

**GLENBROOK HIGH SCHOOLS**  
**Office of the Assistant Superintendent for Business Affairs**  
**Regular Meeting Monday, December 14, 2009**

**TO: Dr. Michael Riggle**

**FROM: Hillarie Siena**

**DATE: December 14, 2009**

**RE: Discussion – Financial Planning Program**

Critical question: Should the Board of Education approve the purchase and use of the PMA Financial Planning Program (FPP) for the purpose of providing long-range financial projections for the district?

As we head into second semester, it is time to move forward with the district's comprehensive financial planning process. The current year budget has been established and the district is operating well within the parameters contained in the current budget, with the primary goal of ending the fiscal year on target. Moving forward, it is imperative to evaluate all critical factors that impact the financial planning process, both in the short-term and especially in the long-range financial forecast. There are many significant factors which contribute to the district's financial health. Some of these factors, such as property values, enrollment trends and investment earnings, which have historically remained relatively stable, are experiencing unprecedented volatility. It is vital to incorporate into the financial planning process, a comprehensive tool that can be utilized to identify and evaluate relevant data, providing an all-encompassing method to analyze the impact of changes in any one critical area upon the overall financial picture.

PMA Financial Network offers a Financial Planning Program (FPP) tool designed to accomplish this goal. PMA has been serving the public sector for more than 20 years, and has provided financial services to District 225 for more than 15 years. Through the FPP, the district partners with PMA Financial Network, providing data warehousing services, on-line access to the FPP tool and access to the PMA advisory team. The tool itself, is a comprehensive financial program that includes a five-year history and five-year financial forecast, tax levy/extension reports, EAV history, tax collection history, CPI forecast, student enrollment history and projections, class size calculations, staffing module, anticipated salary and benefit increases and "what if" scenario analysis. The model can be used to extend the five-year financial projection if feasible.

The PMA Financial Planning Program is currently utilized by many of our neighboring districts, such as Stevenson HSD 125, Barrington HSD 220, Batavia HSD 101, Evanston HSD 202, Hinsdale HSD 86, Maine HSD 207, Township HSD 214, Deerfield/Highland Park HSD 113, as well as our feeder districts Northbrook D28 and Glenview D34. Based upon the high ratings that these other districts place upon the merits of the FPP model, **it is my recommendation that Glenbrook HSD 225 purchase this model.** The FY2009/10 approved budget contains a line item reserved for financial software. Therefore, the purchase of the FPP is within the scope of the current operating budget. This important investment not only serves the district for the immediate future, but provides an established basis for long-range planning that will continue to serve future administrations.

*PMA Financial Network, Inc.*  
*Northfield THSD 225*  
*PMA Financial Planning Program<sup>TM</sup>*

Fee Proposal Schedule

Effective July 1, 2009

**PMA FPP Base Model Development**

- Data collection
- Analysis & Verification
- Meetings with district administration
- Establish base scenario
- Interactive scenario analysis
- Presentations to Board of Education
- Assistance with salary negotiations
- Assistance with levy preparation
- Assistance with tax extension filing
- Customized power point presentation
- Periodic updates
- Budget review and assistance
- Online access to files and reports

Base model development is limited in its scope not to exceed 48 hours. Additional services will be provided under separate agreement as necessary.

**Cost Estimate:**

For Members of the Illinois School District Liquid Asset Fund Plus:

For the first year, the Base Model Development cost is \$9,500 and in subsequent years the cost is \$8,000 and is subject to annual review.

Invoicing Schedule:

The District will be invoiced 50% of the contracted cost at signing and balance at completion.

For Non-Members of the Illinois School District Liquid Asset Fund Plus:

For the first year, the Base Model Development cost is \$14,000 and in subsequent years the cost is \$11,500 and is subject to annual review.

Invoicing Schedule:

The District will be invoiced 50% of the contracted cost at signing and balance at completion.





November 3, 2009

Ms. Hillarie Siena  
Finance Director  
Northfield Township High School District 225  
1835 Landwehr Road  
Glenview, IL 60025

Re: Northfield Township High School District 225  
PMA Financial Planning Program™ Service Agreement

Dear Ms. Siena:

We are pleased to provide an engagement letter for our services as a consultant working with your District in utilizing PMA's Financial Planning Program (the "FPP"). The FPP is a financial planning tool that allows interaction with a spectrum of assumptions in order to project your District's financial position. In this role PMA will advise and assist district throughout all phases of the FPP program. If the situation should arise where debt issuance advice is needed a separate Financial Advisory Agreement will be executed.

