

MINUTES OF FINANCE COMMITTEE MEETING

Homewood-Flossmoor High School, 999 Kedzie Ave., Flossmoor

November 14, 2024

In attendance for all or part of the meeting were Mr. Anderson, Dr. Wakeley, Dr. Cook and Mr. Patterson. Ms. Jackson attended via telephone audio conference. Mr. Pauling was absent due to an out of town work commitment. Mr. Edward Wright and Mr. Ryan Kelley, DLA Architects, were present. Alliant Senior Vice President Mr. Brian Tyrrell was also in attendance.

Ms. Marilyn Thomas, HF Chronicle, was in attendance. Ms. Barbara Karstrom, community member was also in attendance.

The meeting was called to order at 7:30 a.m.

Approval of Minutes. Ms. Jackson asked if follow up was done with Ms. Karstrom who attended August's Finance Committee and requested information on residency. Dr. Cook responded that he would follow up with Ms. Karstrom on her request. The August 8, 2024, Finance Committee minutes stand approved as presented.

Comments. No comments were received.

Employee Benefits Renewal Presentation

Mr. Brian Tyrrell, provided an employee benefits renewal presentation and highlighted renewals for 2025 that included Medical, Dental, Basic Life/AD&D, Long Term Disability and COBRA. He noted that the district is self-insured. The fixed costs of the district's PPO health insurance will increase by 35.4% and PPO claims are expected to rise 10.9%. The district's HMO cost will remain the same with a 0% increase. Overall, the combined annualized fixed and variable health insurance costs are projected to increase by 13.6%. Mr. Tyrrell pointed out that historically over the past ten years, the district averaged increases of 2.3%. However large ongoing claims were experienced this year that are driving the costs. Employee enrollment increased from 268 to 327 insured employees. The initial renewal for medical with Blue Cross Blue Shield of Illinois initially was at an 15.3% increase but was negotiated down to 13.0% which resulted in a savings of \$135,731. The pharmacy contract was also renegotiated with a \$57,000 savings at 15.3% negotiated down to 13%. Dental is estimated to increase 12.3% overall with a 13.1% increase in claims with the fixed costs remaining the same. All fees for COBRA Administration remain the same. Basic Life/AD&D and Long-Term Disability will continue with Voya. There will be a 40% increase in the Life Insurance rate; rates for AD&D and LTD remain unchanged. The vision plan will continue with VSP with no cost to the district as this is a voluntary plan entirely employee paid. Mr. Tyrrell expressed his recommendation to continue the current Blue Cross Blue Shield of Illinois PPO and HMO plans for Medical/RX, Dental, and COBRA; Discovery Benefits for Flexible Spending Administration; Voya for Basic Life / AD&D and Long-Term Disability and VSP for Vision. Mr. Tyrrell recommended going out to the marketplace next year and will

explore all available options and present back to the committee at that time. Mr. Tyrrell provided an overview on BCBS programs available to HF employees that includes Hinge Health, Teladoc, Wondr Health, and Learn to Live which provides access to mental health care. He also reviewed BCBS Pharmacy Programs as well as BCBS optional programs to elect for the committee's consideration that includes Benefit Value Advisor (BVA) and Member Rewards. Discussion ensued regarding BVA and Member Rewards and it was the consensus of the committee to have a future conversation regarding these optional programs that are available to BCBS PPO members. Mr. Anderson thanked Mr. Tyrrell for his presentation this morning and looks forward to exploring available benefit options in the market next year. This item will be on the November 19, 2024, board agenda for approval.

Levy Year 2024

Dr. Cook noted that he will present the estimated tax levy for board approval at the November 19, 2024 board meeting with the board then taking official action on the levy at the December 17, 2024 board meeting. Any resolutions that have been passed are required to be submitted to the Cook County Clerk's office by December 31, 2024. Dr. Cook explained that when the levy is passed the district will receive half of the levy funds in March of 2025 and the remaining amount in August 2025 which is in the next fiscal year. Dr. Cook provided a breakdown of FY 2025 Budget revenues: Real Estate Taxes - 55%; State grants - 7%; Federal Grants -1%; Other Local – 6%; and Evidence-Based Funding – 31%. He noted that CPI was at 3.4% in 2024 and noted that Real estate tax revenue growth is capped by lessor of rate of inflation or 5%. In 2022 and 2023 the tax revenue growth was capped at 5%. Dr. Cook recommended to adopt a tax levy that will capture the 3.4% growth in the district's limiting funds above its prior year maximum allowable extension and create a zero percent increase in total tax levy by abating an amount equal to the 3.4% increase (\$1,430,000). In addition, he recommended that the district continue with the second-year abatement associated with the FY24 Property Tax Relief Grant (PTRG) of \$1,910,000 and apply for the FY25 PTRG, which will generate an additional \$1,903 million in tax abatements beginning in this 2024 levy year bringing the district's abatement up to \$5,243 million of tax relief. He noted that this has been the process the district has followed since 2021. A total capped fund levy of \$47,740,000 (before tax abatements), which is 3.4% above the 2023 extension of \$46,170,213 (before tax abatements). Any additional dollars above 3.4% will be a direct result of new property growth within the district's property tax base. The district has abated back \$29,397 million in tax relief due to PTRG and action taken by the board. The district will get 97% of the \$1.9 million from the state if the district abates back to the tax payers. The proposed 2025 PTRG has a two-year abatement required. Dr. Cook then spoke on new legislation, the Public Act 103-0394 Report. He stated that the district must report the annual average expenditures of its operational funds for the previous three fiscal years and the district's reserve balance cannot exceed 2.5 times this amount. He noted the district's fund balance average expense is 0.85. Dr. Cook noted that he is required to present this report to the board.

