

Minutes of the
NIU Board of Trustees
FINANCE, FACILITIES AND OPERATIONS
COMMITTEE MEETING
August 29, 2013

CALL TO ORDER AND ROLL CALL

The meeting was called to order by Chair Marc Strauss at 11:19 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, Wheeler Coleman, Anthony Iosco, Robert Marshall, BOT Chair Cheryl Murer, Student Trustee Elliot Echols and Chair Strauss. Also present were Committee Liaison Steven Cunningham, President Douglas Baker and Board General Counsel Jerry Blakemore. 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 General Counsel Jerry Blakemore.

MEETING AGENDA APPROVAL

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

REVIEW AND APPROVAL OF MINUTES

It was moved by Trustee Boey and seconded by Trustee Butler to approve the minutes of February 28, 2013. The motion was approved.

It was moved by Trustee Butler and seconded by Trustee Coleman to approve the minutes of May 23, 2013. The motion was approved.

CHAIR'S COMMENTS/ANNOUNCEMENTS

Today's agenda includes a number of items that require committee approval, Chair Strauss said, and among them are: the Fiscal Year 2014 Internal Budget, Fiscal Year 2015 Budget Guidelines, Fiscal Year 2015 Appropriated and Nonappropriated Capital Budgets, Facilities Planning and Operations–Maintenance Management System, College of Engineering and Engineering Technology-Engineering Outreach OSHA Courses, Public Safety Radio/Dispatch System Upgrade-Capital Project Approval. We will also receive a number of reports, including the Fiscal Year 2013 Report of Tuition and Fee Waivers, Capital Activities, Transactions Involving Real Property, Cash and Investments, Obligation of Financial Resources, a Quarterly Summary Report of Transactions in Excess of \$100,000 and Professional Excellence Awards for Faculty and Staff.

The Chair then recognized the representatives from the University Advisory Committee, Dr. Alan Rosenbaum and Dr. Greg Waas.

PUBLIC COMMENT

The Chair asked Board General Counsel Jerry Blakemore 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. Blakemore noted that no timely requests had been received to address this Board Committee meeting.

UNIVERSITY RECOMMENDATIONS

Before we begin, Dr. Cunningham said, I thought it might be useful to recap the recent actions of the Moody's Rating Service which, on August 9, completed a review of all of the State public universities and, more recently, on August 22, issued a report titled Pressures Build for Illinois Public Universities. This is a public report that talks about the fiscal context for the public universities in the State budget process, and, certainly, pension reform is key. In a footnote on the front page, they indicate that on August 9, 2013, Moody's downgraded the ratings of seven of the eight rated Illinois public universities. Most of the smaller universities went to Baa1 status. That is a very serious drop in the bond rating for these universities and is unprecedented in public higher education. The report goes on to confirm the rating of NIU, which was maintained at A3. The ratings for Illinois State University, the University of Illinois and Southern Illinois University were moved to an A3 status with the University of Illinois a premium above that. That is good news going into the new academic year.

Agenda Item 7.a. – Fiscal Year 2014 Internal Budget

On May 23, Dr. Cunningham said, the committee approved a preliminary Fiscal Year 2014 internal budget based upon the likely appropriations from the State. That appropriation was subsequently signed by the Governor and confirmed. These amounts for the final FY14 Internal Budget are reflected on page 13 of your reports for endorsement by the committee. Chair Strauss asked for a motion to endorse the FY14 Internal Budget. Trustee Strauss so moved, seconded by Trustee Butler. The motion was approved.

Agenda Item 7.b. – Fiscal Year 2015 Budget Guidelines

These Fiscal Year 2015 budget guidelines will be used as the President and university representatives go through the appropriations process, Dr. Cunningham said. This table shows what the Board of Trustees guidelines for FY14 were at this time last year, and that was a very conservative approach toward the budget recommendation. The IBHE recommendation is reflected in the second column in a proposed general cost increase of \$3.5 million and a deferred maintenance line of \$2.58 million. The Governor's budget then proposed a 5.0 percent reduction. Finally, our net appropriation held steady with the exception of a \$57,000 reduction related to performance funding. In the last column, our FY15 guidelines, in consultation with President Baker, incorporate a more realistic picture of our needs in the FY15 request, including an update of our program priorities. Where, in the past, we had three program priority requests, we now can have up to five. Working with Provost Alden's area, we have added two more, a Bachelor of Science and Technology with an Emphasis in Applied Manufacturing Technology, and the Health Information Management Program. A deferred maintenance line was also added to reflect what was customarily in our deferred maintenance request some years ago. In talking with leadership in Springfield about pension reform and so on, there appears to be the prospect of more stable appropriations if we can resolve that issue, part of which might be a reinvestment in some deferred maintenance needs for the university. Dr. Cunningham acknowledged Cristine Black, Mike Mann, Celeste Latham and Dena Funkhouser who are all a part of this budget process.

President Baker stated that the library and technology fee increase is necessary because library costs are growing due to increasing prices which have averaged approximately 8.0 to 12.0 percent a year in the past decade. The library has cut back on holdings, but there comes a time when you cannot cut any more. Provost Alden referred to the open access. We have a requirement now to make all of our materials open to the public and we are creating a new system for that.

