

**BOARD OF TRUSTEES**  
**McHENRY COUNTY COLLEGE DISTRICT #528**

Monday, October 17, 2016  
6:30 p.m.

**Board Room**  
8900 U.S. Highway 14  
Crystal Lake, IL 60012

EVALUATION AND POLICIES COMMITTEE

**AGENDA**

1. Call to Order
2. Roll Call
3. Acceptance of Agenda
4. Acceptance of Minutes: Evaluation and Policies Committee Meeting, July 18, 2016
5. Open for Recognition of Visitors and Presentations  
***Three (3) minutes per person or less***
6. Discussion of President Evaluation
7. Discussion of Board Self-Evaluation
8. Items for Review in Section 2 of the Board Policy Manual
  - A. Discussion - Reimbursement of Travel, Meal and Lodging Expenses
  - B. New - Disadvantaged Business Enterprises
  - C. Existing - 2.1.1 Investments
9. Comments by Committee Members
10. Set Agenda for Next Meeting
11. Closed Session
  - A. Other matters as pertain to the exceptions of the Open Meetings Act
12. Adjournment



Chris Jenner  
Chair

## FOR DISCUSSION

### BOARD POLICY FOR REIMBURSEMENT OF TRAVEL, MEAL AND LODGING EXPENSES

The Illinois General Assembly recently enacted Public Act 99-0604, known as the "Local Government Travel Expense Control Act", which Act becomes effective on January 1, 2017. As required by the Act, it is the policy of McHenry County College (the "College") to regulate the reimbursement of all College Board member, administrator, and employee travel expenses as set forth below:

1. **Definitions.**
  - a. "Entertainment" includes, but is not limited to, shows, amusements, theaters, circuses, sporting events, or any other place of public or private entertainment or amusement, unless ancillary to the purpose of the program or event.
  - b. "Travel" means any expenditure directly incident to official College business travel by Board members, administrators, officers or employees of the College involving reimbursement to travelers or direct payment to private agencies providing transportation or related services.
2. **Reimbursable Rates.** The College shall reimburse permitted travel expenses as set forth on Exhibit A to this Policy.
3. **Reimbursement Request Form.** The College shall only approve reimbursement of expenses if the Board member, administrator, officer or employee submits said expenses on the College's Reimbursement Request Form, attached as Exhibit B. All documents submitted to the College for reimbursement are public records subject to disclosure under the Freedom of Information Act, unless otherwise protected under that Act.
4. **Entertainment Expenses.** The College shall not reimburse any Board member, administrator, officer, or employee for any entertainment expense unless such expense is ancillary to the purpose of the program or event.
5. **Board Approval of Certain Reimbursable Expenses.** The following expenses for travel, meals, and lodging may only be approved by a roll call vote at an open meeting of the Board of Trustees of the College:
  - a. Any reimbursable expenses of a College administrator, officer or employee that exceeds the maximum allowed under the regulations adopted under Section 2 of this Policy.
  - b. Any reimbursable expense of a member of the Board Trustees of the College.
  - c. Any other reimbursable expenses because of emergency or other extraordinary circumstances.
6. **Compliance with Act.** The College shall comply with all other requirements of the Local Government Travel Expense Act. Any College policy, procedure or resolution that conflicts with the provisions of the Local Government Travel Expense Act is hereby repealed or superseded to the extent of such conflict.

**FOR DISCUSSION**

**EXHIBIT A – PERMISSIBLE TRAVEL EXPENSES**

The maximum reimbursable rates for travel are set forth as follows:

<b>Maximum Reimbursable Rates for Transportation</b>	
Air Travel	Lowest reasonable rate (coach)
Auto	IRS Standard Mileage Rate at time of reimbursement (e.g. \$0.54 / mile for 2016)
Rental Car	Lowest reasonable rate (midsize)
Rail or Bus	Lowest reasonable rate and cost shall not exceed Air Travel
Taxi, Shuttle, Rideshare, or Public Transportation	Actual reasonable rate

<b>Maximum Reimbursable Rates for Meals</b>	
Breakfast	\$17.00
Lunch	\$18.00
Dinner	\$34.00

<b>Maximum Reimbursable Rates for Lodging</b>	
Chicago and Suburban Cook County	\$222.00 / night
DuPage, Kane, Lake, McHenry and Will Counties	\$112.00 / night
All other Illinois Counties	\$112.00 / night
Outside of Illinois	\$222.00 / night or as approved by the Board

All travel must also follow the MCC Travel Procedures manual, except to the extent that any Travel Expense Reimbursement Procedure that is contrary to any provision of the Local Government Travel Expense Control Act, or the College's Board Policy for Reimbursement of Travel, Meal, and Lodging Expenses, it will be superseded by the Act or applicable Board policy.

