

**BOARD OF EDUCATION
COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64
Minutes of the Regular Meeting held at 7:30 p.m.
June 25, 2012
Raymond Hendee Educational Service Center
164 S. Prospect Avenue, Park Ridge**

Board President John Heyde called the meeting to order at 6:32 p.m. Other Board Members present were Scott Zimmerman, Sharon Lawson, Pat Fioretto, Dan Collins and Tony Borrelli. Board member Eric Uhlig joined the meeting at 6:40 p.m. Also present were Superintendent Philip Bender, Business Manager Rebecca Allard, Assistant Superintendent for Human Resources Sandra Stringer and Lincoln Principal Joel Martin.

Board of Education meetings now are being videotaped and may be viewed in their full length from the District's website at:

<http://www.d64.org/subsite/dist/page/board-education-meetings-984>

At 6:40 p.m. it was moved by Board member Scott Zimmerman and seconded by Board member Sharon Lawson to adjourn to closed session for the purpose of discussing matters related to collective negotiations 5 ILCS 120/2(c)(2).

The Board adjourned from closed session at 7:25 p.m. and resumed the regular Board meeting at 7:37 p.m. Present at the regular meeting were Superintendent Dr. Philip Bender, Assistant Superintendents Dr. Sandra Stringer and Diane Betts, Becky Allard, James Even, Scott Mackall and Bernadette Tramm.

PUBLIC COMMENTS

There were no public comments.

**COMMUNITY FINANCE COMMITTEE (CFC)
PROGRESS REPORT**

Community Finance
Committee (CFC)
Progress Report

The Community Finance Committee presented progress reports from three sub-committees on 10-year financial projections, financial transparency and District borrowing opportunities.

Mr. Jason Smee provided information on 10-year Financial Projections. This sub-committee used Lawrence Heideman's *StratPlan* as a starting point and spent the majority of its time looking into the sensitivities of various factors.

The group assumed a limited tax rate increase of either the Consumer Price Index (CPI) or 5 percent. They focused on six scenarios and their potential impact on the District's working cash.

The scenarios were: hyperinflation, continued low inflation, enrollment increases, benefits increases, a salary freeze, and a freeze in state and federal

spending. Mr. Smee noted key factors that influence the budget as: inflation, new construction, enrollment, compensation and governmental resources. He then walked through each scenario and provided recommendations to the Board.

To minimize the effects of hyperinflation, the Board may want to consider compensation packages that are tied to inflation and possibly incorporate the 5 percent cap.

To counteract low inflation, the Board may wish to consider setting contracts that adjust based on inflation, including setting pay scales that adjust by the trailing 12-month change in CPI.

If state and local finances continue to deteriorate and with the uncertainty around shifting pension costs to local school districts, there may be a higher turnover in property and the District could experience increased enrollment. There are many unknowns in this scenario and there is little the District can do to hedge against it.

Benefit increases will most likely continue in excess of inflation. The group provided a chart showing the impact of 7 percent benefits increases over the next several years on working cash. It is important the District remain vigilant and do what it can to reign in benefits costs, by using creativity in employee contracts and shifting more of the burden of costs to employees.

Because salaries represent the largest expense, the sub-committee suggested the Board consider a one-year pay freeze for both teachers and administrators, and showed the positive impact on the cash reserve that would result.

District 64 relies mostly on property taxes for revenue and receives minimal federal funds. The group provided a chart depicting the impact of a freeze of federal funds for the next 10 years.

In summary, Mr. Smee said the greatest impact on working cash would be hyperinflation, benefits increases and an uptick in enrollment. A one-year pay freeze could make a strong impact on the District's finances.

The Board asked Mr. Smee to run other projections using the current demographer's report.

Mr. Paul Sheehan, Mr. Larry Ryles and Mr. Jim Arigonis reported for the Financial Transparency sub-committee. The Financial Transparency group was asked to analyze and make recommendations for improved transparency in six areas.

They determined that the following three groups were their target audience:

1. A 75-year old senior citizen with no child in the school system for 25 years and the bulk of his tax bill directed to schools
2. A married couple with no children that recently moved to Park Ridge

3. A married couple with children that attend District 64 schools and want to know where their tax dollars go.

All three are taxpayers. Traditionally, taxpayers in Park Ridge want detailed information about their tax dollars.

