

Minutes of the
NIU Board of Trustees
FINANCE, FACILITIES AND OPERATIONS
COMMITTEE MEETING
April 29, 2010

CALL TO ORDER AND ROLL CALL

The meeting was called to order by Chair Manuel Sanchez at 9:31 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 Student Trustee Matthew Venaas, 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 Sanchez asked for a motion to endorse the agenda. Trustee Strauss 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 Strauss and seconded by Trustee Boey to approve the minutes of February 4, 2010. The motion was approved.

CHAIR'S COMMENTS/ANNOUNCEMENTS

Today's agenda includes a number of items that require committee approval, Chair Sanchez said. Among these items are contracts and agreements including (1) Gasoline Ten Percent Ethanol Blend purchase, (2) NIU Foundation Professional Services, (3) Telecommunications Cellular Service Open Order, (4) four contract renewals, three contract amendments and one agreement extension. The committee will also receive reports including Procurement Reform Legislation, Quarterly Report of Transactions in Excess of \$100,000, Periodic Report on Investments and Semiannual Progress Report of Active Capital Projects.

The Chair recognized the presence of University Advisory Committee representatives Alan Rosenbaum and Gregory Waas, thanking them for their continued support, particularly during these very difficult economic times with the challenges to all of higher education.

I have rarely seen more energy and more focus among my fellow Trustees and the leadership of this university than I have seen in this quarter. We are just finishing the first quarter of 2010, and I do not want anybody to assume for a second that we do not feel your pain or that we are not working as diligently as we can to deal with the economic challenges that we all— faculty, staff and management — face. As Chair of this committee, I am particularly heartened to share with you the fact that we are Trustees who are committed to doing everything within our power and everything we can in Springfield to secure whatever financial support we can, and we will try our utmost to get it secured to make sure that NIU continues this tradition of over 110 years of excellence in higher education.

I would also like to acknowledge the presence of Dr. Emily Prieto, Director of the Latino Resource Center. Thank you for joining us today. It is a pleasure for me, not just as an alum, but as a Trustee, to share with

you as we go into May and the end of this second semester, that graduation is just a weekend away and we are all excited about that. I want you to know that this chair of this committee is particularly pumped up, notwithstanding the economic challenges. We are going to get through this and, believe it or not, one day we are going to look back at this time and say we are a better higher education facility because of the incredibly difficult challenge that they posed to us here in DeKalb and, ultimately, we are going to thrive.

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 had been received.

UNIVERSITY RECOMMENDATIONS

Before we enter into our specific items, Dr. Williams said, I also would like to make a statement regarding these contracts for Fiscal Year 2011. They are to obligate funds in a fiscal year in which we do not have an appropriation at this point. After discussion and reviewing these with the President, we will say that Board approval of these items today only gives the university authorization to move forward. Do not feel that we are absolutely locked into these various contracts or commitments because we will be evaluating the budget as it unfolds, and there may or may not be amendments to these various agreements based on whatever happens with the budget process.

Agenda Item 7.a. – Fiscal Year 2011 Gasoline 10 Percent Ethanol Blend

Purchase of 10 percent ethanol blend gasoline for our Transportation Department was negotiated at the very competitive rate of \$2.57 a gallon, Dr. Williams said. We try to weigh out a certain portion of part of this contract based on previous use and then a certain portion of the gasoline would be purchased based on need during the fiscal year.

In answer to a query, Dr. Williams stated that allowing our contracts to be locked in at lower prices along with the use of hybrid vehicles has had a demonstrable impact on the bottom line of university fuel expenses. Bill Finucane, Manager of Transportation, stated that since NIU began using hybrids six years ago, it is estimated that approximately a hundred gallons of fuel per year have been saved. Right now, he said, the contract price is a little lower than the \$2.57 that we will be paying; however, all the taxes are included in that price, which is \$0.40 below the current pump price. Mr. Finucane also assured everyone that none of the Prius's in the university fleet were involved in the 2010 recall for sticking accelerators. An issue with floor mats has been addressed by the university, and Toyota is addressing it also.

