



BOARD OF EDUCATION COMMITTEE OF THE WHOLE Minutes

October 5, 2017

The Board of Education Committee of the Whole met on October 5, 2017 at 5:35 p.m. in the Library at Marie Murphy School, 2921 Illinois Road, Wilmette, Illinois. The President called the meeting to order and asked the Board Recorder to call the roll.

The following members were present:

Louise Dechovitz, Vice President
Dan Garbis (arrived 5:38 p.m.)
Joel Raynes
Sheryl Swibel
Rick Zelinsky, President

Absent:

Gil Gibori
Jamie Taylor

Also Present:

Debbie Cotter, Video Recorder
Beth Dever, Chief School Business Official
Suzanne Harris, Board Recorder
Jessica Hutchison, Principal, Avoca West
Dr. Kevin Jauch, Superintendent/Board Secretary
Matthew Palcer, Principal, Marie Murphy
Terry Sofianos, Director of Pupil Services
Jennie Winter, Curriculum and Instruction Coordinator

Visitor:

Tammie Beckwith Schallmo, PMA Securities
Sumit Dhar
Franke Zijlstra

DISCUSSION ITEMS

A. Debt Structure and Bond Capacity (SP Goal 5)

Senior Vice President and Managing Director of PMA Securities, Inc., Tammie Beckwith Schallmo, presented the Board with an overview of the district's current debt structure, debt capacity, borrowing methods and various scenarios for possible bond sales in the future. The purpose of this presentation was to educate the Board on the current debt structure of the district and to allow understanding of the various funding options and processes.

Every school district in Illinois is subject to a statutory debt capacity formula. The formula for elementary school districts, is the equalized assessed value (EAV) of all of the properties in the district multiplied by 6.9%. Avoca's one outstanding debt is from a life safety bond issuance in 2015 and is subtracted from the District's debt capacity. Avoca's debt capacity will be \$32.2 million on December 1, 2017. That is the maximum statutory amount principal Avoca could issue under the law.

Ms. Beckwith Schallmo then presented the board with the remaining debt service schedule on the existing bonds. On a relative basis, Avoca has a very low debt burden. The payments will continue through fiscal year 2022, and the bonds are not callable. Ms. Beckwith provided a chart that breaks down the debt service payments remaining on the 2015 life safety bond issuance.

Next, Ms. Beckwith Schallmo gave the Board general information regarding the very specific methods Illinois School Code prescribes to issue municipal bonds. School can issue General Obligation (GO) School Bonds either authorized through referendum by election or non-referendum. School districts also have the option to borrow using alternate revenue bonds, debt or lease certificates or capital leases. The district's current working cash bond capacity is \$14,805,001.71. Ms. Schmallo added that the current bond market is favorable for bond issuance.

To give the Board a better understanding of the various funding options, Ms. Beckwith Schallmo presented six possible scenarios using dollar amounts Chief School Business Official, Beth Dever, provided based off of the recent Life Safety and Facilities Plan update, technology needs and other capital needs in the district. This allowed the Board to see how the process of issuing bonds and repaying the debt works and how it would impact the district taxpayers.

Mr. Raynes inquired as to whether or not the interest rates referenced in the various scenarios are accurate for fiscal year 2108, to which Ms. Beckwith Schallmo responded that she was comfortable with those numbers. Mr. Raynes also commented regarding the financial rating of the district.

B. Life Safety and Facilities Plan Update (SP Goal 5)

Chief School Business Official, Beth Dever, presented the Board with a prioritized breakdown of the current life safety and facility needs at Avoca West and Marie Murphy School. This prioritization is listed by priority level; level 1 is work that will need to be completed within 1-3 years; level 2, 3-5 years; and level 3, 5-10 years. Ms. Dever did a separate chart, which included the top prioritized life safety and facilities projects for each school and gave a total amount those projects would cost. These numbers were used in the scenarios presented by Tammie Beckwith Schallmo during a previous discussion. Priority level 1 and part of level 2 items, including contingency fees, at Avoca West totaled \$2,421,654 and at Marie Murphy \$3,861,675. An additional \$1,300,000 was included in the scenarios representing the cost to raze Avoca Center, to pay for four years of technology hardware and to fund other capital expenditures in the District's budget. Some of the projects could be paid the remaining 2015 life safety bond issuance funds.

