



Harper College
1200 West Algonquin Road
Palatine, Illinois

Regular Board Meeting Agenda

September 18, 2008
7:00 p.m.

I. Call to Order

II. Roll Call

III. Approval of Agenda

IV. Presentations

- Dave McShane:
 - SMART Classrooms
 - SunGard Banner Implementation

V. Student Trustee Report

VI. President's Report

VII. Harper Employee Comments

VIII. Citizen Comments

IX. Consent Agenda* (Roll Call Vote)

A. For Approval

- | | |
|---|----------------|
| 1. Minutes - August 21, 2008 Regular Board Meeting | Exhibit IX-A.1 |
| 2. Bills Payable, Payroll for August 15, 2008, and August 29, 2008; Estimated Payroll for September 12, 2008 | Exhibit IX-A.2 |
| 3. Bid Awards | Exhibit IX-A.3 |
| 4. Requests for Proposals | Exhibit IX-A.4 |
| 5. Purchase Orders | Exhibit IX-A.5 |
| 6. Personnel Action Sheets | Exhibit IX-A.6 |
| 7. Faculty Tenure Progress Recommendation (Mid-year Hires) | Exhibit IX-A.7 |
| 8. Faculty Tenure Recommendation (Mid-year Hire) | Exhibit IX-A.8 |

B. For Information

- | | |
|--|----------------|
| 1. Financial Statements | Exhibit IX-B.1 |
| 2. Committee and Liaison Reports | Exhibit IX-B.2 |
| 3. Grants and Gifts Status Report | Exhibit IX-B.3 |
| 4. Summary of Items Purchased from State Contracts, Consortiums or Cooperatives | Exhibit IX-B.4 |

* At the request of a Board member or the President, an item may be removed from the Consent Agenda for discussion. In addition, certain recurring recommendations may be included in the Consent Agenda at the discretion of the College President.

X. New Business

- A. RECOMMENDATION: Annual Hearing of Budget for FY 2008-2009 Exhibit X-A
- B. RECOMMENDATION: Resolution Designating a Person or Persons to Prepare a Tentative Budget for 2009-2010 Exhibit X-B
- C. RECOMMENDATION: Centegra Primary Care Affiliation Agreement - Medical Office Administration Program for Student Clinical Experiences Exhibit X-C
- D. RECOMMENDATION: Revised PMA Resolution to Participate in "The Fund" Exhibit X-D

XI. Announcements by the Chair

- A. Communications
- B. Calendar Dates

On-Campus Events

(Note: * = Required)

- *October 16 7:00 p.m. - Regular Board Meeting - W214-215
- *November 20 7:00 p.m. - Regular Board Meeting - W214-215
- November 27-28 **THANKSGIVING BREAK - the College will be closed November 27-30**
- *December 16 7:00 p.m. - Regular Board Meeting - W214-215
(Note: Meeting is on a Tuesday, not Thursday)
- December 24 - January 4 Holiday Break - The College will be closed Wednesday, December 24, 2008 through Sunday, January 4, 2009.**

Off-Campus Events

XII. Other Business (including closed session, if necessary)

XIII. Adjournment

Minutes of the Regular Board Meeting of Tuesday, August 21, 2008

| <u>INDEX</u> | <u>PAGE</u> |
|--|--------------------|
| ROLL CALL | 1 |
| APPROVAL OF AGENDA | 2 |
| Approval of Exhibits X-F and X-A | 2 |
| PRESENTATIONS | 3 |
| - PATH Presentation - Tom MacCarthy, Bruce Crowther | 3 |
| STUDENT TRUSTEE REPORT | 7 |
| PRESIDENT'S REPORT | 9 |
| HARPER EMPLOYEE COMMENTS | 9 |
| CITIZEN COMMENTS | 9 |
| CONSENT AGENDA | |
| Minutes, Bills Payable, Payrolls, Financial Statements, Grants/Gifts Report | 9 |
| Bid Awards | 9 |
| Requests for Proposals | 10 |
| Purchase Order | 10 |
| Personnel Actions | 10 |
| Disposal of Obsolete and Unrepairable Personal Property Owned by the College - FY 2007-08 | 11 |
| NEW BUSINESS | |
| - Resolution to Approve the Strategic Long Range Plan: 2008-11 | 11 |
| - 2008 Campus Master Plan | 11 |
| - PATH Final Report | 11 |
| - Resolution for Submission of Proposition to Issue Community College Bonds to Voters | 11 |
| ANNOUNCEMENTS BY CHAIR | 15 |
| Communications | 16 |
| Calendar Dates | 16 |
| OTHER BUSINESS | 16 |
| ADJOURNMENT | 16 |
| SUMMARY OF BOARD REQUESTS | 17 |