Chair Sanchez asked for a motion to endorse the FY11 Gasoline 10 Percent Ethanol Blend purchase. Trustee Murer so moved, seconded by Trustee Boey. The motion was approved.

Agenda Item 7.b. – Fiscal Year 2011 NIU Foundation Professional Services Contract

The FY11 NIU Foundation Professional Services Contract is an annual contract approval, Dr. Williams said. This is for fundraising services that the Foundation provides to the university. This amount is the same as the current year contract.

In keeping with the vein of this meeting and the tone set by our Chair, Trustee Murer said, it is very important to talk about the Foundation and its role as it relates to the university. Without the Foundation, we could not do many of the things that we have been fortunate enough to be able to do. I want to thank Mallory Simpson and all the members of the Foundation who work so diligently behind the scenes to secure the necessary funds for the university. That is very difficult in this day and age, so being sure that philanthropy remains a vital part of the university is critical.

I support Trustee Murer's comments, Trustee Boey said. Especially now, with Springfield's numbers going down from 25 percent of our budget to probably much less as the years go on, the Foundation will play an even more important part in the university's budget.

As a point of privilege, the Chair said, all I need to do is go to my next meeting at our beautiful business school or stop in our alumni center and realize that but for the efforts of the Foundation, we might not have those facilities and much more. So, I too want to echo those sentiments, because the Foundation is an integral part of this university.

Chair Sanchez asked for a motion to endorse the FY11 NIU Foundation Professional Services Contract. Trustee Murer so moved, seconded by Trustee Boey. The motion was approved.

Agenda Item 7.c. – Fiscal Year 2011 ITS - Telecommunications Cellular Service Open Order

ITS Telecommunications Cellular Service. I need not comment regarding the fact that cellular services are more and more taking over the phone service market because of texting, the emergency awareness and preparedness system notification systems and the like, Dr. Williams said. These costs will be borne by individual departments in support of our faculty and staff.

In answer to a question regarding WiFi on the university campus, Wally Czerniak, stated that there has been WiFi on the campus for quite a few years, and we have just entered a major program to upgrade our WiFi antennas. On our campus map on the Internet is a WiFi symbol, he said, and when you click that it will show in yellow all the buildings where WiFi access is available. We have restricted WiFi access for employees and students only in certain areas. There are areas where we might have guests and visitors that have open access.

We have a strategic initiative to increase our WiFi coverage, and we are carefully expanding the program. Additionally, we are increasing the capacity of all cellular providers to have access to our campus, and it is going to be a no-cost option for us. They will be given access to distribute hidden antennas on campus. This will improve the cell phone coverage from all carriers for students, faculty, staff and visitors.

Chair Sanchez asked for a motion to endorse the FY11 ITS Telecommunications Cellular Service Open Order. Trustee Strauss so moved, seconded by Trustee Vella. The motion was approved.

Agenda Item 7.d. – Fiscal Year 2011 ITS – Telecommunications Telephone Maintenance Contract

This is a new contract for the maintenance of our existing Telecommunications switch, Dr. Williams said, and is the same negotiated price as the current fiscal year. Chair Sanchez asked for a motion to endorse the FY11 ITS Telecommunications Telephone Maintenance Contract. Trustee Boey so moved, seconded by Trustee Vella. The motion was approved.

Agenda Item 7.e. – Fiscal Year 2011 NIU Naperville Catering Services Contract Renewal

The FY11 NIU Naperville Catering Services Contract renewal is an open order for catering services at our Naperville facility, Dr. Williams said. This is a pass-through for various conferences and activities that occur at the facility and contract through NIU for catering services. Chair Sanchez asked for a motion to endorse the FY11 NIU Naperville Catering Service Contract Renewal. Trustee Strauss so moved, seconded by Trustee Murer. The motion was approved.

Agenda Item 7.f. – Fiscal Year 2011 Radiation Oncology Physician Services Contract Renewal

The FY11 Radiation Oncology Physician Services Contract is in conjunction with our neutron facility at Fermilab, Dr. Williams said. Physician services are contracted separately, and this is a renewal. These are dollars that were set aside and established as a base about five to six years ago when we were requested to take over the neutron operation. So these are base figures available to us that were generated internally.

