

**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, FEBRUARY 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 of 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, February 7, 2019 at 12:00 p.m., Harold Washington College, 30 East Lake Street, Chicago, IL 60601, Room 1115.

**ATTENDEES**

**TRUSTEES**

Clarisol Duque, Committee Chair  
Elizabeth Swanson, Vice Chair  
Karen Kent  
Deborah H. Telman  
Darrell A. Williams

**ASSISTANT BOARD SECRETARY**

Ashley Kang

**CHIEF ADVISOR TO THE BOARD**

Tracey B. Fleming

**PROVOST AND CHIEF ACADEMIC  
OFFICER**

Mark Potter

**GENERAL COUNSEL**

Karla Mitchell Gowen

**OFFICERS OF THE DISTRICT**

Jeffrey Donoghue – Chief of Staff  
Carmen Lidz – Vice Chancellor, Information Technology  
Eric B. Lugo – Executive Vice Chancellor  
Diane Minor – Vice Chancellor, Administrative and  
Procurement Services  
Maribel Rodriguez – Chief Financial Officer  
Kimberly Ross – Chief Talent Officer

**PRESIDENTS**

David A. Sanders – President, Malcolm X College  
Gregory Thomas – President, Kennedy-King College

**OTHER ATTENDEES**

Katheryn Hayes	CCC District Office
Kai Love Davis	CCC District Office
Stacia Edwards	CCC District Office
Jennifer Alexander	Richard J. Daley College, FC4
Jess Bader	Harold Washington College, FC4
Jeffrey Schroeder	PFM
Danny Nelson	PFM
Maureen Fitzpatrick	CCC District Office
Margaret Glavey	City Bureau
Olivia Stovicek	City Bureau
Alex Underwood	CCC District Office
Daryl Okrezsik	CCC District Office
Jeffrey Wong	CCC District Office
John Gasiorowski	CCC District Office
Gina Gentile	CCC District Office
Kasia Sanchez	CCC District Office
Laura Puente	CCC District Office

**I. CALL TO ORDER**

Secretary Duque called the February 7, 2019 meeting of the Committee on Finance and Administrative Services to order at 12:01 p.m..

**II. ROLL CALL**

The Assistant Board Secretary called roll:

Elizabeth Swanson	Present
Karen Kent	Present
Deborah H. Telman	Present (arrived at 12:09 p.m.)
Darrell A. Williams	Present
Clarisol Duque	Present

**III. WELCOME**

Secretary Duque welcomed everyone to the first meeting of 2019. She expressed her pleasure at being able to refocus exclusively on issues of finance, administrative services, and related topics with the new committee structure. Secretary Duque thanked the formal members of the Finance and Administrative Services Committee in attendance – Trustees Williams and Kent – as well as Vice Chair Swanson and Trustee Telman.

Next, Secretary Duque thanked President Sanders and the team at Malcolm X College for hosting her and a colleague from the Office of U.S. Senator Richard J. Durbin to hear about the Medical Assisting Pathway Program.

**IV. PROVOST REMARKS**

Provost Potter thanked the Trustees for their attendance and continued commitment to City Colleges, especially in light of the new committee and board meeting structure. The Provost noted that there would be important and in-depth presentations from the Finance team in both the committee and board meetings.

**V. REVIEW OF AGENDA ITEMS**

Speakers: Jeffrey Schroeder, Managing Director – PFM Asset Management LLC; Danny Nelson, Senior Managing Consultant – PFM Asset Management LLC; Maribel Rodriguez, Chief Financial Officer

• **PFM Asset Management, LLC - Annual Investment Portfolio Review**

Mr. Jeffrey Schroeder and Mr. Danny Nelson from PFM Asset Management LLC conducted an annual investment portfolio review. The full presentation can be found online [here](#).

Mr. Schroeder began by giving an overview of PFM, noting that PFM currently engages with the MBE partner firm, Williams Capital Management LLC, as a subadvisor for 25% of City Colleges' engagement. He also pointed out the current status of U.S. Treasury rates. Mr. Schroeder reported on City Colleges' overall portfolio changes from December 2014 to December 2018. He noted that in 2014 City Colleges had well over \$200 million in its portfolio, which has significantly dropped in recent years due to the State of Illinois budget crisis and utilization of funds. Mr. Schroeder pointed out that the portfolio had stabilized in the last year. He also noted that the proceeds from the former District Office sale would be factored in, and noted short-term operating funds were in a good place.

Mr. Nelson spoke about the breakdown of total funds under management. He noted that the portfolio was currently just under \$102 million, with 11% consisting of capital project funds, mainly the Olive-Harvey Transportation Distribution and Logistics (TDL) building project. The remaining 89% of the portfolio are operating funds, including short-term operating funds, accounts payable, debt service, and other investments.