The following expenses shall not be reimbursable:

Refer to the MCC Travel Procedures manual under Non-Reimbursable Expenses

[https://mymcc.mchenry.edu/resources/policyprocedures/Documents/MCC\\_Travel\\_Procedures.pdf](https://mymcc.mchenry.edu/resources/policyprocedures/Documents/MCC_Travel_Procedures.pdf).

**FOR DISCUSSION**

**EXHIBIT B - TRAVEL EXPENSE REIMBURSEMENT REQUEST FORM**

Before an expense for travel, meals, or lodging may be approved under College Policy No. \_\_\_\_\_, the following minimum documentation must first be submitted, in writing, to the Board of Trustees of the College:

- (1) The name of the individual who received or is requesting the travel, meal, or lodging expense and the individual's job title or office.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Job Title/Office

- (2) The date or dates and nature of the official College business for which the travel, meal, or lodging expense was or will be expended. Please attach supporting documentation describing the nature of the official College business event or program.

\_\_\_\_\_  
Name of Event or Program

\_\_\_\_\_  
Date(s) of Event or Program

\_\_\_\_\_  
Location of Event or Program

\_\_\_\_\_  
Purpose of Event or Program

- (3) An estimate of the cost of travel, meals, or lodging if expenses have not been incurred or a receipt of the cost of the travel, meals, or lodging if the expenses have already been incurred. Please attach either (a) a document explaining the basis for your estimate if expenses have not yet been incurred or (b) receipts if the expenses have already been incurred.

You may also provide such other documentation as would assist the Board of Trustees in considering your request for reimbursement. In the discretion of the Board of Trustees, additional documentation relevant to the request for reimbursement may be required prior to action by the Board of Trustees with respect to the reimbursement request.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

**FOR DISCUSSION**

**BOARD OF TRUSTEES OF MCHENRY COUNTY COLLEGE DISTRICT 528**

**RESOLUTION APPROVING BOARD POLICY FOR REIMBURSEMENT OF TRAVEL, MEAL AND LODGING EXPENSES**

WHEREAS, the Illinois General Assembly has recently enacted Public Act 99-0604, known as the "Local Government Travel Expense Control Act", which Act becomes effective on January 1, 2017; and

WHEREAS, pursuant to the Act, non-home rule units of local government, including community college districts, are required to establish regulations with respect to allowable travel expenses.

NOW, THEREFORE, be it resolved by the Board of Trustees of McHenry County College District No. 528 as follows:

Section 1. The recitals set forth hereinabove shall be and are hereby incorporated as findings of fact as if said recitals were fully set forth herein.

Section 2. The Board of Trustees has prepared Board Policy No. \_\_\_\_ which regulates the reimbursement of all travel, meal, and lodging expenses of Board members, administrators and employees. A copy of Board Policy No. \_\_\_\_, and its applicable exhibits, is attached hereto as Exhibit 1 to this Resolution.

Section 3. The Board of Trustees hereby resolves to adopt Board Policy No. \_\_\_\_\_.

Section 4. Any Board policy or prior resolution that conflicts with the provisions of this Resolution shall be and is hereby repealed or superseded to the extent of such conflict.

Section 5. This Resolution shall be in full force and effect upon its passage.

PASSED THIS \_\_\_\_ day of \_\_\_\_\_, 2016.

AYES:

NAYS:

ABSENT:

APPROVED THIS \_\_\_\_ day of \_\_\_\_\_, 2016.

ATTEST:

\_\_\_\_\_  
Chair, Board of Trustees

\_\_\_\_\_  
Secretary, Board of Trustees

Informational background regarding the current policy listed above and the reasons for suggesting no changes; making changes to current policy; addition of new policy or deletion of current policy.

The college attorney is recommending adding a new policy to support the Business Enterprise for Minorities, Females and Persons with Disability Act.