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 Regular Board Meeting of Thursday, August 21, 2008

CALL TO ORDER: The regular meeting of the Board of Trustees of Community College District No. 512 was called to order by Chair Stone on Thursday, August 21, 2008 at 7:12 p.m. in the Wojcik Conference Center (Room W214), 1200 W. Algonquin Road, Palatine, Illinois.

ROLL CALL: Present: Members Borro, Canning, Graft, Hoffman, Kelley and Stone; Student Member Garcia
Absent: None

Also present: Robert Breuder, President; Catherine Brod, V.P. for Development; Phil Burdick, Assistant V.P. for Communications and Legislative Relations; Joan Kindle, V.P. Student Affairs and Assistant to the President; Cheryl Kisunzu, V.P. HR/Diversity and Organizational Development; David McShane, V.P. Information Technology; Colleen Murphy, V.P. Enrollment and Marketing; Sheila Quirk-Bailey, Associate V.P. for Strategic Planning and Alliances; Margaret Skold, V.P. Academic Affairs; Judy Thorson, V.P. Administrative Services; Anne Abasolo; Mike Alsup; Mike Babb; Carol Blotteaux; Orlando Cabrera; Maria Coons; Laura Crane; Kim Dell'Angela; Earl Dowling; David Dwyer; Sally Griffith; Yvonne Harris; Erin Holmes; Njambi Kamoche; Keiko Kimura; Ashley Knight; Cindy Luxton; Jim Ma; Fredia Martin; Maria Moten; Mark Mrozinski; Michael Nejman; Steve Petersen; Michelé Robinson; Tammy Rust; Ilona Sala; Katherine Sawyer; Margie Sedano; Doug Spiwak; Nancy Wajler and Dennis Weeks. Student: Talitha Baer; Miguel Hernandez.

Guests: Diane Hill, community; Rod Wright, Unicom/ARC; Joanne Malinowski, RBC Capital Markets; Rick Blair, Turner Construction; Bruce Crowther, Northwest Community Hospital (PATH Co-Chair); Thomas MacCarthy, Cornerstone Bank (PATH Co-Chair); Gerald Smoller, PATH; Ed Chuklet, HED; Kim Pohl, Daily Herald.

Chair Stone asked that the Board approve the Agenda with the following changes: Exhibit X-F under New Business will be moved to the top of the Agenda, followed by Exhibit X-A.

APPROVAL OF AGENDA Member Graft moved, Member Kelley seconded, approval of the Revised Agenda as modified.

In a voice vote, the motion carried.

Chair Stone noted that Exhibit X-F is a Resolution to establish the David K. Hill Scholarship. She read the Resolution honoring David K. Hill, which highlighted his many accomplishments and contributions to Harper College, including his support of scholarships, cultural arts, and deaf and hard of hearing students. David was well known for his loyalty, honesty, integrity, devotion to his friends and family, his engaging personality and his sense of humor. David and his wife Diane were active philanthropists committing their time, energy and resources to charities, hospitals and educational institutions throughout the Northwest suburbs. The Board of Trustees wishes to contribute, from applicable College funds, a scholarship at a level equal to a \$10,000 endowment, designating an annual scholarship in the name of David K. Hill.

Trustee David K. Hill
Scholarship

Member Graft moved, Member Canning seconded, to implement the Resolution for the Trustee David K. Hill Scholarship, as outlined in Exhibits X-F, (attached to the minutes in the Board of Trustees' Official Book of Minutes).

In a voice vote, the motion carried.