Next, Mr. Nelson reviewed characteristics of the overall portfolio as of the end of December 2018. He noted that City Colleges' funds were invested in high quality income securities. Mr. Nelson reported that fund revenues would increase at the end of February and beginning of March with tax receipts. Mr. Nelson reported that PFM managed about \$77 million of City Colleges' assets, with the remaining funds invested with Chase Bank, Harris Bank, and the Illinois State Treasurer's Investment Pool.

Mr. Nelson also pointed out that the short-term portfolio performance exceeded the return of the benchmark for the past 1, 3, and 5-year time periods. He noted that the increase was partly due to Federal Reserve interest rates increasing. Mr. Schroeder continued by reviewing the different investment types currently utilized, as well as City Colleges' updated investment guidelines for municipal bonds, corporate notes, supranationals, and corporate bond funds. Mr. Schroeder noted that in anticipation of larger cash balances, City Colleges anticipates updating its investment guidelines to include all of the investment types allowed by the Illinois Public Funds Investment

Act to enhance the overall yield while maintaining the primary objectives of safety and liquidity.

Trustee Williams asked if there was a sense of timing for when the U.S. Treasury yield curve would flatten out. Mr. Schroeder said that it is difficult to know, though he noted that in the short-term, the rates had been consistent over the last two years with not a lot of inflation in the system.

Trustee Williams asked if there were concerns about the federal deficit. Mr. Schroeder responded that it was definitely a concern, which could lead to higher interest rates. However, for the foreseeable near term, there is no immediate impact on City Colleges, though it is something to monitor for the long term.

- **Office of Finance – Financial Summary FY2019 2<sup>nd</sup> Quarter**

Chief Financial Officer (CFO) Rodriguez gave a report on FY2019 2<sup>nd</sup> Quarter financial performance. The full presentation can be found online [here](#).

CFO Rodriguez began by reviewing a summary of revenues and expenses year to date. The CFO noted that generally revenues have fluctuated with State and Federal funding. City Colleges has experienced a decline in tuition revenue since FY16. The CFO also reported that expenses have recently varied as a result of increased bad debt, waivers due to STAR program growth, and debt service expense related to the 2017 bond issuance for the Olive-Harvey Transportation Distribution Logistics building and Richard J. Daley Manufacturing Technology Engineering Center capital projects. CFO Rodriguez also reported that tuition revenue has declined \$11.6 million, or 11%, between FY16 to FY19. The CFO stated that the District Office saw a 33% decrease in salaries, saving \$11 million since FY17. CFO Rodriguez also noted that a salary increase in FY19 is estimated to occur as a result of the new collective bargaining agreements.

Trustee Telman asked about the difference between the FY18 budget and the FY18 actual, and the difference in the FY19 budget and FY19 forecast. Associate Vice Chancellor (AVC) Wong noted that the FY18 difference was attributed to the agreement with the City Colleges Contingent Labor Organizing Committee (CCCLOC), and the FY19 difference is due to the upcoming union settlements with Local 1600 full-time faculty and professionals.

CFO Rodriguez stated that the District is focused on stabilizing its cash position after the depletion of cash reserves due to the State Budget crisis, during which the District fell below the \$70 million reserve target in FY17. The CFO noted that at the end of the 2<sup>nd</sup> Quarter, cash reserves were just over \$100 million and projected to increase to \$158 million by the end of the current fiscal year.

Next, CFO Rodriguez addressed student account receivables and bad debt. She shared that student write-offs and bad debt has increased as a percentage of tuition revenue from 6% to 11% from FY15 to FY18. CFO Rodriguez noted that the increase in bad debt resulted from two factors. First, there has not been a consistent enforcing of payment deadlines. CFO Rodriguez explained the current practice allows students to register and attend classes without making tuition payment arrangements. Second, City Colleges does not utilize third party collection practices.

To address this issue, CFO Rodriguez reported that a committee comprised of representatives from the colleges, the Office of Academic and Student Affairs, and the Office of Finance has formed to evaluate bad debt reduction strategies through enforcing payment deadlines. CFO

Rodriguez projected that City Colleges would gradually return to 2016 levels of bad debt starting in 2021, which would potentially result in a \$5 million reduction in bad debt annually.

Trustee Williams asked what the enrollment impact would be. CFO Rodriguez responded that previous policy of enforcing payment deadlines had been eliminated in 2016 in an effort to increase enrollment; however it was at the expense of increased write-offs.

Trustee Telman inquired how other community colleges handle student bad debt. Provost Potter answered that other colleges already have policies to enforce payment deadlines. He also pointed out that there are no community colleges that let students continue into the semester without paying.