#### **A. Description of Services**

On an ongoing consulting basis, PMA's public finance specialists will generate for you and your District a detailed five-year financial analysis that is specific to your needs. PMA will perform each of the following as necessary:

- Develop a historic database consisting of multiple years of Annual Financial Reports and current budget;
- Incorporate District-provided assumptions in the FPP analysis, including but not limited to historical tax levy extensions including information on Equalized Assessed Valuations ("EAV"), new property growth, assessment levels, etc., student enrollment, student/teacher ratios, existing salary agreements and schedules, benefits provided, debt retirement schedules, Consumer Price Index ("CPI"), state and federal funding levels, capital project plan, and other revenue and expenditure projections, as applicable;
- Develop five year financial projections and perform "What-If" analysis of selected variables to project financial outcomes;
- Conduct Board and/or Finance Committee presentations as requested by administration;
- Provide assistance with tax levy preparation and filing;
- Web access to "What-If" scenario management and report production engine;
- Provide ongoing and continuous updates as needed by the District pursuant to the attached fee proposal schedule

**PMA Financial Network, Inc.**

2135 CityGate Lane, 7th Floor, Naperville, Illinois 60563 Ph: 630.657.6400 F: 630.718.8701 pmanetwork.com

## **B. PMA Limitations**

Our duties and responsibilities as your consultant regarding the FPP are limited and do not include the following:

- Giving any opinion or representation as to the financial feasibility or fiscal prudence of the variables, projections and/or assumptions you select to modify in order to project your financial picture.
- Giving any opinion or advice regarding the issuance of debt instruments, unless a separate Financial Advisory Agreement is executed.

## **C. Disclaimer of Liability**

FPP is a financial management tool whose sole purpose is to produce financial projections based on data provided by the District. Because all assumptions and data input into FPP will be provided by the District, the quality of the output from FPP will be wholly dependent upon the quality of that data.

The District understands we will undertake no investigation or examination of the data provided by the District and that any inaccuracies or incompleteness of that data, and any resulting erroneous output from FPP generated thereby, shall be solely the District's responsibility.

Also, during the course of this engagement, we will rely on the District's representatives to provide us with all data in a timely manner, and we assume no responsibility to determine whether personnel providing us with such data possess the requisite authority to do so.

Further, we have explained to the District in general terms the formulas and methodologies used by FPP and the District agrees that such formulas and methodologies are appropriate and suitable for the District's financial management applications. We have made no independent examination of the context in which the District intends to use FPP and cannot assure the District as to its suitability for the District's application. In addition, we assume no responsibility for any modifications to FPP requested by the District and implemented into FPP at the District's request. Furthermore, the District acknowledges that FPP may yield inconsequential results in the event of changes in the District's fiscal policies, fundamental changes in school finance (including legislative changes) or other actions that may affect the District.

Lastly, the District agrees and acknowledges that any investment or other decisions made utilizing the results of FPP including results generated through use of the FPP web site are solely the District's decisions and are solely the District's responsibility.

The District agrees to indemnify and hold PMA harmless against any claims, loss, cost or expense incurred of any (a) incorrect, omitted and/or unauthorized information provided by the District to us, (b) misrepresentations made by the District regarding the FPP program, (c) failure to comply with District policy, state, and federal law, (d) actions or investments arising from the gross negligence or willful misconduct of the District.



#### **D. Fees & Termination of Agreement**

Your acceptance of our services and execution of this letter to evidence our Agreement constitutes your consent to pay the fees outlined in our Fee Proposal Schedule. The services set forth in this letter shall be performed in relation to the FY 2010 budget year. Renewal of the FPP services after the term expiration shall be subject to the continued acceptance of the terms for utilizing the FPP program. In the event there is a delay in executing this Agreement, the fees outlined in the fee proposal schedule are only valid for 60 days from the date of this Agreement. If after 60 days, the District wishes to engage PMA for the services outlined herein, an updated Agreement and fee proposal schedule will be promptly forwarded to the District for execution. Once an Agreement is executed, it may be terminated by either party upon 30 day written notice. Upon receipt of a notice of termination, PMA will cease all work and will only finish portions of any work at the written direction of the District. The District will pay for any outstanding fees earned by PMA up to the date of termination.

If the District fails to provide to PMA the information required to complete the FPP process, one-half of the contractual fee will be payable to PMA and non-refundable. In that event, PMA will provide the District with a five-year financial history of the District's Annual Financial Reports and its current year budget.

