

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 Committee of the Whole meeting of Wednesday,
October 12, 1988.

The Committee of the Whole meeting was called to order at
7:35 p.m. in the Board Room of the Administration Building,
1200 West Algonquin Road, Palatine, Illinois.

Present: Chairman Kris Howard, Members Barbara Barton, John
Coste, Molly Norwood, Susanna Orzech, and student
trustee Laura Jacobson.

Absent: Members Larry Moats and Michael Miller.

Also present: Paul Thompson, President; Bonnie Henry, Vice
President of Student Affairs; Vern Manke, Vice President of
Administrative Services; David Williams, Vice President of
Academic Affairs; Felice Avila, Executive Assistant to the
President; Kathy Ferreira, Recording Secretary; Vic Berner, Dean
of Business Services and Finance; Chuck Harrington, Dean of
Instruction; George Voegel, Dean of Educational Services; Pat
Bourke, Dean of Life Science and Human Services; George Dorner,
Dean of Technology, Mathematics and Physical Sciences; Steve
Catlin, Dean of Admissions; Al Dunikoski, Dean of Learning
Resources Center; Liz McKay, Dean of Special Programs and
Services; Joan Kindle, Dean of Student Development; Larry
Bielawa, Director of Personnel; Art Bowers, Director of Computer
Services; Don DeBiase, Director of Physical Plant; Judy Dincher,
Director of Nursing; Elaine Stoermer, Director of College
Relations; Fred Vaisvil, Director of Career and Employment
Services; Faculty: Paul Szipiera; Mary Becker; Classified
Staff/Pro-Tech: Linda Pones, Chairman, Classified Staff; Steve
Dudek, Accounting Manager; Thea Keshavarzi, Purchasing Agent;
Laurie Wren, Secretary to Vice President of Administrative
Services; Gary L. Seidelman, Partner, and Jack Robertson,
Certified Public Accountant, Coopers & Lybrand; John Carpenter,
Daily Herald.

Member Norwood moved, Member Barton seconded, that the minutes of
the September 13, 1988 Committee of the Whole and executive
session meetings be approved as presented. The motion carried in
a voice vote.

At the request of Member Coste, the Board proceeded to the Audit
Review, to defer the executive session pending the arrival of
Member Moats.

Vern Manke introduced Gary Seidelman and Jack Robertson of Coopers & Lybrand, the auditing firm contracted by the Board to do the 1987-88 audit of the College. Mr. Seidelman and Mr. Robertson highlighted portions of the financial statements, and said that they found the statements to be fairly presented and in accordance with acceptable standards of reporting for colleges and universities.

Member Moats entered the meeting at 7:43 p.m.

In commenting on the financial statement report, Mr. Robertson noted three changes of relative significance compared to the previous year's audit. The first change noted was in the Educational Fund where there is a reduction in assets principally resulting from the repayment of a loan to the Working Cash Fund. Secondly, there has been an addition to the liabilities for the early retirement benefits paid (not including a provision for retirement benefits for employees who have retired subsequent to June 30, 1988). Also, the liability for employee medical and dental coverage was increased to provide for the current increase in providing those benefits.

Member Moats initiated discussion of the increase in figures shown for early retirement benefits. Mr. Seidelman noted that the College, rather than the state, must fund for up to five years of early retirement liability. In response to a question from Member Moats, Dr. Williams confirmed that the College is saving approximately \$12,000 per position as a result of early retirement, but this saving is not reflected in the statement, which shows only the College liability. This liability is 23 percent of the retired faculty member's salary for each of the five years of early retirement. Member Moats asked Mr. Manke to develop figures for future costs and the investment to be set aside to cover these costs. Dr. Williams noted that the program is now five years old, so some retirees will be leaving the program as new retirees are added.

Mr. Robertson called the Board's attention to general increases in the fund balance. Mr. Seidelman noted that part of the favorable increase was due to changes in timing of receipt of property taxes. Mr. Manke commented that the 1988-89 budget was built on the basis of the previous year's timing of receipt of taxes. He noted that earlier receipt of the taxes means that the College may receive less in 1988-89 than was budgeted, because some of these revenues were included in the 1987-88 audit fund balances. In response to a question from Member Moats, he stated that the dollar amount would be \$150,000-\$200,000.

