

WILLIAM RAINEY HARPER COLLEGE
1200 West Algonquin Road
Palatine, Illinois

SPECIAL BOARD MEETING

AGENDA

April 10, 1991

7:30 p.m.

- I. Call to Order
- II. Roll Call
- III. Approval of Minutes of Special Board Meeting and Executive Session of March 13, 1991 Exhibit III
- IV. Presentation: Harper College Speech Team
--Marcia Litrenta
- V. Building and Renovation Program Exhibit V
- VI. Review of 1991-92 Fiscal Year College Budgets Exhibit VI

WILLIAM RAINEY HARPER COLLEGE
BOARD OF TRUSTEES OF COMMUNITY COLLEGE DISTRICT #512
COUNTIES OF COOK, KANE, LAKE AND MCHENRY, STATE OF ILLINOIS

Minutes of the Special Board meeting of Wednesday, April 10, 1991.

Chairman Barton called the meeting to order at 7:30 p.m.

Present: Members Barton, Coste, Howard, McCulley and Norwood
Absent: Members Bakas, Moats and Student Member
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Also present: Paul Thompson, President; Dennis Connors, V.P. Academic Affairs; Bonnie Henry, V.P. Student Affairs; Vern Manke, V.P. Administrative Services; Felice Avila, Executive Assistant to the President; Vic Berner, Dean of Business Services and Finance; Bill Howard, Dean of Continuing Education and Program Services; Liz McKay, Dean of Academic Enrichment and Language Studies; Ray Devery, Director, Development and External Affairs; Marcia Litrenta, Liberal Arts; Steve Lollino, Audiovisual Technician; Vincent Kent, Speech Team, Laura E. Dixon, Speech Team; Charles A. January, Student Senate; Guest: Wayne Machnich, Legat Architects.

Member Coste moved, Member McCulley seconded approval of the minutes of the Special Board meeting and Executive Session of March 13, 1991. Upon voice vote, the minutes were approved un-animously.

President Thompson introduced Marcia Litrenta, the faculty advisor to the award-winning Harper speech team. Marcia Litrenta stated that the speech team participates in seven to ten events per year, including local, regional and national tournaments. The speech team competes against two and four-year institutions. Harper is a member of Phi Rho Phi, a national organization, and is in Region IV, one of the most difficult regions in the nation. Ms. Litrenta has coached the speech team for four years as well as three years as a part-time instructor. Harper has ranked in the top six schools in every tournament, averaging third and fourth place. The speech team consists of students with varied backgrounds. Ms. Litrenta introduced Laura Dixon of the speech team who won numerous awards and Vincent Kent who is also a repeat winner for Harper College. Vincent Kent then performed a poetry reading for the Board. President Thompson thanked Mr. Kent for his fine presentation.

President Thompson stated that after the Board retreat he talked to the architect about ways in which the building project could be approached. He directed the Board's attention to Exhibit V, which contained two scenarios possible in the building program. Scenario One shows base year January, 1992, through January,

1996. The flowchart also shows anticipated increases in construction over those years. Scenario One shows the new classroom building and new print shop beginning in January of 1992. The new print shop is necessary to enable the remodeling of Building F. The architect recommended those two projects begin simultaneously. The remodeling of Building F would be completed in January of 1994. The remaining projects (new bookstore, performing arts center, remodeling of Building A, and remodeling of Buildings C, E, H, U and V) would be completed in the summer of 1995. President Thompson asked if the Board had any questions regarding Scenario One. Member Howard said she did not believe the rate of inflation was ten percent per year, as indicated on the flowchart. President Thompson asked Wayne Machnich of Legat Architects to address this issue. Mr. Machnich responded that it has been traditional that after a war, prices rise. He stated a ten percent increase represents a worst-case scenario, so there would be no misunderstanding on the part of Board members should this rate of inflation occur.

President Thompson then highlighted Scenario Two, which indicates an earlier start for all the projects, with an earlier completion date. It shows beginning the new classroom building, new print shop, new bookstore, and remodeling of Buildings C, E, H, U and V in January of 1992. The performing arts center would be completed in June of 1994. This plan would save money in terms of increased costs due to later completion. This scenario shows the print shop and bookstore completed about the same time, and makes sense in terms of having heavy equipment on that end of the campus at the same time. President Thompson asked if there were any questions regarding Scenario Two. There were none.

