Pursuant to provisions of the Illinois Public Community College Act, as amended of the State of Illinois, County of Cook, a joint meeting of the Finance and Administrative Services and Academic Affairs and Student Services Committees of the Board of Trustees of Community College District No. 508 was held on Wednesday, November 14, 2018 at 3:00 p.m., District Office, 180 North Wabash Ave, Suite 200, Chicago, IL 60601, Conference Room 216/217.

ATTENDEES

TRUSTEES
Clarisol Duque, Secretary
Karen Kent
Darrell A. Williams
Toi Pearson, Student Trustee

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
Jeffrey Donoghue – Chief of Staff
Carmen V. Lidz – Vice Chancellor, Information Technology
Diane Minor – Vice Chancellor, Administrative & Procurement Services
Maribel Rodriguez – Chief Financial Officer
Kimberly Ross – Chief Talent Officer
Lydia Stazen – Vice Chancellor, Institutional Advancement

COLLEGE PRESIDENTS
David A. Sanders – President, Malcolm X College
OTHER ATTENDEES

Katheryn Hayes  
Kai Love Davis  
Stacia Edwards  
Bob Covey-Robbins  
Sheila Johnson  
John Gasiorowski  
Gina Gentile  
Joe Evans  
Alex Underwood  
Sarah Lichtenstein Walter  
Daryl Okrzesik  
Jeff Wong  
CCC District Office  
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I. CALL TO ORDER

Secretary Duque called the November 14, 2018 joint meeting of the Committees on Finance and Administrative Services and Academic Affairs and Student Services to order at 3:04 p.m.

II. ROLL CALL

The Assistant Board Secretary called roll:

- Clarisol Duque  Present
- Karen Kent  Present
- Darrell A. Williams  Present (arrived 3:05p.m.)
- Toi Pearson  Present

III. WELCOME

Secretary Duque welcomed everyone to the committee meeting and thanked Trustee Kent and Student Trustee Pearson for joining her. She noted that Trustee Williams would be joining them momentarily.

(Trustee Williams arrived at 3:05p.m.)

IV. CHANCELLOR REMARKS

Chancellor Salgado began by thanking the finance and audit teams for their work, especially during the move from the former District Office. The Chancellor also highlighted an agreement that would be coming before the Board with Wintrust Arena to hold the 2019 City Colleges commencement ceremony. The Chancellor expressed his excitement for this space and event. Chancellor Salgado also noted that the next day, November 15th, would be the inaugural Seven Strong Benefit. He shared that he was looking forward to celebrating City Colleges, its story, and raising funds to support students. He thanked Vice Chancellor Stazen and the rest of the Institutional Advancement team for their work on the event.
Secretary Duque thanked the Chancellor for his remarks and welcomed Trustee Williams to his first City Colleges committee meeting.

V. REVIEW OF AGENDA ITEMS

Speakers: Joe Evans, Partner, RSM US LLP; Maribel Rodriguez, Chief Financial Officer; Bob Covey-Robbins, Associate Vice Chancellor – Student Financial Services; Lydia Stazen, Vice Chancellor – Institutional Advancement; Daryl Okrzesik, Associate Vice Chancellor – Finance/Treasurer; Carmen Lidz, Vice Chancellor – Information Technology

- RSM Audit Review

The full presentation can be found online [here](#). Mr. Evans from RSM US LLP (RSM) began by sharing that overall the audit process was very smooth despite a late start. He credited the audit being completed by its target date to the cooperation and familiarity between the RSM team and the City Colleges team. Mr. Evans noted that RSM issued an unmodified opinion on City Colleges’ FY18 financial statements.

Mr. Evans spoke about the new GASB standard for Other Post-Employment Benefits (OPEB) that was being adopted industry-wide, noting that it changed how institutions account for benefits paid and available to employees after they retire. Mr. Evans noted that City Colleges had adopted this new standard for OPEB.

Mr. Evans talked about student bad debt, noting that there was a large balance of uncollectable funds. He noted several reasons for this increase: students are allowed to enroll with prior receivable balances, no utilization of a third party collection service, students are allowed to register and attend classes without making tuition payment arrangements, and colleges do not automatically drop students with defaulted or delinquent account balances. Mr. Evans noted that these management decisions have a negative impact on uncollectable funds. He also pointed out that the audit did not conclude any material weaknesses in internal control observations or significant deficiencies.

Mr. Evans went on to speak about the four single audit findings, including City Colleges’ Federal Student Financial Aid program document verification, the use of Federal Work Study funds, the hiring of reading tutors, enrollment reporting and status changes, and reporting for the Perkins III and Perkins Leadership programs. He noted that the City Colleges team would be reporting on the individual audit findings in depth. Mr. Evans also talked about the importance of data security and identified several measures that City Colleges could take to improve data security.

Trustee Williams asked if there were any changes in the manner of calculating judgements and estimates from year to year. Mr. Evans shared that there were no significant changes aside from the OPEB adjustments.

