

Minutes of the
NIU Board of Trustees
FINANCE, FACILITIES AND OPERATIONS
COMMITTEE MEETING
August 27, 2009

CALL TO ORDER AND ROLL CALL

The meeting was called to order by Chair Manuel Sanchez at 10:27 a.m. in the Board of Trustees Room, 315 Altgeld Hall. Recording Secretary Sharon Banks-Wilkins conducted a roll call of Trustees. Members present were Trustees Robert Boey, John Butler, Cherilyn Murer, Barbara Giorgi Vella, BOT Chair Marc Strauss and Committee Chair Manuel Sanchez. Not present was Trustee Myron Siegel. Also present were Committee Liaison Eddie Williams and Board Parliamentarian Kenneth Davidson. With a quorum present, the meeting proceeded.

VERIFICATION OF APPROPRIATE NOTICE OF PUBLIC MEETING

In accordance with the Illinois Open Meetings Act, compliance with all applicable legal requirements was satisfied.

REVIEW AND APPROVAL OF MINUTES

It was moved by Trustee Boey and seconded by Trustee Murer to approve the minutes of June 4, 2009. The motion was approved.

MEETING AGENDA APPROVAL

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

CHAIR'S COMMENTS/ANNOUNCEMENTS

Chair Sanchez welcomed everyone to the first Finance, Facilities and Operations Committee meeting of the 2009-2010 academic year. This is an especially exciting time, the Chair said. As you know, the students have just moved in. I was pleasantly surprised to learn from President Peters two days ago that classes had already begun. You know, in the old days, nothing got started until after Labor Day. As most of you know, I come from the old days at NIU from the class of 1970. We are going to have our 50th anniversary in the College of Liberal Arts and Sciences, and that is fabulous. If you have not set that date aside, it is Friday, September 24, for our 50th anniversary celebration.

I feel like I am going through a Groundhog Day experience, it is just like déjà vu because I am again chair of this Finance, Facilities and Operations Committee. I have the pleasure of serving with the greatest collection of trustees in the state of Illinois. Unlike our neighbor down in Urbana, most of whose trustee appointments were terminated, that is not an issue here. We have a terrific Board, and we have an even greater management team and staff led by Dr. John Peters and Dr. Eddie Williams. So for me it is a particular pleasure to be chairing this committee again.

Today's agenda includes a number of items that require committee approval. Among them are the Fiscal Year 2011 Appropriated and Nonappropriated Capital Budgets, University Outreach Multi-Year Professional Services Contract, Fiscal Year 2010 ITS Telecommunications Hardware Maintenance Agreement, Finance and Facilities Software and Database Maintenance Agreement, College of Engineering and Engineering Technology Research Project Grant, Permanent Easements for Utilities - Far West Campus, Cole Hall Renovation and Equipment Capital Project Approval, and a Collective Bargaining Agreement. We will also receive a number of annual and periodic reports, including the Fiscal

Year Annual Report on Capital Activities, a Quarterly Summary Report of Transactions in Excess of \$100,000, and the Professional Excellence Awards for Faculty and Staff.

I want to recognize the University Advisory Committee representative, Dr. Alan Rosenbaum, whom I am looking forward to getting to know this year. I am looking forward to attending the meetings and learning more about how the Board of Trustees operates, Dr. Rosenbaum commented.

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 requests for public comment had been received.

UNIVERSITY RECOMMENDATIONS

We are very pleased to once again have the opportunity of working with you, Dr. Williams said. We have a number of action items, and we will go through them quickly.

Agenda Item 7.a. – Fiscal Year 2011 Appropriated Capital Budget Request

President Peters has been very successful in his efforts to get funding for some key projects that have been on our capital budget request list for a number of years. Through action from the General Assembly and approval through the Governor, we received funding for Stevens and Cole Hall. Our list for Fiscal 2011 now reflects those actions taken and provides the priority list for NIU, which includes the Computer Science Technology Center, electric infrastructure for Wirtz Hall, academic buildings, HVAC and other window improvements at Hoffman Estates. These, again, have been on our list for some time, but are now working their way up. After receiving Board of Trustees approval, it will be forwarded to the Illinois Board of Higher Education and later to the Governor in a process that will culminate, hopefully, in May of 2010.

In response to a query from Trustee Boey, Dr. Williams stated that in addition to the capital list of repairs and replacements, a separate deferred maintenance list is also maintained under capital renewal projects. In Fiscal Year 2008, the Governor line item vetoed our deferred maintenance, which at that time was called permanent improvements. That put the university in a very bad position with regard to how deferred maintenance would be completed. As a result of that, last year we discussed with the Board and gained approval to initiate a small facilities fee that would be used to replace those funds that were line item vetoed. It is those funds that are available for minor deferred maintenance projects.