Chair Stone asked everyone to observe a moment of silence in David Hill's memory.

Chair Stone noted that she appreciates everyone's thoughts and prayers. On behalf of this Board, she noted that they have suffered a loss they all feel very deeply. They appreciate the support everyone has given to them and to the Hill family.

Resolution to Appoint
New Trustee

Member Graft moved, Member Canning seconded, adoption of the Resolution to appoint Diane Hill of Inverness, Illinois, to the Harper College Board of Trustees to fill the vacancy created through the death of her husband, David Hill. Diane Hill will serve in this capacity until the April 2009 general election, at which time she must decide whether or not to stand for election, as outlined in Exhibit X-A (attached to the minutes in the Board of Trustees' Official Book of Minutes).

In a voice vote, the motion carried.

Chair Stone stated that Diane Hill is with them this evening. It gives them great pleasure to seat her at this time as a fellow Trustee. Diane Hill took her seat with the other Trustees as everyone applauded.

EDUCATIONAL PRESENTATIONS

Tom MacCarthy,
Bruce Crowther
PATH Facilitating
Team

Bruce Crowther, President and CEO of Northwest Community Hospital, and Tom MacCarthy, President and CEO of Cornerstone Bank, addressed the Board as Co-Chairs of PATH (Providing Advice for Tomorrow's Harper).

Mr. Crowther explained that the PATH facilitating team met many times beginning in early March. They went through an intense period, recognizing the job ahead of them and the work that needed to be done. He described the PATH facilitating team, which reflected well the intent of the group. They needed to be an objective group on behalf of the College that could go out into the community and do an independent assessment with the help of staff and consultants, to determine the community's interest and will in moving forward with the Draft Master Facilities Plan, and their will and interest in financing it and supporting the financing of an opportunity through good planning with the last referendum. There is a window of opportunity to support this with a no-tax-rate-increase referendum in the fall.

PATH Team

The team consisted of the following individuals: Robert Breuder, Harper College; Rod Wright, Unicom/ARC; Tom MacCarthy, Cornerstone Bank; Fran Bolson, Woodfield Chicago; Rob Brombaugh, Omnibus; Clark Delanois, Northern Trust Bank; Dick Kolze, Harper College Trustee Emeritus; Arlene Mulder, Village of Arlington Heights; Chris Prochnow, Trustee Elk Grove Village; Kevin Richardson, Heartland Solutions Group, and Jerry Smoller, Kovitz, Shifrin and Nesbit. A number of people from the College were most helpful to the team – Phil Burdick, Fredia Martin, Judy Thorson and Bill Kelley.

Points of Interest

- The draft Master Facilities Plan needs to be considered.
- There is a funding opportunity.
- There has been significant growth in demand in the student population in the last ten years.
- The economy is down and driving a tremendous amount of interest for retraining. The demand is only expected to go up.

- Harper's buildings and infrastructure are 40+ years old with technology requirements that are 2008. People want to be trained for 2008 jobs.

With regard to maintenance, part of the process was to look at pipes and look at the condition of the physical facilities. It was easy to conclude that the campus has some things that need to be maintained and repaired. Many asked the question, "Why haven't things been maintained and repaired?" The reality is – they have. They have without the requisite or the expected funding from the State. Although it has obligations to provide money for these things, the State has not really provided maintenance funds for any community colleges in the last five years. To live with that, Harper has averaged approximately \$4 million per year in repairs and maintenance. The work has been ongoing. The interactive forums gave a wonderful opportunity for people to recognize issues, gather information and ask questions. It became evident that maintenance has been ongoing. However, there is a difference between maintenance repair and actual replacement. As with a house, we maintain and repair things year after year, but at some point we have to replace things.

Process

- Full communications - looking for input.
- Push strategies - to get the information out, create an interest and provoke the thought that would turn into input. Two mailings went out to every household in the district with informational videos. There were a number of news releases. Internal communication occurred at Harper. Approximately 14 municipalities agreed to put out information.
- A telephone survey of approximately 600 randomly selected respondents was commissioned by the Board as the team was forming. It was a well-designed study. The team was able to get the benefit of the survey results as they initially started meeting. They were able to understand quantitatively one cut of the sentiment of the community.
- An interactive website – receiving over 1,000 hits.
- 35 Listeners' Bureau presentations, reaching approximately 800 people.
- Three campus Open Houses were held. They were terrific in terms of give and take.