The sub-committee recommended improving the annual budget cycle with tentative and final budgets and Public Hearings scheduled accordingly so adoption of the budget can occur by the end of the fiscal year (June 30th).

The group also believes it is not taxpayer friendly to ask for a tax levy much higher than what is allowed by law; it may be interpreted as tax gouging. The average taxpayer needs to be educated about the State law and how levies are figured.

The sub-committee further recommended changes to information on the District's web site about finances so that it is accurate and more easily accessible. For example, the Finance Fact Book on the web site is outdated.

Annual budget statements that are reported to the community are very difficult to understand in the current format. They should be simplified using the District's new software for accounting and finance that was purchased a few years ago.

The group suggested publishing a rolling 5-year comparison of revenue and expenses and an annual balance statement of assets and liabilities rather than a 10-year history.

They also had recommendations to spend the current fund balance on capital improvements to avoid borrowing additional money via bonds. Going forward, budget discussions should include a line item expense to be set aside for future infrastructure, maintenance and replacement needs.

Ms. Renata Stolzer and Mr. Tom Marinis presented recommendations from the Borrowing Options sub-committee. This group was asked to review the Facilities Master Plan, identify borrowing options, consider favorable interest rates, budget implications, other implications of spending funds, and evaluate the pros and cons of borrowing. The Board had identified \$14 million in priority projects in the Facilities Master Plan.

The sub-committee reviewed the presentation on funding options presented by William Blair in March 2012 and met with Mr. Mackall and the 10-Year Financial Projections team to supplement their analysis of borrowing options.

They recommended:

1. Refund outstanding Emerson Middle School referendum bonds and issue \$14 million of "no tax increase" bonds in summer 2012
2. Use savings from refunding toward repayment of the 2012 bonds

3. If necessary, use debt certificates in the future to finance shorter-term, smaller projects identified in the Facilities Master Plan.

In its analysis of funding options, the group dismissed referendum bonds since the District promised not to pursue another referendum within 10 years of the most recent one in 2007. The group did look at non-referendum bonds, debt certificates and a combination of the two. Their conclusion was to recommend pursuing a “no tax increase” non-referendum bond issue because it reuses funds that the District is obligated to pay anyway.

The Board discussed the possibility of borrowing from itself, but Mr. Marinis stated his concern about what might come out of Springfield with pension reform. Ms. Allard added that the District’s financial recognition level by the State would decline if its fund balance is depleted, and it is costly to borrow money in order to pay immediate needs such as salaries. As the Board moves forward on capital projects, it will need to determine whether to fund them in house or borrow from the outside, while protecting its cash on hand.

Ms. Allard will check with Ms. Hennessy of William Blair about how much money would be saved if Emerson debt is refinanced and if there are limits on that debt.

**RESOLUTION #1084 FOR DESIGNATING
INTEREST EARNINGS FOR THE 2012-13
FISCAL YEAR**

Resolution #1084 for
Designating Interest
Earnings for the 2012-13
Fiscal Year

Ms. Allard said this is a new resolution because it is a new requirement by the Illinois State Board of Education which essentially states that interest earnings will always be designated as interest income.

ACTION ITEM 12-06-2

Action Item
12-06-2

It was moved by Board member Lawson and seconded by Board member Zimmerman that the Board of Education of Community Consolidated School District 64, Park Ridge-Niles, Illinois, adopt Resolution #1084, authorizing the designation of all interest accrued in each fund during the fiscal year ending June 30, 2012, and all prior years, as interest in that fund for the duration of the 2012-2013 fiscal year. The votes were cast as follows:

AYES: Collins, Borrelli, Fioretto, Zimmerman, Heyde, Uhlig, Lawson

NAYS: None

PRESENT: None

ABSENT: None

The motion carried.

RESOLUTION #1085 FOR TRANSFER OF INTEREST FROM WORKING CASH TO EDUCATIONAL FUND

Resolution #1085 for Transfer of Interest from Working Cash to Educational Fund

This resolution is presented annually and authorizes the transfer of interest income to the most needed fund, which is the Education Fund.

ACTION ITEM 12-06-3

Action Item
12-06-3

It was moved by Board member Zimmerman and seconded by Board member Fioretto that the Board of Education of Community Consolidated School District 64, Park Ridge-Niles, Illinois adopt Resolution #1085, authorizing the transfer of \$240,091.40 interest earned from July 2011 – May 2012 from the Working Cash Fund to the Educational Fund on or before June 30, 2012. The votes were cast as follows:

AYES: Lawson, Uhlig, Heyde, Zimmerman, Fioretto, Borrelli, Collins

NAYS: None

PRESENT: None

ABSENT: None

The motion carried.