Although we have legislative approval for Cole and Stevens Halls, Trustee Strauss said, those dollars are not available yet. He asked whether or not we forfeit any particular standing in the hierarchy if they are not carried on the list anymore for FY11 if those dollars do not become available. Dr. Williams stated that those two projects had already received an appropriation. They have gone through the process, the General Assembly has voted on them, and the Governor has signed the bill. What we are talking about now, Dr. Williams said, is the release of funds for those projects. These other projects have not been approved through the General Assembly nor by the Governor. It would not be of any value to put those projects back on this capital list since they are going in as requests for appropriation. Some of the projects have been on the list for several years because cost of living adjustments had to be made as well as any other thing that we anticipate might affect the total bottom line cost of the project. Trustee Strauss also asked if projects such as the Academic Buildings HVAC and Window Replacement, at Priority 3 on the list, could be considered for a performance energy contract. Dr. Williams said that they could be since we are expanding this concept to infrastructure for those buildings as well. We will use performance contracting where we can. The State of Illinois allowing performance contracting has enabled us to do important vital capital projects and energy related projects that otherwise would not have any other source of funding, which is both beneficial and advantageous to the universities.

Trustee Murer asked for clarification regarding the funds for Cole and Stevens Halls. Dr. Williams replied that an appropriation has been approved and signed by the Governor for Cole Hall and Stevens, and our efforts now will be to get those funds released. That has requirements different from the projects on this

list, for which we have not received any approval. The Board of Higher Education has not endorsed the projects in its capital budget, and the Governor has not reviewed these or included them in a future capital request. Trustee Murer said she had read where stimulus money for construction projects has helped to reduce construction costs allowing the funds to go further and asked if we saw any variables where the construction costs would actually be less because of the economy and the environment. There is a possibility, Dr. Williams said, but unfortunately, we do not know what year these projects, some of which have been on the list for years, would be funded. It would be risky to change numbers up or down based on the current market, because we might be funded in a year when our estimates went down and the market actually went up.

Chair Sanchez asked for a motion to approve the FY11 Appropriated Capital Budget Request. Trustee Vella so moved, seconded by Trustee Boey. The motion was approved.

Agenda Item 7.b. – Fiscal Year 2011 Nonappropriated Capital Budget Request

Most of the projects on our Nonappropriated Capital Budget are bond revenue projects, Dr. Williams explained, and they are funded separately from the reserves generated from the bond revenue entity, which are governed by bond covenants. These are not funds open and available for just any use at the university, but must be used in support of bond facilities. In this particular case, we have several major projects, most of which surround the unfunded mandate of installing sprinklers in all of our residence halls. We have begun that program, and we thank the Board for its support in making that possible. But as part of that program, we also have painting and other improvements to two of our bond revenue facilities, Grant and Stevenson Towers.

In response to a question from Trustee Butler, regarding the relationship between the funds recommended for these projects and the additional revenues generated through room and board increases and how those funds relate to the accomplishment of these objectives, Dr. Williams stated that bond revenue facilities are supported by bond fees. Some of those are not facility needs but are related to facility improvements and regular maintenance. Not all of the revenues in the bond revenue entity come through fees. Examples of other methods used for funding these needs are through an increase in room and board rates, food plans or through such entities as the Holmes Student Center.

Chair Sanchez asked for a motion to approve the FY11 Nonappropriated Capital Budget Request. Trustee Vella so moved, seconded by Trustee Boey. The motion as approved.

Agenda Item 7.c. – University Outreach Multi-Year Professional Services Contract

Dr. Williams explained that the University Outreach Multi-Year Professional Services Contract is a grant for services and support of cancer research from the MD Anderson Cancer Center at the University of Texas, and it is a pass-through. Chair Sanchez asked for a motion to approve the University Outreach Multi-Year Professional Services contract. Trustee Murer so moved, seconded by Trustee Butler. The motionw as approved.

Agenda Item 7.d. – Fiscal Year 2010 ITS-Telecommunications Hardware Maintenance Agreement

The Fiscal Year 2010 Telecommunications Service Hardware Maintenance Agreement is an annual renewal, Dr. Williams said. This is a routine renewal of one of the existing three, one-year renewal periods under the initial contract. In reply to a query from Trustee Strauss, Wally Czerniak, Associate Vice President for Information Technology Services, said that the cost just for the essential piece, a new switch, would cost over \$3 million, which would be in addition to a separate maintenance contract.

Chair Sanchez asked for a motion to approve the FY10 Telecommunications Service Hardware Maintenance Agreement. Trustee Boey so moved, seconded by Trustee Strauss. The motion was approved.

Agenda Item 7.e. – Finance and Facilities Software and Database Maintenance Agreements

This maintenance agreement is for the Oracle system database that is the heart of our financial system which we purchased a few years ago and has been running effectively.

I recall vividly the number of meetings and the hours that were spent on this issue of Oracle and other options, Chair Sanchez said, and I am pleased to see, in retrospect, that we made the right decision. It is a pleasure to have this in place and know that we have a state-of-the-art system.

