approve personnel recommendations as presented, which included New Hires, Change in FTE, Retirement, Resignation; seconded by Dr. Lee. A roll call vote resulted in all ayes. Motion carried.

Student Discipline Mr. Phelan moved to approve the finding of non-residency, charging tuition, and holding in abeyance the collection of tuition pending student re-establishment of residency and a future finding of non-residency for student RES 12-20-12-4; seconded by Mr. Finnegan. A roll call vote resulted in six ayes and one nay. Ms. Patchak-Layman voted nay. Motion carried.

Mr. Finnegan moved to approve the finding of non-residency and charging tuition beginning November 8, 2012 for student RES 12-20-12-5; seconded by Mr. Phelan. A roll call vote resulted in six ayes and one nay. Motion carried.

Mr. Phelan moved to approve the finding of non-residency, charging tuition for the first semester, and holding in abeyance the collection of tuition pending student re-establishment of residency and a future finding of non-residency for student RES 12-20-12-6; seconded by Mr. Finnegan. A roll call vote resulted in five ayes and two nays. Ms. McCormack and Ms. Patchak-Layman voted nay. Motion carried.

Settlement Agreement Mr. Finnegan moved to ratify a settlement agreement for a student receiving special education services; seconded by Mr. Phelan. A roll call vote resultd in all ayes. Motion carried.

Adjournment At 1:25 a.m. on Friday, December 21, 2012, Dr. Lee moved to adjourn this meeting; seconded by Mr. Finnegan. A voice vote resulted in motion carried.

Terry Finnegan	Amy McCormack
President	Secretary