Trustee Williams asked if there was a way to track the impact of changes in federal grants and awards, such as Pell Grants, on student bad debt. Associate Vice Chancellor (AVC) Okrzesik commented that there is a one year lag in seeing the impact. AVC Okrzesik also noted that tracking this measure was dependent on the condition of the State’s finances in particular, though Pell Grants are fairly consistent. Chancellor Salgado also replied that there are some policy...
changes that have contributed to changes in grant and award funding, which the new Chief Financial Officer would be looking at.

- **FY2019 Financial Update**

  Next, Chief Financial Officer (CFO) Rodriguez began by briefly reiterating the conclusions of the audit completed on October 15, 2018. The full presentation can be found online [here](#). She reviewed net asset changes in FY18, particularly noting the 2017 State funding received in 2018 and the pending sale of 226 West Jackson Boulevard. CFO Rodriguez reaffirmed the impact of the new OPEB standards on both 2017 and 2018 year-end balances. She shared that the FY18 receipts were $22 million dollars favorable to the budget.

  Trustee Williams asked if the $22 million favorable to budget was driven largely by the 2017 State funding coming in during 2018 and not 2018. Mr. Evans replied that the funds were not appropriated by the State until FY18, which meant that City Colleges could not book it as revenue until then.

  CFO Rodriguez reported that City Colleges was continuing to rebuild a healthy cash reserve after falling below the desired reserve amount due to the State budget crisis in 2017. She noted that current tuition revenue for FY19 has dipped downwards and focus has turned to Spring 2019 enrollment. CFO Rodriguez also spoke about managing expenses, including salaries and student bad debt. She shared that District Office is engaging with each of the Colleges to manage account receivables, though the savings will not be realized until FY2020. Chancellor Salgado affirmed that there is active work at the Colleges and District Office to manage hirings to save $6 million dollars.

  Associate Vice Chancellor (AVC) Covey-Robbins reported on three of the individual audit findings. First, he noted that City Colleges was unable to provide verification documents for one student during the verification testing conducted as part of the annual audit. He reported that City Colleges had subsequently contracted with a vendor through a formal RFP process to address this issue. The vendor will allow students to complete financial aid forms electronically and securely store and maintain all the forms electronically moving forward.

  Trustee Williams asked if the verification system was tailor-made for City Colleges or if it was a system package. AVC Covey-Robbins responded that it is a set package system and that the vendor would be handling the verification for the upcoming year. Chancellor Salgado further explained that the vendor is an experienced firm that works with higher education institutions and has the capacity to work with City Colleges’ high volume. Trustee Williams followed up by asking if the system would seamlessly interface with existing systems. Vice Chancellor Lidz affirmed that the system would work with PeopleSoft and other student systems. She noted that it is a secure system that would ensure data transmission for secure storage and transfer.

  The second audit finding related to the need to employ at least one student reading tutor. AVC Covey-Robbins reported that efforts are continuing to ensure that each college does not have to rely on just one student to meet the requirements of the Federal Work Study program. The third audit finding pertained to the National Student Loan Data System. AVC Covey-Robbins noted that staff are reviewing the requirements to best determine how to bring City Colleges to full compliance with reporting enrollment changes for those who drop out.

  Vice Chancellor (VC) Stazen spoke about the final audit finding regarding difficulties in
submitting quarterly reports for Career and Technical Education to the Illinois Community College Board (ICCB). VC Stazen reported that the new Executive Director of Apprenticeship and Workforce Solutions would be taking on the responsibility to ensure deadlines are met moving forward.

Secretary Duque commented that many policies have been put into place over the years to manage student accounts and student bad debt. She noted that this could be a good opportunity to review some of those policies to understand what has happened over the last couple of fiscal years. Chancellor Salgado agreed, identifying that work was underway at each College to have a debt reduction plan.

VI. REVIEW OF DECEMBER 6, 2018 BOARD REPORTS

Secretary Duque initiated the review of December 2018 Board Reports.

CFO Rodriguez reported on Resolution 1.00, followed by VC Stazen’s review of the Resource Development Report. VC Stazen noted that there was an additional grant from the Chicago Department of Family and Support Services that was not listed in the Trustees’ report.

Next, Provost Potter reviewed Item 4.00 to enter into an agreement with Wintrust Arena for the City Colleges’ commencement ceremonies. Trustee Williams inquired about the other locations that were approached for quotes. Provost Potter noted other locations that were approached for quotes. The Chancellor also noted that Wintrust is the preferred location with good pricing.

VC Lidz reported on Agreement 4.01 and President Sanders reviewed Agreement 4.02.

Vice Chancellor Minor reviewed Purchases 5.00 and 5.01, and Provost Potter reviewed Purchases 5.02 and 5.03.

General Counsel Gowen reported on Section 6.00, the payment of legal invoices.

VII. ADJOURNMENT

Secretary Duque thanked everyone for their work. With no further questions or business to come before the Committee, Secretary Duque adjourned the Joint Committee Meeting of the Committee on Finance and Administrative Services and Academic Affairs and Student Services.

Meeting Adjourned 4:08 p.m.

Clarisol Duque
Secretary
Board of Trustees

Submitted by – Ashley Kang, Assistant Board Secretary