

Minutes of the  
**NIU Board of Trustees**  
**FINANCE, FACILITIES AND OPERATIONS**  
**COMMITTEE MEETING**  
August 26, 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 the 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 Robert Sorsby, 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 approve the agenda. Trustee Murer made a motion to approve the agenda. It was seconded by Trustee Strauss. The motion was approved.

**REVIEW AND APPROVAL OF MINUTES**

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

**CHAIR'S COMMENTS/ANNOUNCEMENTS**

Welcome to the first Finance, Facilities and Operations Committee meeting for the 2010-2011 Academic Year, Chair Sanchez said. It is an especially exciting time of the year for students and faculty as they return to campus with renewed enthusiasm and expectations for the year ahead, including athletics. I want you to know that today begins my fortieth anniversary of graduation from NIU in 1970. Even as I say it, it is hard to believe that four decades ago, I received my bachelor of arts from Northern Illinois University.

Today we have a robust agenda that includes a number of items that require our committee's approval. Among them are Fiscal Year 2012 Appropriated and Nonappropriated Capital Budgets; College of Engineering and Engineering Technology Research Project Grant Subcontract; Revenue Bond Underwriting Service Agreement; Capital Project Approvals for the roof replacements of nine academic buildings; roof replacement of the Holmes Student Center; fire sprinkler system in Stevenson Hall; the First Year Residence Hall Projects agreement and depository account authorization; the Grant Towers Renovation-Furniture, Fixtures and Equipment authorization; and the proton therapy program support. We will also receive a number of reports including an update on the tuition policy, fiscal year annual reports on tuition and fee waivers, capital activities, transactions involving real property, cash and investments, and the obligations of financial resources, Quarterly Reports of Transactions in Excess of \$100,000, and the Professional Excellence Awards for Faculty and Staff.

The Chair recognized the presence of University Advisory Committee representative Dr. Gregory Waas.

## **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**

### **Agenda Item 7.a. – Fiscal Year 2012 Appropriated Capital Budget Request**

Our first Item is the 2012 Appropriated Capital Budget Request, Dr. Williams said. Each year, as part of the legislative process, we present to the Board of Higher Education major capital projects along with a list of minor capital projects for consideration, to be included in a statewide priority list that goes to the Governor and then to the legislature. This year's list is pretty much what we have been looking at for several years prior to this, except that Davis Hall has been added as part of our major capital request. This facility dates back to one of the early buildings on this campus, has never had a major overhaul, and the academic programs in that building have suffered because of that. We therefore have added it to the list of capital requests. I believe that number is approximately \$33 million. The Board is well familiar with the state process, so we will be talking about Davis Hall for the next ten years. As an update, as you all know, we received support to get Cole Hall funding and Stevens Hall funding this spring. Also, we all are well aware of the fiscal climate in the state of Illinois, and to be able to get funding for those projects is an outstanding achievement. The Cole Hall design is underway, and we have the funds secured for the improvements. As far as Stevens, we have the funding for the planning and expect to move forward with that over the year as well. Chair Sanchez asked for a motion to approve the FY12 Appropriated Capital Budget Request. Trustee Butler so moved, seconded by Trustee Murer. The motion was approved.

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

State statute requires that regular instructional facilities are handled through the state process, Dr. Williams said, but noninstructional facilities are handled directly by our Board, primarily using revenue bonds to support them. The projects listed here will be supported through the revenue bond reserve funds. Projects include Holmes Student Center, the convocation center and other improvements of that type. Chair Sanchez asked for a motion to approve the FY11 Nonappropriated Capital Budget. Trustee Vella so moved, seconded by Trustee Boey. The motion was approved.

### **Agenda Item 7.c. – CEET ROCK Program Research and Project Development**

Our request in support of the ROCK Program through the College of Engineering and Engineering Technology is a multiyear grant, Dr. Williams reported, that has been renewed as a pass-through. Chair Sanchez asked for a motion to approve the CEET ROCK Program Research and Project Development. Trustee Vella so moved, seconded by Trustee Murer. The motion was approved.