President Thompson then directed the Board's attention to the project funding sources page of Exhibit V. The liberal arts classrooms are the first priority. It is proposed to fund this with local funding at a cost of \$6,751,965. He stated that since the retreat, the administration had added the interest from the second site proceeds, for a total of \$7,000,000. The bond sale amount and Operation and Maintenance Fund are the same as reported at the retreat, for a total of \$12,600,000 local funds available for the building project. To add Building F remodeling, local funds and Life Safety funds would be used. President Thompson said he believed that the state would regard the project suitable for Life Safety funds. These two projects would cost \$8,911,000. This is different from what was presented at the retreat. Member McCulley asked if there would be an increase in Life Safety funding. President Thompson responded it would be dependent on how the project would be spread out. Next year the Board is planning on a levy of \$1,000,000, so this would be an increase in terms of a local levy. It would depend on when the project is started and what other Life Safety needs would fit into the picture. President Thompson said he believed it would mean a slight increase. Vice President Manke said there is another option. If a levy is done immediately, Life Safety bonds could be sold which would allow the levy to be spread over ten to twenty years. Member Howard asked what the May, 1991, levy was designated for. Vice President Manke responded that the levy was

earmarked for remodeling of elevators to make them handicapped accessible, renovation of restrooms in Building D, and other renovations on campus to improve handicapped accessibility. Member Howard asked what other needs of campus should be anticipated. Vice President Manke responded there is another major roof repair left which will cost approximately \$240,000, and some electrical problems for which there is no cost estimate at this time. He stated he anticipated about \$500,000 a year in these types of repair. He would recommend the sale of Life Safety bonds if Scenario Two is selected, spreading Life Safety bonds over a ten-year period. This would mean about a \$300,000 principal payment to make. The tax rate would be the same as it was for the last three to four years for Life Safety.

President Thompson stated that the remodeling projects are considered by the administration as totally Life Safety projects, except the conference center. The Harper College Foundation has committed to contributing \$500,000. With Life Safety funds and the money from the Foundation, the total for the conference center project is \$972,740. Adding the bookstore, using an alternate bond funding, would cost about \$1,593,794. Scenarios One and Two propose a new printing and graphics area at a cost of \$798,113. A performing arts center would cost \$3,579,362. The remodeling of Building C would be split between Life Safety and local funds and would cost \$161,499. Remodeling Building H would cost \$61,499 from Life Safety funds, Building E would be evenly split between local funding and Life Safety funds at a cost of \$526,007. Remodeling Building U would also be split between Life Safety and local funding at a cost of \$272,190; remodeling Building V at \$194,955 of Life Safety funding. This brings the total cost to \$17,078,725, with \$11,538,478 of local funding. In this proposal, the administration is proposing the use of Life Safety funds, which is different than the proposal given at the retreat. Another proposal would be to use alternate bond funding to build the performing arts center. It would take approximately twenty years to pay off the bonds rather than ten. President Thompson invited comments from the Board. Member Coste asked if \$17,078,725 was the current cost. Vice President Manke responded Scenario One would cost approximately \$19,000,000 in 1991-1992. He said that financially it was a good time to move ahead with the projects. Member Howard stated that she is in favor of Scenario II because of cost savings, but also because of need. She stated she would not be in favor of raising Life Safety monies and is in favor of issuing bonds and keeping the tax rate level. Vice President Manke stated if the Board chose Life Safety bonds, payments could be staggered so that during the first two to three years only interest is paid, and then payment on the principal would start after the working cash bonds are paid off. Chairman Barton asked if this would deplete fund balances. President Thompson stated that this would not affect either operating fund, but would deplete the Restricted Funds set aside for this purpose. Member McCulley asked if \$500,000 from the Foundation was realistic. Ray Devery said he believed the Foundation was committed. Member Coste said he would support the new classroom building and remodeling of the library. He also expressed concern as to the cost of equipping the new buildings.