ADOPTION OF RESOLUTION #1086 TRANSFERRING INTEREST FROM THE DEBT SERVICE FUND TO THE EDUCATIONAL FUND

Adoption of Resolution #1086 Transferring Interest from the Debt Service Fund to the Educational Fund

ACTION ITEM 12-06-4

Action Item
12-06-4

It was moved by Board member Collins and seconded by Board member Zimmerman that the Board of Education of Community Consolidated School District 64, Park Ridge-Niles, Illinois adopt Resolution #1086, authorizing the transfer of \$11,611.19 representing the interest earned from July 2011 – May 2012 from the Debt Service Fund to the Educational Fund on or before June 30, 2012. The votes were cast as follows:

AYES: Lawson, Uhlig, Heyde, Zimmerman, Fioretto, Borrelli, Collins

NAYS: None

PRESENT: None

ABSENT: None

The motion carried.

**ADOPTION OF RESOLUTION #1087 REGARDING
THE ILLINOIS PREVAILING WAGE ACT**

Adoption of
Resolution #1087
Regarding the Illinois
Prevailing Wage Act

This resolution pertaining to the Illinois prevailing wage is presented annually. District 64 is required to pay the prevailing wage and even takes it one step further with more restrictions. Prevailing wages are set by labor unions and do not increase the District's costs.

ACTION ITEM 12-06-5

Action Item
12-06-5

It was moved by Board member Fioretto and seconded by Board member Lawson that the Board of Education of Community Consolidated School District 64, Park Ridge-Niles, Illinois adopt Resolution #1087, regarding the Illinois Prevailing Wage Act as provided by the Illinois Department of Labor. The votes were cast as follows:

AYES: Collins, Borrelli, Fioretto, Zimmerman, Heyde, Uhlig, Lawson

NAYS: None

PRESENT: None

ABSENT: None

The motion carried.

CONSENT AGENDA

Consent
Agenda

There was lengthy discussion about Policy 6:50 involving treats in school for birthdays and/or other occasions. Current practice is to restrict (sugary) treats from being brought into schools for children's birthdays; the purpose of the wording in Policy 6:50 is to align policy with practice. The issue was whether to extend that policy to all occasions and holidays during the school year.

Dr. Bender said the topic was discussed with PTO Presidents and they are in agreement with Administration to restrict treats for birthdays. The Board discussed whether to approve the policy for birthdays now and revisit the other occasions component later.

Ms. Beth Woods of 613 S. Fairview Avenue, Park Ridge, addressed the Board. She said her child has severe allergies to peanuts. Her concerns are that any treat brought from home into school is a safety risk for children as well as a liability for the District. It is difficult for teachers to monitor and protect students when food is in the classroom. She would like to see the District move away from food as the only way to celebrate. Ms. Woods said children are going to school to learn, not for treats, and the risks do not outweigh the benefits.

The wording in Policy 6:50 was left as restricting treats for birthdays only; however, the other occasions provision will be added to the first PTO Presidents' meeting agenda of the 2012-13 school year and revisited with the Board shortly after that.

Dr. Borrelli addressed whether it is a conflict of interest that Mr. Ares Dalianis, Co-Chair of the Community Finance Committee (CFC), is also an attorney with Franczek Radelet that provides legal services (such as property tax assessment objections) for District 64. Franczak Radelet is one of three law firms that provide legal services, and those services pre-date Mr. Dalianis joining the CFC.

In addition, other attorneys with Franczak Radelet are used for their expertise on various topics, i.e., the services of Mr. Dalianis are not used exclusively.

Dr. Borrelli voiced his objection to the purchase of middle school social studies textbooks.

A. PERSONNEL REPORT

The Personnel Report contains private information. If additional information is needed contact Assistant Superintendent for Human Resources Mr. Joel Martin.