### **Agenda Item 7.d. – Revenue Bond Underwriting Services Agreements**

The Board will recall that at our last two meetings, Dr. Williams said, we have discussed the potential of issuing revenue bonds in support of our renovation of existing residence halls, the Holmes Student Center, as well as to provide additional activity fields for our students, improve our parking structure and other infrastructure, and support research activities. Based on your authorization, we have undergone an RFP process to select underwriters for the potential issuance of those bonds. As a result of our RFP process, the underwriters we are recommending are BMO Capital Markets GKST, Inc. and Cabrera Capital Markets, LLC given the extent and the complication of this type of financing. We are on schedule to take advantage of Build America Bonds, a federal program that underwrites tax-exempt bonds, in this case, for university facilities that the university is trying to pursue. Dr. Williams introduced Michael Boisvert, from BMO (Bank of Montreal) Capital Markets GKST, Inc. and Santino Bibbo from Cabrera Capital Markets, LLC. We are very pleased to work with them this is a very experienced team and ask your approval of their appointment.

Dr. Williams explained that through the RFP process to select the underwriters, a general set of guidelines is used. These include their experience and their handling of bond issues within higher education. We also are very much interested in their track record in terms of who they work with and how

well those issues have gone. We look at the strength of the company, the capability of the company to carry out the potential sale of bonds and to make sure that they have a full understanding of the market and a very positive reputation in working with the rating agencies in New York, and we look at the rate they ask for their services. I might also add, Chair Sanchez said, that whether it is for this opportunity or any of the RFP processes we go through, the same kind of rigorous team effort takes place, and Dr. Williams has consistently impressed me with the nature of the scrutiny the committee goes through in each of these instances. In this instance, 16 responses to the RFP were received.

Chair Sanchez asked for a motion to approve the Revenue Bond Underwriting Services Agreements. Trustee Murer so moved, seconded by Trustee Vella. The motion was approved.

#### **Agenda Item 7.e. – Roof Replacement – Nine Buildings on Campus**

We also acquired authorization from the State for minor repair projects, Dr. Williams said. That allocation for NIU was approximately \$1.7 million. Based upon the analysis of our staff, we felt that the best use of those dollars would be for roof replacement, primarily on our instructional facilities, and we are going to try to stretch those dollars to include nine buildings. This approval is for the appointment of architects and engineers, to receive bids and to move forward on the project with the stated budget. Chair Sanchez asked for a motion to approve the roof replacements of nine buildings on campus. Trustee Boey so moved, seconded by Trustee Strauss. The motion was approved.

#### **Agenda Item 7.f. – Holmes Student Center Roof Replacement**

The request for a roof replacement project for Holmes Student Center is separated from the other roof replacements because Holmes Student Center is a noninstructional facility and, therefore, will come from the bond reserve, Dr. Williams said. We have over the past eight years worked on various sections of the roof of Holmes Student Center. This is the last section that needs to be done at this time. We are hoping that the major bond issue we have been discussing for replacements and renovation will be realized, and under that system, we will be working on Holmes Student Center for other improvements. Chair Sanchez asked for a motion to approve the Holmes Student Center roof replacement. Trustee Vella so moved, seconded by Trustee Strauss. The motion was approved.

#### **Agenda Item 7.g. – Phase III Stevenson Hall – Install Fire Sprinklers**

As you will recall, the State of Illinois mandated that we install sprinkler systems in all of our residence halls, Dr. Williams stated, but their promise to help fund that somehow did not follow the mandate, so we have had to find ways internally to fund these improvements. I am pleased to say that we have completed two of the four phases of this work that included sprinkler systems in Douglas Hall, Lincoln Hall and in the Neptune complex. This request is for the Stevenson Hall sprinkler system project budget and the authorization to move forward with the project. Chair Sanchez asked for a motion to approve the Phase III installation of fire sprinklers in Stevenson Hall. Trustee Murer so moved, seconded by Trustee Vella. The motion was approved.

I do not often have a chance to comment on just how wonderfully benefited this university is by Eddie Williams, his team, and Dr. Peters, Chair Sanchez remarked. I do not know how you, effectively, in this recession, manage to keep the lights on and operating. These unfunded mandates, we somehow, some way, manage to do, and it is a credit to all of you and your team members that we are able to successfully keep this institution of higher education doing so well notwithstanding the economic constraints we all live under.

