

Minutes of the
NIU Board of Trustees
FINANCE, FACILITIES AND OPERATIONS
COMMITTEE MEETING
June 5, 2008

CALL TO ORDER AND CALL ROLL

The meeting was called to order by Chair Robert Boey at 10:27 a.m. in the Board of Trustees Room, 315 Altgeld Hall. Acting Recording Secretary Barbara Rice conducted a roll call of Trustees. Members present were Trustees John Butler, Manuel Sanchez (via teleconference), Myron Siegel, Barbara Giorgi Vella, BOT Chair Cherilyn Murer and Committee Chair Boey. Also present were Committee Liaison Eddie Williams, President John Peters and Board Parliamentarian Kenneth Davidson. With a quorum present, the meeting proceeded.

VERIFICATION OF APPROPRIATE NOTICE OF PUBLIC MEETING

Confirmation of Open Meetings Act notification compliance was given by Board Parliamentarian Ken Davidson.

MEETING AGENDA APPROVAL

Chair Boey asked for a motion to approve the agenda. Trustee Vella made a motion to approve the agenda. It was seconded by Trustee Murer. The motion was approved.

REVIEW AND APPROVAL OF MINUTES

It was moved by Trustee Siegel and seconded by Trustee Murer to approve the minutes of March 6, 2008. The motion was approved.

CHAIR'S COMMENTS/ANNOUNCEMENTS

Today's agenda includes a number of items that require committee approval. Chair Boey said, they include: Fiscal Year 2010 Budget Guidelines, Fiscal Year 2009 Internal Operating Budget Interim Approval, Fiscal Year 2009 Tuition Recommendations; contracts and agreements for NIU Foundation Professional Services, Radiation Oncology Physician Services, Copy Paper for ITS Document Services and Materials Management, Waste Management and Utilities–Solid Waste Removal, NIU Naperville Catering Services, Gasoline 10 Percent Ethanol Blend, Telecommunications Services Parts and Supplies, College of Engineering and Engineering Technology ROCK Program Amendment, Department of Physics Double X-Ray Mirror System, University Health Services Multiyear Medical Reagent Amendment, University Data Warehouse Implementation; and capital improvement projects that include Relocation and Consolidation of the Academic Advising Center and the Office of Retention into the Wesley Building.

The committee will receive periodic and annual reports including Report of Transactions in Excess of \$100,000, Periodic Report on Investments, Semiannual Progress Report of Active Capital Projects, Fiscal Year 2008-2009 Appropriated Budget Update.

Chair Boey recognized University Advisory Committee representatives Dr. Paul Stoddard and Dr. Nancy Castle.

PUBLIC COMMENT

The 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 the Board of Trustees Bylaws. Mr. Davidson noted that no timely request for public comment had been received.

UNIVERSITY RECOMMENDATIONS

Agenda Item 7.a. – Fiscal Year 2010 Budget Guidelines

On page 11 of the materials are the Fiscal Year 2010 Budget Guidelines, Dr. Williams said. Given the climate we have faced over the last six years in the State of Illinois, some would ask why we would provide budget guidelines when year after year they come back to us with zeroes. My response is simply this. I believe that we, as an institution, have a responsibility to provide the state with a true and accurate assessment of the needs of this institution. Statutorily, the Board is given the responsibility for the management of this university. Therefore, we would be derelict in our responsibility if we did not, at least, put forward the exact needs of the institution. And if the legislature and the Governor are unable to or unwilling to support the institution as it should be supported, we have done our due diligence by providing them the information on the true needs of the institution. So that is why we have included in the guidelines for 2010 a five percent faculty and staff increase, the 15 percent utility increase and 15 percent for libraries. We also continue to have the unfunded mandate for Medicare, and we identify the program needs of the institution as well as the nonacademic program needs.

It would be very easy for the university to become used to the budget cuts that the state has given us, Board Chair Murer said, and then present the budget as one we imagine would be granted. But I strongly believe as Dr. Williams does that our fiduciary responsibility is to present them with the accurate budget needs of the university. I do not think we ever have to apologize for making sure that we put a budget in place, Trustee Boey said, because the legislature and the public need to know the cost of doing business to the academic world.

