

Lake Land College
Finance Committee
February 7, 2019

Minutes

The Finance Committee of the Board of Trustees met on February 7, 2019, in room 011, Board and Administration Center, at Lake Land College, Mattoon, Illinois. Committee Chair Ann Deters called the meeting to order at 1:00 p.m.

Trustee Committee Members Present:

Mr. Gary Cadwell, Committee Member
Mr. Dave Storm, Ex Officio Committee Member
Mr. Mike Sullivan, Committee Member (arrived 1:06 p.m.)
Ms. Ann Deters, Committee Chair

Trustee Committee Members Absent:

None.

Other Trustees Present:

None.

Others Present:

Dr. Josh Bullock, President
Mr. Bryan Gleckler, Vice President for Business Services
Dr. Tina Stovall, Vice President for Student Services (retiring Feb. 15, 2019)
Ms. Beth Gerl, Vice President for Student Services
Mr. Jon Althaus, Vice President for Academic Services
Ms. Jean Anne Grunloh, Senior Executive to the President
Dr. Jim Hull, Vice President for Workforce Solutions and Community Education
Ms. Madge Shoot, Comptroller
Mr. Scott Rawlings, Director of Physical Plant

Hearing of Citizens, Faculty, or Staff.

Chair Deters asked if there were any public comments. There were none.

Approval of Minutes of December 6, 2018 Meeting.

Trustee Storm moved and Trustee Cadwell seconded that the minutes of the December 6, 2018, Finance Committee meeting be approved.

There was no further discussion.

Roll Call Vote:

Yes: Trustees Cadwell, Deters, and Storm. No: None. Absent: Sullivan.

Motion Carried.

Facilities Planning Discussion.

Mr. Bryan Gleckler, Vice President for Business Services, presented to the Committee on five proposed facility and/or campus construction projects. Trustees reviewed a summary handout Mr. Gleckler provided of the proposed projects as well as a spreadsheet detailing historical spending summary comparisons for fiscal years 2015 through 2019 (projected end of year 2019). Mr. Gleckler highlighted the need, scope and proposed funding sources for each of these projects. A summary follows:

- Phase one of the Technology / Workforce Development Center on campus: This facility is needed to transition all current Workforce Development Center operations away from the facility the College rents at 305 Richmond Ave East, Mattoon, by the end of the College's five-year lease period. Planned completion is spring 2021. The construction budget estimate is \$3,325,000. Funding sources will be \$1,600,000 from the Workforce Development Center sale proceeds and \$1,725,000 from the College's operational fund balance.
- Maintenance Storage Facility: This additional storage space is needed to house records and equipment currently stored at the Workforce Development Center facility the College rents at 305 Richmond Ave East, Mattoon, and throughout campus locations. A portion of this building will also serve as a temporary lab for the Building Construction Trades program. Targeted completion date is August 2019. The construction budget estimate is \$375,000. The funding source will be from the FY 2019 operational budget.
- The Advancement Center: This project will address the need for large event space on campus to host meetings, receptions and small banquets for college and student sponsored groups. Additionally, the Center will provide a permanent home for the Foundation and Alumni offices. Targeted construction date is for an open in the fall of 2020. The construction budget estimate is \$1,500,000. The proposed funding source will initially be from the College's operational fund balance but will be re-paid by a specific donation received by the Lake Land College Foundation over a six-year period at \$250,000 per year. Dr. Bullock said this would not reduce, in any way, the amount of scholarships available to Lake Land students. Dr. Bullock said the reason the administration brought this proposal from the Foundation Board to the Finance Committee and not the Buildings and Site Committee is to seek consensus on a proposed Memorandum of Understanding (MOU) with the Lake Land College Foundation for this funding agreement. Dr. Bullock said the College's legal counsel has reviewed the proposed funding plan and the administration has been advised that it abides by applicable community college laws and the Foundation's By-Laws.
- Additional Geothermal Well Field for Campus Diversification Loop: This project is needed to improve the efficiency of the College's geothermal system. Targeted construction date is for completion by July 1, 2019. The construction budget estimate is

\$1,410,000. Funding sources will be \$1,000,000 in remaining proceeds from the 2018 Bond and \$410,000 from the FY 2019 operational budget.