#### **Agenda Item 7.h. – First Year Residence Hall – Project Agreements**

I am very pleased to report to the Board that our first year student public/private housing project is moving forward, Dr. Williams said. We had a very successful meeting with the Illinois Board of Higher Education and obtained their approval in support of this project. The Board of Trustees has entered into a ground lease agreement with a private developer. That ground lease requires the developer to plan, develop, finance and build first year housing up to 1,000 beds for students at NIU. This new and improved residence hall system will include a dining area, activity/community center that will house a computer laboratory, and other activity and meeting space. We estimate that the total project will cost approximately \$80 million. What is nice about this is that it will not be a debt upon the Board of Trustees

or the university and we will not be obligated to those dollars at all. The developer takes the risk. We entered into a 25 to 30 year ground lease in support of this activity. It is a very unique financing structure. There are so many that deserve praise for the hard work they have done to make this a reality, including Vice President Hemphill and his staff, all of the housing staff, all of our financial staff, and our Controller, Keith Jackson, who makes sure we do not step beyond our authority. This is an excellent project, and we are very pleased with the results thus far. Before you is a request for authorization of the development agreement that will specify in detail the development, the design, the presentation, and the financing of the facility that we will enter into with the developer. Under the development agreement, the university will be in charge of and be responsible for the actual management of the facility, so we are also asking approval for a management agreement. One individual has worked very hard to make this happen. Dr. Williams stated that Jeff Daurer is the individual who has really taken this project to heart. He has been the one negotiating with developers, with the finance companies, with attorneys and preparing information.

It warrants reiteration, Murer said, that this model of funding capital is exceptional because not only does it bring the capital from an outside resource, but as you mentioned, it is not part of our debt service, so does not negatively affect our bond rating.

Dr. Williams stated that Northern Illinois University introduced this mechanism in the state of Illinois to fund Northern View. Our sister institution, Illinois State University, is in the process of doing a similar project for housing, he said. My understanding is that theirs is an approximately \$60 million project. We both were at the Illinois Board of Higher Education at the same meeting, and were both approved, with many of the same players involved in both projects.

We have acknowledged the staff and your wonderful team, Dr. Williams, but I know as a Trustee, that this was really brought to our attention in a big way by our Chair Strauss, who took the time to work with Vice President Hemphill and Dr. Williams and their staffs, Chair Sanchez said, and then presented it to us. I told you with pride how 40 years ago I graduated from here, and when I came in, Grant was brand new and state of the art. But 40 years have taken their toll, and then I found out that was not unique and there were a lot of housing challenges. You cannot just be competitive in the classroom, you have to be competitive with the physical plants, etc. It was brought to our attention in a very smart and significant way that something has to be done about the student housing, because all of us as parents want our kids to be in safe, accommodating facilities and not rundown, beat up, unsatisfactory housing plants. So, this is a huge step. And the problem was how to do it in these financially challenging times. Fortunately, under this model, we are going to be able to do it so that in a few years, they will be bragging in the state of Illinois about the new residential housing at NIU in DeKalb. I am really excited about this and hope that you all are as well. Speaking of the RFP process, I know how many bid on that and how anxious and excited they were in presenting and the hours that your team put in to go through that. We often forget about all the hard spade work that takes place to get us here.

Chair Sanchez asked for a motion to approve the First Year Residence Hall Project Agreements. Trustee Strauss so moved, seconded by Trustee Boey. The motion was approved.

#### **Agenda Item 7.i. – First Year Residence Hall Project Depository Account**

We are requesting Board approval of a bank depository for the management of resources regarding the development of this housing, Dr. Williams said. As part of our responsibility under Board of Trustees guidelines, we bring any requests for a new account or depository to the Board for approval.

Dr. Williams stated that the Regions Bank in Birmingham, Alabama was chosen because this depository has been involved in these kinds of transactions, they have worked with the developer previously, and four different entities are involved in this agreement, so, again, we opted to go with experience in order to expedite the project and the process.

