

Meeting of the
BOARD OF TRUSTEES
OF NORTHERN ILLINOIS UNIVERSITY
September 17, 2015

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 9:04 a.m. by Chair Marc Strauss in the Board of Trustees Room, 315 Altgeld Hall. Recording Secretary Kathleen Carey conducted a roll call. Members present were Trustees Robert Boey, Robert Marshall, Cherylun Murer, Raquel Chavez (arrived at 10:02 a.m.), Vice Chair John Butler, and Chair Marc Strauss. Trustee Wheeler Coleman was absent. Also present were President Douglas Baker, Board Liaison Mike Mann, Executive Vice President & Provost Lisa Freeman, General Counsel Jerry Blakemore, Greg Brady, Anne Kaplan, Al Phillips, Gerald Blazey, Eric Weldy, Catherine Squires, Vernese Edghill-Walden, UAC Representatives: Deborah Haliczzer (SPS Council), Holly Nicholson (Operating Staff Council), and Greg Long (Faculty Senate).

2. VERIFICATION OF QUORUM AND APPROPRIATE NOTICE OF PUBLIC MEETING

General Counsel Blakemore indicated that appropriate notification of the meeting had been provided pursuant to the Illinois Open Meetings Act. With a quorum present, the meeting preceded.

3. MEETING AGENDA APPROVAL

Chair Strauss asked for a motion to approve the meeting agenda. Trustee Butler moved to create a consent agenda including Items 9.a.1-3 and 6-9 and 9.b. 1-8 and 10-12 under President's Report #99. Trustee Murer seconded the amendment to the agenda. The motion was approved.

4. RESOLUTION HONORING JOHN R. BUTLER, DISTINGUISHED SERVICE TO THE BOT

Chair Strauss began, it's now my pleasure to offer a resolution for John R. Butler to recognize his distinguished service to the Board of Trustees of Northern Illinois University. Trustee Marshall made a motion to approve and Trustee Murer seconded. With no further discussion Chair Strauss and Trustee Butler moved to the podium.

RESOLUTION

JOHN R. BUTLER
DISTINGUISHED SERVICE TO THE BOARD OF TRUSTEES
OF NORTHERN ILLINOIS UNIVERSITY

WHEREAS, John R. Butler has faithfully served as a member of the Northern Illinois University Board of Trustees since 2007; and

WHEREAS, on June 30, 2015, John R. Butler completed his second consecutive term as Chair of the Board of Trustees; and

WHEREAS, John R. Butler has also served the Board in the position of Vice Chair of the Board and Chair of the Academic Affairs, Student Affairs and Personnel Committee from 2009-2011; and currently serves as Vice Chair of the Board; Chair of the Finance, Facilities and Operations Committee; Chair of the Ad Hoc Committee on Governance; and Vice Chair of the Ad Hoc Committee on Enrollment and the Academic Affairs, Student Affairs and Personnel Committee; and

WHEREAS, John R. Butler has invested a significant amount of time and energy in service to the Board of Trustees and the students, faculty, staff and administration at Northern Illinois University for more than eight years,

particularly, upon assuming the duties as Chair, presiding over the installation of the 12th President of NIU, Douglas D. Baker, during a period of rapid transformation of the demands, responsibilities, and expectations of public higher education; and

WHEREAS, as Chair, John R. Butler led the Board of Trustees and the university through efforts to facilitate and align the work of the Board with that of the university; bring transparency to the budget development process; encourage discussion and innovation to address the evolution of NIU's sophisticated and dynamic approach to programming geared toward diversity; enhance the Board's understanding of and appreciation for the research activities of the students and faculty, and the impact of NIU research on disciplinary knowledge and related industries; and respond to the important expectations and responsibilities that occasion higher education governance today; and

WHEREAS, in furtherance of these objectives, John R. Butler created the Ad Hoc Committee on Sponsored Research and Technology Transfer; oversaw a revision of committee composition resulting in the formation of the Legislative Affairs, Research, and Innovation Committee and the Compliance, Audit, Risk Management, and Legal Affairs Committee; created the Ad Hoc Committee on Governance; and created the Ad Hoc Committee on Enrollment; and

