



**MINUTES FOR THE BUILDING AND FINANCE COMMITTEE MEETING OF THE BOARD OF  
EDUCATION OF KENILWORTH SCHOOL DISTRICT NO. 38, COOK COUNTY, ILLINOIS  
REMOTE VIA ZOOM LINK  
THE 9<sup>TH</sup> DAY OF OCTOBER 2020**

Mr. Stephen N. Potter called the meeting to order at 9:02 a.m. Upon roll call, the following Committee members answered as being present: Mr. Stephen N. Potter, Mr. John Gottschall, Mrs. Mia Casey Sachs, Dr. Lisa Metzger-Mugg and Mr. Bill Graham.

Also, present were Ms. Kate Donegan, Superintendent, Dr. Joseph Bailey, Business Manager, Mr. Evan Lukasik, Board of Education President, and Board member, Mr. Andrew Stone, Mrs. Julie M. Campanaro, Board Secretary and Mrs. Deb Keegan, Communications Coordinator. All present participated virtually or by phone except Ms. Donegan and Mrs. Campanaro who attended virtually but were physically present at the location. A number of community members were present including Mr. John Hart, Kenilworth Park Board President. Mr. Steven Wright, of DLA was also present.

## **NEW BUSINESS**

### **Discussion of 457(b) Investment Plan**

Mr. Potter asked Dr. Bailey to open the discussion regarding the 457(b) Investment Plan. Dr. Bailey stated that he was recommending the Board adopt the plan and reviewed the benefits of the plan. He noted that this was a pretax investment vehicle that may be offered in addition to the other investment plans the District currently offers to employees. This was a well-received plan in some of his previous Districts. He highlighted one advantage of the plan that allows a retired employee to begin borrowing from it after three years. He added that it would be another investment vehicle for spillover from the 453(b) plan currently offered. He stated the District will not take on risk and would not have the responsibility of managing the plan and legal counsel reviewed the plan. He advised the Committee that there would be no administrative costs, fiduciary responsibility or penalties to the District for the plan. The Committee agreed they were generally in favor provided there were assurances there would be no liability to the District. The Committee members were polled and agreed to have Dr. Bailey present this at the November 16 Board Meeting for possible approval.

### **Extra Duty Pay Report**

Dr. Bailey reviewed the report he prepared at the request of the Board regarding extra duty pay trends. He felt the report captured most of these payments and the administration was focused on bringing the number lower. In response to an observation that his numbers appeared to be quite different from those shared by Dr. Lisa Leali in January 2020, he concluded that he had drawn these numbers from actual timesheets and payment checks and not necessarily from budget line items as Dr. Leali may have done. He felt pulling the data from these sources was more



representative of actual expenditures. The Board members requested examples of more detailed, category-by-category expenditure comparisons. Dr. Lisa Metzger-Mugg offered to send Dr. Bailey the documents Dr. Leali shared in January 2020 and the November 2019 five year trend of salary and benefits information that previous Superintendent Crystal LeRoy shared with the board in November 2019. He will look into the November 2019 trend file with actuals from Dr. LeRoy and the January 2020 budget analysis from Dr. Leali, and compare them to the data he had gathered. Ms. Kate Donegan shared that some of the extra duty payments were budgeted, but the expenditures may not have been accurately charged to the appropriate accounts and line items when remitted. She felt this might have skewed some of the expenses shared in January 2020. There was also a concern expressed regarding the trend of increasing extra duty expenses. Dr. Bailey stated that tighter controls are in place this year requiring preapproval for all extra duty. The Administration will continue to require preapproval for all professional development. These expenditures are being monitored closely this year resulting in more accurate reporting moving forward. He anticipated the expenditures would be lower this year due to COVID 19 restrictions, and limited extra duty opportunities and some other variables.

There was interest from the Committee as to why there appeared to be an imbalance of distribution of paid extra duties among teachers and asked that the administration monitor this to insure the distribution of these opportunities be evenly spread out among teachers. They inquired if there were policies that might cover payment of extra duties. Ms. Donegan stated this was something they would be looking more closely at in light of upcoming negotiations. Currently there is no rubric outlining the rates of pay for extra duties other than a few in the current contract, while there were many more rates of pay listed in the Teachers' Handbook. None of these is covered by official policy. The way the rates of pay are currently structured, there are incentives to utilize hourly pay rates over stipends for potentially higher compensation. Without oversight, hourly payments could easily increase overall extra duty pay in the district. She felt a well-defined appendix to the new contract would be the appropriate way to address this. She added that she has discussed this with the KEA on a few occasions.

