

MINUTES
BOARD OF EDUCATION
COMMITTEE OF THE WHOLE MEETING
COMMUNITY UNIT SCHOOL DISTRICT 200
January 27, 2016

The Committee of the Whole meeting of the Board of Education of Community Unit School District 200, DuPage County, Illinois, was called to order at the School Service Center, 130 W. Park Avenue, Wheaton, IL, by Board President Jim Vroman, on Wednesday, January 27, 2016, at 7:30 PM.

ROLL CALL

Upon the roll being called, the following were present:

Board Members: Jim Vroman
 Brad Paulsen
 Chris Crabtree
 Joann Coghill
 Jim Gambaiani
 Barbara Intihar
 Jim Mathieson

Also in Attendance: Dr. Jeff Schuler
 Mrs. Faith Dahlquist
 Mr. Bill Farley
 Mrs. Erica Loiacono
 Mr. Rodney Mack
 Mrs. Joanne Panopoulos
 Dr. Robert Rammer

PLEDGE OF ALLEGIANCE

Mrs. Faith Dahlquist led the Board and community in the Pledge of Allegiance.

MOTION

Member Paulsen moved, Member Intihar seconded to suspend the rules and adjourn to workshop setting. Upon a voice call vote being taken all were in favor and **the motion carried.**

Business Services

Dr. Schuler stated that there are two topics on the agenda. The first one is the 5 year financial forecast and the second topic is funding options for the Master Facility Plan. Staff has worked with the Finance Committee on both topics and it was the consensus of the committee to begin talking about funding even though the plan is not yet completed and the report with costs will not be finalized until April. The committee feels it is important to begin talking about some options so that a decision will be able to be made soon after the final report is shared with the Board. No decisions will be made tonight; this is just the beginning of conversation on the funding topic.

Financial Forecast

Mr. Bill Farley provided information on the following in a PowerPoint Presentation:

- Data Elements

- Revenue Budget
- Local Revenue: Tax Base Assumptions – CPI Levy Years
- Local Revenue: Tax Base Assumptions – New EAV Growth
- Key Revenue Assumptions
 - Other Local Revenue
 - State Revenue
 - Federal Revenue
 - General State Aid Revenue
 - Revenue Sensitivity
- Expense Budget
- Key Expenditure Assumptions
 - Salaries
 - Health & Dental Benefits
 - Purchased Services, Supplies, Capital Outlay, Tuition
- Additional Assumptions
 - Staffing Assumptions
 - No Legislative Changes in School Funding
 - No Change to PTELL
 - Known Retirements in Future Years
 - Current FY 16 Budget is Accurate Basis for Projections
- Aggregate Revenue and Expenditure Projections
- Eleven Year Perspective

Discussion centered on the following:

- The model is showing flat staffing assumptions and that means that enrollment projections are also flat for this model
- CPI has largely impacted the district and the negotiated contracts, benefits costs, and rising special education tuition/purchased services costs could have a negative impact on the forecast versus reality
- The amount of money in the projected operating budget for general maintenance is about \$600,000-\$700,000
- The Wheaton TIF that will expire soon will create income in the future
- The uncollected local tax collection is a negative impact on the budget
- Changes to the General State Aid formula
- The annual CPI impact and the Levy are split over two budget years since the CPI calculations come out in January and the district operates on a fiscal calendar instead of an annual calendar
- Staff and the Insurance Committee are investigating options for employee benefits that include talking with a benefits coop and going for bid for a new insurance broker
- The Fund Balance
- Since the Master Facility Plan is not complete yet and the Board and District know the work cannot be funded with the funds on hand, the Board needs to consider alternative methods of payment
- The 25% minimum for the Fund Balance is necessary by policy, is necessary to avoid needing to borrow money to cover the lag between expenses and state aid money coming in, and to maintain the state rating
- As the budget process moves forward the Board would like to see a way to know what things might have to be eliminated to fund the ideas the Board has for new suggested initiatives; what assumptions of cuts are being used when the budget is formed

- When the budget is brought to the Board it is based on a balanced budget and meeting the goals of the strategic plan
- Since the CPI has been under 2% for the last several years, possibly the assumption moving forward should not be 2%
- The cost savings from the large number of retirees this year will be used to cover contractual raises and benefits moving forward
- This report tonight is a budget projection and not the proposed budget
- Decisions will have to be made about how the district can repurpose money and/or find more income
- Current student/registration fee and how they compare to benchmark districts
- Not all items that were cut in the last large scale budget reductions have been reinstated
- The district has no means to fund the regular occurring maintenance needs – the district has deferred maintenance. Either programs will have to be cut to fund this or the district will need to find an alternative method to fund this. The District cannot keep going forward without a plan to maintain our facilities. Deferring maintenance is just compounding the problem and under the current situation the money has to be used to either fund education or maintain buildings. The district has to find an alternative funding source

Review of Facilities Master Plan Funding Options

Mr. Bill Farley reviewed a handout that outlined four funding options for the Master Facility Plan with pros and cons of each option.

Discussion centered on the following:

The first two options center on allocating current funds and the second two are based on going for a referendum

To create a savings fund for future maintenance needs the district would need to seek a working cash referendum and transfer the money to the O&M fund

Rate increases are ongoing forever and refinancing pays off the debt and are then finished

Mr. Bill Farley introduced Mr. Bob Lewis from PMA Securities. Mr. Lewis stated that the dollar amount used in his presentation is an example and not a number being projected for referendum. It is for illustration purposes only. Mr. Lewis provided the following information in a PowerPoint presentation:

- School Borrowing Options
- Non-Referendum GO Bonds
- Non-Referendum Debt Service Versus District DSEB
- Non-Referendum GO Bonds
- Borrowing Scenarios
 - Approximate Non-Referendum Capacity \$33,000,000
 - Referendum Scenario A \$100,000,000 Illustration Level Debt Service for 20 Years
 - Referendum Scenario B \$100,000,000 Illustration Debt Service Increase of \$5 Million Level Through 2022
 - Referendum Scenario C \$100,000,000 Illustration Debt Service Increase of \$5 Million Level Through 2022 with Shorter Payback
 - Referendum Summary
- Qualified School Construction Bonds (QSCBs)
 - Allowable Uses
 - QSCB Allocations

- Tax Credit
- Priority Ranking for Applications
- Appendix A: Current Debt Overview & Restructuring Overview
- Existing GO Debt Service (Principal and Interest)
- Outstanding GO Debt Service (Principal and Interest)
- Summary of Outstanding Principal
- Vital Timing Considerations for Restructuring
- Benefits and Timing for Restructuring
- GO Debt Service – Before & After All Phases of the Restructuring

Discussion centered on the following:

- The Board requested a frame of reference of what it would cost a tax payer on a \$300,000 home using the \$100M scenario
- A desire to obtain the ability to assure that the district can take care of the needs of the buildings for the foreseeable future so that the district is not in the same situation down the road
- This will be difficult unless there is a major shift in how education is funded in the future
- The district does not have the tax base to build the working cash fund to a level that would afford a large enough cushion to increase the fund to the 40% level
- Some districts run a referendum seeking a portion of the necessary funds and take the rest from the fund balance but the current 25% balance does not allow District 200 to do that

PUBLIC COMMENTS – Non-Agenda Items

None

**ADJOURNMENT
MOTION**

There being no further business to come before the Board in Open Session, Member Intihar moved, Member Coghill seconded to adjourn the meeting. Upon a voice call vote being taken, all were in favor and the motion carried 7-0.

The meeting was adjourned at 9:51 PM.

Chris Crabtree, Secretary

Jim Vroman, President