Altogether, they received input from approximately 2,000 community members. The team was satisfied with the process.

Mr. Crowther clarified that this team is one data point – a piece of the data. The team is not here to tell the Board that they ought to do the entire thing, or that they ought to do parts of it. They will tell the Board what they have heard the community suggest it would support.

Mr. Tom MacCarthy noted that efforts to reach the community at large were well-diversified. They have the public opinion survey, but have also drawn their own conclusions. He shared the summary of results, findings and recommendations.

- There is strong support for repairing and maintaining existing buildings before investing in new construction. This was very important – it was noted that the College needs to preserve and protect what they have; preserve the community's already existing investment.
- There is strong support for insuring that instructional technology is up-to-date. In other words, Harper's technology infrastructure needs to be current with demands.
- Further feedback identified support of programs such as healthcare, public safety, the languages, etc.
- Comments were added regarding the hours that the school supports – weekend, evening or online courses.
- Another common theme was that the community college is “a place for adults to be trained and retrained” - at an 89.5% level.

With regard to money:

- The economy is on everybody's mind.
- The “no tax rate increase” is a very important issue.
- The College should look at alternatives – using existing reserves, tuition increases, fundraising efforts and grants.
- 62% of people said they cannot afford to pay higher property taxes no matter how good the cause.
- 67.2% said that passing a no tax rate proposal is a good way to repair and maintain College facilities.
- 86.5% said the College should use its reserve balances to help support the capital program.

Conclusions

- The College is held in high regard by the community.
- It has a reputation for fiscal responsibility.

- The College's Aaa bond rating is exceptional and should be highly noted, and the people in the community know that. It is very important.
- The team recognizes that Harper's role is very important to the local economic development.
- The survey indicates that the community supports the improvements outlined on the Proposed Campus Master Plan as long as the College's tax rate does not increase.
- The team endorses using innovative approaches to fund the expenses, including using the available reserves of the College.
- The committee recommends that Harper use this one-time window to borrow approximately \$150 million for repairs and renovations, without increasing the tax rate.

Member Kelley personally thanked Tom and Bruce for their time and dedication, attending all the meetings. He thanked Jerry Smoller and the entire team. This is a testament to Harper College, that the caliber of people on this PATH team stepped up to the plate and gave a good deal of their time this spring and summer to search out what to do with the Campus Master Plan and how to fund the countless capital needs.

Member Kelley asked if someone could further explain the no tax rate increase. He knows that the College is in this position because of an outstanding fiscal administration, led by Dr. Breuder and the administration over the past ten years. They have an opportunity to utilize these reserves to make some needed long-term improvements to the College's infrastructure.

Vice President Judy Thorson explained that, in 2001 when they sold the referendum bonds from the 2000 referendum, they had flexibility in how they structured the bonds. They structured the bonds so that they would pay off much more of the principle early in the life of those 20-year bonds. In the first eight years, they paid off 45% of the principle, because it saved the taxpayers of the district approximately \$1 million. This creates an opportunity right now where the payments dropped considerably. If they sell bonds this year, they can insert right where the gap is and replace it with new bonds, without having a tax rate increase.

Member Kelley noted that, if the College does not seize the opportunity now, these infrastructure needs are going to be there later, and they are going to become increasingly more

important to address. In all likelihood, they may be forced to raise taxes in the future, if we don't seize the opportunity now. Vice President Thorson added that the tax rate on the old bonds right now is approximately 5.4 cents. That will drop to approximately 1.9 cents. They have approximately 3.4 cents, which translates into roughly \$150 million. That is how they came up with the numbers. If they choose not to do this no tax rate increase this year, the tax rate will drop next year to 1.9; anything they get after that, would in fact be a tax rate increase.

Chair Stone thanked Messrs. Crowther and MacCarthy and their committee for all they have done.

STUDENT TRUSTEE REPORT

Student Member Garcia highlighted the following past events and upcoming events at the College.

