

Minutes of a
Special Meeting of the
BOARD OF TRUSTEES
OF NORTHERN ILLINOIS UNIVERSITY
June 23, 2010

CALL TO ORDER AND ROLL CALL

The meeting was called to order by Chair Marc Strauss at 8:30 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, Barbara Giorgi Vella, Student Trustee Matthew Venaas and Chair Strauss. Trustee Manuel Sanchez joined the meeting during Executive Session. Not present were Trustees Cherilyn Murer, and Myron Siegel. 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 Kenneth Davidson.

MEETING AGENDA APPROVAL

Student Trustee Venaas made a motion to approve the meeting agenda. Trustee Boey seconded the motion. The motion was approved.

EXECUTIVE SESSION

Chair Strauss asked for a motion to close the public meeting to conduct an executive session to discuss the following subjects authorized by the Illinois Open Meetings Act: personnel matters as generally described under §2(c)(1) and (3) of the Open Meetings Act, collective bargaining matters as generally described under §2(c)(2) of the Open Meetings Act and property matters as generally described under §2(c)(5) and (6) of the Open Meetings Act. Trustee Vella so moved, seconded by Student Trustee Venaas. A roll call vote of the Trustees to recess to Executive Session was unanimous

A roll call vote of the Trustees to recess to Executive Session was as follows:

Trustee Boey	Yes	Trustee Butler	Yes
Trustee Vella	Yes	Student Trustee Venaas	Yes
Chair Strauss	Yes		

A roll call vote of the Trustees to recess to Executive Session was unanimous.

BOARD OF TRUSTEES MEETING RECONVENED

Chair Strauss reconvened the public meeting of the Board of Trustees at approximately 11:01 a.m.

REVIEW AND APPROVAL OF MINUTES

It was moved by Trustee Sanchez and seconded by Trustee Vella to approve the minutes of the April 29, 2010 Special Board meeting. The motion was approved.

CHAIR'S COMMENTS/ANNOUNCEMENTS

We have two innovative items on our agenda for Board approval today, Chair Strauss said, a new double-degree MBA program with an international partner university in France, as well as Board approval of a ground lease that will provide the foundation of a public-private partnership to construct up to 1,000 new single rooms in clustered residence hall neighborhoods for first-year students at NIU.

Several of my colleagues on this Board toured existing university residence halls in March and encouraged President Peters and NIU senior administrators to develop plans to replace and renovate our existing on-campus housing for NIU students while keeping with our historic capacity standard of 6,000 on-campus beds. Today we will approve a ground lease for a new campus housing neighborhood to be open by August 2012.

The third item on our agenda today, FY2010 Short-Term Borrowing Authorization, gives me great concern. Frankly, my colleagues on this Board and I are disheartened by the state's inability and unwillingness to honor its financial obligations to its public universities, state agencies and human service providers. As of today, the State of Illinois owes NIU over \$39 million, funds they are legally obligated to pay and have not paid.

Now I would like to welcome University Advisory Committee representatives who may be present this morning: Dr. Alan Rosenbaum, Dr. Ferald Bryan, Dr. Gregory Waas, Dr. Joseph Buck Stephen, Mr. Todd Latham and Mr. Jay Monteiro. Mr. Latham stated his pleasure at being in attendance and introduced himself as the new President of the Supportive Professional Staff Council for 2011-12.

PUBLIC COMMENT

The Chair asked 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 to address this meeting.

PRESIDENT'S REPORT NO. 68

First of all, the President said, I want to thank you, Board members, for your strong support and commitment to NIU. This is the second special Board meeting we have had to schedule in as many months. It goes without saying that your willingness to rearrange your professional and personal lives to attend the urgent business of the university is greatly appreciated. So, on behalf of the NIU students, faculty and staff, I want to thank you for your presence here this morning as we tackle several timely and important decisions that will have lasting impact on the university for years to come.