In response to Trustee Siegel's concern that the 15 percent increase for utilities might not be enough, Dr. Williams stated that the measures taken in acquiring utilities, such as purchasing gas at the wellhead and so forth, had been factored into their analysis. So we feel comfortable that if we were provided a 15 percent increase, he said, we would be able to meet the increases we have projected. In the public market, you would not be able to factor in the discounts and the bulk purchasing that we do here, and we are engaging in conservation measures that we anticipate will make a difference.

Chair Boey asked for a motion to approve the Fiscal Year 2010 Budget Guidelines. Trustee Vella so moved, seconded by Trustee Siegel. The motion was approved.

Agenda Item 7.b. – Fiscal Year 2009 Internal Operating Budget Interim Approval

Later in this meeting, Vice President Buettner will be giving a summary of the budget process as it currently stands in Springfield, Dr. Williams said. But according to procedure and statute, we must have in place an interim operating budget that allows us to do business until the final budget is agreed upon in Springfield, and this interim budget is a continuation of the current base numbers. Chair Boey requested a motion for interim approval of the Fiscal Year 2009 Internal Operating Budget. Trustee Murer so moved, seconded by Trustee Siegel. The motion was approved.

Agenda Item 7.c. – Fiscal Year 2009 Tuition Recommendations

As the Board knows, the tuition rates at public universities are subject to the Truth-in-Tuition Act, which was passed approximately five years ago, Dr. Williams stated. Guaranteeing tuition for four years was an opportunity to do something very positive for our students. At Northern, that is extended to four and a half years with the same fixed tuition rate. Therefore, the tuition increase would only affect new students, either incoming freshmen or transfer students. This year, after a long process of evaluating our needs and rates and our continued commitment to affordability, we are recommending a 9.5 percent increase for a full-time undergraduate student, or an approximately \$285 per semester increase. In comparison with what is happening at our sister public universities around the state, 9.5 percent is the lowest increase

being recommended in rates that range as high as about 14.2 percent. The 9.5 percent rate will also be charged to graduate students and to our College of Law students.

In reply to a query from Trustee Butler regarding the tuition recommendations, President Peters stated that the implicit arrangement was that general revenue support from the state would help subsidize the education of our students, which it has done since we were established. But because that has eroded, and because cost is a national issue in higher education, the legislature, supported by the action of the Governor, moved to this Truth-in-Tuition plan. It does lead to some anomalies, but the real benefit is, for those families sending their sons and daughters to university, and for those who are paying for their own education, it means they can plan at a fixed rate for four years. However, for us, it leads to a very complex set of forecasting models about how to adequately resource the university.

It is always an interesting when we talk about tuition in general, Student Trustee Crisler said, and being a graduate student, I understand what it means when tuition goes up. I had the opportunity, along with Ken Zehnder, Kathy Buettner and a few others, to go down to Springfield earlier this semester with a delegation of students in an advocacy role. And we were not alone. There were hundreds of students there from across Illinois to advocate more funding for higher education. Looking at the numbers and looking at tuition in Illinois, I am in full support of this from a student interest. I have expressed more need for student advocacy in Springfield and being able to connect with those legislative bodies, and I think that is important.

Until such time as the legislature and the Governor's Office are committed to funding higher education with a different model than they are currently using and dedicate the resources and have the funds available for it, Trustee Siegel said, we are going to continue to be pressed on how to deal with our needs for funding the institution. There are only a few large sources of money that we have to fund this. One of them is our tuition and fees, another is state support, and to some extent, the third, much smaller, is donations or internally-generated sources of funding. Until that situation changes, the source this money is going to come from, unfortunately, is our students because there is no other viable location for the types of money that we need to run the institution. Looking at our numbers historically, I am sure that three years ago, Dr. Williams did not have the increased utility costs in his model. Having this law in place forces us to guess what the cost should be. If we guess high and are wrong, we have charged too much; if we guess and are right, that is okay; and if we guess low and have too little money, something has to be cut or reallocated. So it would probably be much better to be able to decide a two or three percent increase on an annual basis than it is to have to do it this way. But we do not make the laws, we only can abide by them.