- The Harper College Choir members performed at the Arts Festival before the Olympic Games. They had a twelve-day excursion, stopping in Beijing, Shanghai, etc. Students paid for the entire trip themselves.
- Campus Activities Board members experienced a three-day retreat, featuring team-building workshops that gave them the tools and power to recognize what they can accomplish as a group. They also participated in an intensive workshop led by Chris George and Ernie Kimlin utilizing a Student Leadership Practices Inventory. This helped them better understand how they currently behave as leaders - from their perspective and the perspective of their peers.
- Welcome Week, the official welcome back to the campus community, runs from August 25 through 28. Wednesday, August 27, Mission Improbable improv comedy troop will be featured at noon in the Quad. Thursday, August 28 is the ice cream social.
- Harper's Hullabaloo will be held September 10 at 11:00 am to 1:00 pm. Come to the Quad and meet the volleyball team, the football team and the pom pon squad. Students can also get involved by picking up information from clubs and organizations and other college departments. There will be free food, giveaways and holistic activities. Kiss FM Street Team will be there. There will also be a money machine cash grab.
- There is a new logo and mascot "Cabbee" - Campus Activities Board Educational Entertainment. CAB

provides educational entertainment that builds a sense of community on Harper's campus.

Student Member Garcia noted that they are still looking for giveaways in their cash grab – cold hard cash, lunch vouchers, prizes for the students. If anyone has donations they would like to contribute, please contact her at hcstrustee.blogspot.com. She encouraged everyone to participate by supporting these events, staffing an information table if possible. It is a great opportunity to connect with students and help them navigate their way through campus.

In conclusion, Student Member Garcia reminded everyone that, when considering budgets, please do not forget that it really is about the students. They drive the need. Some of the greatest inventions in this country have come out of necessity. Summer Bridge Program is one of those programs. It has such deep meaningful impact to the underserved students in the community. Through an application process, high school students and first generation students planning to enroll in college are placed in cohorts. Students utilizing these programs are from diverse backgrounds. Many have struggled in academic life in the past. They meet with development counselors and student leaders who will help bridge the knowledge of adjusting to campus life. They learn how to utilize and find the technology and resources on campus to enhance their education. They are given the opportunity to join a club. Deans and coordinators meet and lunch with the students. Students who initially come in with lower placement tests can utilize the program and learn good study habits, then retest on the Compass exam. The program has success stories of many students jumping to college level math or even testing out of courses in a matter of two weeks. On behalf of the students and the Harper College Board of Trustees, Student Member Garcia thanked the teachers of the Bridge Program, including Jennifer Bell, Maria Knuth, Jose Vital and Sharon Martin. Since its inception in 2005, this program has served 115 students; next year, they hope to reach 200 students.

Student Member Garcia also noted that she spoke with disabled students recently and came up with service improvements which would benefit them. She worked with Rich Seiler, Manager of Retail Services, and Tom Thompson of Access and Disability Services to quickly address and resolve the issues. She thanked them both for their

diligence and action on addressing the needs of students with disabilities.

PRESIDENT'S REPORT

Dr. Breuder introduced and welcomed the new Dean of Math and Science, Yvonne Harris.

He noted that this is Colleen Murphy's last Harper Board meeting. She will be leaving on September 19 to take another position in Ohio. The College is very sorry to see Colleen go. She was as responsible as anybody for helping to change the image of Harper College, for helping grow enrollment in the last ten years – 31.96 percent. It is a team effort, but someone has to drive it, and she has been one of those primary drivers. On behalf of the Board, Chair Stone thanked Vice President Murphy for everything she has done for the College.

HARPER EMPLOYEE COMMENTS

There were no Harper employee comments.

CITIZEN COMMENTS

There were no citizen comments.

CONSENT AGENDA

Member Graft moved, Member Kelley seconded, approval of the minutes of the July 17, 2008 regular Board meeting; bills payable; payrolls for July 18, 2008 and August 1, 2008; estimated payroll for August 15, 2008; bid awards; requests for proposals; purchase orders; personnel action sheets; disposal of obsolete and unrepairable personal property owned by the College – FY 2007-08; financial statements, committee and liaison reports, grants and gifts status report, summary of items purchased from state contracts, consortiums or cooperatives, as outlined in Exhibits IX-A.1 through IX-B.4, (attached to the minutes in the Board of Trustees' Official Book of Minutes).