Agenda Item 8.a. – Master of Business Administration (M.B.A.) Program Fee Request

This program fee request is for the College of Business's innovative and exciting one-year FAST-TRAK DOUBLE-DEGREE M.B.A. program with an international partner, IAE Bordeaux University, the President said. Offered in DeKalb, it is unique in the current M.B.A. marketplace in that it offers a double degree, an M.B.A. from NIU and a Masters in International Management from the University of Bordeaux, as well as extensive business integrated experiences for students through Corporate Insights and a Business Consulting Project. It is also designed as a 'high-touch,' high service program to compete with higher priced regional/Chicago area programs. This new program will open a previously untapped market to NIU and will positively enhance the College of Business's M.B.A. reputation and rankings. The College of Business, therefore, is requesting a maximum per credit hour fee not to exceed the credit hour cost of in-state graduate tuition, which is currently set at \$300 a credit hour for Fiscal Year 2011 for this new FAST-TRAK, DOUBLE-DEGREE M.B.A. program effective fall of 2010. These fees are necessary to finalize development and support for this new M.B.A. delivery format. Board approval is also requested to waive the tuition and fee charge cap, currently set at 12 hours per semester, for hours taken under this program only so that tuition and fees for the FAST-TRAK DOUBLE-DEGREE program will be assessed for the total credit hours of enrollment.

I want to commend the College of Business on this creative and exciting program for our students, Trustee Vella commented. It sounds just wonderful. It falls right in line with the way I always visualize your thinking, Trustee Boey said, and it is a wonderful thing to do, Denise.

Trustee Butler commented that this just establishes the fee, and asked if there would be discussion at some other point about the establishment of the degree. The PMBA FAST-TRAK program coupled with an existing program in France, Provost Alden said, so it is not a substantive change to our program. The partnership provides access to two degrees within the course of a year, so we are not changing our curriculum. It is basically our Professional M.B.A. program being brought on campus so that students coming from France to participate can provide that kind of international perspective and culture to other students in this program and to the campus community. Only the venue and the coupling partnership have changed. Our academic program remains unchanged

Chair Strauss asked for a motion to approve the new FAST-TRAK, DOUBLE-DEGREE M.B.A. program effective fall of 2010. Trustee Boey so moved, seconded by Trustee Sanchez. The motion was approved.

Agenda Item 8.b. – First Year Residence Hall Project Ground Lease Agreement

At the April 29 Board meeting, President Peters said, the Board approved the solicitation and evaluation of proposals from private developers to build a new first year residence hall cluster complex not to exceed a thousand beds and including a dining facility. The university received nine proposals in response to our Request for Proposal and these proposals were sent to our internal selection committee led by Jeff Daurer, Director of Capital Budget and Planning. After reviewing written proposals and conducting hours of face-to-face meetings with several of the developer and architectural firms, Collegiate Housing Foundation, a not-for-profit organization, was identified as the best entity to support the financing and oversight of the project by entering into a long-term ground lease with the university and entering into an agreement with a developer for the project, the latter subject to Board approval at the September Board meeting. It is currently contemplated that American Campus Communities would act as the project developer. Action by the Board today will permit the university to enter into a long-term ground lease with Collegiate Housing Foundation on either one or both of two on-campus sites for the development of the first year residence hall project and will authorize the President and the Treasurer to negotiate the terms of and to execute the ground lease and ancillary documents and instruments necessary to complete this lease. As discussed previously with this Board, today's item represents the first part of an exciting and still under development comprehensive replacement and complete renovation plan for our on-campus university residence halls. The two easels to my right contain possible architectural renderings of what such a concept would look like. All accommodations in this new complex would be single rooms with a private bath or two single rooms sharing a private bath, reflecting the greater level of independence and privacy preferred by today's students. The overall setting, however, will retain the most desirable features of on-campus housing, including convenience security, community and peer support, strong ties to the university, and availability of food service.

The building in this new clustered housing complex will be built using the same sort of partnership that allowed NIU to build Northern View Apartments in 2007. Under that arrangement, a private company assumed the cost of construction with the actual facilities managed by the university. At the end of a predetermined period of time, the university will take ownership of the facilities. This is an affordable way for us to address what has developed into one of our greatest campus needs. As part of the university's comprehensive plan to replace and/or renovate existing residence halls, we will continue to maintain our historic on-campus housing capacity at 6,000 beds.

Trustee Boey commented that this has been a long time coming, period. I would like to commend our vice president, Eddie Williams, and his staff for coming up with this creative plan that will not impact our financial situation in these dire economic times, Trustee Vella said. We know we need this to be competitive and because it is good for our students. It is creating a better learning environment, and a better housing situation. In addition to what has been said, Student Trustee Venaas said, I know that even from the little bit they have heard about this project, it is something that students definitely are excited about already. It addresses a pressing need on our campus. I want to just state for the record that the Board has been graciously provided not only tours of the current housing stock, but also a

number of outcomes of studies and research done by the staff, Trustee Butler commented. I want to particularly thank Vice President Brian Hemphill and Dr. Williams for the time they have put into this and the amount of information they have provided. It has been an outstanding project and an excellent bottom-up process in the sense that they have had the students involved from the earliest point. It is a great project, and I am proud to support it.