I certainly can appreciate the sentiments expressed here today, Trustee Murer said, but we, as a Board of Trustees, have the responsibility to be practical and to make sure that our university continues to operate. So, the support of this increase is important because without it we cannot function. The problem is that this is one isolated element. The bigger picture is what support a state should provide to its universities and at what level. That is a general question that has not been answered. So we keep looking at these small elements in Springfield, but the overriding question has not been answered. And it is not just the state of Illinois, but this now is becoming a general question across the United States. What are the roles of states relative to higher education, healthcare, housing? Higher education gets caught up in a lot of these issues that are very global in nature. Right now, the support of this motion is critical because to not support it probably will fall on deaf ears in Springfield.

Part of being Student Trustee is having students who feel passionate about tuition and other things catch me on campus and ask me these questions, Student Trustee Crisler said. And there is a strong sense of disappointment when students feel that tuition is going up. But at the same time, when I talk to students, I get the privilege of articulating what is important and what is going on. When I talk to students, they ask, "Why is tuition going up? I pay all this money for parking, I pay all this money for tickets and all these things." And it is my job to explain to them where and what their tuition dollars are being used for.

The reality is that the current law has nothing to do with the reality of the costs, Chair Boey said. It was put in there because it is expedient in Springfield to tell people they will know what to expect from year to year. And therein lies the problem for President Peters and staff in figuring out how to convert this four-year change into a constant annual expense.

Chair Boey asked for a motion to approve the Fiscal Year 2009 Tuition Recommendations. Trustee Murer so moved, seconded by Trustee Vella. The motion was approved.

Agenda Item 7.d. – Fiscal Year 2009 Foundation Professional Services Contract

NIU Foundation Professional Services Contract is one that the university enters into with the Foundation on an annual basis, Dr. Williams stated. The Foundation provides fundraising services for and on behalf of Northern Illinois University, which result in direct impacts and benefits to the university. Chair Boey asked for a motion to approve the FY09 Foundation Professional Services Contract. Trustee Vella so moved, seconded by Trustee Siegel. The motion was approved.

Agenda Item 7.e. – Fiscal Year 2009 Radiation Oncology Physician Services Contract Renewal

Approval is needed for the renewal of the physician services contract the radiation oncology program NIU is operating through the neutron therapy center at FermiLab, Dr. Williams said, and it is a pass-through expense. Chair Boey asked for a motion to approve the FY09 Radiation Oncology Physician Services Contract Renewal. Trustee Murer so moved, seconded by Trustee Siegel.

Agenda Item 7.f. – Fiscal Year 2009 Copy Paper – ITS Document Services and Materials Management

Our Document Services and Materials Management contract for paper is an annual request for the purchase of various printing papers, envelopes and supplies on an as-needed basis for campus resale, Dr. Williams said. Chair Boey asked for a motion to approve the ITS Document Services and Materials Management FY09 Copy Paper request. Trustee Vella so moved, seconded by Trustee Siegel. The motion was approved.

Agenda Item 7.g. – Fiscal Year 2009 Waste Management and Utilities – Solid Waste Removal and Recycling at NIU DeKalb

Dr. Williams stated that this is a multiyear contract for the removal of solid waste and recyclable materials from the NIU campus. Chair Boey asked for a motion to approve the FY09 Waste Management and Utilities Solid Waste Removal and Recycling at NIU DeKalb. Trustee Murer so moved, seconded by Trustee Vella. The motion was approved.

Agenda Item 7.h. – Fiscal Year 2009 NIU Naperville – Catering Services Contract Renewal

This catering service contract is a renewal for the NIU Naperville site, Dr. Williams said, and it is a pass-through. Chair Boey asked for a motion to approve the FY09 NIU Naperville Catering Services Contract Renewal. Trustee Siegel so moved, seconded by Trustee Murer. The motion was approved.

Agenda Item 7.i. – Fiscal Year 2009 Gasoline 10 Percent Ethanol Blend

Under Illinois Compiled Statute 110 ILCS 65/5, Dr. Williams said, universities are required to purchase ethanol blended gasoline. The 10 percent ethanol blend uses renewable energy components as well as increasing the demand for Illinois grown farm products. The purchase of 10 percent ethanol blended regular gasoline will be used by both Transportation Services and the Grounds Department.

