

Minutes of a
Special Meeting
of the
BOARD OF TRUSTEES
OF NORTHERN ILLINOIS UNIVERSITY
February 16, 2005

CALL TO ORDER AND ROLL CALL

The meeting was called to order by Vice Chair Barbara Giorgi Vella at 2:00 p.m. in the Board of Trustees Conference Room, Altgeld Hall Room 315. Recording Secretary Mimms conducted a roll call of Trustees. Members present were Trustees Robert Boey and Student Trustee Eric Johnson. Present via teleconference were Trustee Myron Siegel and Vice Chair Barbara Giorgi Vella. Trustee Manuel Sanchez joined the meeting in progress via teleconference. Not present were Trustee George Moser and Chair Gary Skoien. Also present were Board Parliamentarian Kenneth Davidson and President John Peters. With a quorum present, the meeting proceeded.

VERIFICATION OF APPROPRIATE NOTICE OF PUBLIC MEETING

Confirmation of Open Meetings Act public notice compliance was provided by Board Parliamentarian Ken Davidson.

MEETING AGENDA APPROVAL

After discussion with President Peters and a review of the printed Agenda before us, Acting Chair Vella said, I am requesting a motion to approve the proposed meeting agenda. Trustee Boey made a motion to approve the meeting agenda. Trustee Siegel seconded the motion. The motion was approved.

CHAIR'S COMMENTS/ANNOUNCEMENTS

I appreciate all of you making the effort to join us today, Acting Chair Vella said. The business of the university does not always fit neatly into our regular meeting schedule, especially when that business involves an exciting new opportunity. That is certainly the case with our meeting today. We have two items before us this afternoon. One involves the financing of our new neutron therapy clinic at FermiLab, which I understand has begun seeing patients. We have made great strides in getting an infrastructure in place there to support this important program.

The second item is anything but routine and represents what I think is an exciting and integral part of the NIU culture. We have an opportunity to do something wonderful for our students and our community, and we have found a way to do it that involves a number of different partners. At President Peters' State of the University Address this year, he alluded to some plans involving greater NIU involvement in programs dealing with health and wellness. We took a first step in that direction with the neutron therapy venture. Now we are being asked to consider a second health sciences-related initiative. This one builds on the strength of well-respected existing NIU programs and opens the door for expansion of partnerships between the university and other community and regional organizations. I know that President Peters and his staff are anxious to present both of these items.

And now I want to welcome University Advisory Committee representatives who may be present this afternoon: Dr. Paul Stoddard, Dr. Xueshu Song, Dr. Ferald Bryan, Dr. Joseph Stephens, Ms. Shey Lowman and Ms. Donna Smith. Dr. Stoddard expressed the gratification of the university faculty and staff that the university is pursuing these types of goals which, he said, look to be very exciting opportunities for everyone involved.

PUBLIC COMMENT

The Vice Chair asked Board Parliamentarian Kenneth Davidson if any members of the public had registered a written request to address the Board in accordance with state law and Board of Trustees Bylaws. Mr. Davidson noted that no timely requests had been received for public comment at that Board meeting.

PRESIDENT'S REPORT NO. 33

As Trustee Vella mentioned, President Peters said, we have two items to present for your consideration today, and it is somewhat coincidental that both are related to health programs at NIU. The first item is somewhat routine and has to do with our ongoing efforts to establish an administrative and financial infrastructure for the NIU Institute for Neutron Therapy at FermiLab. The item, which Kathy Buettner will present to you in a few minutes, deals with establishing an additional depository for university funds associated with the neutron therapy program.

The second and, perhaps, much more interesting item for most of our audience today involves a proposal with some very far-reaching consequences for NIU and many of its programs. While members of the Board are well aware of the background of this project, I would like to ask that they indulge me just briefly as I fill in some background for our audience and members of the media who are present. All of you have heard me say many times that all of our planning at NIU is guided by the needs of our region. Among the many regional needs we are addressing, few loom as large as those associated with health and family wellness issues. Our response has been to step up many of our programs, both in terms of educating new providers and in terms of expanding services to the public. Last year we put together a plan that would allow some of our most popular and high-demand clinical health programs to expand and to work more effectively across college and departmental lines to provide seamless patient services. To accomplish this, we sought federal funding for the project. Turning to our dear friend and alum, NIU Congressman Denny Hastert, for assistance, we developed an appropriations plan to meet congressional deadlines and requirements and university goals to expand and enhance these much sought after health programs, and we began to firm up those plans.