President Thompson stated that the buildings could be equipped with existing Operations and Maintenance funds. Vice President Manke stated the new classroom facility would require new equipment. Remodeling projects would only involve moving existing equipment. The new conference center will need new equipment but that is also tied into Foundation funds. Vice President Manke stated that the College has the means to equip the remaining projects. Member Norwood asked about the cost of operating these new facilities. Vice President Manke said less than \$5,000-\$10,000 would be needed, plus heating and air conditioning costs. Member Norwood asked about increased insurance, telephones, etc. Vice President Manke said a budget would be prepared, but that he believed it could be dealt with through yearly budgets.

Chairman Barton asked Board members to state their positions. Member McCulley stated he thought it necessary to keep a cushion in Life Safety funds for projects that may arise, but he would at least support the new classroom building and renovation of the library. He would consider the other projects with additional budget information. Member Norwood stated she would support most of the items but was concerned about a performing arts center at this time. Member Howard stated that she would not support an increase in the levy rate and would want to see figures on Life Safety bonds. She asked for assurance that current rates would be continued. She expressed concern about keeping the campus operational without too much disruption while all these building projects were in process. Chairman Barton proposed waiting two years before beginning the performing arts center to review funding at that time. President Thompson said the administration would get additional information on bond funding to the Board. Member Howard asked if there would be cost savings if a new print shop were built. Member Coste asked if the architect fee was included. Vice President Manke said the architect fee was included in the figures. Member Coste asked if both scenarios would incur the same architectural costs. Vice President Manke stated that Scenario One would cost less than was budgeted. He stated that the amount budgeted was high so that it would not be necessary to return to the Board and ask for additional money.

President Thompson stated that a summary of the budget was sent to the Board members. He gave Board members an overview, stating that the Education Fund is a balanced budget at this point. He stated that some adjustments would be necessary. However, the Illinois Board of Higher Education and the governor have indicated that the College's budget would be less than anticipated. If those figures are used, the budget is \$500,000-\$600,000 over. He stated he did not know if the legislature would be that severe. One factor in the proposed budget is an increase for equalization to community colleges of about 13 percent. There is also a decrease of credit hour grants of about two percent. Harper does not get any equalization money and if credit hour grants go down about two percent, Harper will get less funds from the state than last year. President Thompson said there were also adjustments to be made on the expenditure budget. Also, the final report from TSI has not been submitted which will result in more expenditure of monies. President Thompson requested that

the Board consider a deficit budget for this year, with monies from fund balances going to the improvements in the computer area recommended by TSI. This plan would still maintain a 20 percent fund balance.

President Thompson stated the Operations and Maintenance budget proposed is a deficit budget. Vice President Manke stated one factor resulting in a deficit is the renovation of parking lot 11. Other parking lots have already been renovated, except parking lots 12 and 1. These two lots would bear heavy equipment and construction traffic and would not be renovated until construction in those areas was completed. Also, approximately \$1,000,000 is budgeted for capital outlay, and \$100,000 for replacement of vehicles and equipment. Member Barton asked if any money has been budgeted to implement recommendations by TSI. Vice President Manke stated it was not.

President Thompson said the Education Fund and Operations and Maintenance Funds are the two major funds in the College budget. Member Howard commented that no state appropriations have been used for the Operations and Maintenance Fund, and all maintenance monies are coming from local sources, except for corporate personal property replacement funds.

Vice President Manke said that the Operations and Maintenance Fund (Restricted) shows \$1,000,000 in taxes from the Life Safety levy and \$600,000 in interest from investments, primarily from proceeds from the sale of the second site and interest from fund balances from Life Safety monies. The total projected revenue in this fund is \$1,600,000. Life Safety projects for 1991-1992 result in about \$926,000. The reason for the difference between this figure and the \$1,000,000 is due to the roof project approved in the levy of 1991. The levy issued in 1991 is not completed until 1992, which causes the discrepancy in the amount of projected revenues and expenditures.

Vice President Manke said the Bond and Interest Fund pays for the principal and interest due on bonds that are outstanding -- the working cash bonds and bonds which were sold last year for construction. Taxes of \$2,107,000 are projected to service those bonds and \$15,000 in interest earnings is anticipated on that fund balance. This represents an increase over last year of about \$7,000. Appropriation is projected to be \$2,122,000 on the Bond and Interest Fund.