Mr. Bill Finucane, Manager, Transportation, stated that the current contract for gasoline, which expires June 30, was for \$2.72 a gallon. The contract before you is at \$3.22 per gallon, an 18 percent increase. Our diesel costs a year ago were approximately \$3.60 a gallon. The most recent load we brought in was just over \$5.00 a gallon. We have continued to do things that will help to conserve fuel. NIU has the largest hybrid fleet of any state agency in the State of Illinois. And we have been running biodiesel for five years, however we do not use enough to do futures on biodiesel or diesel fuel. Chair Boey congratulated Mr. Finucane on the bid pricing. Chair Boey asked for a motion to approve the purchase of 10 Percent Ethanol Blend Gasoline for FY09. Trustee Siegel so moved, seconded by Trustee Vella. The motion was approved.

Agenda Item 7.j. – Fiscal Year 2009 Telecommunications Services Parts and Supplies Contract Renewal

Renewal of the open order used for purchases of consumable telecommunications supplies on an as-needed basis for Fiscal Year 2009 is required, Dr. Williams said. This is the fifth of a seven-year contract. Chair Boey asked for a motion to approve the FY09 Telecommunications Services Parts and Supplies Contract. Trustee Murer so moved, seconded by Trustee Vella. The motion was approved.

Agenda Item 7.k. – College of Engineering and Engineering Technology ROCK Program – Research and Project Development Amendment

The ROCK program is dedicated to working toward next generation manufacturing capabilities and supply chain assistance for small and medium-sized manufacturers in Rockford. One of the vendors originally identified in the grant no longer meets the requirements, so another is being substituted in that role, Dr. Williams said, and approval of this modification is required. Chair Boey asked for a motion to approve the Research and Project Development Amendment to the College of Engineering and Engineering Technology ROCK Program. Trustee Vella so moved, seconded by Trustee Siegel. The motion was approved.

Agenda Item 7.l. – Department of Physics Double X-Ray Mirror System

The NIU Department of Physics has received a National Science Foundation grant to make upgrades to the ChemMatCARS synchrotron x-ray resource at the Advanced Photon Source (APS) at Argonne National Laboratory, Dr. Williams reported. The facility is part of the Consortium for Advanced Radiation Sources of which Northern Illinois University is a member. The double x-ray mirror system, a critical optical component for an x-ray beam line system, will enhance current research and expand future research opportunities for NIU students and faculty, and other researchers. It is my understanding that when the budget was set up, it was financed in U.S. dollars in the amount necessary to translate into Euros, Dr. Williams said, and if there is a problem, we will have to bring it back to the full Board for approval.

Chair Boey asked for a motion to approve the Department of Physics Double X-Ray Mirror System. Trustee Murer so moved, seconded by Trustee Vella. The motion was approved.

Agenda Item 7.m – University Health Services Multiyear Medical Reagent Amendment

Dr. Williams stated that University Health Services requires an amendment to its contract to cover medical reagent testing for the detection of certain types of diseases. Chair Boey requested a motion to approve the University Health Services Multiyear Medical Reagent Amendment. Trustee Vella so moved, seconded by Trustee Butler. The motion was approved.

Agenda Item 7.n. – University Data Warehouse Implementation

In order to include the implementation of a data warehouse system, Dr. Williams said, we need to modify our Student PeopleSoft System project to include a data warehouse system. This is an effort to provide the kind of data warehousing necessary to work with and be complementary to the financial system, the personnel system and now the new student systems in place. And because we have been very successful in keeping costs contained with our student system, there are sufficient dollars within that budget, which this Board has already approved, to cover the cost of implementing the database system.

In reply to question regarding the use of social security numbers for student identification, Wally Czerniak, Associate Vice President for Information Technology Services stated that the new system has been implemented that does not use social security numbers. Most of the old systems have been deactivated, switched or hidden, he said. There are a few old systems that will not disappear completely until the end of this year or sometime early next year, but those have been masked out and nobody can see them.

I would like to acknowledge the work of Steve Pace for the management of the student system budget and his leadership in that project, Dr. Williams said, as well as the implementation of all of our new systems. Steve has regular budget meetings with me, and it is always refreshing to see someone within budget, and he has done an excellent job.

Chair Boey requested a motion to approve the university data warehouse implementation of the student system project under that budget. Trustee Siegel so moved, seconded by Trustee Murer. The motion was approved.