Mr. Manke further noted that the 1989 assessed value is not yet known, and that the budget was developed on the basis of the 1988 assessed value. If the College would have a significant increase in the 1989 assessed value it would mean that the College would meet the budgeted amount with no trouble.

Mr. Robertson pointed out Note 2, which describes procedures used to maximize cash flow by combining cash accounts for more efficient management. He noted that pooling the investment money to maximize the yield could result in a negative balance at year end which would be back to a positive balance on the following day.

Mr. Manke emphasized that maximizing benefits of the investment program does create overdrafts in bookkeeping terms. Mr. Robertson confirmed that this was not wrong, and is simply a description of the cash arrangement. Mr. Seidelman pointed out that it is a positive aspect of the cash management of the institution, not a cause for alarm.

Mr. Robertson called the Board's attention to Notes 3 and 4, dealing with insurance and collateral securing College investments. He noted that there are three categories of investments: insured or registered, U.S. Government securities, and collateralized.

In response to questions from Member Moats, Mr. Seidelman indicated that the auditing firm is not aware of any significant departure from statutes governing security of investments.

Following discussion comparing FDIC and FSLIC, Member Moats noted that he would like a legal opinion on whether FSLIC is acceptable insurance for College funds. Mr. Manke stated that this has been requested.

In further discussion of collateral, Mr. Manke noted that the Board policy and guidelines for investment are prudent, and are carefully followed. He noted that U.S. Government securities are a favored form of investment because of their safety, although interest income may be a few tenths of a percent less than available on some other investments. Mr. Seidelman confirmed that prudence has been used and that, at the time of audit, the collateral existed as documented in the Statement.

Mr. Seidelman noted a further change in the accounting rules for pension, and then asked for questions.

Member Coste inquired about confirmation of collateral, and Mr. Seidelman responded that the firm verifies 100 percent through

written confirmation with the auditors of the investment institutions. He noted that banks are highly regulated and also that in authorizing an institution as a depository for the College, the initial review of the institution for its financial wellbeing and reputation is very important. An ongoing review is also important, as is not concentrating too much risk in any institution. Chairman Howard noted that the depositories are reviewed annually.

Mr. Seidelman closed his report by expressing appreciation for the support, assistance and capability of the College staff.

In response to Note 8, Member Moats inquired about space at the Northeast Center. Further discussion of the facility was deferred to a later meeting.

In response to a question regarding income from investments, Mr. Manke stated that he thought the average for the year would be over 6.5 to 6.8 percent. He noted that the new investment reporting system in use for the past two months gives an average daily rate, and by next year at this time, it will be possible to give a very specific answer regarding a one-year average.

In discussing the accounting system, Mr. Seidelman observed that elements of the system to be upgraded have been identified, resources committed, and an implementation timetable is being followed.

Mr. Manke added that the accounts payable system is not yet integrated. The encumbrance system integration hinges on the installation of the payroll/personnel system, and from that system to the accounting system. He noted that the first parallel run of the purchased payroll/personnel system would be made in November, and the next phase would be the link to the accounting system, followed by improvement in encumbrance reporting.

In response to questions from Member Orzech regarding reporting of fixed assets, Mr. Manke noted that some equipment is purchased too late in the fiscal year to be included in that year's audit. He noted that it would be possible to install a fixed assets accounting system, but it would be costly to purchase this type of system and additional personnel would be needed. He noted that it was a question of allocating resources to such a program when the payroll/personnel system seems to be a higher priority. He stated that he plans to check with ICCB regarding fixed asset reporting requirements.

In response to further questions about cost accounting systems, Mr. Seidelman responded that they could be very expensive and

still not provide much better information than is currently available. Member Moats asked that the topic be placed on a future agenda and that Mr. Seidelman be asked to provide further information.

Member Moats then inquired whether the Board should meet privately with the auditors. Discussion ensued regarding whether this could be done within the provisions of the Open Meetings Act. In the absence of a definitive answer, the private meeting was not held.

Member Barton moved, Member Norwood seconded, that the Board adjourn to executive session for the purpose of discussing collective bargaining matters.

Upon roll call, the vote was as follows:

Ayes: Members Barton, Coste, Howard, Moats, Norwood and Orzech.

Nays: None

Student Member Jacobson voted aye.

