

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, June 12, 1996.

CALL TO ORDER: The Special Board meeting of the Board of Trustees of Community College District No. 512 was called to order by Chairman Pro Tem Born on Wednesday, June 12, 1996 at 5:05 p.m. in the Board Room of the Administration Building, 1200 W. Algonquin Road, Palatine, Illinois.

ROLL CALL: Present: Members Barton, Born, Gillette, Hess (5:40 pm arrival), Howard, Kolze, and Student Member Starek
Absent: Member Moats

Also present: Paul Thompson, President; Ed Dolan, V.P. Academic Affairs; Bonnie Henry, V.P. Student Affairs; Vern Manke, V.P. Administrative Services; David McShane, V.P. Information Services; Judy Thorson, V.P. Administrative Services (incoming); Ted Agresta; Mary Azawi; Vic Berner; Pat Bourke; Harley Chapman; Therese Cummings; George Evans; Jerry Gotham; Bill Howard; Tom Johnson; Russ Mills; Bill Neumann; Bill Punkay; Lee Vogel; Laurie Wren - Harper College.

Modifications to 1996-97 Education Fund & Maintenance Fund Budget

Member Howard noted that the footnotes on page 4 have been revised.

Member Howard noted that in the estimated actuals of 1995-96, the Board authorized a deficit budget by allowing advance expenditures for the technology plan. It is not as high a deficit as the Board had authorized due to a number of actions resulting in significant savings. The budget draft for 1996-97 also is assuming a deficit budget in order to transfer money for the technology plan. The projections for the next three fiscal years reflect the effect of the tax cap.

Vice President Manke noted that the estimated actual budget for 1995-96 shows that there will be a deficit of \$191,000 instead of \$1,121,000. He cautioned the Board not to use that as an actual number because it will fluctuate between now and June 30. The savings are the result of a decrease in hiring of adjunct faculty because of declining enrollment, attrition, reduced spending, etc. Contingency funds were not transferred to cover spending in departments that went over budget. Member Kolze asked if this

will decrease the variance between the legal and estimated actual budgets in the future. Mr. Manke replied affirmatively. He noted that the legal budget shows that there would be a fund balance of \$10,732,000. This amount was carried forward to 1996-97 because that is what the legal budget would have been. An adjustment is not made until the end of June. The beginning balance for 1996-97 will probably go up by approximately \$900,000 if the actual expenditures stay in the estimated range.

Mr. Manke reviewed the Education Fund revenue and expenditures. The dollars for the temporary and student aide positions have been reinstated, while the \$150,000 contingency was taken out. All cuts that were previously made were left in the budget, and it caused the deficit to go up approximately \$260,000. Mr. Manke noted that the Board would discuss how to deal with that deficit in executive session. Member Howard stated that in allowing the contingency to be taken out, the Board had agreed that every effort would be made to keep expenses within the budget, and expenditures over budget would be financed out of the fund balance.

Member Kolze noted that the 1.58 percent on the budget draft of 1996-97 is against the legal budget, and asked what it would be against the estimated actual. Mr. Manke stated that it would be 4.5 percent. Vice President Judy Thorson noted that this results from a combination of unfilled faculty positions, approximately 15 faculty positions that are now filled with new hires, and a decrease in adjunct faculty. There is a notation in the transfer section to show where the money is being taken out for the tech plan. There is \$60,000 that is being transferred for student services grants, but the vast portion of the \$1.9 million is being transferred to the tech plan. The \$1.9 million is made up of \$1.5 million in deficit spending and \$550,000 in revenue that is collected from the \$2.00 increase in tuition (\$1.00 from this year and the \$1.00 increase from last year).

Member Gillette asked if there are any grants that have increased in the Education Fund. Member Howard noted that the grants are in the Restricted Purposes Fund.

Member Barton asked how much enrollment has declined. President Thompson stated that summer credit enrollment is about even with last year. Spring enrollment was down approximately 1.5 percent.

1996-97 Technology Plan

President Thompson noted that the information in the packet lists the recommended priorities. Member Kolze stated that these are items that the Technology Committee has reviewed and is a continuation of the plan from the previous year. President Thompson reviewed the information. Member Howard noted that these recommendations have come from technology task forces on campus involving many faculty members. An amount of \$75,000 has

been earmarked for training of faculty in the use of technology. The classroom multimedia capabilities can be expanded for \$50,000 because much of the infrastructure is already in place.

Member Born asked if the Technology Committee has discussed acquisitions that do not go out for bids. Member Kolze stated that the Committee has discussed this issue at length and, although he is not always comfortable with that type of action, there are times when it is necessary to do that. He stated that when such action is done, legal counsel is consulted for approval.

