# Minutes of the Special Board Meeting of Wednesday, October 7, 1992

## INDEX

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROLL CALL</td>
<td>1</td>
</tr>
<tr>
<td>PRESENTATION: Technology Update</td>
<td>1</td>
</tr>
<tr>
<td>DISCUSSION: Resolution for 1992 Estimated Tax Levies</td>
<td>2</td>
</tr>
<tr>
<td>EXECUTIVE SESSION (Personnel)</td>
<td>6</td>
</tr>
<tr>
<td>ADJOURNMENT</td>
<td>6</td>
</tr>
</tbody>
</table>
Minutes of the Special Board Meeting of Wednesday, October 7, 1992.

CALL TO ORDER: The special meeting of the Board of Trustees of Community College District No. 512 was called to order by Chairman Norwood on Wednesday, October 7, 1992 at 7:30 p.m. in the Board Room of the Administration Building, 1200 W. Algonquin Road, Palatine, Illinois.

ROLL CALL: Present: Members Barton, Born, Coste (7:31 p.m.), Howard (7:35 p.m.), Moats, Norwood, and Student Member Sprake-Jones.

Absent: Member Bakas

Also Present: Paul Thompson, President; Vern Manke, V.P. Administrative Services; Bonnie Henry, V.P. Student Affairs; David McShane, V.P. Information Systems; George Voegel, Acting V.P. Academic Affairs; Susan Webb-Kmiec, Recording Secretary; Felice Avila; Bill Howard; Kellen Hassell; Leon Hussession; Rosemary Murray; Elena Pokot; Patty Roberts - Harper College. Tim Kelly and Barry Poulsom, Technology Services, Inc.

PRESENTATION: TECHNOLOGY UPDATE

President Thompson introduced David McShane, Vice President of Information Systems. Mr. McShane, along with Tim Kelly and Barry Poulsom of TSI and Elena Pokot of the Division of Information Systems, presented the Board with a detailed picture of the past, present and future of the Information System for Harper College. The information is outlined in a packet distributed to the Board members.

Following the presentation, Student Member Sprake-Jones asked what the plans were for work-at-home access. Mr. McShane responded that there are plans for that function so that students or faculty can call into the system and get information and tap resources. Appropriate security measures will be in place because of the issues of viruses and the retrieval of unauthorized information. Mr. Sprake-Jones also commented on the inadequacy of the modems in the Fortran lab, and was told that those are being upgraded and that the new network will address that problem. In answer to Mr. Sprake-Jones question regarding the feasibility of class registration by remote computer access, Elena Pokot noted that the new system will be able to accommodate this type of interaction. Hearing impaired students will also be able to use computer registration. Mr. Sprake-Jones asked if the
LAN manager software will be able to be updated remotely in the future. Mr. Poulson confirmed that, and added that the compilers and editors will also be upgraded in that way. The new system manager will allow for many issues such as security and upgrading of the system to be addressed remotely.

Member Barton asked how the information contained in the system is protected. Mr. McShane responded that security is a key part of the new system, and that bridging devices and different access codes will be employed to prohibit the retrieval of unauthorized information. Member Moats questioned the safeguards that are presently in place. Mr. McShane stated that the fragmentation of the present system causes potential security problems, but that back-up is done on a regular basis, with tape back-up stored in vaults at a different location. Tim Kelly reported that the College is in the process of exploring a disaster back-up procedure with District 211, but this may not be feasible because of the proximity of the two locations. Mr. Kelly also stated that Information Systems does have a comprehensive computer disaster recovery plan. Mr. McShane added that the mainframe is protected by a UPS system.

Student Member Sprake-Jones asked if link encryption will be in place for data sent over phone lines. Mr. Poulson replied that the system is only as secure as the phone lines themselves, but that the routers, hubs and network manager will help to ensure the security of both the physical system and the information being transferred. Mr. McShane added that some encryption will take place on certain vital information.

Chairman Norwood and President Thompson thanked the Information Systems staff for the presentation.

President Thompson asked Vice President Manke to discuss the tax levy. Mr. Manke reviewed the draft copy of the estimated tax levies, which is a requirement that must be fulfilled at the October 29 Board meeting in order to comply with legislation regarding the College's estimate of what will be levied in November. This draft shows the 1991 levy and the anticipated levy for 1992, with the aggregate increase in taxes estimated to be levied for 1992 not exceeding 5 percent.
Mr. Manke discussed the work sheet in terms of the assessed value of the College for 1992, which reflects the requirement that the 1991 assessed value be used as the basis for the 1992 assessed value. President Thompson asked if this value could change due to any additional building. Mr. Manke replied that some increase is possible, but the 1991 assessed value will be used in order to be conservative. However, whatever new buildings come online this year, those values will increase the assessments.

Mr. Manke continued to explain that the recommended 1992 levy for all of the funds combined will be an increase of 3.62 percent, which includes the Bond and Interest Fund. However, when this is reported to the State, the Bond and Interest Fund must be excluded. The resulting 1992 levy amount is $972,210 more than that requested for 1991. When the Bond and Interest Fund excluded, the actual percentage increase is 4.33 percent. The section showing the exclusion of the debt service explains how that 4.33 percent was determined. The abatement is not shown in these figures because we are going to abate the tax levy needed to pay for the alternate revenue bond. There will be a resolution to the Board for that abatement at a later time. This was agreed on when the bonds were sold, and will be done this way for the next 10 years.

The 1992 estimated tax levy is shown in dollars along with the estimated tax rate projected to produce those dollars against the 1991 and 1992 assessed value.