Approved as presented on \_\_\_\_\_  Approved with noted changes on \_\_\_\_\_  Under advisement

**Proposed new policy****x.x DISADVANTAGED BUSINESS ENTERPRISES**

The College recognizes the importance of increasing the participation of businesses owned by minorities, females and persons with disabilities<sup>1</sup> in public contracts in an effort to overcome the discrimination and victimization such firms have historically encountered.<sup>2</sup> It is the College's policy to promote the economic development of businesses owned by minorities, females and persons with disabilities by setting aspirational goals to award contracts to businesses owned by minorities, females, and persons with disabilities for certain services as provided by the *Business Enterprise for Minorities, Females and Persons with Disabilities Act*, 30 ILCS 575/0.01 et seq. (the "Act") and the *Business Enterprise Council for Minorities, Females, and Persons with Disabilities* (the "Council").<sup>3</sup>

In support of this policy, the College will encourage the participation of qualified minority, female and persons with disability owned businesses by advertising, whenever possible, with trade associations, service organizations, minority newspapers and other appropriate media and other organizations focused on the needs of businesses owned by minorities, females and persons with disabilities to alert potential contractors and suppliers of opportunities. The College will support key administrative and staff members to attend and participate in training sessions, workshops, conferences and seminars dealing with procurement through qualified minority, female and persons with disability-owned businesses in compliance with the Act.

In furtherance of the above:

1. The College President<sup>4</sup> shall appoint a liaison to the Council;
2. The College Liaison shall file an annual compliance plan with the Council, which shall include a copy of this Policy, signed by the College President, which shall outline and summarize the College's goals for contracting with businesses owned by minorities, females and persons with disabilities for the current fiscal year, the manner in which the College intends to reach these goals, a timetable to reach these goals, and procedures to support this Policy as specified by the Act<sup>5</sup>;
3. The College Liaison shall file an annual report with the Council<sup>6</sup>;
4. The College Liaison shall provide notice to the Council of proposed contracts for professional and artistic services<sup>7</sup>;
5. The College shall use bid forms identifying the bidder's percentage or disadvantaged business utilization plans; and percentage of business enterprise program utilization plan<sup>8</sup>; and
6. The College shall comply with all other requirements of the Act.

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<sup>1</sup> As defined in 30 ILCS 575/2.

<sup>2</sup> See 30 ILCS 575/1.

<sup>3</sup> This Council was created to implement, monitor, and enforce the goals of the Act. See 30 ILCS 575/5.

<sup>4</sup> *Id.*

<sup>5</sup> 30 ILCS 575/6(a).

<sup>6</sup> 30 ILCS 575/6(c).

<sup>7</sup> 30 ILCS 575/6(a).

<sup>8</sup> 30 ILCS 575/7(5).

Approved as presented on \_\_\_\_\_  Approved with noted changes on \_\_\_\_\_  Under advisement

Informational background regarding the current policy listed above and the reasons for suggesting no changes; making changes to current policy; addition of new policy or deletion of current policy.

Mr. Tenuta reviewed the policy and is suggesting minor changes to item J. Collateralization. The proposed changes are listed on pages 4 and 5:

Item #2 addition and deletion of verbiage

Item #5 add new definition

Item #6 renumber current item #5 to #6 and addition of verbiage

Approved as presented on \_\_\_\_\_  Approved with noted changes on \_\_\_\_\_  Under advisement



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**Proposed changes (Items added are in bold and items to be removed are in struck through)**

**2.1.1 INVESTMENTS**

A. Scope of Policy

As required by the *Public Funds Investment Act (30 ILCS 235/1 et seq.)*, this Investment Policy governs the investment of all College funds including any new or temporary funds placed within the custody of the College, and will be administered consistent with applicable state and federal laws.

B. Objectives

The purpose of this Investment Policy is to establish cash management and investment guidelines for the stewardship of public funds of the College. The specific objectives of the policy will be as follows:

1. Safety – The security of monies, whether on hand or invested, shall be the primary concern of the Treasurer in selecting depositories or investments.
2. Liquidity - The investment portfolio shall remain sufficiently liquid to meet all reasonably anticipated operating requirements.
3. Return -The Treasurer shall seek to attain a market average or better rate of return throughout budgetary and economic cycles, taking into account risk, constraints, cash flow, and legal restrictions on investment. All investments shall be selected on the basis of competitive bids.

C. Diversification

The College will diversify its investments to the best of its ability based on the type of funds invested and on cash flow needs. Diversification can be by type of investment, number of institutions invested in, and length of maturity, and shall seek to reduce the risk of loss which may result from over-concentration in a specific maturity, issuer, or class of securities. No more than 5% of the College's funds may be invested in any one single issuer, with the exception of the U.S. Treasury or any of the federal agencies or instrumentalities.