### **Master Facilities Plan Update**

Mr. Potter reviewed the excellent work done by DLA and outlined some of the major issues that still needed to be addressed in the previous rendition: the need to move the JK playground to the Courtyard, additional parking, and the need for more classroom space. He added that the loss of the outdoor classroom was a concern to some community members, but added that overall outdoor classroom space and new sustainability features would be expanded. Mr. John Hart reminded those present that the Park Board's next meeting is scheduled this evening and one of the topics would be the ongoing plans for the Village House and how it relates, to the District plans.

Mrs. Tracy Biederstadt from DLA arrived at the meeting at 10:02 a.m.



Ms. Biederstadt reviewed the several renditions done to date and ran through the changes made in the current rendition to bring the project within budget. Based on community feedback the decision was made to abandon the plans for repurposing the Nygaard Auditorium, which makes room in the budget for other plans. The reallocated funds can be used to add classroom space, adding a fourth classroom for music and additional storage. It also allows the junior high classrooms to be more centrally located. There would be the addition of other sustainability features to offset the loss of the outdoor classroom such as solar paneling and new green spaces. She responded to questions from Mr. Hart and the Board members present about other features of the new plan such as the location of the “cafenasium”, spaces open to the school and the community and features of the learning areas such as added STEM space and room for collaborative learning in the center. Some Board members noticed the absence of a health room/fitness center, the small size of the music rooms and the loss of the current JK playground. The Board was very pleased overall with the changes and felt DLA had been able to make the best use of changes to the plan. Concern regarding safety when school and community areas overlap were addressed, noting that common areas that overlapped would not be accessible to the community during the school day. With the presence of a park district office, there would be the ability to monitor those leaving and entering during after school hours.

Mr. Potter asked Ms. Biederstadt to review the phases as relates to budgeting. She noted that Phases I and II would be completed in three years. Phase I (\$3 million) would involve improvements to infrastructure and Phase II (\$16 million) would involve renovations to the school building and learning spaces, the addition of the new public spaces and other major renovations. Some Board members were concerned that the plans brought them over the initial \$18 million budget and cautioned about having a little room left in case the project ran into some unanticipated problems. They also were concerned about the fact that the cost for the Project Manager was not included in the current numbers and wondered how the compensation for their agreement would be met. Mr. Potter commented that the cost of the current project stands very close to the initial budget even with all of the new adjustments. He added that the budget and funding are covered in the presentations following from Ms. Elizabeth Hennessey, of Raymond James and Mr. Nathan Spangler of Forecast5. The Board members present had additional comments and questions about the flexibility of the spaces created to adjust for enrollment changes and wider use by the park district for after school programs.

It was noted that the Request for Qualifications (RFQ) would be posted on 10/15/20 and a Construction Manager would be selected from the applicants based on many factors, but most importantly with staying on schedule and within budget, sustainability practices and equity and diversity in how the project team would be designed. There was also discussion regarding how the applicants would be framing their costs, whether in a percentage of work or a fixed fee based on a percentage of the work. Mr. Wright suggested the typical format is to request a preconstruction amount in the RFQs. Once the Board selects a construction manager, they can require the finalist to provide a maximum price option guarantee including the costs of a manager working on site and managing putting out to bid to sub-contractors. Some on the Committee were not comfortable with this approach. Mr. Potter said he and Dr. Bailey would



work with DLA and the District attorneys to get a final rendition of the scope of the project and the language for the RFQ that will insure the District is best served. This discussion would be revisited at the Special Board meeting on October 23.

## **NEW BUSINESS**

Mr. Nathan Spangler arrived at the meeting at this time.

### **Overview of Five-Year Projections and Financial Planning**

**Forecast 5 Overview** - Dr. Bailey introduced Mr. Nathan Spangler of Forecast 5, who gave his presentation on financial projections. Mr. Spangler reviewed with the Board the Revenue/Expense expectations over the next five years as it relates to assumptions on staffing and future investments. He presented financial projections for the project based on \$18 million and \$20 million. Mr. Spangler responded to questions. The Board members present expressed concern over the drain on fund balances and remaining within the allotted percentage by the State of 40%. Mr. Spangler projected that by FY23 the fund balance might dip slightly below to 39.5 % without incremental borrowing. Mr. Potter stated this was a first look only and that much more debate and discussion will have to take place but emphasized the need to be transparent and share projections now and the Board must be conscientious in being fiscally responsible.