President Thompson commended the technology task forces for their work in implementing the first year of the tech plan.

The Board agreed to discuss future staffing strategies and personnel requests in executive session.

Bond Sale

President Thompson stated that Mr. Manke has been working on strategies to sell additional bonds within the present framework without changing the levy requirement for those bonds. He has also spoken with bond consultants at Kane McKenna and Associates. Mr. Manke explained that new legislation allows schools and colleges to issue bonds to replace bonds that were previously issued in the same dollar amount for the levy going back to 1994. He noted that the debt service extension base for the 1994 levy year was \$2,119,980. This amount will come off our tax rolls in 1996. This is the base on which we can issue bonds and extend a new levy in 1996. New legislation will allow Harper to re-establish through the sale of bonds a levy which would be equal to over \$2 million to service another bond indebtedness program. Based on that and some conservative estimates, it is projected that \$6,270,000 worth of new bonds could be issued which would be payable over a 10-year period along with the potential of issuing bonds every year thereafter in the amount of approximately \$1.2 million to cover various College needs (such as funding the technology plan). There are some requirements that must be met in order to issue bonds for technology funding, such as doing lease purchases. The College can issue \$1.5 million of Life Safety bonds. This is very timely because the tax cap does not allow an increase in our levy beyond what the levy was in the year which the cap went into effect (approximately \$1,173,000). This additional \$1.5 million will allow for the renovation of the Northeast Center, which is very crucial to some of the planned programming. These bonds will also allow the College to cover its liability associated with retirement payments. This amount going through the year 2001 is over \$2 million. Those three projects, in addition to underwriting costs, total \$6,270,000 which will be serviced by the \$2,119,000 levy over a 10-year period. Mr. Manke noted that the tax rate for the 1996 levy would not change. This action improves the financial picture for

the College since the money would be put into a bond proceeds fund and the payments would be made from that fund rather than from the Education Fund. Mr. Manke stated that this same mechanism can be used to implement the five-year technology plan, which will keep the Education Fund very solid financially and improve some of the budget projections for the future.

Member Kolze stated that he would like to see a projection of the fund balance and Education Fund with this strategy included, along with information regarding the tax rate over the period when the bonds are being paid off. It was noted that the tax rate will stay the same, and Member Kolze felt that the public should be made aware of that. Mr. Manke stated that if the new bonds were not sold, the tax rate would decrease by only approximately 2 cents. This would be a very small savings for homeowners, but taking this step would be a great financial benefit to the College.

Member Hess entered the meeting at 5:40 p.m.

Ms. Thorson noted that the \$1.5 million in Life Safety needs to be approved at the June Regular Board meeting so that the ICCB can approve it in July, with a potential bond sale in September or October.

Member Gillette asked if Legat Architects are determining the priorities for the Life Safety projects. President Thompson stated that they are looking at priorities, but that they are going ahead with the Northeast Center renovation in order to get the necessary approval at the state level. The Legat study will be focusing more on space utilization. There was discussion concerning the priority of different Life Safety projects and the rationale for proceeding with the work at the Northeast Center at this time. President Thompson noted that this action involves the bonding for Life Safety. The College will still have the \$1 million levy for Life Safety available for other projects. Member Howard noted that the Board has been looking at Life Safety priorities for some time, and that information is available to Member Gillette.

Mr. Manke stated that in order to sell the bonds, it will be necessary to put money in escrow to pay off the existing Life Safety bonds. This payment is not due until December, so the administration will need to prepare a resolution for Board approval of this paper transaction. He noted that the money is budgeted in the 1996-97 fiscal year.

BUDGET HEARING AND ADOPTION DATES

A resolution for the budget hearing will be presented to the Board at the June 27 Regular Board meeting. If the budget is closed at the June 27 meeting, it will not be adopted until August in order to have a full 30 days for public inspection.

DISPOSAL OF EQUIPMENT

Regarding the change in language, there was discussion regarding the term "community" versus "anyone" or "public". Because the intent is to get the property sold, it was agreed that the word "public" would be used in order to get the notice to as many people as possible. It was agreed that the fourth paragraph will be changed to include employees and exclude members of the Board of Trustees. President Thompson stated that the policy will be redrafted and brought to the Board at the June 27 Regular Board meeting.

EXECUTIVE SESSION

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

The Board adjourned into executive session at 5:40 p.m.

ADJOURNMENT

Following executive session, Member Howard moved, Member Barton seconded, that the meeting be adjourned. In a voice vote, the motion carried and the meeting was adjourned at 6:55 p.m.

Chairman Pro Tem

Secretary