D. Responsibility of College Treasurer for Investment Program and Related Operational Procedures

The Board delegates the investment of funds to the Treasurer. The Treasurer shall be responsible for all transactions and shall establish written operational procedures designed to prevent losses of funds that might arise from fraud, employee error, misrepresentation by third parties, or imprudent action by employees of the College. The procedures shall include a system of controls for all authorized subordinates who are directly involved in investment activities. Only the Treasurer is authorized to establish financial accounts and investments for the College. Authorized signatories are not permitted to reconcile bank accounts at any time.

The Treasurer shall annually cause an independent review of internal controls to be conducted by external auditors, to ensure compliance with this aspect of the Investment Policy.

The College may engage the services of an external investment manager to assist in the management of the College's investment portfolio in a manner consistent with the College's objectives. Such external managers may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. Such managers must be registered under the *Investment Advisers Act of 1940*.

Approved as presented on \_\_\_\_\_     Approved with noted changes on \_\_\_\_\_     Under advisement

E. Performance Measures

The Treasurer will seek to earn a rate of return appropriate for the type of investments being managed, given the portfolio objectives, and will strive to earn, over the course of a complete business cycle, an average rate of return equal to or greater than the College's designated benchmark(s). The Treasurer will establish and maintain the College's benchmark(s).

F. Periodic Review of Investment Portfolio

The Treasurer shall conduct appropriate periodic reviews, not less than annually, of the investment portfolio, its effectiveness in meeting the College's needs for safety, liquidity, rate of return, and diversification, and its general performance.

G. Reporting

The Treasurer will report monthly to the Board of Trustees on all investments, by College fund, financial institution, investment amount, interest rate, maturity date and other pertinent information deemed necessary. At least quarterly, the Treasurer shall provide a written report of investment activities to the Board of Trustees and College President, including information regarding securities in the portfolio by class or type, book value, income earned, and market value as of the report date.

H. Authorized Investments

The College may invest its funds in any investments allowed by Section 2 of the *Public Funds Investment Act*, (30 ILCS 235/2) including, without limitation, the following:

1. Notes, bonds, certificates of indebtedness, treasury bills, or other securities, which are guaranteed by the full faith and credit of the United States of America as to principal and interest.
2. Bonds, notes, debentures or other similar obligations of the United States of America, its agencies, and its instrumentalities.
3. Interest bearing accounts, interest-bearing certificates of deposit or interest bearing time deposits or any other investments constituting direct obligations of any bank as defined by the *Illinois Banking Act*.
4. Short term obligations of corporations organized in the United States with assets exceeding \$500,000,000 if (i) such obligations are rated at the time of purchase at the highest general short-term classification established by at least 2 standard rating services and is on the approved list of the College's contracted SEC registered Investment Advisor and which mature not later than 270 days from the date of purchase, (ii) such purchases do not exceed 10% of the corporation's outstanding obligations and (iii) no more than one-third of the College's funds may be invested in short term obligations of corporations.
5. Interest bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, of any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the municipality or county or held under a custodial agreement at a bank. The bonds shall be rated at the time of purchase within the 3 highest general classifications established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions.
6. Money market mutual funds registered under the *Investment Company Act of 1940*, provided that the portfolio of any such money market mutual fund is limited to

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obligations described in paragraph (1) or (2) of this subsection and to agreements to repurchase such obligations.

7. Mutual funds that invest primarily in corporate investment grade short term bonds. Purchases of mutual funds in short term bonds shall be limited to funds with assets of at least \$100 million and that have an average credit quality of at least a single A rating established by a recognized rating service. No more than 25% of the College's funds may be invested in these mutual funds.
8. Investment options offered by the Illinois Trust, IIIT Class
9. Investment options offered by the Treasurer of the State of Illinois (i.e. Illinois Funds).
10. Investment options offered by the Illinois School District Liquid Asset Fund Plus.
11. Investment Options offered by the Illinois Metropolitan Investment Fund.

Any percentage limits, rating requirements, or other investment parameters identified throughout this investment policy will be calculated and/ or evaluated based on the original cost of each investment at the time of purchase of the security in determining compliance with the investment policy.

I. Selection of Financial Institutions

Financial institutions which are located in Community College District No. 528 or have a branch office in the District may request to become a depository for College funds, upon meeting the requirements of Section 6 of the *Public Funds Investment Act* ("Act") and of this Policy. In selecting all depositories, the College will require compliance with Section 6 of the Act, and will take into consideration a financial institution's security, size, location, financial condition, service, fees, competitiveness, and community relations involvement. Funds also may be deposited with investment options offered by the Treasurer of the State of Illinois (i.e., Illinois Funds).