Vice President Manke stated that Auxiliary Enterprises Fund estimated revenue is \$6,709,857. This revenue is made up of several different components, the two largest being tuition and fees for Continuing Education courses and the bookstore, as well as food service and other sales and services in the Auxiliary Fund budget. Interest revenue is estimated to be \$25,000. There is also a transfer from other funds of \$49,000. Member Howard asked if any future increase of contractual services to business

and industry would be shown in this budget. Vice President Manke responded yes. Member Howard asked if any increase was budgeted here. Vice President Manke stated that the Continuing Education Division probably considered that increase but in a conservative way.

Vice President Manke said appropriation for the Auxiliary Enterprises Fund is broken down by program: Student Services, \$231,669; Public Service, \$2,048,379; Independent Operations, \$3,986,392; Institutional Support, \$443,417. The total appropriations amount to \$6,709,857, representing a balanced budget for the Auxiliary Fund.

Vice President Manke reviewed the Restricted Purposes Fund covering grants, etc. Projected revenue is \$1,310,879. Expenditures represent \$1,310,879, representing a balanced budget. He said more grants could be received throughout the year which would result in increased revenue as well as expenditures.

Vice President Manke said the Working Cash Fund represents proceeds from working cash bonds which were established in 1985. Projected interest is approximately \$700,000. On the appropriations side, a transfer of \$700,000 would be made to the Education Fund, involving only the interest income.

Vice President Manke said the Building Bond Proceeds Fund represents the fund balance from invested building bonds which were issued a year ago. Resulting interest income would be \$100,000. This could change, depending on how much of the principal is invested. Depending upon the Board's action on the building project, \$1,500,000 may be spent from this fund balance.

Vice President Manke said that for the Audit Fund, a \$40,000 levy will be recommended for 1991. The audit service cost is projected to be \$40,000 for 1991-1992, and the Audit Fund therefore has a balanced budget. The increase of \$10,000 in cost for the audit over last year's cost is due to other supplemental audits for grant programs, in addition to the annual College audit. Member Coste noted there was a \$26,000 balance and asked why the administration would recommend a levy of \$40,000. Vice President Manke said the levy could be reduced if the Board requested, but he did not think this amount would affect the tax rate significantly.

Vice President Manke stated that for the Liability, Protection and Settlement Fund, projected tax revenue would be \$975,500, with interest on investments yielding \$5,000, for a total estimated revenue of \$980,500. Group medical, life insurance and general insurance expenditures are estimated to be \$980,500. If part-time employees are not approved by the state to be placed in the State Universities Retirement System, social security payments will have to be made, and are estimated to be \$500,000. This would result in a request to the Board to increase the levy from \$980,000 to approximately \$1,500,000 before the legal budget is approved.

President Thompson said he hoped all questions about the funds had been addressed so that further consideration of the budget would focus on the Education Fund and minor adjustments in the Operations and Maintenance Fund, and other suggestions made by the committee.

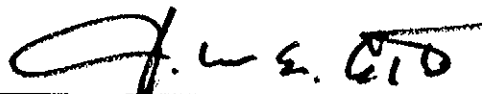
Member Coste asked if there is a total for the budget. President Thompson responded that the total for the Education Fund would be \$33,677,345; Operations and Maintenance Fund, \$7,550,173, for a total of \$41,227,418. Vice President Manke said that the total for all funds would be \$55,132,205, representing an increase of approximately \$96,000 over last year's budget for all funds. President Thompson said the Education Fund would undergo additional review. Member Coste asked if new computer costs were budgeted. President Thompson responded that TSI would be making recommendations which would result in additional fund expenditure. This cost would be spread over a five year period.

Member Coste asked what the Life Safety projects would be for next year. Vice President Manke responded the projects would include a roof project, renovation of elevators to make them more accessible to the handicapped, stairway and sidewalk renovation for handicapped accessibility, and renovation of restrooms in Building D.

Member Coste asked for more detail on the capital outlay funds. Vice President Manke stated that a new listing of capital expenditures will be presented to the Board.

Member Howard moved, Member Coste seconded that the meeting be adjourned. Upon a voice vote, the meeting was adjourned at 9:30 p.m.


BARBARA BARTON
Chairman


JOHN COSTE
Secretary