Accounts Payable & Tuition Refunds \$4,952,891.03

The payroll of July 18, 2008 in the amount of \$1,765,305.55; August 1, 2008 in the amount of \$1,764,624.82; and estimated payroll of August 15, 2008 in the amount of \$1,764,965.19.

Bid Award

Ex. IX-A.3.a

Award bid request Q00592 to Roscor Corporation, the lowest responsible bidder for an Altinex CableNook Jr connection box, Wolfvision document

cameras, wall mount speakers, Triplite surge protectors, Extron and Crestron media internal communication hardware in the amount of \$439,678.50; and to Troxell Communications, the lowest responsible bidder for Hitachi projectors, Da-Lite projector screens and Chief projector mounts, in the amount of \$182,678.25 for a total award of \$622,356.75.

Requests for Proposals

There are no requests for proposals this month.

Purchase Orders and Adjustments

Ex. IX-A.5.a

Approve issuance of a purchase order to the Brodart Company, for "leased books" through McNaughton Book Service, for the period of October 1, 2008 through September 30, 2009, in an amount not to exceed \$11,448.

Ex. IX-A.5.b

Approve issuance of a purchase order to Patterson Dental for the conversion of the Planmeca from Proline film to digital based processing in the amount of \$26,055. In addition, authorization for the Vice President of Information Technology to sign the contract agreement with Patterson Dental.

Ex. IX-A.5.c

Approve issuance of a purchase order to Spectrum Industries, Inc. for 55 media lecterns and monitor arms for use in the retrofit of instructional facilities into SMART/media rich rooms for the total of \$137,830.

Personnel Actions

Approve personnel actions as submitted.

Disposal of Obsolete and Unrepairable Personal Property Owned by the College- FY 2007-08

Approve the disposal of obsolete and unrepairable personal property owned by the College for the 2007/08 fiscal year.

Upon roll call of the Consent Agenda, the vote was as follows:

Ayes: Members Borro, Canning, Graft, Hill, Hoffman, Kelley and Stone

Nays: None

Motion carried. Student Member Garcia voted aye.

Committee & Liaison
Report

Member Canning reminded everyone of the Foundation event tomorrow evening, Friday, August 22. The purpose of the dinner is to thank the donors, and it denotes the beginning of the public phase of the Major Gifts Campaign. Member Canning noted that Dick Hoffman deserves a huge round of applause for his efforts on that Campaign.

NEW BUSINESS:

Resolution to Approve
the Strategic Long
Range Plan: 2008-2011

Member Kelley moved, Member Canning seconded, approval of the Strategic Long Range Plan: 2008 - 2011, as outlined in Exhibit X-B (attached to the minutes in the Board of Trustees' Official Book of Minutes).

In a voice vote, the motion carried.

2008 Campus
Master Plan

Member Hill moved, Member Canning seconded, adoption of the 2008 Campus Master Plan, as outlined in Exhibit X-C (attached to the minutes in the Board of Trustees' Official Book of Minutes).

In response to Member Borro, Vice President Murphy explained that Page 27 shows that projections are that FTE will continue to increase, while the overall headcount goes down. That means there are more fulltime students. There is a lot of growth right now in first time in college / high school traditional market. They take more hours so that the FTE grows much faster than headcount.

Upon roll call, the vote was as follows:

Ayes: Members Borro, Canning, Graft, Hill, Hoffman,
 Kelley and Stone

Nays: None

Motion carried. Student Member Garcia voted aye.

PATH Final Report

Member Graft moved, Member Kelley seconded, approval of placing a "no tax rate increase" measure on the November 2008 ballot that would allow the College to borrow approximately \$153.6 million to fund less than half (46%) of the needs documented in the 2008 Campus Master Plan, as outlined in Exhibit X-D (attached to the minutes in the Board of Trustees' Official Book of Minutes).