Chair Sanchez asked for a motion to approve the Finance and Facilities Software and Database Maintenance Agreements. Trustee Vella so moved, seconded by Trustee Butler. The motion was approved.

Agenda Item 7.f. – College of Engineering and Engineering Technology Research Project Grant

This is approval of a pass-through under a grant through our College of Engineering and Engineering Technology, Dr. Williams said. We are very pleased that this has been a very successful effort on the part of the college to obtain research projects and grants. We are asking Board of Trustees approval for expenditure authority under this grant.

In reply to a question from Trustee Murer, Dr. Erman stated that the report he gave was for FY09, which ended June 30, 2009. This College of Engineering research grant money is projected for FY10 or FY11.

Chair Sanchez asked for a motion to approve the College of Engineering and Engineering Technology Research Project Grant. Trustee Boey so moved, seconded by Trustee Vella. The motion was approved.

Agenda Item 7.g. – Permanent Easements for Utilities – Far West Campus

For several years, through the efforts of Kathy Buettner, Dr. Williams said, we as an institution have received federal dollars for road improvements on the Far West Campus, which involves all property west of the convocation center, and those projects have been moving forward. The property on the Far West Campus has a number of utility systems going through the property, and when we acquired the property, they already had existing easements. Now as we are beginning to put the roads in, the right-of-way that we need for the roads affects those easements. We have been working with both ComEd and with the local gas company to relocate certain lines and bury certain cables, so that it will all fit together for the master plan for the roads. We have modified the plans so that we can give both ComEd and NIGas additional easement space so they can accommodate our needs. These easements do not pass through a third entity, but go directly to the utility companies. Chair Sanchez asked for a motion to approve the permanent easement for Utilities on the Far West Campus. Trustee Boey so moved, seconded by Trustee Butler. The motion was approved.

Agenda Item 7.h. – Cole Hall – Renovation and Equipment – Capital Project Approval

We are taking the aggressive stance of moving forward so that we can have Cole Hall ready to go the day funds are released, Dr. Williams said. This item requests Board approval for establishing the budget authority to make a selection of architects and engineers for the project. With this approval, we can begin working with the Capital Development Board to get this project underway the moment the funds are released. In answer to a Trustee, Dr. Williams stated that, when appropriated, we anticipate that the funds will be released in a lump sum. The Bureau of Budget and the Governor will make the decision on the timing of the release.

The variance in the appropriation and the project budget, Dr. Williams explained, is because we wanted an encompassing budget that will allow us sufficient funds to enhance the space. The plan calls for two large lecture halls, and we will have smart classrooms that contain a great deal of audio-video equipment, computer connected equipment and so forth. It is a two-level requirement. We will have an obligation with the State of Illinois to meet and stay within the appropriation, which is \$8 million. That will be dedicated to the building and improvements to the building. Beyond the base budget, with authority up to \$1.5 million, we will have available resources, as well as funds from the technology fee, for these other equipment improvements.

Before February 14, President Peters said, those classrooms were scheduled for major technological upgrade funded with part of the technology fee based upon the priorities that the Provost established with the deans.

Chair Sanchez asked for a motion to approve the request for Cole Hall Renovation and Equipment-Capital Project. Trustee Murer so moved, seconded by Trustee Vella. The motion as approved.

Agenda Item 7.i. – Collective Bargaining Agreement

We are pleased to bring to the Board approval of the collective bargaining agreement with the International Brotherhood of Electrical Workers, Dr. Williams said. The IBEW, Local 364, represents employees in the classifications of Electrician, Electrician Foreman, and Electrical and Electronics Instrument Control Mechanic. It is a full agreement effective July 1, 2009 through June 30, 2013. Chair Sanchez asked for a motion to approve the IBEW Local 364 collective bargaining agreement. Trustee Murer so moved, seconded by Trustee Boey. The motion as approved.

UNIVERSITY REPORTS

Agenda Item 8.a. – Fiscal Year 2009 Report on Capital Activities

Agenda Item 8.b. – Fiscal Year 2009 Annual Report of Transactions Involving Real Property

Agenda Item 8.c. – Fiscal Year 2009 Annual Report of Cash and Investments

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

Agenda Item 8.e. – Annual Summary Report Obligation of Financial Resources

Agenda Item 8.f. – Professional Excellence Awards for Faculty and Staff

The above informational items were detailed in the Finance, Facilities and Operations Committee Report.

NEXT MEETING DATE

The Chair announced that the next meeting of the Finance, Facilities and Operations Committee was scheduled for Thursday, November 12, 2009.

ADJOURNMENT

There being no Other Matters, Chair Sanchez asked for a motion to adjourn. Trustee Boey so moved, seconded by Trustee Murer. The motion was approved. The meeting was adjourned at 11:02 a.m.

Respectfully Submitted,

Sharon M. Banks-Wilkins
Recording Secretary