MINUTES OF FINANCE COMMITTEE MEETING OF
MARCH 12, 2018

Call to Order
Chair Duffy called the meeting to order at 2:02 pm.

Finance committee members present: Mr. Duffy, Chair and Mr. Meyer arrived at 2:07 pm.

Chair Duffy designated all trustees present as members of the finance committee in order to reach a quorum.

Trustees present: Mr. Duffy, Dr. Olayos, Ms. Rakow, Dr. Redmer and Mr. Meyer.

ECC staff and others present: Dr. Sam, President, Ms. Konny, Dr. Heinrich, Ms. Scholl, Ms. Wons, Ms. Cook, Ms. Croft, Mr. Phillips, Ms. Tait, Ms. Folden, Ms. Healy, Mr. Battista, Ms. Pang, Mr. McCoy, Ms. Strossner, Ms. Johnson, Dr. Thompson, Ms. Schopen, Dr. Miller, Ms. Webb, Ms. Perrin, Ms. Sawyer, Ms. Bucek, and Dr. Roeger.

1. Approval of Meeting Minutes of the Finance Committee of December 11, 2017
   Chair Duffy Called for motion to approve the December 11, 2017 minutes.
   Motion: Trustee Rakow moved to approve the December 11, 2017 minutes.
   Second: Trustee Olayos seconded the motion.

2. Internal Audit Reports
   Ms. Folden provided a brief summary of the three internal audit reports:
   - Athletic Compensation Internal Audit
   - Sales Tax Internal Audit
   - 2017 Fall Title VI Review

3. Fiscal Year 2018 Budget Update
   Ms. Scholl presented a review of variances of funds budgeted and actual costs. We have received more from the state than was budgeted. She reported that the college is still waiting for some of the final extensions from the 2017 property taxes and she provided conservative estimates on the update. We have not transferred money from O & M to our deferred maintenance fund and we may potentially want to make a transfer for future use. A discussion ensued regarding the deferred maintenance list and future expenditures.

4. College Insurance Program (CIP) Liability
   Ms. Konny explained that GASB Statement No. 75 requires colleges and universities to record their proportionate share of half of the unfunded retiree employee health plan liability on their books. This begins with fiscal year ending June 30, 2018. Sikich’s (the college’s auditing firm) estimate of the college’s share is $41,791,395 for this year. This liability will
continue to grow; and must be reflected on the college’s books annually. She cautioned, as our budget grows, our operating expense reserve will also grow. Trustee Rakow inquired if this would affect our bond rating. According to Ms. Konny, our auditing firm recommended the college fund a portion upfront and establish a plan for long term funding. If we don’t it will ultimately affect our bond rating.

5. Tuition Recommendation for Fiscal Year 2019
Ms. Konny explained this recommendation for an increase in our in-district tuition will generate revenue of about $480,000 and will support items identified in the Strategic Plan. A discussion ensued in which Mr. Meyer inquired if the college could reach budget expectations without a tuition increase. He shared that the governor stated higher education would receive flat funding from the state for the coming year, adding that he did not feel he could support a tuition increase. Dr. Sam explained the institution has three main sources of revenue, and one remains uncertain. An increase of $3 will enable us to align educational offerings with our strategic plan. Trustee Redmer was in favor of the increase. She stated if we do not do it now; our students could be hit with a huge increase next year. She added that now is the time to begin offering more motivational, cutting-edge classes. This will continue to make Elgin Community College a destination institution of opportunity for future education in new technology and emerging fields of study. As a good portion of our budget is uncertain, Mr. Duffy feels that we will lose the opportunity if we wait. Trustee Olayos commented that Trustee Meyer makes a good point, but she agrees with Trustee Redmer and supports going with a modest increase this year. Trustee Rakow is in favor of the tuition increase in the face of the uncertainty of state funding. She hopes she is incorrect and we have the ability to freeze tuition next year.

6. Fiscal Year 2109 Budget Update
Ms. Scholl explained this budget reflected a conservative estimate in state funding of $2.4M, adding that she has reflected a slight increase in other revenue. This increase is related to the Local Debt Recovery Act, in which the college can take write-offs (bad debt) from the last seven years and turn those over to the state comptroller’s office. The comptroller’s office will deduct funds due to ECC from income tax refunds and turn those funds over to us. Ms. Scholl stated we are expecting a couple hundred thousand dollars the first couple of years, and then it will level off.

7. Auxiliary Business Plans
The committee discussed each plan: some of the observations were:
- The college needs a proper fitness center with updated equipment and more room.
- The need for more recruitment of women athletics.
- Are our wellness people interfacing with our student population in the field of physical wellness in the education of chronic diseases, obesity and diabetes?
- Food Service continues to be a challenge
- The Arts Center has an excellent reputation with outstanding programs and the Board is pleased to see they are now self-sufficient.
- The Board is pleased to see the building momentum at our Center for Emergency Services.
8. **Audience Wishing to Address the Committee**
   There were no audience members wishing to address the finance committee.

9. **Old Business**
   None

10. **New Business**
    None

**Adjournment**
   **Motion:** Trustee Olayos called for motion to adjourn.
   **Second:** Trustee Meyer seconded the motion.

   Chair Duffy adjourned the meeting at 3:35 p.m.

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John Duffy, Chair Finance Committee

Juline Smith, Recording Secretary