

**BOARD OF TRUSTEES OF COMMUNITY COLLEGE DISTRICT NO. 508  
COUNTY OF COOK AND STATE OF ILLINOIS**

**MINUTES**

**MEETING OF THE COMMITTEE ON FINANCE AND ADMINISTRATIVE SERVICES  
THURSDAY, NOVEMBER 7, 2019  
HAROLD WASHINGTON COLLEGE  
30 EAST LAKE STREET, CHICAGO, IL 60601  
ROOM 1115**

Pursuant to provisions of the Illinois Public Community College Act, as amended by the State of Illinois, County of Cook, a meeting of the Committee on Finance and Administrative Services of the Board of Trustees of Community College District No. 508 was held on Thursday, November 7, 2019 at 12:30 p.m., Harold Washington College, 30 East Lake Street, Chicago, IL 60601, Room 1115.

**ATTENDEES**

**TRUSTEES**

Clarisol Duque, Committee Chair  
Walter E. Massey, Board Chair  
Karen Kent  
Deborah H. Telman (via Teleconference)  
Darrell A. Williams

**ASSISTANT BOARD SECRETARY**

Ashley Kang

**CHIEF ADVISOR TO THE BOARD**

Tracey B. Fleming

**CHANCELLOR**

Juan Salgado

**PROVOST AND CHIEF ACADEMIC**

**OFFICER**

Mark Potter

**GENERAL COUNSEL**

Karla Mitchell Gowen

**OFFICERS OF THE DISTRICT**

Christian Collins – Vice Chancellor, Institutional Effectiveness  
Veronica Herrero – Chief Strategy Officer  
Eric B. Lugo – Executive Vice Chancellor & Chief of Staff  
Jennifer Mason – Vice Chancellor, Legislative & Community  
Affairs  
Maribel Rodriguez – Chief Financial Officer  
Stacia Thompson – Vice Chancellor, Economic & Workforce  
Innovation

**PRESIDENTS**

Kimberly Hollingsworth –President, Olive-Harvey College  
Janine Janosky – President, Richard J. Daley College  
David Potash – President, Wright College  
David Sanders – President, Malcolm X College

**OTHER ATTENDEES**

David Anthony	CCC District Office
Yolanda Martin	CCC District Office
Steve Saba	CCC District Office
Oscar Orellana	CCC District Office
Anne Kennedy	CCC District Office
Katheryn Hayes	CCC District Office
Kasia Sanchez	CCC District Office
Debra King	CCC District Office
Jeffrey Wong	CCC District Office
Ralph Passarelli	CCC District Office
Sarah Lichenstein Walter	CCC District Office
April Hansen	McCorkle Litigation Services
Julia Vazquez	Harold Washington College
Cesar Rodriguez	CCC District Office
Marcia Lewis	CCC District Office
Sheila Johnson	CCC District Office
John Gasiorowski	CCC District Office
Richard Hayes	CCC District Office
Marcus Hardaway	CCC District Office
James Thomas	Olive-Harvey College
Joe Evans	RSM US LLP
Kelly Kirkman	RSM US LLP
Dulce Niedzialkowski	CCC District Office
Melvin Allen	CCC District Office

**I. CALL TO ORDER**

Secretary Duque called the November 7, 2019 meeting of the Committee on Finance and Administrative Services to order at 12:30 p.m.

**II. ROLL CALL**

The Assistant Board Secretary called roll:

Walter E. Massey	Present
Karen Kent	Present (arrived at 1:17 p.m.)
Deborah H. Telman	Present (via Teleconference)
Darrell A. Williams	Present
Clarisol Duque	Present
Elizabeth Swanson	Absent
Peggy A. Davis	Absent
Armani Alexander	Absent

### III. WELCOME

Secretary Duque welcomed everyone to the committee meeting. The Secretary thanked President Potash and the Wright College community for welcoming her onto campus for two opportunities. First, to hear from Nikole Hannah-Jones from the New York Times Magazine who pioneered the “1619 project”, an initiative that observes the 400<sup>th</sup> anniversary of the beginning of slavery in America and its impact on the country’s history and culture. Second, for the opportunity to speak on a panel with Illinois State Senator Iris Martinez and Univision news anchor Erika Maldonado on the topic of Latinas in Leadership.