FY2025 Property Tax Relief Grant (PTRG)

Dr. Cook stated that he will be asking permission from the board at the November 19, 2024 board meeting to apply for the 2025 PTRG. The tentative tax levy and the request to apply for the 2025 Property Tax Relief Grant (PTRG) will be on the November 19, 2024 board agenda for approval.

Current Capital Projects Update

DLA Architects, Mr. Wright and Mr. Kelley presented on current capital projects. Mr. Kelley reported that the Culinary Project was completed at the end of summer. Several punch items remain and should be completed by the end of this month. The G Building roof replacement, an integral piece of the Science Project, has been completed with \$20,000 coming back to district through budgeted allowances. The Science Building is 90% of the outside of the building is complete as winter is approaching. Some unforeseen conditions exist that include utilities along with lead time on materials and as a result the date of project completion has been trending to mid-February for a substantial completion of the project. Dr. Wakeley noted that once the building becomes available, teachers will have the ability to use the rooms in the facility right away. Ms. Jackson suggested community tours be held when the facility is ready. Dr. Wakeley agreed and the tours will be arranged as soon as possible with anticipated ribbon cutting of the facility in March. Dr. Wakeley also shared that a ribbon cutting, in conjunction with the Chamber of Commerce, for the culinary area may be taking place in December. Mr. Wright noted that they are currently at ½ of 1% of change orders, pointing out being at 5% of change orders would not be unusual. In terms of dollars they are \$60,000 over with \$20,000 coming back and additional \$20,000 coming back from paving so they are anticipating that it should bring the \$60,000 down to around \$20,000. Dr. Wakeley noted that prior to teachers fully utilizing the new science area, they will need to be trained on the new technology that exists as well as understanding a net zero building and how being net zero relates to their day to day activities. Mr. Kelley shared that they have been tracking with Illinois Clean Energy and are on track and they are hitting all the milestones that Clean Energy requires for the \$2 million grant for the net zero building. Ms. Jackson expressed that she is excited with plans to engage the community with the tours for Science Building and Culinary. She expressed that with the help of the community, they can spread the news on the value of their tax dollars.

Mr. Wright and Mr. Kelley stated that they are currently at no point to present a final report from Sam Schwartz Consulting, LLC on the traffic study. They reported that the process has been ongoing and the Schwartz consultants have been around campus and have taken real time data on arrivals and drop offs that will be used to develop the process regarding student and bus drop off. He reviewed the traffic concept for vehicular and bus traffic and discussion ensued. The committee also engaged in a lengthy discussion with the architects regarding the committee's, as well as, parents' concerns about pedestrian traffic without sacrificing student space. Mr. Wright stated that based on the concerns that were shared, conversations with Schwartz will be the next step and they will dive in further with keeping those green spaces for the students. The Schwartz consultants will be able to speak to those issues and consideration for pedestrian traffic will be a point of decision. The committee agreed that the Schwartz

group should continue their work and are looking forward to seeing the data that will be put before the committee in the near future.

Other FY2025 O&M/Capital Projects

Mr. Patterson spoke on future O & M projects that included the following: The A Building roof that will go to bid in early December or early January and will be completed in the summer. Staging in the Mall Auditorium will be brought to the board in January for approval and it will be another summer project. The final project will be the replacement of pool boilers. The bid process for the pool boilers has been completed with a proposed base bid of just over \$1.3 million. The bid will be brought to the November board meeting for approval and will be the third summer project.

Other

Mr. Schmidt presented information on the residency process. A more requirement laden process has been built that requires more documentation and falls under state guidelines. They also looked at surrounding schools in an effort to gain insight into their residency processes. Mr. Schmidt also stated that feedback was shared by the residency officers regarding what they felt was the dangerous aspect to the job when they are doing door knocks or sitting in their cars. Their concerns for safety are currently being addressed. He emphasized the importance of keeping the residency officers safe. Using the district's Clear Data base, they have built a more robust summer program and all freshmen must provide documentation in person while other families can pass through the Clear data base. He is also looking at building a two-part component where all incoming freshmen prove residency twice, once at registration and again at some point during the school year. He added they have built an 8-person team to ensure that families are reporting legitimate residences. Mr. Schmidt noted there are approximately 300 students on his department's watch list. His target is that the residency officers work on five cases at a time with one case a month to review. Mr. Schmidt indicated that three families have been removed already. Mr. Schmidt added that he cannot speak to whether outsourcing would be an option and right now. He is looking at possible ways to be most efficient and productive. He pointed out that very little money from non-residents is collected by the district and other schools are feeling that as well. Mr. Anderson requested that Mr. Schmidt continue to share information with the committee moving forward, as well as, keeping the community up to date. Mr. Anderson stressed that whatever changes are made, it is most important to keep our people safe.

Adjournment. The meeting adjourned at 9:09 a.m.