



Finance Oversight and Review Committee Meeting

November 21, 2016

Meeting Minutes

In attendance: Bruce Ulrich, Dr. Alicia Evans, Carolyn Hagner, Bob Spatz, Mike Lofgren, Graham Brisben, Willie Mack, Jeff Mathis, Michelle Mangan, Lou Anne Johannesson

Absent: Anna Richardson, Kurt Bell, Reggie Wright, Mike Lofgren, Dr. Carol Kelley

Chair, Bruce Ulrich called the meeting to order at 7:07 p.m. He introduced two new members, Michelle Mangan and Jeff Mathis. Ulrich is resigning from the committee. A new chair will be elected at the next meeting. The members of the Board and Administration thanked him for his contributions.

Public Comments: There are no public comments.

Standing Items - Approval of minutes – The meeting minutes from August and November were unanimously approved.

1. Administration Building Postmortem:

Evans presented a financial statement to the committee in October. The committee asked for a more detailed financial statement on the new administration building and Evans presented a complete breakdown sheet from Bulley & Andrews. The final cost to the District was \$2,650,604. Brisben pointed out that estimates to renovate the previous Administration Building were between \$2million and \$2.5million dollars. He stated that it would have been irresponsible for the Board to put that kind of money into the 970 building with the TIF funds available to build a brand new facility. Ulrich asked if the final reconciliation included the future sale of the warehouse. Evans said no. The District is working on a broker contract.

2. DSEB:

Evans reported that the Board will approve 16 million dollars in DSEB for the Holmes school addition and life safety projects in December. The first 6 million will be used for summer 2017 life safety compliance work. Additional bonds can be issued for another \$10 million. If the Board chooses to run a capital referendum and it does not pass, the Holmes addition will still be completed in the summer of

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2018. The total of all life safety work and the Holmes addition is currently estimated at 15.8 million dollars

Evans presented the pros and cons of a public sale of bonds versus a private sale. If the District chooses to have a public sale, it will be subject to a possible Moody's bond rating downgrade. She explained that the reason for that is that the District's fund balance and deficit spending are conditions that would most likely lead to not only a rating downgrade but a higher interest rate if a downgrade occurs.

A private sale would not be subjected to a downgrade, but would incur higher interest. Mack asked if the duration of the bonds would be the same. Evans said yes. She also reported that a private sale would most definitely have a higher interest rate than a public sale. Mathis stated that the private interest rate could potentially be worse than the downgrade. Spatz disagreed. He stated that risk of a downgrade is much higher and would have long term significant negative effects. Mathis asked how private buyers access risk. Evans replied through the District's financial statements. Spatz added that the District has had four consecutive clean audits and very little debt.

3. 5 Year Forecast:

Evans stated that Forecast5 helps the District to determine its financial picture. She asked the committee if they were comfortable with its findings. She stated that Forecast5 looks at all revenues and gives assumptions. The assumptions become less accurate the further out they go because of so many factors that can change conditions. The group feels the information in its current format is a good tool.

4. Administration Building Postmortem:

5. Referendum:

Brisben and Spatz gave a history and background to the new members on referendums of the past. Brisben presented a slide deck at the previous meeting and will share updates with the group in the early part of the New Year. Mangan asked about the accuracy of the previous demographic studies. Spatz reported that they were very accurate and that that is why the District chose to use the same firm, Elhers, to compile the last version. The amount and duration of the referendum has still not been determined. There might possibly be an operational and capital referendum run.

6. Illinois Budget Update:

Spatz reported to the committee that the Governor's Education Taskforce is still on schedule to have a final recommendation on a new education funding Mangan asked about the District working with other lobbying groups other than ED-RED. Spatz will email the CLAIM Committee with the suggestion to reach out to other groups.

7. Motion to Adjourn: 9:10 p.m.

Next Meeting: Johannesson will send a doodle to determine the next meeting date.

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