



Glen Ellyn School District 41: Ignite Passion. Inspire Excellence. Imagine Possibilities.

**MINUTES
BOARD OF EDUCATION
FINANCE AND FACILITIES COMMITTEE MEETING**

**JANUARY 27, 2014
RESCHEDULED TO JANUARY 29, 2014 – 6:00 P.M.**

**CENTRAL SERVICES OFFICE
793 NORTH MAIN STREET
GLEN ELLYN, IL 60137**

The meeting was called to order at 6:03 p.m.

Present: Board members Joe Bochenski, Patrick Escalante arrived at 6:13 p.m., Drew Ellis; Superintendent Dr. Paul Gordon, Assistant Superintendent Bob Ciserella, Director of Technology, Mike Wood, Nick Cavaliere of Baker Tilly, Director of Human Resources Laura Campbell, Director of Communications Julie Worthen, Jack Hayes of FQC and Recording Secretary Carolyn Gust. Mr. Elger arrived at 6:55 p.m.

Review and approval of minutes from the January 13, 2014 meeting: The minutes were reviewed and approved and will be posted to the district website.

Auditor Presentation of the 2013 Comprehensive Annual Financial Report (CAFR): Nick Cavaliere of Baker Tilly gave a presentation on the [CAFR](#).

Mr. Cavaliere of Baker Tilly presented the CAFR to the committee. The district's overall financial position is solid. The audit went very well this year with all participants working smoothly together to provide required documentation to the auditors.

As part of auditing standards, all external auditors are required to review internal controls as part of their auditing process. Auditors are not required to report an opinion of these internal controls but are required to communicate back to management any found risks. There were no new risks this audit year. The same risk has been in place since 2008 regarding internal control over financial reporting. The district does not have its own internal accountant and uses a modified accrual accounting method. The external auditors come in at the end of the fiscal year and create a series of adjustments to align the cash records to the modified accrual records. Because of these modifications by the auditors, they are required to disclose this as a potential risk. This is a commonly accepted practice in the state of Illinois and was no surprise to administration or the auditors. Mr. Cavaliere

We make a difference. We embrace change together. We are a true team of professionals. We build the future.

Superintendent Dr. Paul Gordon

Glen Ellyn School District 41

793 N. Main St., Glen Ellyn, IL 60137

Phone 630.790.6400 Fax 630.790.1867 www.d41.org

encouraged the committee members to contact him with any questions regarding the financials of the district.

Additional Half-Time Early Childhood Special Education Teacher: The committee discussed the administration's recommendation for the addition of a half time Early Childhood Special Education (ECSE) teacher at Forest Glen School. The recommendation is based on the program nearing its capacity and the need for an additional section for the ECSE Program. This new section would have a maximum of ten students and would require the addition of a half-time certified ECSE. The additional section would remain in place for the remainder of the 2013-14 school year.

The district is responsible for at-risk students beginning at age three. Before age three, the county is responsible for their special services. The county has notified the district of at least eleven children who will turn three in the next few weeks and the district has space for two in the program. The administration would like to add the additional section in the event the program becomes full.

Technology Plan Refresh: Mike Wood gave a presentation highlighting the Technology Team's planned projects and 2014 expenditures. Mr. Wood reviewed lease schedules for the existing and planned technology equipment and noted that the projects include copier refresh, iPad refresh, sound systems for the gymnasiums, classroom document cameras and the student device refresh for Hadley Jr. High. Mr. Wood further noted that his team is currently working with vendors to determine the best equipment and pricing, so the costs are very preliminary and based on previous costs for similar equipment or current market prices.

Mr. Wood reported on potential technology projects for the summer 2014 along with the budgetary impact. The copier refresh is the first project. Copier refresh is on a three-year cycle. Meeting with vendors and obtaining pricing. Mr. Wood expects to have this information for presentation to the committee in mid-February.

The next project is the elementary gym sound systems. Last year, elementary physical education teachers implemented new curriculum which included a number of significant technology components. The technology department spread those costs over two years. The first year was installation of new projectors and large screens in each elementary gymnasium. The second phase is an integrated sound system to accompany the projectors. Administration expects to have this information for presentation to the committee in mid- to late-February.

Elementary iPad refresh is due this summer. The district has approximately 300 iPads at the elementary schools, 140 of which are on a three-year refresh cycle which cycle is due this summer. These devices will be refreshed on a one-to-one basis.

The district has a scattered number of document cameras district-wide. Administration plans to implement a document camera in each classroom as part of the summer 2014 technology refresh plan.

The last part of the technology refresh project this summer is the replacement of the Hadley student devices. Administration is recommending Google Chromebook devices, one per student with the student carrying the machine with them throughout the day in the building. This technology pairs with Google Docs which will help alleviate the current strain on district servers. Sixth and seventh graders will use the new Chromebooks with the eighth graders using the current laptops. The Chromebook is completely web-based which alleviates the strain on our servers and allows for access to student files from anywhere there is internet service. The Chromebooks are approximately \$200-300 per device. These devices will be on a three-year lease being returned to the leasing company at the end of the lease period.

Administration presented very preliminary pricing to the committee with the objective of obtaining firm pricing in the next month.

2014 Elementary School Facility Funding: The Committee discussed the administration's recommendation to move forward with MB Financial Bank for the proposed elementary school additions in the amount of \$7 million in capital borrowing with a fifteen year payback period.

The committee discussed an additional funding option presented by MB Financial. This new option would allow for \$7 million borrowed with \$5 million paid back over 15 years with an option to pay \$2 million with no prepayment penalty after two years. If the district wants to extend the \$2 million over the remaining 13 years, interest rates would be at the then current market rate. The option to borrow the full \$7 million is still available.

Currently, a proposal for additions at each of the four elementary schools is out for bid, a project anticipated to take approximately two years to complete and cost approximately \$15 million. Should the Board of Education (BOE) approve the project, the Finance Committee makes the following recommendation:

The Board of Education Finance Committee recommends funding the 2014-2016 elementary addition project with up to \$7 million in reserve funds and a \$7 million loan from MB Financial Bank to be repaid over 15 years. The remaining funds of about \$1 million will come out of operating expenses.

The committee makes this recommendation after reviewing the District 41 budget forecasts and scenarios, studying a range of options, considering the current and anticipated borrowing conditions, and satisfying itself that the district is capable of undertaking this obligation without risk to its operations or financial stability. The committee believes this is a conservative approach that protects needed reserve funds and provides the most flexibility for the future.

The committee considered other courses of action such as borrowing less, spending down its reserves first before borrowing, and repaying over a shorter time period, coming to consensus that there is a unique opportunity to borrow with historically low interest rates and that this recommendation builds the district's credit rating, mitigates the risk of rising interest rates, preserves fund balances against an emergency and maintains flexibility for future boards of education. Should the district mount a referendum in the future, this approach would allow the district to show the community that it is committed by putting some reserves toward the referendum project.

MB representatives will do a sensitivity analysis as well as quarterly versus annual payments analysis to present to the board. MB representatives will attend the board meeting on March 10, 2014, with credit approvals for presentation to the full board.

Other: Mr. Bochenski requested copies of the Intergovernmental Agreements with the Glen Ellyn Park District and Glenbard District 87 be sent to all committee members.

Adjourn: The meeting was adjourned at 7:24 p.m.

Respectfully Submitted,

Carolyn Gust
Recording Secretary