B. BILLS, PAYROLL AND BENEFITS

Bills

10 – Education Fund -----	\$ 955,024.20
20 – Operations and Maintenance Fund -----	201,616.34
30 – Debt Services -----	-
40 – Transportation Fund -----	115,083.05
50 – Retirement (IMRF/SS/Medicare)-----	-
60 – Capital Projects -----	5,914.83
80 – Tort Immunity Fund -----	6,400.00
90 – Fire Prevention and Safety Fund -----	<u>-</u>

Checks Numbered: 108687-109047

Total: \$1,284,038.42

Payroll for Month of May 2012

10 – Education Fund -----	\$3,557,478.65
20 – Operations and Maintenance Fund -----	212,601.49
40 – Transportation Fund -----	-
50 – IMRF/FICA Fund -----	168,413.39
80 – Tort Immunity Fund -----	<u>-</u>

Checks Numbered: 5319-5730

Direct Deposit: 900012000 – 900013348

Total: \$3,938,493.53

C. APPROVAL OF FINANCIAL UPDATE FOR THE PERIOD ENDING MAY 31, 2012

D. APPROVAL OF MAINE TOWNSHIP SCHOOL TREASURER DEPOSITORIES

E. APPROVAL OF NEW MIDDLE SCHOOL SOCIAL STUDIES ADOPTION

F. APPROVAL OF POLICIES 3:60, 5:10, 6:50, AND 7:270

G. APPROVAL OF BID FOR COPIER PAPER

H. APPROVAL OF AUTHORIZED SIGNATURES FOR BANKING WITH J.P. MORGAN/CHASE

I. APPROVAL OF RESOLUTION WITH PMA FINANCIAL SERVICES

J. GENERAL PTAB RESOLUTION #1088 FOR 2010-12 APPEALS – PARK RIDGE CCSD 64

K. APPROVAL OF HAZARDOUS CROSSINGS

L. APPROVAL OF TECHNOLOGY PURCHASES

M. RELEASE OF CLOSED MINUTES

N. DESTRUCTION OF CLOSED MINUTES

ACTION ITEM 12-06-6

Action Item
12-06-6

It was moved by Board member Lawson and seconded by Board member Zimmerman that the Board of Education of Community Consolidated School District 64, Park Ridge – Niles, Illinois, approve the Consent Agenda of June 25, 2012, which includes the Personnel Report; Bills, Payroll and Benefits; Approval of May Financials ending May 31, 2012, Approval of Maine Township School Treasurer Depositories; Approval of New Middle School Social Studies Adoption; Approval of Policies 3:60, 5:10, 5:90, 6:50 and 7:270; Approval of Bid for Copier Paper; Approval of Authorized Signatures for Banking with J. P. Morgan/Chase; Approval of Resolution with PMA Financial Services; General PTAB Resolution #1088 for 2010-12 Appeals – Park Ridge CCSD 64; Approval of Hazardous Crossings; Approval of Technology Purchases; Release of Closed Minutes; and Destruction of Closed Minutes. The votes were cast as follows:

AYES: Lawson, Heyde, Zimmerman, Fioretto, Collins

NAYS: Borrelli

PRESENT: Uhlig

ABSENT: None

The motion carried.

APPROVAL OF MINUTES

Approval of
Minutes

ACTION ITEM 12-06-7

Action Item
12-06-7

It was moved by Board member Lawson and seconded by Board member Uhlig that the Board of Education of Community Consolidated School District 64, Park Ridge-Niles, Illinois approve the Closed Session Minutes of June 11, 2012, amended Special Board Meeting Minutes of June 11, 2012, Closed Session Minutes of May 21, 2012, and Regular Board Meeting Minutes of May 21, 2012.

AYES: Collins, Borrelli, Fioretto, Zimmerman, Heyde, Uhlig, Lawson

NAYS: None

PRESENT: None

ABSENT: None

The motion carried.

OTHER ITEMS OF INFORMATION

Other Items of
Information

Dr. Bender noted several FOIA requests, memos on physical education supplies and class size guidelines. He also publicly recognized Dr. Stringer and Ms. Betts for their tremendous efforts during their tenure in District 64. This is their last Board of Education meeting since they are both retiring on June 30, 2012.

ADJOURNMENT

Adjournment

At 9:18 p.m., it was moved by Board member Lawson and seconded by Board member Fioretto to adjourn to closed session to discuss matters related to employment of specific individual 5 ILCS 120/2 (c) (1). The votes were cast as follows:

Ayes: Lawson, Uhlig, Heyde, Zimmerman, Fioretto, Borrelli, Collins

Nays: None

Present: None

Absent: None

The motion carried.

The regular Board meeting adjourned from closed session at 10:10 p.m.

President

Secretary