Student Member Garcia suggested that, when they look for other innovative ways to raise money, they should consider asking the students. Students would be more than happy to give any kind of feedback. If there is anything that can be done to make tuition increases not such an option, it would be greatly appreciated on behalf of the students.

In a voice vote, the motion carried.

Chair Stone thanked the members of the Committee and the community for their input.

Resolution for and Requiring Submission of the Proposition of Issuing Community College Bonds to the Voters of the District at the Next Regularly Scheduled Election

Member Kelley moved, Member Graft seconded, acceptance of the recommendation of the PATH Community Facilitating Team and adoption of the Resolution, as outlined in Exhibit X-E attached to the minutes in the Board of Trustees' Official Book of Minutes).

Dr. Breuder stated that the write-up is fairly straight up. The press releases gave a great deal of detail. He pointed out that the number they saw on the screen represents 46 percent of the needs which have been identified through the facilities audit. Fortunately, they have been able to work their unallocated fund balance up to \$52 million, so there is also the ability to draw down on some of that, as the taxpayers suggest.

If this referendum question is approved by the Board and ultimately supported by the taxpayers, they can take the \$52 million in reserves, the \$22 million that is sitting in the bond account and add to it \$154 million. In the end of this calendar year, \$225 million will be available to develop the physical plant at Harper College. This is an awesome amount of money and carries with it an incredible piece of responsibility. The Campus Master Plan should drive the distribution of that money.

On behalf of the Board, Chair Stone noted that this is one of the biggest responsibilities they have, putting any sort of ballot questions before the public. They view themselves as good stewards of the public's money. They take these deliberations very seriously and have studied the PATH report and the Master Plan for some time now. She feels this Board has reached a point where it should be able to make a decision and move forward with that decision.

Dr. Breuder introduced Joanne Malinowski from RBC Capital Markets, who has worked with the College over the years. He invited her to share her perspective on the value of the

Moody's Aaa bond rating that Harper has had for seven consecutive years.

Ms. Malinowski stated that it has been a great pleasure and honor to work as a member of this team, serving as the College's investment banker for a number of years. She reiterated that when the College issued bonds in 2001, it did so in such a way that it created the opportunity to issue these new bonds without a tax rate increase. At the time the 2001 bonds were issued, the College had approximately \$4 million of outstanding debt. With the approval of the referendum, they issued another \$90 million worth of bonds.

During the issuance of those bonds, the College made presentations to Moody's Investor Service, and was able to secure an increase in its credit rating of two notches - from a double Aa2 to a Aaa. At the time, Harper College was one of only three community colleges in the entire United States that had a Aaa rating, and the only one at that point in time in the State of Illinois. Currently, the College of DuPage has a Aaa credit rating.

She explained further that, carrying bond insurance on Harper's bonds would entitle the College to a Aaa rating if it did not have one on its own. Harper most fortunately does. With all the turmoil in the market at this point in time, the Aaa credit rating that Harper has on its bonds is really golden. It is golden in terms of your ability to access the capital market, and to do so in a very cost effective manner. Ms. Malinowski explained that if your credit rating is higher, your cost of borrowing is lower. In all of the bonds that the College has issued since 2001, it has benefited by having that Aaa credit rating, and has been able to borrow at a lower interest cost.

If the referendum goes forward, and the voters are supportive and bonds are issued, the College would once again be able to take advantage of that Aaa rating to access the capital markets and do so at a lower interest rate than it would otherwise be able to get.

Member Graft noted that he is glad Ms. Malinowski emphasized that Harper has a natural Aaa bond rating, rather than a credit enhanced. He is hoping that this continues to be emphasized as they dialogue with taxpayers.

Ms. Malinowski explained that this is highly unusual for community colleges. There are many municipalities in the State who have a "natural Aaa" rating. It is easier for

municipalities to get a Aaa credit rating, because they have more flexibility with respect to generating revenue. They can generate revenues from property taxes, sales taxes, utility taxes, water and sewer fees, and other kinds of fees and fines. By their very nature, community colleges have the ability to generate revenues from two sources – property taxes and tuition. To a lesser and lesser extent every year, a third source includes funds from the State of Illinois. It is so unusual for a community college to earn a Aaa credit rating with Moody's.