Chair Strauss asked for a motion to approve the long-term ground lease agreement for the First Year Residence Hall Project with Collegiate Housing Foundation. Student Trustee Venaas so moved, seconded by Trustee Boey. The motion was approved.

Agenda Item 8.c. – Fiscal Year 2010 Short-Term Borrowing Authorization

This item causes me great discomfort to bring to the Board today, the President stated. I am on record for the last six months and even longer as citing the unfortunate outcome of the state's inability to pay its agencies and providers what it legally owes them. My opinion on this issue has not changed one iota over these months. The state needs to honor its legal and financial commitments to its citizens, whether it be students, faculty and staff, and its respected public universities, or its human service providers trying to serve people in need, or its employees overall who try to access a legal employee benefit such as health insurance and are turned away and told to pay up front because of the state's poor payment record. As of today, seven days before the close of the fiscal year, the state owes NIU over \$39 million. In addition, the General Assembly left town without even determining how to balance a budget for Fiscal Year 2011, provide a sufficient revenue to fund the state's legal and financial obligations for Fiscal Year 2011 or even set a mechanism in place to borrow funds to pay the state's pension contributions of almost \$4 billion in Fiscal Year 2011 – the height of irresponsibility – and NIU and our sister public universities, human service providers, citizens and state employees are left to cope with the devastation caused by the state's not paying its bills.

This Item, Authorization for Short-Term Borrowing, has been forced upon us because of circumstances that I just mentioned which are far beyond anyone's control here at NIU. I bring this item to the Board for approval today as an emergency measure and a last resort, a mechanism, that if we are forced to execute at some future time this year, will allow NIU to maintain operational status, permitting our students to continue their academic studies uninterrupted should the university be faced with imminent closure due to the state's delinquency in payments. So, pursuant to the rules contained in the recently passed statute, the current limit on principal amounts borrowed for NIU under this one-time emergency authorization would be just under \$29.5 million. If we are going to continue to provide ourselves with options to deal with future contingencies, the Board must approve the resolution before you today as the Treasurer must establish any line of credit or equivalent instrument within 90 days after the legislation's effective date, which was June 8, 2010. Whether the university is ever required to draw down on such line of credit under this authority remains to be seen. Prudence dictates that we do not preclude any option, no matter how discomfiting, as we prepare to tackle the uncertain financial future of the state's nonpayment of its obligations. I, reluctantly, ask your approval of Agenda Item 7.c., Authorization for 2010 Short-Term Borrowing.

I want to join in with what the Chair and our President have already said, Trustee Sanchez remarked. It is more than discomfort I feel that we are placed in this position. How the legislators, Senators and Representatives, can leave Springfield without addressing this critical issue, frankly, is shameful. It is very unfortunate that we, and every other higher education board, are faced with this economic crisis. Obviously, this is the prudent thing to do. I am just embarrassed that we are put in the position where we have no alternative.

At this point, we are just requesting that we have a line of credit in place, Trustee Vella stated. We are very unhappy that we have to do this and there are other parts of this legislation that are troublesome, one of which is if we do borrow the money it has to be paid back within a year. This is for operating expenses. We would only do this in a very dire emergency situation. It is not something we would contemplate doing today, but we are forced to have this option available to us given the situation.

We have all said the same thing, Trustee Boey observed, that we are doing this because Springfield has abdicated their responsibility. Yet, moral obligation on our part dictates that we have these fail-safes so

that we do not have to shut off operations on campus and close all the classrooms. It is sad that we have to look at it that way, but at the same time, I take pride in the fact that we do not anticipate any immediate cash flow needs from this borrowing situation, compared to some others that may. That is a reflection on the President and staff in terms of preparing their usual fiscal responsibility. So, I too accept and vote for this only reluctantly because that is the only prudent thing to do.

I would like to add one thing personally, Chair Strauss said. Today, our vote is on a proposition that would establish a two-step process so that we can take a look at making this available as an option. Whether or not we ultimately determine to borrow the money is another question, and we are deferring that to another day. It is only on that basis that I feel comfortable voting for this resolution, because operating the finances of the university differently than I would operate the finances of my household does not sit well. Being put in a position where you are asked to borrow operating money without having a means of repayment is not something that anybody ought to enter into lightly. So, I hope the Governor and the legislature will find a way to resolve this matter before the ultimate question for us is called and we have to determine whether or not it makes sense to draw on the line of credit that we will establish. Only the future will tell what happens in that regard. But let us all work to see whether we have the ability to be able to influence the legislature and the Governor to avoid us having to make that decision.