Agenda Item 7.o. – Academic Advising Center and Office of Retention Services Relocation and Consolidation

The purchase of the Wesley Foundation building provides an opportunity for the university to locate two essential student services, the Academic Advising Center and the Office of Retention Services, into a central campus facility, Dr. Williams said. Authorization is requested to establish a project budget and to proceed with any contracts, Physical Plant work orders and purchase orders as necessary to complete the project. You heard a little bit about what ACCESS is doing, Provost Alden said. Student success was the focus of one of our strategic planning task forces, and to have the centralized advising facilities available to students in one place in the middle of campus is part of the key to success.

Chair Boey asked for a motion to approve the relocation and consolidation of the Academic Advising Center and the Office of Retention Services. Trustee Siegel so moved, seconded by Trustee Murer. The motion was approved.

UNIVERSITY REPORTS

Agenda Item 8.a. – Quarterly Summary Report of Transactions in Excess of \$100,000

Agenda Item 8.c. – Semiannual Progress Report of Active Capital Projects

There were no questions from Board Committee members regarding these items.

Agenda Item 8.b. – Periodic Report on Investments

We are pleased to report to the Board that our return is at an average rate of 4.4 percent, Dr. Williams said. You are aware of the limitations we have in our investment strategy by state statute, and under those conditions, the 4.4 percent is an excellent return. We thank Tamara Farley for her efforts in cash management of those resources.

Agenda Item 8.d. – Fiscal Year 2008-2009 Appropriated Budget Update

The legislature adjourned about a week ago, passing a \$60 billion state budget for FY09, Ms. Buettner reported. As passed, that budget contained a 2.7 percent general revenue increase for NIU and the other public universities. It also contained \$750,000 in CHANCE funding, which was eliminated from the Governor's budget recommendation but restored by the legislature for the continuation of our CHANCE II program. Unfortunately, the budget that was passed is about \$2 billion out of balance, and the State Constitution requires a balanced budget. The Governor is convening three of the four legislative leaders today in Chicago to discuss this situation. The Governor has the choice of either vetoing the \$2 billion in cuts to bring it in line, or he can call the General Assembly back to a special session where a three-fifths vote is required to resolve the situation. So, even though a budget was passed by the General Assembly, as of today, we still do not have a budget for Fiscal Year 2009.

The capital bill made some progress during the last few weeks of the session, Ms. Buettner said, however, it did not pass. That requires a three-fifths vote since it must have bonding authority by both houses. But I am pleased to be able to report that funding for the Stevens renovation is included in the existing draft for future consideration of any capital bill as well as funding for the Cole Hall restoration. There is also planning money for our Computer Science and Technology Center. This is not funded, but it is in the current bill draft. When the federal transportation reauthorization package was passed about five years ago, the State of Illinois delegation in Washington worked very hard to get \$9 billion in transportation funding for the state in that five-year federal package. Unfortunately, the way the law reads federally, it requires a local match from every state. Nine billion dollars is a significant increase to what Illinois had seen, and is due in large part to the Democratic and Republican leadership who worked together on that. Most other states have been able to do this. Unfortunately, we have not been able to

come to agreement on this issue in Springfield. Therefore, if we do not resolve this issue as a state by December 31, we will forego \$9 billion in federal transportation funds.

Following this meeting we will have the Legislation, Audit and External Affairs Committee that impacts many of the different areas represented at this meeting, Dr. Williams said. You are invited and encouraged to stay for that meeting. After this meeting, food and refreshments will be made available. We will have a ten minute break and then move on to the next meeting.

OTHER MATTERS

Ms. Buettner announced that the ribbon cutting ceremony for the opening of the Northern View Community would begin at 12:30 p.m. and run through 2:00 p.m. However, Dr. Hemphill noted that he realizes some of the Board members and the President may be caught up in meetings. So, if the LAEA Committee runs a little late, they will hold the ceremony portion until the Board arrives.

NEXT MEETING DATE

The next meeting of the Finance, Facilities and Operations Committee is scheduled for Thursday, August 28 in DeKalb.

ADJOURNMENT

Chair Boey adjourned the meeting at approximately 11:26 a.m. without objection.

Respectfully submitted,

Sharon M. Banks-Wilkins
Recording Secretary