Chair Sanchez asked for a motion to endorse the FY11 Radiation Oncology Physician Services Contract Renewal. Trustee Strauss so moved, seconded by Trustee Murer. The motion as approved.

Agenda Item 7.g. – Fiscal Year 2011 Solid Waste Removal and Recycling Contract Renewal

The FY11 Solid Waste Removal and Recycling Contract is an open order for removal of solid waste and recyclable materials that is renewed annually and is paid through institutional funds. Chair Sanchez

asked for a motion to endorse the FY11 Solid Waste Removal and Recycling Contract Renewal. Trustee Murer so moved, seconded by Trustee Strauss. The motion as approved.

Agenda Item 7.h. – Fiscal Year 2011 NIU/Fermilab Neutron Cancer Therapy Agreement Extension

This agreement is with the Universities Research Association, which is a prime contractor of Fermilab, Dr. Williams said. The FY11 NIU/Fermilab Neutron Cancer Therapy Agreement Extension is for the beam service necessary to operate the facility as well as other medical physics support afforded. The university's responsibility beyond this agreement is to maintain the operation, clinical staff, physicians and so forth, that were just discussed. Chair Sanchez asked for a motion to endorse the FY11 NIU/Fermilab Neutron Cancer Therapy Agreement Extension. Trustee Strauss so moved, seconded by Trustee Murer. The motion was approved.

Agenda Item 7.i. – Energy Infrastructure Improvements – Phase X Performance Contract Amendment

Performance contracts have been very positive for the institution, Dr. Williams said. This request is for the Energy Infrastructure Improvement Phase X Performance Contract. We have reduced our capital cost needs and investments by utilizing this mechanism. NIU has been very fortunate and one of the leading institutions in the state of Illinois to take advantage of performance contracting. We are asking an amendment to our contract of \$6.2 million for additional projects listed in the item that would be purchased and paid for by the contractor. They would receive payment through the savings generated by these projects. Some of these additional projects include the East Heating Plant, the East Chiller Plant and the Student Services Building. We were very fortunate to obtain grant funds from the state that allowed us to build a new Central East Chiller Plant. This facility is just about completed, and we were able to do it with a minimal amount of university resources. We were then able to move forward with a project that connected various buildings to the new plant through a performance contract. I want to thank Bob Albanese and his staff who found ways to put this project under the performance contracting so that we would not have to fund it from our own resources, as we had initially thought in December.

Predating the financial problems Illinois is experiencing currently, the State was looking at the fact that there was a large aggregate of deferred maintenance projects throughout Illinois. But there was also, in addition to the deferred maintenance, a commitment and movement around the country for energy preservation and projects that would reduce energy costs and, especially, our demand and use of foreign owned products. That combination led to this concept, which was introduced in the General Assembly. The university vice presidents advised that this would be a very positive thing for the State to do. The legislature followed through and passed the initial bill approximately 12 years ago. After seeing how successful it was, the bill was renewed. The original bill had a ten-year payback period, and that was extended to a 20-year payback period, which would allow a larger number of projects to be included in this kind of performance contracting. Request for Proposals are issued for vendors to perform the work on these projects. Some vendors did not understand the concept in the beginning, and some of the more aggressive companies took advantage of it, but the number of vendors is increasing.

President Peters stated that the university recently had been contacted by the Governor's Office to talk about our success in performance contracting. Sustainability is a word that is used quite broadly, Chair Sanchez said, but who would have thought ten years ago that we were ahead of the curve, not just driven by economics, but by the environment, energy and sustainability.

Chair Sanchez asked for a motion to endorse the Energy Infrastructure Improvements Phase X Performance Contract. Trustee Strauss so moved, seconded by Trustee Boey. The motion was approved.

Agenda Item 7.j. – Materials Management Central Stores Commodities Amendment

An open order is used by our Materials Management Central Stores area to purchase materials as needed through authorized vendors, Dr. Williams said. There was a bidding process, which resulted in two successful bidders. One of these vendors has fallen to the economic times and is not going to be able to live up to its contract. We may have to rebid a portion of this, depending on the decision of the Procurement Office. Chair Sanchez asked for a motion to approve the Materials Management Central

Stores Commodities Amendment. Trustee Strauss so moved, seconded by Trustee Vella. The motion was approved.