- Roadway/Parking Lot Safety Improvement: This project is needed to create a ring-road environment around parking lots A and B to enhance traffic safety and improve flow. Targeted construction date is for summer of 2019. The construction budget estimate is \$125,000. The funding source will be from the FY 2019 operational budget.

Trustees reviewed the following proposed funding summary:

Workforce Development Center Sale Proceeds	\$1,600,000
College's Operational Fund Balance <i>(with \$1,500,000 million to be repaid over six years by a specific donation received through the Lake Land College Foundation).</i>	\$3,225,000
FY 2019 Operational Budget	\$ 910,000
Remaining Proceeds from the 2018 Bond	\$1,000,000
Total	\$6,735,000

Dr. Bullock said the College had a balance of approximately \$17.5 million in its operational fund at the beginning of the current fiscal year and that there is an additional \$5.4 million balance in the College's working cash interest fund.

Following discussion, each Committee member expressed support for the proposed projects and the correlating funding plans. Dr. Bullock then said that with the Finance Committee's consensus the administration will proceed to develop plans for these projects and work with the Foundation's Board of Directors to finalize the above-referenced funding MOU. He said the administration will bring these issues back for the Board's consideration at an upcoming regular Board meeting. He also said the administration will proceed with developing plans for all projects detailed above and communicate information about the proposed projects to staff.

Bills for Payment and Travel Expenses.

Trustees reviewed the summary and details of bills for payment and travel expenses for January 2019.

Trustee Sullivan moved and Trustee Cadwell seconded that the Finance Committee recommend to the Board approval of bills for payment and travel expenses for January 2019.

There was no further discussion.

Roll Call Vote:

Yes: Trustees Cadwell, Deters, Storm and Sullivan. No: None. Absent: None.

Motion Carried.

December 2018 Financial Statements.

Trustees reviewed the December 2018 Financial Statements and a memorandum from Mr. Gleckler detailing significant variances for the statements. Trustees also reviewed corresponding monthly financial spreadsheets, which provide a summary of all operational expenditures year to date as compared to budgeted amounts, a salary, and benefits summary with FY 2019 projected final spending levels, and year to date spending through December 2018 for the College's other funds (Funds 3, 4, 5, 6, 11 and 12). Mr. Gleckler presented highlights of the financial statements and narrative report. Mr. Gleckler and Ms. Madge Shoot, Comptroller, answered various questions by the Trustees.

Trustee Storm inquired about how the administration is planning development of next year's budget. Mr. Gleckler said the administration will be evaluating expenditures for non-personnel budget items to consider how we should, where appropriate, re-dedicate dollars to better serve our students. Mr. Gleckler expressed concerns for potential budget challenges such as the proposed state legislation to increase the minimum wage to \$15 per hour. Mr. Gleckler said that if the rate were moved immediately to \$15 per hour the impact to the College will be approximately \$600,000 annually. He said that if the new minimum wage rate is gradually phased in over time then the impact to the College is approximately \$170,000 for every one dollar increase in minimum wage. He also said these estimates do not account for other issues such as the potential impact of wage compression. Dr. Bullock highlighted two more concerns including the College's potential exposure to additional SURS penalties created by the 3% wage increase cap and the potential negative impact for our students in regards to availability for paid internships and work-based learning experiences.

Trustee Storm moved and Trustee Deters seconded that the Finance Committee recommend to the Board approval of the December 2018 Financial Statements as presented.

There was no further discussion.

Roll Call Vote:

Yes: Trustees Cadwell, Deters, Storm and Sullivan. No: None. Absent: None.

Motion Carried.

Other Business.

There was no additional discussion.

Adjournment.

Trustee Storm moved and Trustee Sullivan seconded to adjourn the meeting of the Finance Committee at 1:51 p.m.

Motion carried by unanimous voice vote approval.

Approved by:

/s/Mr. Dave Storm, Finance Committee Chair/Secretary