Motion carried and the meeting adjourned to executive session at 8:25 p.m.

The Committee of the Whole meeting reconvened at 9:20 p.m.

Member Norwood moved for approval of Exhibit V, Ratification of Faculty Contract (attached to and made a part of these minutes). With no further discussion, the roll call vote was taken:

Ayes: Members Barton, Coste, Howard, Moats, Norwood and Orzech.

Nays: None.

Motion carried. Student Member Jacobson voted aye.

Dr. Williams introduced physical science faculty members Paul Szipiera and Mary Becker, and Dean of Technology, Mathematics and Physical Sciences George Dorner to make an informal presentation on the astronomical observatory project. Dr. Williams indicated that this would be strictly an informational presentation and that no decisions were being asked of the Board at this meeting. Paul Szipiera began by explaining the need and rationale for having an observatory at Harper College, pointing out the

benefits to both the students and the community of an observatory at the College. He described the physical requirements for locating an observatory on the campus, defining the steps necessary for completing the project including the financial requirements. He answered questions pertaining to the availability of other observatories in the Chicago area, and the physical properties of the telescope donated to the College by Joseph Dupont in the name of his father James Dupont. He explained that there would be reasonable accessibility to the observatory for the handicapped, and washroom facilities within a reasonable distance. He reported strong support from the Northwest Suburban Astronomy Club, and said that he hoped to utilize the knowledge of a few of the members during public viewing sessions at the observatory. Dr. Williams indicated that the cost of the completed observatory would be approximately \$25,000 to \$30,000. The hope is that no tax dollars would be used, that all funds for the project would be raised through fund-raising events and/or a grant from the William Rainey Harper College Educational Foundation. Paul Szipiera indicated that funds have already come in a "class gift" from last year's graduating class and that more than \$2,000 was raised at the recent fund-raising dinner which featured astronaut Harrison Schmitt. In addition to his dinner appearance, astronaut Schmitt spent time at Harper during the day where he did a TV interview in the College's studio, and gave a public lecture to an audience of more than 450 people, 60 percent of whom were junior high school students. There was no admission charged for the afternoon presentation, which was supported by a grant from the Astronomy Club/Student Senate. Member Orzech commented on the number of enthusiastic reports she had heard regarding the presentation.

Member Coste said he felt that the Board should take a position on the project. In answer to Member Barton's question as to what steps need to be taken to initiate this project, Dr. Thompson said that the next step would be a formal recommendation to the Board for its approval.

Member Moats complimented Paul Szipiera on his unending enthusiasm and contributions made to the College throughout the years.

Due to the necessity to complete the estimated levy review in preparation for the October 27 Board meeting, it was decided to postpone the tour of the academic computer labs, the discussion of the Board of Trustees objectives and the president's evaluation to another meeting time.

Dr. Thompson asked Vern Manke to give a brief overview of materials prepared on the estimated levies.

Mr. Manke described the levy process as prescribed by law. The estimated levy, done each October, will exceed 105 percent of last year's extension. Because it is in excess of 105 percent, the estimated levy must be published, the resolution drafted, and notice of the hearing on the levy published. The Board takes action on the actual levy in November.

He noted that the resolution included in the Board materials indicates the amount of money in property taxes extended for 1987 and the proposed levy for 1988. The 1988 levy is 14.41 percent above the 1987 extension. The resolution will come to the Board for action at the October 27 meeting, but is presented at this meeting for discussion.

Mr. Manke stated that the estimated levy is based on the premise of a seven percent increase in assessed value in the district. This document does not reflect the recommended \$400,000 abatement, which will come before the Board in November as a separate resolution.

Mr. Manke explained the estimated levy, and noted that, based on the \$400,000 abatement and the estimated increase in assessed valuation in the district, this would result in an actual increase to the tax rate of 6.83 percent. However, the law requires that the public notice show the increase in the 1989 estimated levy over the 1988 extension, an increase of 14.41 percent.

In response to a question from Member Orzech, Mr. Manke stated that part of the increase is for Life/Safety projects, and when next year's projects are completed, that portion of the levy would not appear again.

Member Barton moved, Member Moats seconded, that the meeting be adjourned. Motion carried and the meeting adjourned at 10:00 p.m.

KRIS HOWARD
President

MOLLY NORWOOD
Secretary