Agenda Item 7.k. – Department of Biological Sciences Research Project Amendments

This is an amendment to an existing grant and grant subcontracts through the Department of Biological Sciences, Dr. Williams said, due to additional funds being provided through the existing grant entitled “Long-term Outcomes of Childhood-onset Epilepsy.” Chair Sanchez asked for a motion to endorse the Department of Biological Sciences Research Project Amendments. Trustee Strauss so moved, seconded by Trustee Murer. The motion was approved.

UNIVERSITY REPORTS

Agenda Item 8.a. – Procurement Reform Legislation

Dr. Williams pointed out that the item on Procurement Reform Legislation will be discussed in detail in the Legislation, Audit and External Affairs Committee meeting. He stated that profound changes were made in this legislation in how we do business. There also is a major shift in the responsibility for and the authorization of procurements at public universities, he said, which impacts not only the institution, but also the Board and its statutory authority.

When asked what might have prompted this change in the legislation, Dr. Williams said that it did not result because of something the universities did. It is a sad commentary when those who have done an exceptional job and have protected the State’s investments and revenues and tried to maximize them are the ones who bear the brunt of the mistakes that occurred in areas outside of our control.

The sad commentary is that in this era the malfeasance or misfeasance of others, unfortunately, sweeps us into the reforms, President Peters said, as in the ethics legislation, which required unreasonable bureaucratic regulation and accountability. Where I am all for transparency, it costs us a lot of money. I could go down the list of other restraints that the State has put on us in a regulatory environment that cost us money in an era when we need the flexibility to save money and to move quickly. I cannot think of an area of procurement when we need materials or when researchers might need materials. I cannot imagine, under this proposed law, how we would have handled 2/14, because we had to make an emergency decision to make a million dollar expenditure right away, and we were able to get the authority to do that to protect our campus and move forward. That is an extreme example, but on a day-to-day basis, it is like trying to manage with one and a half arms tied behind your back, while at the same time they are not paying our general revenue reimbursements in a timely manner.

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

Agenda Item 8.c. – Periodic Report on Investments

Agenda Item 8.d. – Semi-Annual Progress Report of Active Capital Projects

Dr. Williams drew the Committee’s attention to the Quarterly Summary of Transactions, the Periodic Report on Investments and the Semi-Annual Report on Capital Projects presented for committee review.

OTHER MATTERS

Before we conclude, Chair Sanchez said, I would like to remind those here that this is my second opportunity to chair this Finance, Facilities and Operations Committee. When the Board of Trustees was founded in 1996 and continuing to the present time, we have been privileged to often hear in a comparative way how well the NIU Board of Trustees performs, how their diversity shines among all the other boards in the state, etc. But rarely do you get a chance to do what I am about to do and that is share with you the fact that the first time I chaired this committee as a Trustee, we were in economic booming times and I remember how impressed I was with the management staff then and still led by Dr. Eddie Williams. Now, almost ten years later, we are in the most challenging of times. Notwithstanding the very difficult challenges we have, the administrative team we have here, Dr. Peters, Dr. Eddie Williams and all the other vice presidents and leaders of the university, really are a shining icon among higher education management teams in dealing with the toughest of the tough issues. As a Trustee, and I know my fellow Trustees agree with this, rarely do they get acknowledged for that effort. We know that

without the faculty and the staff and the team we have here in DeKalb, Naperville, Hoffman Estates and Rockford, we wouldn't have the kind of fabulous institution that we have. So, we are no longer the best well kept secret in the State of Illinois, as I used to say among higher education. But I think you ought to know that we know just how lucky we are to have the team that we have.

NEXT MEETING DATE

The Chair announced that the next meeting of the Finance, Facilities and Operations Committee is scheduled for Thursday, August 26.

ADJOURNMENT

Chair Sanchez entertained a motion to adjourn. Trustee Murer so moved. The meeting was adjourned without objection by the Chair. The meeting was adjourned at approximately 10:10 a.m.

Respectfully submitted,

Sharon M. Banks-Wilkins
Recording Secretary