

**OAK PARK AND RIVER FOREST HIGH SCHOOL
201 N. Scoville
Oak Park, IL 60302**

**Finance Committee Meeting Minutes
November 10, 2014**

A Finance Committee meeting was held on Tuesday, November 10, 2014. Mr. Cofsky called the meeting to order at 5:10 p.m. in the Board Room. Committee members present were Thomas F. Cofsky, Dr. Ralph H. Lee, and Jeff Weissglass. Also present were Dr. Steven T. Isoye, Superintendent; Tod Altenburg, Chief School Business Official; David Ruhland, Director of Human Resources; Toni Biasiello, Faculty Senate Representative, and Gail Kalmerton, Executive Assistant/Clerk of the Board.

Visitors included Sharon Patchak-Layman and John Phelan, Board of Education members; Mary Harris, Senior Underwriter and Nicole Kubek, Senior Consultant of Gallagher Bassett; Steve Miller of PMA, Karin Sullivan, OPRFHS Director of Communications and Community Relations; Robert Zummallen, Director of Buildings and Grounds; and Kevin Peppard, community member.

Minutes

Mr. Weissglass moved to approve the Finance Committee minutes of October 14, 2014; seconded by Dr. Lee. A voice vote resulted in all ayes.

Renewal of Medical, Dental and Life Insurance

The Finance Committee unanimously supported moving the approval of the Renewal of the Medical, Dental and Life Insurance for the 2015 calendar year, as presented to the Board of Education at the Special Board meeting immediately following this meeting.

Medical Renewal

The unified renewal projection for the PPO and HMO plans calls for a 3.9% increase in funding. The recommendation from the Insurance Committee is to keep current employee premium rates flat and utilize funds from the District's health plan reserve account to cover the additional budget cost for the needed increase. The estimated dollars to be transferred from the reserve account is \$244,094.

Dental Renewal

The dental plan renewal projection is calling for a 3.4% increase in funding. The recommendation from the Insurance Committee is to keep the current employee premiums flat and utilize funds from the health plan reserve to fund the employee and employer additional budget cost for 2015. The estimated dental cost to be transferred from the health insurance reserve is \$17,685 or a total combined \$261,778.

Stop Loss Renewal

The current stop loss carrier is Blue Cross and Blue Shield. The current stop loss level is \$100,000 for specific coverage. The aggregate stop loss is set at 135% of expected claims. The increase in stop loss premiums for 2015 is 23.4% which is due mostly to leveraged trend. Large claims increase at a higher trended rate than other claims on a year over year basis. OPRFHS will look to increase the stop loss limit at the 2016 renewal. Each year the stop loss level is reviewed for its appropriateness based on the size of the group's population. When reviewing appropriate stop loss levels, the expected instance of large claims by group size is reviewed; current ongoing and potential larger claims are considered as well as previous history. This was last reviewed two years ago.

Life & LTD Renewal

The Life, AD&D Voluntary Life and Long-term Disability coverage are with Met Life. The increase in premium for these plans is 11.11%. The reason for the increase is driven by claims experience. The total cost increase represents an additional \$3,000 annual spend in premiums.

Discussion ensued. When trying to determine trends, two 12-month periods are used in the review and then projected out for the next year. While the medical trend for health care premiums to rise between 8.5% and 9.5% per year, OPRFHS was forecasted for this year to have a 3.9% increase. OPRFHS held its rates constant last year, even though there was a 2.5% decrease. The administration did not recommend an increase in the premium for this year because of the strength of its fund balance. As such, the fund balance will be depleted by \$244,000.

The recommendation to hold health care costs flat was unanimously moved to the full Board of Education for approval, recognizing that the outside recommendation was to increase the cost. It was suggested that a long-term plan be developed, including the examination of who needs to be involved and future percentage increases.

Summer 2014 Construction/Capital Improvement Plan Reconciliation

The summer 2014 phase of the capital improvement plan was projected at \$7,272,818. The final close out cost of all professional fees and trade costs equals \$6,540,295 and includes a \$267,778 expenditure to add air conditioning to Science Rooms 111, 111a, and 115, along with the Day Care Room, Room 110, that was approved by the Board of Education on February 27, 2014. Thus, the balance remaining for the Summer 2014 phase of the capital improvement plan is \$732,523. This is for information only.