Chair Strauss asked for a motion to approve the FY15 budget guidelines. Trustee Boey so moved, seconded by Trustee Iosco. The motion was approved.

Agenda Item 7.c. – Fiscal Year 2015 Appropriated Capital Budget Request

Dr. Cunningham pointed out that Table C101 of the Fiscal Year 2015 Appropriated Capital Budget Request detailed the projects on the Capital Request. The Computer Science, Health Informatics and Technology Center is a top priority item for the university that has been on the list since 2004 and is now number two on the Statewide Capital Funding List. Some planning monies are ready to be released for that project, and the content was refreshed to incorporate a health informatics and a more modern and current utilization of that project priority. Of the 29 projects across all of the public universities, NIU has a total of four projects on the statewide list right now. They include our Computer Science, Health Informatics and Technology Center at number two, Wirtz Hall at number 13, Campus Roadway Repair at number 19, and Davis Hall at number 28. It has taken us over a decade to get the Computer Science Building near the top. Although these internal priorities are appropriated, none of them have been funded with the exception of some planning monies for the Computer Science, Health Informatics and Technology Center. I should note that the Stevens Building construction will begin this spring. Stevens also was on the list for more than a decade with funds being released in early 2010.

Chair Strauss asked for a motion to approve the FY15 Appropriate Capital Budget Request. Trustee Butler so moved, seconded by Trustee Iosco. The motion was approved.

Agenda Item 7.d. – Fiscal Year 2015 Nonappropriated Capital Budget

Unlike the appropriated budget, Dr. Cunningham said, the Fiscal Year 2015 Nonappropriated Capital Budget contains projects that would be funded subject to the Board's authorization of this priority list. This list details our capital improvement priorities for Fiscal Year 2014, which total \$1.98 million, and shows many of the deferred maintenance issues we brought up for priority in a meeting with Chair Strauss and Vice Chair Echols. We know there is a long-term interest in recreational facilities, which we are going to take a longer look at as well.

Chair Strauss asked for a motion to endorse the FY15 Nonappropriated Capital Budget. Trustee Boey so moved, seconded by Student Trustee Echols. The motion was approved.

Agenda Item 7.e. – Facilities Planning and Operations – Maintenance Management System

The university's current work order management system is very dated, Dr. Cunningham said. We process over 12,000 work orders a year and the new system would provide for mobile handheld applications, better access control and better documentation of the work order process.

Chair Strauss asked for a motion to endorse the Facilities Planning and Operations Maintenance Management System. Trustee Boey so moved, seconded by Trustee Butler. The motion was approved.

Agenda Item 7.f. – College of Engineering – Engineering Outreach OSHA Courses

Our College of Engineering offers a fairly extensive OSHA program as one of 28 national programs that host this type of training. The college is requesting permission to subcontract the planning and presentation of these online Engineering Outreach OSHA Courses.

Chair Strauss requested a motion to endorse the College of Engineering request to subcontract the Engineering Outreach OSHA Course. Trustee Murer so moved, seconded by Trustee Iosco. The motion was approved.

Agenda Item 7.g. – Public Safety Radio/Dispatch System Upgrade - Capital Project Approval

Capital project approval is requested for a new public safety radio and dispatch system. The existing system, a Zetron Dispatch Radio installed several years ago, Dr. Cunningham said, recently suffered lightning damage. It is an antiquated system that does not interconnect with other local public safety systems, nor does it have the upgrade and redundancy capabilities that a modern system would require. Chair Strauss asked for a motion to endorse the establishment of a project budget to replace the existing

police radio/dispatch system and make needed renovations in the Telephone and Security Building to accommodate the new system. Chair Strauss asked for a motion to endorse the Public Safety Radio/Dispatch System Upgrade-Capital Project Approval. Trustee Butler so moved, seconded by Student Trustee Echols. The motion was approved.

UNIVERSITY REPORTS

Agenda Item 8.a. – Fiscal Year 2013 Report of Tuition and Fee Waivers
Agenda Item 8.b. – Fiscal Year 2013 Report on Capital Activities
Agenda Item 8.c. – Annual Report of Transactions Involving Real Property
Agenda Item 8.d. – Fiscal Year 2013 Annual Report of Cash and Investments
Agenda Item 8.e. – Quarterly Summary Report of Transactions in Excess of \$100,000
Agenda Item 8.f. – Annual Summary Report Obligation of Financial Resources
Agenda Item 8.g. – Professional Excellence Awards for Faculty and Staff

Dr. Cunningham called the committee's attention to these required informational periodic reports for review by the Board.

NEXT MEETING DATE

The Chair announced that the next meeting of the Finance, Facilities and Operations Committee was scheduled for Thursday, November 7, 2013.

ADJOURNMENT

There being no other matters, Chair Strauss asked for a motion to adjourn. Trustee Murer so moved, seconded by Student Trustee Echols. The meeting was adjourned at approximately 12:05 p.m.

Respectfully submitted,

Sharon M. Banks-Wilkins
Recording Secretary

In compliance with Illinois Open Meetings Act 5 ILCS 120/1, et seq, a verbatim record of all Northern Illinois University Board of Trustees meetings is maintained by the Board Recording Secretary and is available for review upon request. The minutes contained herein represent a true and accurate summary of the Board proceedings.