WHEREAS, we as his colleagues on the Board of Trustees want to express our appreciation for his years of service to the NIU community and especially his leadership of the Board from 2013-2015, and look forward to John R. Butler's continued service to the Board, faculty, staff, students and administration through at least January 2019;

NOW, THEREFORE BE IT RESOLVED that the Board of Trustees of Northern Illinois University in formal meeting herein assembled extends its grateful appreciation to John R. Butler for his distinguished service to Northern Illinois University as Chair of the Board of Trustees from July 1, 2013 through June 30, 2015.

BE IT FURTHER RESOLVED that this **RESOLUTION** be presented to John R. Butler and a copy of this document be placed in the official files of the Board of Trustees as part of the permanent record of the university and the great State of Illinois and as a lasting tribute to the accomplishments of John R. Butler.

Adopted in a regular meeting assembled this **17th** day of **September, 2015**.

BOARD OF TRUSTEES OF
NORTHERN ILLINOIS UNIVERSITY
Marc J. Strauss
Chair

Attest: Robert T. Marshall, Jr.
Secretary



Chair Strauss called the motion for a vote and the motion passed.

Trustee Butler added, thank you very much. It's a very well appreciated honor. Thank you very much for taking the time to put this in writing so that we can remember not just the things that I was able to do as Chair but the things that we were able to do as a Board and a University together. I feel very proud of that record, but I also feel very proud of the record that preceded it. This is a very hard working Board. These are very conscientious trustees. We've had a strong relationship with the university administration and the faculty and staff and the students and various other stakeholders. I've been on the Board since late 2007, so it's been quite a journey for me and as I said in my remarks when I spoke in my last Chair's report, it's been what I would call an exhilarating experience. For me a learning experience and an opportunity to give back to a university that meant a great deal to me and still does. So thank you very much.

5. REVIEW AND APPROVAL OF MINUTES

Chair Strauss indicated there were three sets of minutes to consider. The Special Meeting on the Board held on May 28, 2015, the June 18, 2015 regular meeting and the August 6, 2015 Executive Committee Meeting. Trustee Murer made a motion to approve and Trustee Boey seconded. The motion passed.

6. CHAIR'S COMMENTS/ANNOUNCEMENTS

Chair Strauss recognized the University Advisory Committee representatives present including Deborah Haliczner, Greg Long, and Holly Nicholson and asked for any comments.

Greg Long responded, thank you and good morning, I am President of the Faculty Senate and Executive Secretary of University Council. I'm speaking today primarily in my role as Faculty Senate President right now. I've been in this position for two and a half months and one of my primary tasks so far has been going out and talking to a variety of different faculty groups and individuals about shared governance and concerns. The overriding sentiment I get in talking to people around campus is a desire to help, a desire to be part of the solution. My point of making comments today is to say that we as faculty really want to be a resource for the Board and if there are ways in which we can offer perspectives, advice, opinions, we're more than happy to do so. In addition to these opening statements, if there are other ways that we can provide meaningful feedback we'd be happy to do so. I also want to thank Chair Marc Strauss, who has agreed to meet with me next Thursday morning so we can talk about this a little further.

Chair Strauss replied, thank you for your comments. Your invitation to collaborate is gratefully accepted and I look forward to speaking with you.

7. PUBLIC COMMENT

Chair Strauss indicated we had received a timely request to address the meeting. Derek Van Buer was asked to the podium to address the Board and was requested he keep his remarks under five minutes.