While that planning was underway, Monsanto corporate officials put the DeKalb Genetics property on Sycamore Road on Route 23 up for sale. Initial inquiries indicated they were looking for a buyer of that property who would maintain the facility's history as an entity dedicated to public health and well-being. It became clear to us very quickly that Monsanto was sincerely interested in making this work, and negotiations proceeded quickly and successfully to the point that we are here today, asking for an approval of purchase, which Dr. Williams will detail for you momentarily.

As I mentioned, concurrent with our Monsanto negotiations, we were also working with our own Congressman, Speaker Denny Hastert, and his staff, to align congressional appropriations NIU received in FY04 and FY05 for the enhancement and expansion of health, wellness and literacy programs with the renovation needs of the Monsanto facility. In the end, everything lined up just right. We negotiated a very advantageous purchase price, we received substantial federal funding, and we have created an "anchor program" to begin the creation of a health and wellness center.

Today, we are going to be asking the Board to approve the purchase of the Monsanto DeKalb Genetics property and furnishings for \$6 million. The university will finance \$4 million of that amount for the purchase of the actual buildings and property, while the existing furnishings and equipment inside will be paid for with \$2 million from our federal appropriations. Monsanto agreed to leave the facility furnished with primarily brand new, top quality office furnishings and equipment. It is really quite impressive. This will help NIU immensely as we begin to program the space over the next year.

In total, I am thrilled to be able to announce that NIU has received, again with the help of our good friend and Congressman Denny Hastert, \$8.4 million in federal appropriations which will remodel the building, purchase the existing furnishings and purchase specialized health-related equipment for the new facility. All told, this is a \$12.4 million project, with more than two-thirds of the funding coming from federal appropriations.

The facility we intend to establish will be called the NIU Family Health, Wellness and Literacy Center, anchored by the NIU Speech, Language and Hearing Clinic; the NIU Physical Therapy Clinic; and the NIU Reading Clinic.

The conceptual framework for this project is holistic, that is, we are creating a seamless web of services for families that recognizes the interconnectedness of issues affecting physical health, family dynamics and the academic success needed for individuals to reach their full potential. The location of this facility is in the heart of the DeKalb-Sycamore health corridor. And that is a huge advantage. Within blocks of the Monsanto facility are more than fifteen physician office complexes, rehab centers, clinics and diagnostic facilities, as well as Kishwaukee Hospital and Ben Gordon Mental Health Center.

If this purchase is approved today, it is our hope that we can expand our many partnerships with local providers. The location is certainly convenient for clients, and we believe that this will bring additional dollars into our community from patients traveling across the surrounding areas.

And one more thing I would like to add about this proposed facility. While I have focused primarily on service to community, I do not want to overlook the tremendous opportunities presented to our students. The academic programs in which these clinics operate will be able to greatly enhance the supervised, hands-on learning experiences of both undergraduate and graduate students.

I have tried to provide a brief overview about a process that has been underway for many months and involves a complex set of partners. With that, I would like to return to the specific proposal at hand and ask Dr. Eddie Williams to explain the proposal for which we are asking your approval.

Trustee Sanchez was recognized at this point having entered the meeting via teleconference.

Agenda Item 6.a. – Property Acquisition

I am very honored to bring to you the agreement that would allow Northern Illinois University to acquire this very valuable property, Dr. Williams said. President Peters has given you a very concise and detailed explanation of our strategy. The property itself includes two buildings, one completed in 1989 and the other in 1999. The site includes approximately 23 acres of land. The main building is 110,000 gross square feet. The second building, described as a wet laboratory building, which is how Monsanto used that facility, is approximately 32,000 gross square feet. The site also includes a parking lot which will accommodate over 355 cars.