### IV. CHANCELLOR REMARKS

Chancellor Salgado thanked Secretary Duque for visiting Wright College. The Chancellor also noted the two presentations for committee, one on the FY19 annual audit and the second on a FY20 financial update. Chancellor Salgado announced that Fitch Ratings had given City Colleges an A plus credit rating with a stable outlook. The Chancellor thanked Chief Financial Officer (CFO) Rodriguez, and the Finance office, as well as the college presidents and their teams at the colleges for their work.

### V. REVIEW OF AGENDA ITEMS

(Trustee Kent arrived at 1:17 p.m.)

Speaker: Joe Evans, RSM US LLC; Maribel Rodriguez, Chief Financial Officer; Melvin Allen, Associate Vice Chancellor of Enrollment Management

- **FY19 Annual Audit Review**

Mr. Joe Evans gave a presentation on the FY19 Annual Audit completed by City Colleges’ external auditors, RSM US LLP. The full presentation can be found online [here](#).

Mr. Evans began by giving an overview of the audit process and report, stating that RSM issued an unmodified opinion on City Colleges’ financial statements for the period ending on June 30, 2019. Mr. Evans also highlighted the good working relationship between the external and internal audit teams.

Next, Mr. Evans discussed the policy for write-offs and allowances for student accounts receivables. He noted that the implementation of the payment deadline and the no show withdrawal policy helped to reduce bad debt expenses and write-offs from FY18 to FY19. Mr. Evans reported that in FY19 there were no material weaknesses over financial or program reporting and no significant deficiencies over financial reporting.

Mr. Evans shared an observation on internal management regarding the City Colleges of Chicago Foundation. RSM’s recommendation is that the process of awarding student scholarships and tracking donor restrictions be more timely and automated. Mr. Evans summarized the single audit findings from the FY18 audit, noting that three had been corrected and one remained uncorrected as a repeated instance of non-compliance identified in the FY19 audit. He continued by reviewing the single audit findings from the FY19 audit, and shared that City Colleges had responded positively to the audit findings and had corrective action plans in place to address the single audit

findings.

Trustee Williams asked if there were any changes in methodology in calculating judgments and estimates from one audit year to the next, or if there were any new adjustment categories. Mr. Evans responded that there were none.

Trustee Telman inquired what City Colleges' response was to the observation regarding the City Colleges of Chicago Foundation. Mr. Evans noted that management had responded very positively and had affirmed the need to take correction action going forward. Chancellor Salgado also responded that the Foundation was actively working on investing in an automated system.

Trustee Williams asked if there were any plans to change the allowance or the way the allowance is calculated, given the change in the bad debt expense and write-offs. Mr. Evans replied not to his knowledge, and that management had been using the same policy for a number of years. Secretary Duque inquired if there were any perceived problems with the current policy, to which Mr. Evans responded no.

- **FY20 Financial Update**

CFO Rodriguez gave an update on the first quarter of FY20 and the FY19 Financial Audit. The full presentation can be found online [here](#).

CFO Rodriguez noted that there was a net budget deficit of \$2.4 million and a decline in net assets of \$37 million. The CFO confirmed that the District's cash position is stabilizing with a positive outlook.

Chair Massey asked how the surplus in cash from 2013 compares to the present day in terms of percentage. CFO Rodriguez responded that the information would be forthcoming. Chancellor Salgado noted that not all of the cash reserves from 2013 was used to deal with the State budget impasse, referencing the capital plan that the District was implementing at the time.

In reference to the FY2020 budget, Trustee Williams asked if the \$12.9 million from the sale of the old District headquarters was straight cash proceeds or gain from the sale. CFO Rodriguez clarified that the sale of the building was \$32.7 million, of which \$12.9 million was used to balance the FY20 budget.

Trustee Williams asked if the change in net assets was a result of accounting policy in respect to depreciation. CFO Rodriguez affirmed this, noting that a straight line accounting method was used for all capital assets. Trustee Williams asked what the implications were of a negative balance in unrestricted net assets. CFO Rodriguez noted that City Colleges had to recognize full liability of OPEB, per GASB 75, and that in 2017 it was a big hit as a result of the State budget impasse. The CFO also pointed out that all other government agencies encountered the same issue, and that City Colleges expects to produce surplus in the future.