Discussion ensued about whether the right projections were being used as the District was under budget by \$1 million dollars of which \$555,000 was contingency money. Should contingency funds be lower than the usual 10% of the total project?

Preliminary 2014 Levy

The Finance Committee supported moving the adoption of the Preliminary 2014 Levy at the November 10, 2014, Special Board Meeting to follow this meeting, as presented (Option 1), by a vote of 2 to 1.

Legally, the Board of Education needs to approve a preliminary levy within a certain time before the adoption of its aggregate tax levy. Approving the preliminary levy does not bind the Board of Education from approving a different amount at its December 18, 2014 meeting. The preliminary Levy must be placed on display by November 12, 2014. A Truth in Taxation Hearing will be held at the regular Board of Education meeting on December 18, 2014.

The administration recommended setting the Preliminary Levy at the 2012 level. By setting the 2014 levy at the 2012 amount, this will allow the District to utilize the “look back” provision of the Property Tax Extension Limitation Law (PTELL). The County Clerk selects the prior year extension to use as the aggregate extension base. The choice among the last three preceding levy years only becomes relevant when the prior year extension is less than one or both of the prior years. The choice of which prior year levy extension to apply is not an option for the taxing district to select.

The total 2014 Preliminary Levy request is an increase of 18.32%. For the capped funds only, the levy request is an increase of 18.32%. For the non-capped funds (a.k.a. Bond and Interest), the levy request is a 0% increase because the Board of Education resolved to abate the Bond and Interest Levy in full last year and it has been expressed verbally by the Finance Committee for that abatement to continue with the 2014 Levy. This year’s abatement is \$2,565,785.

A new assumption list was distributed which included the assumptions unchanged from the Finance Advisory Committee (FAC) Report, the Likely Scenario, as well as the Assumptions Changes from FAC Report, and the Likely Scenario which included the 2019 certified retirees and the major uncertainties of the Pension Cost Shift (TRS Employer Contribution Rate) .5% per year, Senate Bill 16 (Total State Revenue) (phased in over 4 years), Capital Improvement Costs (\$20 million for pool), and the Strategic Plan, as no costs have been associated with this. Thus, \$300,000 for Senate Bill 16 and \$140 in pension costs per year were included in the projections.

Also included were the following charts:

- 1) Levy Option 1 – (Back to 2012 levy-\$65,019,413). The fund balance is \$71,900,977 in 2020. The fund balance as a percentage of expenditures was 86.83% and the fund balance as a number of months of expenditures was 10.42.
- 2) Levy Option 2 – \$54,700,807 (2013 Levy minus \$250,000). The fund balance is \$61,955,922 in 2020. The fund balance as a percentage of expenditures was 74.82% and the fund balance as a number of months of expenditures is 8.98.

The FAC had recommended achieving a lower fund balance in 2 to 4 years, taking into consideration collection times. In Option 1, the Levy would be 101.3% in 2018. In Option 2, it would be at 89% in 2018.

Mr. Cofsky would ultimately not support a levy that would not bring the fund balance down as in Option 1. Dr. Lee preferred being slightly above rather than dropping the levy significantly in the face of all of the unknowns. Mr. Weissglass would support a 2012 rate minus \$250,000 but wanted further time to study this information.

Presentation of Monthly Treasurer's Report

The Finance Committee members unanimously recommended moving forward the Treasurer's Report to the Board of Education for approval at its November 20, 2014 meeting.

While there is a negative in the Capital Project Fund, a legal transfer of funds will be made from the Operations and Maintenance Fund in December. The dental and workers comp self-insurance funds are small because 1) workers comp is left over from when the District was self-insured; it is now in a cooperative, and 2) there are few dental claims.

Presentation of Monthly Financial Reports

The Finance Committee members unanimously recommended moving forward the Monthly Financial Reports to the Board of Education for approval at its November 20, 2014 meeting.

Mr. Cofsky moved to enter closed session for the purpose of discussing the 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); seconded by Mr. Weissglass. A roll call vote resulted in all ayes. Motion carried.

At 6:35 p.m., the Finance Committee resumed Open Session.

Adjournment

At 6:36 p.m. on November 10, 2014, Dr. Lee moved to adjourn the closed session; seconded by Mr. Weissglass. A voice vote resulted in motion carried.

Submitted by Gail Kalmerton
Clerk of the Board