

**OAK PARK AND RIVER FOREST HIGH SCHOOL  
201 N. Scoville  
Oak Park, IL 60302**

**Finance Committee Meeting Minutes  
March 11, 2014**

A Finance Committee meeting was held on March 11, 2014. Mr. Cofsky called the meeting to order at 5:10 p.m. in the Board Room. Committee members present were Thomas F. Cofsky, Dr. Ralph H. Lee, and Jeff Weissglass. Also present were Dr. Steven T. Isoye, Superintendent; Tod Altenburg, Chief Financial Officer; Amy Hill, Director of Assessment and Learning; Michael Carioscio, Chief Financial Officer; Philip M. Prale, Assistant Superintendent for Curriculum & Instruction; and Gail Kalmerton, Executive Assistant/Clerk of the Board.

Visitors included Sheila Hardin, Faculty Senate Executive Chair; Frank Bogner, Interim Director of Human Resources; Ronald Johnson, Purchasing Director and Transportation Coordinator; Christopher Thieme, Director of Infrastructure Services; and Nathan Nissen and Audra Scharf of PMA.

**Minutes**

Mr. Weissglass moved to approve the Finance Committee minutes with the following amendment; seconded by Dr. Lee. A voice vote resulted in all ayes.

Page 3, Line 5: Change “Facilities Advisory” to “Finance Advisory”.

**Data Warehouse Contract**

The Finance Committee members supported moving the Data Warehouse Contract with Decision Ed forward to the Board of Education for approval at its regular March 20, 2014 meeting.

Mr. Carioscio, Ms. Hill and Mr. Johnson were instrumental in putting this contract together. A PowerPoint presentation included in the packet highlighted the process of procuring this software. It started in February 2013 with an initial request for proposal (RFP). Because of the low response rate to the RFP, the District held off on making a decision to purchase this service until September 2013. At that time, the project justification and preliminary pricing were present to the Board of Education. The District continued to solicit the market.

The data warehouse software will greatly enhance the District’s ability to provide actionable information to key stakeholder groups and it will provide information to assist the faculty in its instructional decision-making. The key features are: 1) integration of disparate data sources for a more holistic view; 2) robust trend analysis; and 3) cohort processing.

The cost for this software is \$179,750 for the software package, which includes a one-time setup fee and first year maintenance, and \$69,743 for ongoing annual support and maintenance for year two and three. This is an additional \$69,000 for the current fiscal year.

**Telecommunications/High Speed Internet Contract**

The Finance Committee members supported moving forward the Telecom/Internet RFP to the Board of Education and to award the contracts to AT&T and Cogent Communications, at its regular March Board of Education meeting. In order to get the E-rate discount, this must be approved at month’s end. The Technology Committee was not given its due diligence in reviewing this prior to this coming to the Finance Committee because of poor planning. The E-rate discount means a 40% discount to the District. AT&T is providing a comparable and better rate and a good service track record. The District has been

pleased with the Internet services. While Cogent Communications was recommended, the District prefers multiple paths in case a line goes down. Cogent is an international company, trades on the NASDAQ, was broadening its services into niche markets, and is now expanding its services to corporations and institutions such as OPRFHS. AT&T will be the fallback position. The total dollar value is \$75,000.

## **PMA**

Mr. Altenburg introduced Audra Scarf and Nathan Nissen from PMA to answer questions about the District's financial projections and investments.

The presentation included a PMA overview, a cash flow analysis and its investment process for OPRFHS, including investment management, and measurements. PMA has worked 30 years exclusively with school districts, community colleges and municipalities with approximately 1500 clients in 9 states— Illinois, Michigan, Iowa, Ohio, Minnesota, Oklahoma, South Dakota, Wisconsin, and Florida. It has over \$13.1 billion of total investment assets as of September 30, 2013. It was ranked the number one financial advisory for K-1 districts in Illinois for the 12-month period ending June 30, 2012. For the last seven years, it has provided OPRFHS with cash flow analysis. For the last five years, it has provided five-year projections and for the last four years, it is worked with OPRFHS on the Meritorious Budget Award.

The cash flow analysis includes a formal organization and documentation of projected inflows/outflows, conservative analysis to fund liabilities, optimization of the District's investment earnings, an investment strategy, and the monitoring of lead time and documentation for potential borrowing needs. A revenue and expenditure analysis was provided, as well as a chart showing the total funds balance (excluding capital projects).