Mr. Evan Lukasik and Mr. Spangler departed the meeting at 11:40 a.m.

**Borrowing and Funding Options** – Dr. Bailey welcomed Ms. Elizabeth Hennessy of Raymond James and invited her to give her presentation. Ms. Hennessy reviewed the District’s Debt Limit and Outstanding Debt summary. She stated that with the assumption of CPI growth at 1% from 2021 forward, the District would have a Debt Service extension base of a little over \$250K. Ms. Hennessey reviewed the District’s options for financing the Master Facilities Plan. She explained that the District could issue bonds without a referendum to fund capital projects provided the debt service payments fits within the District’s Debt Service Extension Base (DSEB) of approximately \$238K. The Tax Limitation Law was amended in 2009 to allow CPI increases to be applied to the DSEB. The District could issue types of limited bonds, Working Cash Bonds, Life Safety Bonds and Funding Bonds. Limited Bonds do not negatively affect the Operating Funds of the District. She explained best practice is to amortize bonds quickly to reduce interest costs and allow financial flexibility. She reviewed the use of Referendum Debt Certificate Bonds verses Non-Referendum Bonds. She outlined an example of a \$4.4 Million Debt Certificates option that could be issued in December 2021. These debt certificates are paid from operating revenues (typically the O&M fund) and must be budgeted for annually. This option would require a Reimbursement Resolution by the Board as part of the Master Facilities Plan, and are subject to the debt limit and can only be used for capital projects. The maximum payback is 20 years but it is recommended to do this in 10 years. Operating surplus would be required to be able to fund more. It does give liquidity over the planning period regardless of surplus.



Mr. Potter thanked Ms. Hennessy for her presentation and asked the Board to think this over for possible consideration at the November Board meeting. Ms. Hennessy then left the meeting.

### **INFORMATION ITEM**

*Employee Self Service (ESS) Portal* – Topic deferred

*Twelve Month Staff Absence Management and Tax Forms Portal* – Topic deferred.

*Procurement Card* – Dr. Bailey explained the idea of the use of a procurement card in place of having to issue reimbursements to employees when they must utilize their own personal credit card to make a District purchase. He explained this is a practice followed by other Districts and considered best practices. The use of a P-Card provides additional controls to District purchases that must be made via a credit card. He recommended only three cards be issued to the District, one for the Superintendent’s office, one for the Director of Building and Grounds and the last for the Business Office. All purchases utilizing the P-card would require preapproval. The Committee was generally supportive but only with appropriate controls that are clearly defined and followed.

*Review Minutes from 09/21/20 Building and Finance Meeting for Approval* – Mr. Potter asked the committee if there were any questions or edits to the minutes of the September 21, 2020 Building and Finance meeting. There being no changes, or questions, the minutes were approved as presented.

### **PUBLIC COMMENT**

Public Comment was heard regarding the desire to have the lunch period returned to the longer lunch period previously enjoyed. It was felt the addition of a “cafenasium” would not be necessary if fewer children stayed at school for lunch if the lunch period were lengthened. There was disappointment expressed over the loss of the outdoor classroom especially if the District is striving for greater sustainability in the Master Facilities Plan. There was an inquiry about possible improvements to the locker rooms, and the functionality of the massive front entrance staircase in light of the need for more classroom space and use of the grand piano as a focal point in the planned common area.

Though not required, Mr. Potter chose to respond to some public comment. He stated the Board had identified alternative spaces for additional sustainability efforts. Ms. Donegan will be working with the sustainability group further on these plans. Mr. Potter also commented that there was no cost to the District keeping the piano and understood that students and faculty were enjoying moments in the gathering area where it currently stands before and after school.

### **ADJOURNMENT**



**THE JOSEPH SEARS SCHOOL**  
Kenilworth School District No. 38 Board of Education

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There being no further business, Mr. Potter entertained a motion to adjourn the meeting. Mrs. Mia Casey Sachs motioned to adjourn the meeting at 12:18 p.m. Mr. Bill Graham seconded the motion.

The motion passed with all Ayes and the meeting adjourned at 12:18 p.m.

Attest for Distribution: <sup>DocuSigned by:</sup> Julie M. Campanaro  
Julie M. Campanaro, Secretary

Approved: <sup>DocuSigned by:</sup> Stephen N. Potter  
Stephen N. Potter, Committee Chairperson

ATTEST: <sup>DocuSigned by:</sup> Julie M. Campanaro  
Julie M. Campanaro, Secretary