Oak Park Elementary School District 97

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Finance Oversight and Review Committee Meeting
February 20, 2018
Meeting Minutes

In Attendance: Carrie Hagner, Dr. Michelle Mangan, Bob Spatz, Rob Breymaier, Gregory Kolar, Dr. Alicia Evans, Rafia Hasan, Lou Anne Johannesson

Also in Attendance: Elizabeth Hennessy, Managing Director Illinois Public Finance/ Raymond James

Absent: Dr. Carol Kelley, Willie Mack, Jeff Mathis, and Anna Richards

Chairwoman Hanger called the meeting to order at 7:06 p.m.

1. Public Comments: There were no public comments.

2. Standing Items - Approval of Minutes – January 2018 minutes were approved by unanimous vote.

3. DSEB Three Scenarios: Evans prepared figures within the 5 year forecast based on the 3 scenarios identified by FORC:

   1. Receive additional funds and do not issue DSEB bonds (How will this affect cash balances for 3 years/will this affect bond rating for the $57.5 for capital ref.)

   2. Reduce levy and issue DSEB

   3. Receive additional funds and issue DSEB

Evans was asked to check when tax revenue will be released, based on new tax collection date. She has determined that nothing will change this year. She reported that with option #3 fund balances would be stable for 4 years and then take a dip. With option #2, reducing the levy and issuing the DSEB, will precipitate deficiet spending and a fund balance below current policy in 2020. She cautioned that this scenario also does not allow for a state shift in pension funding or a number of unknown market downturns. With option #1, Receiving additional levy funds but not issuing DSEB, the district will have low fund balances and will have to borrow its own operational funds for at a minimum, 3 years to cover the anticipated $7.5 million construction costs for summer 2018. Hennessey pointed out that rates are going up, 35 basis points since January 2018, and that there are high expectations for inflation. She also reported that with option 31, CPI is estimated at 2.5% but there would be no interest to the District. With option #2, there would be approximately $2.1 million less on bonds, and no CPI. She remarked that option #3 is best for a ratings positive scenario, which will be important when issuing the $57.5 capital referendum bonds. The proposed plan is to issue $20 million in 2019, $20 million in 2020 and $17.5 million in 2021. Evans pointed out the FAC is re-working the CAP-X and will be finished with their work in early May, which will guide the amount and timing of the issuance of those bonds. Hagner asked Hennessey if she thinks bond markets are stable. Hennessey stated they are not stable. Hasan reported that there have been 3 rate hikes and 25 basis points this year already. Hennessey reminded the group that 5% of bond funds must be spent in the first 6 months after issuance with the remaining 95% to be used within three years. She stated that if the group chooses option #1, it has until February of 20189 to change their minds. Spatz pointed out that the expiring TIF might also be a factor. Breymaier stated with market changes, issue the referendum bonds sooner than later. Hasan asked which option is vest for the bonding rating Hennessey stands by option 3. She also remarked that options 1 & 2, the District will go under 25% fund balance, which could greatly affect the rating. Private bonds are drying up, so the District will most likely have to use a public sale, which included a review of the bond rating. Evans stated that some significant adjustments need to be made, and that she will prepare them. Mangan and Hagner asked if the group was even considering option #2. The group voted to eliminate it as an option. Hasan and Mangan support option #3. Mangan asked which option is financial most responsible and favorable for the District. All answered #3. Breymaier stated that in the short run #1 is best for the tax burden. Hennessey stated on by$.12/$10,000. He remarked that #2 is probably what the community thinks it wants. Evans again stated that only #3 protects fund balances in the case of a pension shift, or property tax freeze and protects the bond rating. Spatz stated that we still do not have the details or a calculation on the Evidence Based Funding Model, which might also come into play. Hagner stated she is not happy with #1 going below 25% fund balance. Breymaier stated his concern on perception if levy is not lowed. Mangan stated that nothing was done dishonestly; there were a lot of moving parts. She stated that it would be much worse politically if they give up the levy and then don’t have enough money. Spatz reported that during his time on the Board the district has never been below $4 million of the forecasted fund balances. Hagner asked to postpone the final decision until Evans does more scrubbing of options #1 & #3. Hagner pushed the rest of the agenda to March, with the full committees approval.

4. IMET- Evans previously had Johannesson send the committee the IMET updates. She will have a distribution statement in March.

5. Community Partner Agreements and Expiring IGAs: Pushed to March Agenda.

6. Building Usage: Pushed to March Agenda.
Adjournment: 9:05 PM