Vice Chair Swanson asked if other options had been identified. The Provost noted that there are other options on the table, though they are limited. CFO Rodriguez noted that enforcing payment deadlines would require a change in student behavior, as they would be prevented from continuing on to the next semester if they had delinquent status without a payment plan.

Trustee Telman expressed concern that students would not be able to get to classes if they could not get the money to finance their education and asked what support services were available to students. CFO Rodriguez affirmed that support services and financial advising and counseling would be addressed at the college level.

Secretary Duque asked what has been learned since the elimination of the previous policy enforcing payment deadlines. The Secretary also asked if there were persistent trends amongst students with bad debt. Executive Director Underwood noted students with bad debt tended to be those who became “no show” withdrawals, saw financial aid reductions due to changes in eligibility, and those who registered three weeks or less prior to the start of a new term.

Secretary Duque encouraged the administration to move cautiously and thoughtfully while working to reduce bad debt, and to balance any new policies with the best interest of students. The Secretary also recommended tracking key learnings throughout the process. Vice Chair Swanson and Trustee Telman affirmed Secretary Duque’s remarks, and noted that student support services and enrollment and payment pathways should be clearly communicated to students.

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

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

Vice Chancellor (VC) Minor reviewed Resolutions 1.00 and 1.01, followed by CFO Rodriguez’ review of Resolutions 1.02 and 1.03. Provost Potter reported on 1.04, an application for a new program advanced certificate in child development for pre-school education at Kennedy-King College, Malcolm X College, Olive-Harvey College, and Richard J. Daley College. Vice Chair Swanson asked if this certificate program was introducing new courses at other colleges other than Harry S Truman College. Provost Potter noted that each of the mentioned colleges already offer the necessary courses for the certificate program. The Provost explained that no new costs were being incurred to allow students to complete the existing courses and get the certificate.

Provost Potter continued reviewing Resolution 1.05 and the faculty renewal and non-renewal contract process. The Provost concluded his report by reviewing Resolution 1.06 and the sabbatical approval process.

General Counsel Gowen reported on Resolutions 1.07 and 1.08, noting that they would be discussed during Closed Session at the February 2019 Regular Board Meeting.

Chief Talent Officer (CTO) Ross reported on the Section 2.00 Personnel Report. Trustee Telman asked how new hires aligned with the budget. CTO Ross explained that the majority of new hires included in the Personnel Report were budgeted positions or replacements. CTO Ross noted that the Office of Human Resources and the Office of Finance work together to ensure targets are met. Trustee Telman asked if salaries were consistent with replacements. CTO Ross affirmed this, noting that the salary range remains consistent and that funds are reallocated or pooled from other vacant positions in order to balance budgets and targets.

Next, Executive Vice Chancellor (EVC) Lugo reviewed Section 3.00, the Resource Development Report. He expressed the intent to enhance financial transparency between City Colleges of Chicago and the City Colleges of Chicago Foundation moving forward. EVC Lugo also noted the departure of VC Stazen. Secretary Duque expressed her appreciation for former VC Stazen's roll in planning and running the inaugural Seven Strong Benefit.

VC Minor reported on Agreement 4.00, followed by Provost Potter's review of Agreement 4.01. EVC Lugo reviewed Agreement 4.02 to hire The LARC Group for interim staffing and management services. Trustee Telman asked if there were other proposals or responses from other MBE/WBE certified firms. EVC Lugo noted that The LARC Group was the only firm to submit a complete response, and while the firm is not currently MBE/WBE certified, it is women and minority-owned, and based on their discussions with City Colleges, have expressed the desire to become formally certified.

VC Minor reviewed Purchase 5.00, the monthly Job Order Contract (JOC) report. Secretary Duque asked how the colleges fared during the recent bad weather. VC Minor responded that the District was prepared and had minimal problems, thanks to advance work by the college engineering teams. VC Minor reported that other than one broken pipe at Kennedy-King College, which was repaired immediately, there were no notable problems. VC Minor concluded the review of Purchases by reporting on Purchase 5.01 and 5.02.

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

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

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

<Motion> Trustee Deborah H. Telman  
<Second> Trustee Darrell A. Williams

Motion carried.

**VIII. MOTION FOR CLOSED SESSION**

Secretary Duque noted that there would be no Closed Session.

**IX. ADJOURNMENT**

Upon the concluding that there were no more items of business to come before the Finance and Administrative Services Committee, Secretary Duque asked for a motion to adjourn.

<Motion> Trustee Deborah H. Telman  
<Second> Trustee Karen Kent

Motion carried.

Meeting Adjourned at 1:14 p.m.

**Clarisol Duque  
Secretary  
Board of Trustees**

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