Member Graft also emphasized that this Aaa rating is something the College has earned by its good stewardship, which will give confidence to the taxpayers. Ms. Malinowski affirmed that this rating was given because Harper has demonstrated, at the staff and Board level, a strong financial management and good stewardship of public funds with respect to balanced budgets, with respect to generating annual operating surpluses, with respect to investment policy, with respect to how much and what kind of debt has been issued over the years. Those factors all reflect on the management of the College and the oversight of this Board, in terms of the direction of the financial management. In addition to that, Moody's will look at other factors such as the underlying tax base and being situated in the northwest suburbs, which has benefited from a very strong economy. That obviously helps a great deal, but that is not enough. Financial management is most definitely a consideration and was at the time the College was awarded that Aaa in 2000.

Dr. Breuder thanked Joanne Malinowski. Chair Stone noted that she was very informative.

Dr. Breuder introduced Rod Wright of Unicom/ARC. He asked Mr. Wright to share his perspective in terms of what happened in St. Louis recently with regard to capital referenda. He also asked him to share how the survey they did on Harper's behalf presents the community's disposition on Harper, and how they feel about the College pursuing this kind of initiative at the level being proposed tonight.

Rod Wright noted that the primary date in St. Louis (where he lives) is in August. They have been talking, since the beginning of the Harper College project in February, about what impact the economy would have, particularly as it seemed to worsen over the spring and summer. Heading into the August primary, everything they heard "on the street" was that it would be a bad electoral environment for tax

referenda by school districts and other organizations. Interestingly enough, everything that was on the ballot in St. Louis in the August primary passed. He kept thinking, ever since February, that they would see gradual erosion in support for tax referenda by educational institutions as the economy was bottoming out. That did not happen. It seemed like the concern about the economy was placing a higher emphasis on education and its role.

Member Kelley stated that he has studied this issue, as the entire Board has, and he knows there is \$330 million in demonstrated capital needs set forth in the Campus Master Plan. He feels that the time is right for the utilization of the reserves that the College has built up with proven fiscal management over the years. The opportunity to go for a no tax rate increase referendum and to capitalize on the natural Aaa bond rating - it is a great opportunity to secure Harper College's future. He looks upon Harper as one of the best, if not the best, community college in the entire country. It is cutting edge. He would love to preserve and protect the investment that has been made. Chair Stone thanked him.

Upon roll call, the vote was as follows:

Ayes: Members Borro, Canning, Graft, Hill, Hoffman,
Kelley and Stone
Nays: None

Motion carried. Student Member Garcia voted aye.

ANNOUNCEMENTS BY
CHAIR

Communications

Chair Stone noted that this has been a very difficult year for the Board. There are some very weighty issues that they are asked to look at every single month. They have tried to exercise the greatest care and concern in support of Harper College in spite of having lost two valued Trustees in the space of five months. It has not been easy, but it has taught them all to value each other as colleagues, and to place a higher value than ever on this institution, the students who depend on it and the people who contribute to its success.

There are people who feel that this is an easy job – to go through these meetings and say “yes” or “no” to whatever items come before us. She assured everyone that it is not. The Board puts a lot of thought, care and concern into their actions each month. Chair Stone thanked every colleague on the Board for their devotion and the incredible time that

each one of them has been putting in, especially this year, to help them do the job they have been elected to do.

Calendar Dates

Calendar dates are printed on the Agenda for Board information. The next regular Board meeting will be September 18. Chair Stone encouraged all Trustees to attend the Rolling Meadows Community Night on August 25, the Prospect Heights Community Night on September 8, and the Hoffman Estates Community Night on October 8. The College will be closed September 1 for the Labor Day holiday.

OTHER BUSINESS

There was no other business.

ADJOURNMENT

Member Graft moved, Member Kelley seconded, to adjourn the meeting.

In a voice vote, the motion carried at 8:25 p.m.

Chair

Secretary

BOARD REQUESTS

AUGUST 21, 2008 REGULAR BOARD MEETING

There were no Board requests.