

DOWNERS GROVE GRADE SCHOOL DISTRICT 58

FINANCIAL ADVISORY COMMITTEE MEETING

FEBRUARY 5, 2021

The Financial Advisory Committee met on Friday, February 5, 2021 at 7:00 a.m. via Zoom video conference.

Call to Order

The meeting was called to order at 7:01 a.m.

Present

Chair Darren Hughes, Steve Olczyk, Allen Altic, Nicole Bernard, Tammy DeStefano, Todd Drafall, Matt Durbala, Katie Hannigan, Katie Maffei, Geoff Neustadt, Ron O'Connor, Kevin Russell, Jeff Riemer, Angela Rybarczyk, Chris Sagan, Andrew Schmidt, Jason Sparks, and Jason Suchy. Also present was Kevin Barto.

Absent

Scott Cimo, Laura Hill, Becky Lankheet, Jessica Miley, Cynthia Pietrucha, Mark Thomas and Leland Wagner.

Approval of Minutes

Tammy DeStefano moved and Nicole Bernard seconded the motion to approve the minutes of January 8, 2021. Motion carried.

Potential Longfellow Sale and ASC Replacement Proposal

Todd Drafall reported that there are no scenarios in which the District could spend less on administrative facilities than it does now; however, the District is not currently spending what it should be to maintain existing facilities. Deferred maintenance (boilers, paving, roof and masonry) will significantly increase costs in the next few years if the District maintains its current administrative facilities (ASC and Longfellow). For example, a recent fire alarm inspection at Longfellow revealed that if one of the panels fails, the entire system will need to be replaced. Unforeseen expenses in a building like Longfellow are a significant risk to the District.

Various options have been considered: lease new space, renovate the Longfellow lot to build a replacement building, renovate the ASC, renovate a school, or combine with the Village (no longer an option). Cost comparisons show that leasing is the most cost-effective choice based on architecture estimates. A sale of Longfellow includes the revenue potential of both the sale price and increased tax revenue if it is developed into homes. School districts are required to use a sealed bid process and cannot choose the buyer. The Board sets a minimum price in closed session and then the highest bid meeting that threshold is awarded the sale. The tax increase and efficiency savings would be nearly equal to the cost of a lease, allowing the actual sale proceeds to be used for capital needs.

Next steps are discussion by the Board during the Feb. 8 Board meeting; if there is agreement to move forward, then the District will continue selling surplus items, plan for the renovation of the ASC to accommodate maintenance and warehousing, and search for available office space to lease.

Financial Plan Update

The projected deficit in fiscal year 2021 is \$1.6M, but the budget will be amended at the end of the year to reflect that the District has managed to reduce the deficit to \$350,000. Reasons for the decrease include higher than projected CPI, additional federal COVID funding, decrease in medical premium projections, and spreading out technology updates over the next few fiscal years. Current projections show improving year-end fund balances, as well as low cash points over the next several fiscal years. The District is in a much better position than initially projected.

Bond Rating Reports

The District had rating presentations with Moody's and Standard & Poor's last week, and both ratings have now been released. Moody's maintained its AA1 rating, and Standard & Poor's issued an AA rating. Their only concern was that comparable school districts with a higher rating have year-end balances of closer to 50% of expenses. The District's current policy is 31%, and is moving toward increasing that to 35%.

Year-to-Date Report

The skewed numbers due to last month's extra payroll have now leveled out. Transportation expenses are still coming in lower than budget; normal transportation expenses are currently projected for next year. Revenues are still down, but cash position is currently stronger than last year at this time.

Public Comment

No comments were made at this time.

Adjournment

Steve Olczyk moved and Chris Sagan seconded the motion to adjourn.

Meeting adjourned at 8:16 a.m.