C. 5-Year Financial Projections Update (SP Goal 5)

Chief School Business Official, Beth Dever, presented the Board with an update of the 5 year financial projections for fiscal years 2018-2023. Ms. Dever included a long range projections summary of all funds, a summary by fund excluding the Debt Service and Fire Prevention and Safety Funds, and a report with line item detail of both revenues and expenditures. Ms. Dever included her assumptions regarding revenues and expenditures over the next 5 years. The district is expecting to have a 59% fund balance on a cash basis at the end of FY18. The 5 Year projection shows a slow decline of the reserves over the next five years. The main concern at this time is the Education Fund. Avoca's revenues have not kept up with salary and benefit increases, changing student needs and other strategic expenditures. Ms. Dever indicated that while our reserve level is still relatively healthy, the focus should be on making plans to close the gap between revenues and expenditures. Ms. Dever indicated that she has shifted a portion of the tax levy from the Operations and Maintenance (O&M) Fund to the Education Fund for three or four years in an effort to slow the decline in the Education Fund. Ms. Dever indicated that this is a short-term fix that gives the district time to make budgeting decisions. Ms. Dever indicated that if the district seeks revenues through a bond issuance, some of the capital expenditures in the Education Fund and O&M Fund could be included. Ms. Dever recommends deliberate, thoughtful conversations regarding the financial priorities of the district and funding options to carry those to fruition. As the Board prepares to make a decision regarding a bond issuance, careful consideration must be made regarding the financial future of the district as well as the overall impact on the tax payers.

D. New Trier Freshman Survey

Marie Murphy Principal, Matt Palcer, presented the Board with the results of the New Trier Freshman Survey data, which is administered by New Trier High School and is intended for students to reflect on their elementary district experience. These survey results are from the Avoca Class of 2016. Data collected represents the overall preparedness of students across the various areas of curriculum offered at New Trier. Mr. Palcer indicated that Marie Murphy uses this data to track trends to see if there are areas that need to be addressed. Mr. Palcer was pleased that Marie Murphy students were slightly above the township average in reporting feeling prepared for success at New Trier High School, having trusted adults they could talk to and having homework appropriate in preparation for high school.

Of interest, Marie Murphy students reported a dramatic increase in preparedness in foreign language and art. While science preparedness is particularly high in comparison to the other students who participated in the survey, an opportunity for improvement exists in the area of mathematics. Mr. Palcer also provided data regarding student placement in comparison to other New Trier feeders and also longitudinally. Placement has remained fairly consistent except for placement in the English/History 9 course, which reflects the collaborative nature of the Marie Murphy English and Social Studies curricula.

The seven township school districts are currently reevaluating this survey and investigating ways to make it more reflective of 21st century skills and the educational practices that lead to college and career readiness.

E. Avoca Brand Discussion- Part II (SP Goal 4)

Board President, Rick Zelinsky, led the Board in a discussion regarding the district's "brand" or identity. Mr. Zelinsky noted that the means of conveying Avoca's key messages may vary depending on the stakeholders, but there should be alignment district wide of what the messages are and they should support the leading values and priorities of the district. He gave the Board an opportunity to synthesize their ideas about Avoca's key messages. The Board discussed many characteristics of Avoca students. An emphasis of the discussion was on the

importance of offering a thoughtful, responsible and strategic approach to education while highlighting and celebrating the district's diversity. Mr. Zelinsky noted that perhaps deciding on what kind of approach would help to determine the message. He indicated that a challenge to the Board will be how to incorporate the district's values regarding the economic investment of the stakeholders into Avoca's identity. Mr. Zelinsky concluded that the Board should be working toward a core message that incorporates all of these complex ideas and can be broken down and conveyed to all constituencies. The Board plans to continue this topic in future discussions.

F. IASB/IASA/IASBO 2017 Joint Annual Conference

Superintendent, Kevin Jauch, informed the Board about the IASB/IASA/IASBO 2017 Joint Annual Conference set to take place November 17-19, 2017. The Board was given information regarding the schedule and content. Dr. Jauch requested a response as to whether or not the Board members planned to attend by the end of the day, October 6, 2017.

CLOSED SESSION

Mr. Raynes moved that the Board move into Closed Session for the purpose of:

The placement of individual students in special education programs and other matters relating to individual students. 5 ILCS 120/2(c)(10).

Mr. Garbis seconded the motion. Upon roll call, members voted as follows: Mr. Garbis, aye; Ms. Swibel, aye; Mr. Raynes, aye; Mr. Zelinsky, aye; and Ms. Dechovitz, aye. Motion carried.

The Board moved into closed session at 8:09 p.m. and reconvened in open session at 8:-- p.m.

Mr. -- moved that the Board return into open session, and Ms. -- seconded the motion. Upon a voice vote, with all members voting aye, the motion was carried.

MEETING ADJOURNS

Mr. -- moved to adjourn the meeting, and Ms. -- seconded the motion. Upon a voice vote, with all members voting aye, the motion was carried. The Board meeting adjourned at 8:-- p.m.

Board President, Rick Zelinsky

Secretary, Kevin Jauch