Chair Sanchez asked for a motion to approve the First Year Residence Hall Project Depository Account. Trustee Vella so moved, seconded by Trustee Boey. The motion was approved.

### **Agenda Item 7.j. – Grant Towers Renovation – Furniture, Fixtures and Equipment**

The Board previously approved the renovation of Grant Hall, Tower C. We initiated that work and funded it to the extent we could through internal means, Dr. Williams said. But we are looking to the total renovation project, and the issuance of the bonds will help offset the costs of some of the improvements we are already undertaking in Tower C. Now we are asking permission to set a budget of approximately \$3 million for the replacement of the furniture and fixtures that have been in the building for 40 years. This, too, will be supported internally through the reserves and/or funded from the new bond revenue issue. Chair Sanchez asked for a motion to approve the Grant Towers Renovation of Furniture, Fixtures and Equipment. Trustee Murer so moved, seconded by Trustee Strauss. The motion was approved.

### **Agenda Item 7.k. – Proton Therapy Program Support**

In this case, Dr. Williams said, the university is requesting Board of Trustees approval to fund NIPTRC with funds, by and large, generated through indirect cost monies, primarily from federal, congressionally directed grants. These are outside dollars that the university would grant over to NIPTRC in support of the research program support activities of NIPTRC. Chair Sanchez asked for a motion to approve the Proton Therapy Program Support. Trustee Boey so moved, seconded by Trustee Vella. The motion was approved.

## **UNIVERSITY REPORTS**

### **Agenda Item 8.a. – Undergraduate Tuition Policy Update**

Dr. Williams stated that the state of Illinois had established a statute for undergraduate tuition called Truth-in-Tuition, a program that guarantees tuition for incoming students for a period of four years. This Board has moved beyond what is required by statute by guaranteeing that tuition, not just for four years, he continued, but actually for four and a half years. Since there have been problems with students completing the four-year period provided under the statute and then being faced with fairly substantial tuition increases, the legislature extended the guaranteed period for an additional two years. The formula says that after the guaranteed four years, a student's tuition cannot increase more than the rate that is being applied to the class that came right after him. For example, if a student entered in the fall of 2006, after four years of guaranteed tuition were completed, going into the fifth and sixth years of attendance, his tuition cannot be any greater than the tuition charged to those students that entered in the fall of 2007. This is a very good step on the part of the state. It is certainly in line with what the NIU Board has already supported in the past. We wanted you to be aware of this change in policy and that we will be making this extension applicable to our students as soon as possible.

This is incredibly significant, Chair Sanchez commented, if you do the math and compare what the tuition would be four years after a student enters, versus one year after. It is significant because every year this Board of Trustees is faced with raises that have averaged somewhere between 8.0 and 9.5 percent. We have tried to stay under any double-digit increases, although other higher education institutions have had to have 10 percent or greater increases. We are very sensitized to that, so this legislative enactment is going to be very helpful to the students who for whatever reason cannot finish in less than five or six years.

### **Agenda Item 8.b. – Fiscal Year 2010 Report of Tuition and Fee Waivers**

### **Agenda Item 8.c. – Fiscal Year 2010 Report on Capital Activities**

### **Agenda Item 8.d. – Fiscal Year 2010 Annual Report of Transactions Involving Real Property**

### **Agenda Item 8.e. – Fiscal Year 2010 Annual Report of Cash and Investments**

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

### **Agenda Item 8.g. – Annual Summary Report - Obligation of financial Resources**

### **Agenda Item 8.h. – Professional Excellence Awards for Faculty and Staff**

Dr. Williams drew the above items to the attention of the committee for review.

**NEXT MEETING DATE**

The Chair announced that the next meeting of the Finance, Facilities and Operations Committee was scheduled for Thursday, November 11, 2010, in DeKalb.

**ADJOURNMENT**

There being no Other Matters, Chair Sanchez entertained a motion to adjourn. Trustee Strauss so moved. The meeting was adjourned without objection by the Chair. The meeting was adjourned at approximately 10:49 a.m.

Respectfully submitted,

Sharon M. Banks-Wilkins  
Recording Secretary