Chair Strauss asked for a motion to approve the Authorization for 2010 Short-Term Borrowing. Trustee Sanchez so moved, seconded by Trustee Butler. The motion was approved.

Agenda Item 8.d. – Approval of Limited Senior Administration Reorganization – Appointment of Vice President for Human Resources and Compliance

It is always good to end the meeting on a positive and uplifting note, President Peters said, and recognize people who have done a good job at the university. Dr. Steve Cunningham has admirably and capably served NIU over a long period of time. What you may not know is that my predecessor, John La Tourette, recruited Steve from the Board of Regents staff to develop and run our Human Resource function at NIU. He has done a tremendous job with that in terms of diversity, routinization and changes with all personnel. Plus, he is known in the state as the “go-to” person on pension expertise for SURS pensions. Now, simultaneously, a set of needs has arisen at all public universities over the past decade, whether they be in Illinois or Ohio, and that is the increasingly complex regulatory and compliance environment at the federal and state levels. We have had an explosion of the need to document procedures, to take care of records, to insure that we are in full compliance with the myriad rules that have been promulgated at the federal and state levels. Many universities have had the foresight to bring these together in one function and even create whole new units, but we, obviously, do not have the resources to do that.

However, we do have the people and the creativity and a leader named Steve Cunningham, who should be able to bring some cohesion to that. Therefore, in addition to his Human Resources responsibilities, the processing side of procurement and all of those other things he does, we want to create a function called Compliance, and the elements of that function will report directly to me and sit on the President’s Cabinet. We will move the State Officials and Employees Ethics Act requirements from our General Counsel, Ken Davidson, to the Compliance Officer. Also under recent legislation, which has drastically changed our contract compliance and the way we do things, Dr. Cunningham will serve as our Chief Procurement Officer and sit on the Higher Education Procurement Council. In January, we are going to have a retirement in Risk Management and that function, at that time, will move to Compliance under Dr. Cunningham. We also have a need to establish a University Records Administration to comply with the new State Records Act. This is extremely complex and time consuming. We have to maintain compliance, for instance, on programs including record retention policies and inventory, security guidelines, e-discovery protocols, FOIA records, recovery protocols, development of electronic records and storage retrieval systems, archival policies, and on and on, so we want to bring some cohesion to that function. Even though we are in complete Title IX compliance, and a lot of that has to do with athletics, we have had no specific Title IX officer, and now under Compliance we are going to have one to supervise Title IX compliance functions. In addition, we have ADA compliance needs to be met.

So, in recognition of both Steve’s service and merit, plus these new needs, I am recommending to the Board that we create a function called Vice President for Human Resources and Compliance, and the first appointee for that function will be Steve Cunningham. So many NIU staff have had to take on additional

functions without due regard to resources. Unfortunately, this vice presidency is a “dry” promotion, it carries no additional remuneration at this time. This is a sorry state of affairs due to the budget situation we find ourselves in.

Congratulations, Trustee Sanchez said, because here we are doubling your responsibility, Steve, and I know it seems like a pyrrhic victory just giving you the title, but as you just heard with regard to our financial situation on the last matter, we are in a dire situation and appreciate your willingness to take on the additional responsibilities, albeit without additional compensation.

Being on the Board of Trustees, I have known Steve for well over ten years, Trustee Boey commented, and certainly have complete respect for the quality of his work and decisions. I am certainly delighted that he is receiving this well deserved promotion.

Chair Strauss called for a motion to approve the appointment of Dr. Steven Cunningham as Vice President for Human Resources and Compliance. Trustee Boey so moved, seconded by Student Trustee Venaas. The motion as approved.

NEXT MEETING DATE

The Chair announced that the next regular meeting of the full Board of Trustees is scheduled for Thursday, September 16, 2010 on the main campus in DeKalb.

ADJOURNMENT

Chair Strauss asked for a motion to adjourn. Trustee Sanchez so moved, seconded by Student Trustee Venaas. The motion was approved. The meeting was adjourned at 1:37 p.m.

Respectfully submitted,

Sharon Banks-Wilkins
Recording Secretary