Trustee Telman inquired how the trend in lower tuition revenue as a result of enrollment decline was being dealt with. CFO Rodriguez responded that there would be a first quarter update, including tuition later in the presentation. Chancellor Salgado also noted that City Colleges was working on a path forward and would be sharing more about strategic enrollment management plans during the November Regular Board Meeting.

Secretary Duque asked what the final amount of tuition revenue for FY18 was, seeing that the projected tuition revenue for FY19 was \$99 million in comparison to the final \$93 million. CFO Rodriguez responded that the final actual tuition revenue in FY18 was \$94.7 million.

Next, CFO Rodriguez reviewed capital expenditures, noting that City Colleges is in the second year of the Comprehensive Five-Year Construction Improvement Program. The FY20 planned capital expenditure is \$42.6 million, of which \$27.6 million came from City Colleges' portion of the State Capital Bill. City Colleges plans to use \$15 million of its cash reserves for any deferred maintenance and local match requirements. CFO Rodriguez noted that the capital projects would be dependent on how the funds were released by the State, and that the local match would only be made if there were State funds. Chancellor Salgado further clarified that the \$15 million of City Colleges' cash reserves would only be spent if the capital funds were released by the State, otherwise the capital projects would not be completed.

CFO Rodriguez next gave an update on the first quarter of FY20. A surplus of \$500,000 is projected, and \$12.9 million of the proceeds from the sale of the former District headquarters is being used to balance the budget.

Next, CFO Rodriguez invited Associate Vice Chancellor (AVC) Allen to discuss the action plans for the FY19 audit findings. AVC Allen reviewed the FY19 audit findings, including short term postsecondary vocational programs, Title IV funds, direct loan quality insurance, and exit counseling.

CFO Rodriguez returned and concluded the presentation by reiterating Chancellor's earlier comments about City Colleges' credit ratings. Fitch Ratings gave City Colleges an A+ rating, and revised to a stable outlook from negative. S&P reaffirmed City Colleges' BBB rating with stable outlook, as a result of State funding, stable cash reserves, and the conclusion of City Colleges' collective bargaining agreements.

Trustee Williams congratulated CFO Rodriguez and the team for the finishing the audit two months ahead of the deadline, with a clean opinion and constructive responses.

## **VI. REVIEW OF NOVEMBER 2019 BOARD REPORTS**

Next, Secretary Duque initiated the review of the November 2019 board reports.

Associate Vice Chancellor (AVC) Anthony reviewed Resolution 1.00, followed by CFO Rodriguez's review of Resolution 1.01. Provost Potter reviewed Resolutions 1.02 through 1.05, and General Counsel Gowen reviewed Resolution 1.06.

Deputy Chief Talent Officer Nichols reviewed Item 2.00, the personnel report, followed by EVC Lugo's review of the Item 3.00, the resource development report.

Next, AVC Anthony reported on Agreement 4.00. Deputy Nichols reviewed Agreements 4.01 and 4.02. Director Passarelli reported on Agreement 4.03.

AVC Anthony reviewed Purchases 5.00, followed by Associate Director King's report on Purchase 5.01.

General Counsel Gowen concluded the review of board reports by reviewing Section 6.00, the payment of legal invoices.

**VII. MOTION TO DISCHARGE THE NOVEMBER 2019 BOARD PACKET**

Secretary Duque asked for a motion to discharge the reviewed resolutions, personnel report, resource development report, agreements, purchases, and legal invoices to the November 2019 Regular Board Meeting as part of the Consent Agenda.

<Motion> Trustee Darrell A. Williams  
<Second> Chair Walter E. Massey

Motion carried.

**VIII. MOTION FOR CLOSED SESSION**

Secretary Duque noted that there would be no Closed Session.

**IX. ADJOURNMENT**

Upon concluding that there was no more business to be brought before the committee, Secretary Duque asked for a motion to adjourn.

<Motion> Trustee Darrell A. Williams  
<Second> Trustee Karen Kent

Motion carried.

Meeting Adjourned 1:43 p.m.

**Clarisol Duque  
Secretary  
Board of Trustees**

**Submitted by – Ashley Kang, Assistant Board Secretary**