The College will not maintain funds in any financial institution that is not a member of the Federal Deposit Insurance Corporation (FDIC) system. In addition, the College will not maintain funds in any institution not willing or able to post required collateral for funds or to purchase private insurance to protect College funds on deposit in excess of FDIC insurable limits.

J. Collateralization

1. It is the policy of the College to require that time deposits in excess of federally insured limits be secured by collateral (110%), or if, at the time of purchase, the bank carries a top tier short-term rating of A1/P1 or better without regard to gradation and long-term rating of A- or better and is on the Approved List of the College's contracted SEC-registered Investment Advisor, or private insurance to protect public deposits in a single financial institution if it were to default.
2. Eligible collateral instruments are any investment instruments acceptable under and subject to the conditions set forth in Sections 6(d) through 6(g) of the *Illinois Public Funds Investment Act*, 30 ILCS 235/6(d) - 6(g). The collateral must be placed in safekeeping at or before the time the College ~~places the deposits with the bank~~ ~~buys the investments~~ so that it is evident that the purchase of the investment is predicated on the securing of collateral.
3. Maturity of acceptable collateral shall not exceed 120 months.
4. The ratio of fair market value of collateral to the amount of funds secured shall be reviewed monthly and additional collateral will be requested when the ratio declines below the level required.

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5. Single institution pools can be used to pledge collateral to cover uninsured deposits at financial institution(s). A pledge report shall be received directly from the custodian.

6. Safekeeping of Collateral

Third party safekeeping is required for all collateral. To accomplish this, the pledged securities will be held at a safekeeping depository, separate from the bank where the deposits are placed, as approved from time to time by the Treasurer.

Safekeeping will be documented by an approved written agreement. Substitution, exchange or release of securities held in safekeeping may be done upon two (2) days prior written notice to the Treasurer, and only on condition that the market value of the replacement securities is equal to or greater than the market value of the securities for which they are being substituted.

K. Safekeeping of Securities

Securities, unless held physically by the College, require third party safekeeping. The College will have the sole responsibility for selecting safekeeping agents. Safekeeping will be documented by an approved written agreement.

L. Prudent Person Standard

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the possible income to be derived.

In maintaining its investment portfolio, the Treasurer shall avoid any transaction that might impair public confidence in McHenry County College.

The above standards are established as standards for professional responsibility and shall be applied in the context of managing the portfolio.

The Treasurer and employees of the College acting in accordance with this Investment Policy and procedures as have been or may be established and exercising due diligence shall be relieved of personal liability for an individual security's credit risk or market changes.

M. Ethics and Conflicts of Interest

No person involved in the investment process shall make any investment decision based upon personal or political gain or consequence. This Policy will be administered consistent with Federal and State laws pertaining to public funds investments.

N. Amendment

This Policy will be reviewed annually, during the quarter after fiscal year end, and revised upon approval of the Board of Trustees.

## **Final policy**

### **2.1.1 INVESTMENTS**

#### **A. Scope of Policy**

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The Treasurer shall annually cause an independent review of internal controls to be conducted by external auditors, to ensure compliance with this aspect of the Investment Policy.

The College may engage the services of an external investment manager to assist in the management of the College's investment portfolio in a manner consistent with the College's objectives. Such external managers may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. Such managers must be registered under the *Investment Advisers Act of 1940*.

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obligations described in paragraph (1) or (2) of this subsection and to agreements to repurchase such obligations.

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Any percentage limits, rating requirements, or other investment parameters identified throughout this investment policy will be calculated and/ or evaluated based on the original cost of each investment at the time of purchase of the security in determining compliance with the investment policy.

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The College will not maintain funds in any financial institution that is not a member of the Federal Deposit Insurance Corporation (FDIC) system. In addition, the College will not maintain funds in any institution not willing or able to post required collateral for funds or to purchase private insurance to protect College funds on deposit in excess of FDIC insurable limits.

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Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the possible income to be derived.

In maintaining its investment portfolio, the Treasurer shall avoid any transaction that might impair public confidence in McHenry County College.

The above standards are established as standards for professional responsibility and shall be applied in the context of managing the portfolio.

The Treasurer and employees of the College acting in accordance with this Investment Policy and procedures as have been or may be established and exercising due diligence shall be relieved of personal liability for an individual security's credit risk or market changes.

M. Ethics and Conflicts of Interest

No person involved in the investment process shall make any investment decision based upon personal or political gain or consequence. This Policy will be administered consistent with Federal and State laws pertaining to public funds investments.

N. Amendment

This Policy will be reviewed annually, during the quarter after fiscal year end, and revised upon approval of the Board of Trustees.