PMA's investment strategic includes a plan execution (based on cash flow), adherence to the "prudent man" concept and its investment objectives, which include safety of principal, liquidity, return on investments, maintaining public trust and risk management. Its investment guidelines include what is allowable, state statute, and the District's investment policy. The Illinois Statutes' authorized investments include:

- |                                  |                               |   |
|----------------------------------|-------------------------------|---|
| • U.S. Treasury                  | – FDIC Insured CDs            | • Money Market Funds                    |
| • U.S. Agency                    | – Collateralized CDs          | • Repurchase Agreement                  |
| • U.S. Instrumentality<br>(some) | • Demand/Checking<br>Accounts | • Public Treasurers'<br>Investment Pool |
| • Certificates of Deposit        | • Commercial Paper/BAs        | – ISDLAF+ Multi-Class<br>Series         |
|                                  | • Municipal Bonds             |   |

The Trade Execution Platform allows districts access to PMA's national network of providers and the inventory of over 20 securities dealers, Certificate of Deposits (PMA has relationships with over 1100 banks including local and national markets, as well as credit screening and monitoring of all institutions), and a variety of products and performance reporting.

PMA reported that long term investing was from 1 to 3 years. OPRFHS is doing a good job in keeping the fund balance optimally invested. OPRFHS investment policy determines what can be invested and it is a little more restrictive than state statute.

PMA distributed and reviewed the December 31, 2013 Performance Report, showing the breakdown of funds invested. OPRFHS would have to go out 3 years or longer in order to increase interest earnings and invest in government securities, municipal securities, which OPRFHS's policy currently does not allow. PMA noted that OPRFHS compares favorably to the overall yield of other schools. Schools that do not have longer-term reserve are subject to the near-term rates. OPRFHS has 70 basis points over other districts. One problem that has arisen that as interest rates have dropped, banks are more reluctant to take

short-term deposits. It is a challenge to find a CD for 180 days or less. Cook County gives no advance warning when it will put the tax dollars into a district's account and PMA needs to be vigilant in order to get the best possible return when the funds are received.

In order to optimize what a district receives in interest on its fund balance, it must have a discipline approach to investing, using its cash flow, and knowing how far it can go out and have continued exposure to the market. There is no magic bullet.

Mr. Cofsky noted that the Treasurer's report reflect that a one month CD had the highest yield. PMA responded that the CD was probably originally invested in 1 or 2 years ago.

### **Audit Engagement Letter**

The Finance Committee members supported moving forward for approval the Audit Engagement Letter with Baker Tilley to the full Board at its regular March meeting. This is a third year of a 3-year contract; it is a formality. The cost is \$37,000, which is \$1,000 more than last year.

The auditors do not express opinions on the financial statements but they will test various accounts and point out that only "x" was spent in an account. The only time auditors will express an opinion is if a District goes over its budget by 10%.

### **Authorization to Commence 2014 Audit**

The Finance Committee members recommended the authorization to commence the 2014 Audit be moved forward to the Board of Education for approval at its March 20 meeting.

### **Monthly Financials**

The Finance Committee members recommended that the Monthly Financials be moved forward to the Board of Education for approval at its March 20 meeting.

### **Monthly Treasurer's report**

The Finance Committee members recommended that the Monthly Treasurer's report be moved forward to the Board of Education for approval at its March 20 meeting.

Discussion ensued regarding the healthy amount of money in the self-funded health insurance fund due to the District's good health experience. Gallagher Bassett may have a recommendation in terms of how much of a balance the District should maintain relevant to the size of the insurance pool. The data shows that even if actual costs were to increase according to the projection model at 7% per year, the District could choose to spend this down by lowering the premium and the allocation of district money. Further discussion can occur at the next renewal period as part of the long-term discussion.

Mr. Altenburg noted that he would address next month in his meeting with District 97 and the Village of Oak Park TIF receipts and provide a report to the committee in April. Mr. Weissglass wanted to understand what funds were coming from which TIF.

### **Role of Finance Committee**

The Committee was provided with an updated document about the purpose of the Finance Committee that incorporated its discussion from last month. The Committee members were encouraged to continue to review it and pass any specific points along to Mr. Altenburg.

The Committee can add value to the District by looking at its financial policy and determining where there is a need for modifications, enhancements, and/or changes. In the absence of a Finance Advisory Committee (FAC), this committee will help guide decisions in the fall on the budget, levy, etc. Mr.

Cofsky suggested that the committee members identify the areas they feel they need to enhance, i.e., what are the key areas that the committee wants to examine from the fiscal standard policy point. Suggestions included:

- 1) The budget policy and process addresses the concern about budget variances.
- 2) Institutionalizing or exploring a policy that defined, set, and managed the marginal deficit, as that was the second most important thing that came out of the FAC.
- 3) Putting clarity around the long-term financial projection models.
- 4) Measuring the expenditures in relationship to the strategic plan, aligning support in a non-accounting speak, i.e., the dashboard category.

This discussion will continue about where to start, i.e., the budget variances and having a pertinent existing policy.

#### **New Business**

None

#### **Adjournment**

At 6:30 p.m., Mr. Weissglass moved to adjourn the meeting; seconded by Dr. Lee. A voice vote resulted in all ayes. Motion carried.