Mr. Manke stated that all of this must be evaluated in terms of new revenue: There will be an increased revenue of $792,000 in the Education Fund; the state apportionment is being reduced; the tuition rate was raised by $3.00; the interest rates are low and may be going lower. Mr. Manke summarized by stating that the revenue source for both the Education Fund and Maintenance Fund is going to be extremely tight. This does not take into account the fund balances. However, Mr. Manke expressed his concern regarding the revenue sources as compared to other years in terms of both the taxes and state apportionment. He stated that tuition could still be raised, but that investments were not expected to yield significantly more in the near future.
Member Barton stated that District 211 sold $15 million worth of revenue bonds to protect them because of further anticipated cuts in state apportionment. Member Coste added that they did approve a 6.5 percent raise in teachers' salaries.

Mr. Manke noted that this resolution is to be presented at the Regular Board meeting on October 29, and is for the Board members' information only at this time.

Member Born asked if there are other investments that can be made that would yield higher returns. Mr. Manke replied that there are restrictions on the investments that can be made, and the only option not used is the corporate paper because of the fluctuations of the market conditions. The College can also not invest in corporate bonds, tax sheltered annuities and insurance companies. Member Born asked what the highest return we could expect was if more risks were taken. Mr. Manke replied that the rate would be 3.5 to 3.75 percent. Member Moats questioned the possibility of investments with longer maturity. Mr. Manke answered that this was a possibility, but it depended on when the money would be needed. Member Moats reiterated that, in answer to Member Born's questions, the higher interest rates were obtainable if the College was willing to assume the risks.

Member Born suggested that only a portion of the available dollars be invested in this way. Mr. Manke agreed with this approach, and stated that he would be comfortable with investing in two to three year maturities. He did not anticipate a dramatic increase interest rates for the next three years.

Member Barton asked if, by stating that this is the first time the Board was addressing the levy, Mr. Manke was suggesting that the Board approve the maximum increase. Mr. Manke replied that this is the most that can be done because of the need to use the 1991 assessment. This area will undergo reassessment in 1992, but the effects will not be seen until the 1993 levy. Mr. Manke felt that we can work with this restriction, but was concerned about the decrease in the other sources of revenue. He added that a large increase in enrollment is not expected. A large enrollment increases helps revenue to some extent, but also tends to increase the operating
Tax Levies (cont'd)

costs. Mr. Manke felt it would be a very difficult year for the 1993-94 budget, as this levy affects the first half of that budget year. Half of the levy amount will be received in this budget year, with the other half coming after July 1.

Member Coste asked if the levy amount was within the budget fiscal guidelines. Mr. Manke responded that it is not. The CPI is running at about 3.1 percent, and the guidelines state that it will not be more than 5 percent, or whatever the CPI is. Mr. Manke stated discussion could be undertaken to present it in that way, but he did not feel it would be responsible for him to recommend a 3.1 percent increase because of the other assessed value constraints imposed at this time.

President Thompson stated that when the budget guidelines were established, there was discussion among the Board members that this would have to be reviewed again after the experience of this year, recognizing that it was a guideline. In view of the 3 percent shortfall from the state, and the anticipated further losses, President Thompson felt that this was being taken into consideration.

Member Coste noted that the budget guidelines were used in part as justification for the tuition increase, and he was not pleased with the fact that these same guidelines were not being followed relative to the levy increase. Member Barton replied that the Board must be flexible in terms of adjusting to current fiscal conditions.

Member Born stated that contract negotiations must also be considered. Mr. Manke responded that there is $25 million in the Education Fund as a salary budget figure, and the Board can use a percentage basis to determine how many dollars will be required to address those salary increases. A 2 percent increase would be $500,000 and a 3 percent increase would equal what the levy produces for the Education Fund. This does not allow for increases in supply and material costs, or for benefits.

Mr. Coste noted that the Board has a commitment to rebate approximately $1 million before the end of this year. This action dates back to the October levy of last year, which will then result in an increase of over 5 percent
Tax Levies (cont'd)

for this levy. Mr. Manke agreed that this would be the case if the rebate is included.

With respect to Member Coste's comment, Member Moats asked if an additional amount was levied because of concern of an anticipated tax cap. President Thompson replied that this was not the case. Member Moats asked what the figure was for the incremental increase. Mr. Manke explained that although the Board stayed under 5 percent last year, the rebate was precipitated by the budget guideline regarding the cost of living. Member Coste stated that the increase from October to November was $1,006,945. President Thompson explained that this increase related to the difference between what the collar county tax cap language was, 5 percent or cost of living, CPI, whichever was less. At that time, it was less than 5 percent.

Member Howard suggested to the Board that because of the late hour and the following scheduled executive session, the Board obtain a recap of the motion and the amount that was voted on so that this issue can be discussed at a later date. Member Coste stated that the amount is documented in Exhibit IV. Member Howard responded that she would review it again, but that discussion should be postponed until the next regular meeting.

Member Moats noted that inflation is very low, and that this should change salary assumptions because of increased purchasing power.

EXECUTIVE SESSION

Member Born moved, Member Barton seconded, that the Board adjourn into executive session for the purpose of discussing the appointment, employment and dismissal of personnel.

Upon roll call, the vote was as follows:

Ayes: Barton, Born, Coste, Howard, Moats, and Norwood

Nays: None

Motion carried. Student Member Sprake-Jones voted aye.

The Board adjourned into executive session at 9:40 p.m.

Following executive session, it was moved and seconded that the Board return to regular session at 9:44 p.m.
Adjournment (cont'd)

Member Howard moved, Member Barton seconded that the meeting be adjourned.

In a voice vote, the motion carried and the meeting adjourned at 9:45 p.m.