In negotiating with Monsanto, based upon the direction we received from the Board of Trustees, Dr. Williams said, we were able to enter into discussions regarding not only the building, the facilities and the site itself, but also discussions about the furnishings and the equipment in the buildings. The main building contains six smart conference rooms and those are equipped for full audio-visual as well as computer instruction and presentation. It also has one major classroom that was used for large meetings. Again, this has been totally equipped with state-of-the-art audio-visual and computer instructional equipment. Thus we are pleased to be able to purchase the equipment and furnishings from Monsanto as well.

As the President indicated, Dr. Williams said, the specifics of the agreement call for a total \$6 million acquisition cost. That acquisition cost includes the cost of the land, the buildings, the fixtures, equipment and furnishings. This particular amount can be divided into two parts: for the land and the building, a \$4 million acquisition cost; and for the furnishings, equipment and fixtures, an additional \$2 million. With regard to the terms of the agreement, which I know the Board is very much interested in hearing, there will be a \$2 million payment at closing. The \$4 million balance would be due and payable 12 months after the closing date. This gives us an opportunity for financing that \$4 million balance that remains. Two million dollars will come from a federal grant for the purchase of equipment and furnishings. The university will then finance the balance. We have already investigated how that would be done so that the Board would know at this point that we are very comfortable in moving forward with the project having a strategy in place for financing the \$4 million. In general, I would say that the remaining balance will be supported through generated revenues, bank financing and the potential for bond revenue funds through an offering and the restructuring of our existing debt. So that the Board would be comfortable with the

fact that we have ongoing commitments we can definitely depend on for funding this portion of the debt, he said, we also wanted to explore terms and conditions the university could afford. And I thank Trustee Bob Boey for working with me on this aspect of this deal. Perhaps Trustee Boey can give the Board a better perspective of what we were able to accomplish.

We do have a commitment for standby financing for the full \$4 million, in case we need it, one year from closing at very favorable rates, Trustee Boey said, and, as a result, very affordable debt servicing. In my mind, there is no question about the affordability and the revenue generating sides of it. I am very comfortable. This whole financial structure is remarkable. Given the property we are talking about, it is a win-win situation for the university. There are all sorts of positive results from this acquisition.

I want to again express my appreciation to Trustee Boey for bringing a voice of calm and reason in the midst of these negotiations for helping convince the financial institution to be very favorable to the university in its terms Dr. Williams said.

One last statement Dr. Williams said, as the President indicated, three-fourths of this whole financial package is being covered through federal funding, which means that NIU does have some exposure. But, the good news is we feel very comfortable that our exposure on this is certainly doable. In terms of our analysis of costs, cash flow, debt service requirements, operating costs and other types of financial modeling that would affect this facility, we are very comfortable in saying that we have the wherewithal within our own operation to handle all of the costs and other financial implications that would be associated with this acquisition. And we give the Board that assurance at this point in time.

This is a very unique opportunity that would be foolhardy for us to pass up, Trustee Siegel commented. And we should commend President Peters, Dr. Williams and Kathy Buettner for all of their efforts in putting this together for the university on such tremendously favorable terms.

On behalf of the Board of Trustees, Acting Chair Vella said, I would like to acknowledge all the efforts of Dr. Williams, President Peters and Kathy Buettner in bringing this exciting opportunity to us. And I want to go on record for all of us in thanking Representative Hastert for facilitating the purchase.

In answer to a query from Acting Chair Vella, Ms. Buettner said that the \$2 million was appropriated in the FY04 federal budget. We are now in the process of working with the agency to get the paperwork cleared so that we may receive the check Ms. Buettner said.

I would just like to echo your comments, Trustee Sanchez said. When this first came up as a possibility, I was thinking maybe it was a fantasy. And thanks to all of the hard work of everybody you have mentioned and the help from the Speaker and everyone else, it looks like the fantasy is in fact going to take place. I am very excited for NIU, and I am very excited for our Board and for this school. I think it is a wonderful way to start the first quarter of 2005.