#### **E. Confidentiality**

The information provided or received by the District or PMA from the other party is deemed to be confidential and the property of the disclosing party, unless such information is communicated or known to be public. Confidential information includes but is not limited to all information provided that is not known to be public, formulas, business plans, financial information, software, or other intellectual property. No licenses or rights under any intellectual property right are to be implied to be granted for use by the other party under this agreement. Both Parties acknowledge that, except as required by law, including the Illinois Freedom of Information Act, disclosure of confidential information is in breach of this agreement and may result in irreparable damage to the other Party. Distribution, reproduction or sale of any confidential information under this agreement is prohibited without the express written consent of the other.

#### **F. Public Dissemination of Information & Ownership of Analysis**

Public dissemination by the District of any material promoting PMA as an organization or the merits of FPP (including any text and graphics derived from FPP) through the use of mailings, brochures, presentations, websites, etc., is prohibited without prior authorization from PMA. It is agreed that the analysis, or output, derived from the FPP on behalf of the District is the property of the District. However, prior to each instance of public dissemination by the District, PMA reserves the right to review and edit any relevant content of the publication where PMA, FPP, or any component thereof, are denoted in any manner.

#### **G. Privacy of Client Information**

PMA is committed to protecting your personal and financial information. Except as required by law and in accordance with the PMA Privacy Policy (attached for your review), PMA will maintain the confidentiality of communication containing client information provided directly to PMA.



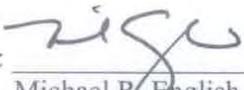
**H. Submission of the Data on the Information Sheet**

The Financial Planning Program requires certain information to be received from the District in order for the program to be successful. The District will receive a customized Information Sheet directly from the financial advisor assigned to the District. Failure to provide the Information Sheet in a timely manner will result in a delay of the receipt of the FPP services described in (A) above by the District.

If the foregoing terms are acceptable to you, please sign and date the enclosed copies of this engagement letter, retaining one original for your files and returning one original in the enclosed envelope.

Respectfully,

PMA Financial Network, Inc.

By:   
\_\_\_\_\_  
Michael R. English  
President and CEO

**Accepted and Approved:**

**Northfield Township High School District 225**

**By:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Enclosures**





## PRIVACY POLICY

The following affiliated firms have adopted this privacy policy:

**PMA Financial Network, Inc.**  
**PMA Securities, Inc.**  
**Prudent Man Advisors, Inc.**

At PMA, protecting your privacy is important to us. We have policies and procedures in place to maintain the confidentiality and security of your personal non-public information. We want our customers to understand what non-public personal information we collect and how we use it. This document is designed to help you understand our policy.

“Non-public Personal Information” is non-public information about you that we obtain in connection with providing a financial product or service to you and your organization.

**Why We Collect Your Information.** We gather non-public personal information about you and your accounts so we can deliver products tailored for your organization’s needs, to know who you are and thereby prevent unauthorized access to your information, and comply with applicable laws and regulations that govern us.

**Information We Collect.** We may collect the following types of non-public personal information about you and your organization during the account opening process, through out your on-going relationship with us and through your use of our website:

- Information about your identity such as name, address, telephone numbers, e-mail address, social security number, tax identification numbers and driver’s license number.
- Information about your transactions with us, affiliates, or other financial institutions such as your account numbers, account balance, account history, financial history including accounts payable, payroll and financial information, and bank routing numbers.

**Information We Disclose.** We disclose non-public personal information about you to our affiliates, to third parties that we hire to help us provide products and services to you, as specifically authorized by you, or as otherwise allowed or required by law. Examples of some third parties we may hire are custodians, administrators, transfer agents, other broker-dealers, accountants and attorneys. From time to time, we must provide information about our business to regulatory authorities. This may include personal information about you. We do not sell non-public personal information about our customers, present or former, to anyone.

**Confidentiality and Security.** Our policy is to keep this information confidential and strictly safeguarded, and to use or disclose it as needed to provide products and services to you and your organization. We maintain physical, electronic and procedural safeguards to protect your non-public personal information. These include confidentiality agreements with companies we hire to help us provide services to you, password-protected user access to our computer files and proprietary on-line systems, and strict confidentiality policies that apply to all PMA personnel.

**Closed or Inactive Accounts.** Our privacy policy applies equally to our former customers. We will continue to adhere to the privacy policies and practices described herein even after your account is closed or becomes inactive.

**Availability of Disclosure.** This disclosure policy is available at our office and on our website at [www.pmanetwork.com](http://www.pmanetwork.com). Additionally, this notice is provided to each customer who opens an account and to all customers at least once annually.

If you have any questions, you are encouraged to contact us for more information.

**PMA Financial Network, Inc.**

2135 CityGate Lane, 7<sup>th</sup> Floor, Naperville, Illinois 60563 Ph: 630.657.6400 F: 630.718.8701 [pmanetwork.com](http://pmanetwork.com)