I echo the thanks to Speaker Hastert, Trustee Boey added. He also is a big factor in this planning. So, thanks go to him, as you rightfully put it, on behalf of the Board of Trustees. The facility we are buying is a remarkable one. That property is one of the best kept secrets in DeKalb County in regard to its furnishings, its equipment and its condition, not to mention its location. I think the university would be the one missing linkage that would tie everything together. As you all know there is a new hospital right across the street almost. And with the original campus that the hospital is vacating, there will be room for doctors clinics in there in addition to what is already present on Sycamore Road. This entire facility and this region of DeKalb County is going to become a very unique health servicing center. That is exciting in my mind, and I cannot think of a better way to do it than what is happening right now on Sycamore Road.

Parliamentarian Ken Davidson recommended that the vote be done by roll call at the point where the question is called. Acting Chair Vella asked for a motion to approve the property acquisition as presented by President Peters and Dr. Williams. Trustee Boey so moved, seconded by Student Trustee Johnson. The roll call vote was as follows.

Trustee Boey	Yes	Trustee Siegel	Yes
Trustee Sanchez	Yes	Student Trustee Johnson	Yes
Vice Chair Vella	Yes		

The motion was approved.

Thank you, very much, President Peters said, this is truly a remarkable project. I want to thank the good people that run our clinics and Dean Richmond, Dean Sorenson and the Reading Clinic. This, in large part, is a result of their good work when it caught the imagination of Speaker Hastert and many of us. Now we will be able to expand and give your good work tremendous visibility. There is someone who could not be here today and that is Jerry Carter, who was the principal individual at Monsanto who worked with us. He is the local person, and he has had a difficult job essentially taking apart a wonderful institution. And he did it with extreme professionalism and charm. And, if Jerry Carter were here, we would thank him. I would second that immensely, Trustee Boey said. I know Jerry Carter, and Monsanto, as a corporation, has certainly shown their willingness to work with the university.

Agenda Item 6.b. – Depository Account

President Peters asked Kathy Buettner to brief the Board on the issue of establishing a depository for Northern Illinois University's neutron therapy program.

As the President indicated earlier in the meeting, Ms. Buettner said, the university has begun treating patients at the Neutron Therapy facility at FermiLab. As we have been gearing up to the point where we are able to treat patients, we have explored extensively the field of radiation oncology billing which is very specialized. The university does not have a medical school, nor does it have a tremendous amount of experience in radiation oncology billing. So we found a firm in Texas specializing only in radiation oncology billing that was highly recommended by several proton and neutron facilities throughout the country. We contracted with that firm to handle our billing for Medicare and private insurance. As a result of that, given the electronic transfer provisions that are almost required now under the Medicare law, we are requesting approval from the Board to open a depository account with Compass Bank in Austin, Texas, which is the bank of choice for Revenue Cycle Billing Services. This account will strictly be used for patient revenues that are generated from the neutron therapy program and nothing else. President Peters moved for approval of the depository account by the Board.

Acting Chair Vella asked for a motion to approve the depository account for the neutron therapy program. Trustee Sanchez so moved, seconded by Trustee Boey. A roll call vote of the Trustees was as follows.

Trustee Boey	Yes	Trustee Siegel	Yes
Trustee Sanchez	Yes	Student Trustee Johnson	Yes
Vice Chair Vella	Yes		

The motion was approved.

Thank you everyone for a wonderful vote of support today, Acting Chair Vella said. And I know we are all thrilled about what is going to happen.

NEXT MEETING DATE

Acting Chair Vella noted that the next full Board meeting is scheduled for Thursday, March 24, on the main campus in DeKalb.

ADJOURNMENT

There being no Other Matters, Acting Chair Vella asked for a motion to adjourn. Trustee Sanchez so moved, seconded by Trustee Siegel. The motion was approved.

The meeting was adjourned at 2:34 p.m.

Respectfully submitted,

Sharon M. Mimms
Recording Secretary