Speaker Derek Van Buer: Good morning Mr. Chairman and other members of the Board of Trustees. I wanted to share a few items today relating to the indemnification of President Baker and Nancy Sutterfield. In the handout I provided you, the first item is a letter from Representative Kay requesting information on the indemnification of Nancy Sutterfield. On page three, the e-mail from the General Counsel's Office to Nancy Sutterfield's attorney relating to the establishment of an indemnification agreement. The e-mail is dated February 10, 2015. On page ten is an engagement letter from Mintz, Levin to President Baker, that's dated February 20, 2015. The same date of Nancy Sutterfield's indemnification agreement. The amount for Mintz Levin is \$19,999 as entered in the purchase order page 12. Notice the description consultant services, consulting services for legal services. On page 15 it states in the minutes from the May 28, 2015 Special Executive Committee meeting approval for Mintz, Levin to provide indemnification costs for President Baker. It goes on to approval up to \$50,000. Who is the \$50,000 for? On page 18 is an engagement letter to President Baker about outside legal services for President Baker. The letter is dated April 15, 2015 and is copied to Trustees Butler and Strauss. The amount is for \$50,000. \$50,000 plus \$20,000 exceeds \$50,000 by \$20,000. So who is the \$50,000 for? Drinker or Mintz Levin? What about this extra engagement? Where is the approval? In addition, the request for action at the August 6, 2015 Executive Committee was for approval up to \$100,000 for President Baker's legal services. Who is this money for? Edgar County Watchdogs published on their website a story about Nancy Sutterfield's indemnification agreement. In their story they noted all the references to the controller and assistant controller in the indemnification agreement. Representative Kay raised the issue about reserves for Nancy Sutterfield. Has the budget included a reserve for President Bakers legal cost? Thank you.

Chair Strauss thanked Mr. Van Buer for his comments.

8. REPORTS OF BOARD COMMITTEES AND BOARD LIAISONS

a. Executive Committee

Committee Chair Marc Strauss reported there was nothing at this time.

b. Academic Affairs, Student Affairs and Personnel Committee

Committee Chair Robert Marshall reported the Academic Affairs, Student Affairs and Personnel Committee has forwarded for approval by the full Board recommendations to delete emphasis one of the physical education 6-12 within the physical education K-12 and 6-12 educator licensure which is in the bachelor's program. In addition, recommends for approval, an off-cycle tenure request for the new Chair of the Department of Literacy and Elementary Education. There were also four very relevant information items presented to the committee including recognition of faculty emeritus professors, the recognition of the Professional Excellence Awards, a presentation on the Affordable Care Act and an update on the program prioritization process.

c. Compliance, Audit, Risk Management and Legal Affairs Committee

Committee Chair Cheryl Murer reported the Compliance, Audit, Risk Management and Legal Affairs Committee met on Thursday, August 27, 2015. The agenda had several items on it, however, we made a determination to focus on one area in particular and that is enterprise risk management update and options by Vice President for Administration and Finance, Dr. Alan Phillips. The discussion on enterprise risk management systems by Dr. Phillips included several options on how to approach these issues. There was significant discussion in this regard. Four options were presented including in-house, in-house with limited consultation, outside resource utilization, or no involvement whatsoever in terms of moving forward with a new course of action. Obviously, number one was not entertained and we looked to the other three options in great detail. The Board consensus was option number four which was to assess risks and match with current risk management controls through an in-house process. We asked Dr. Phillips to also act in the manner of a consultant which is to provide timelines, work plans, and most importantly to report back to this committee on a regular basis.

d. Finance, Facilities and Operations Committee

Committee Chair John Butler reported the Finance, Facilities and Operation Committee since our last meeting has met twice. Once in a special meeting on August 6 to review plans related to the renovation of the Holmes Student Center and Neptune Hall. Following that, the Board met at its regular committee time at 12:30 p.m. on Thursday, August 27, 2015 in which it considered six action items and six information items. The action items included the fiscal year 2016 internal budget, the fiscal year 2017 budget request guidelines, fiscal year 2017 appropriated capital budget requests, fiscal year 2017 non-appropriated capital budget, investment and cash management policy and the Department of Psychology sub-contract, a sub-contract amendment for the Department of Psychology. The information items were 2015 fiscal year report on tuition and fee waivers, a 2015 fiscal year report on capital activities, an FY15 annual report of transactions involving real property, an FY15 annual report of cash and investments, a quarterly summary report of transactions in excess of \$100,000, and an annual summary report of obligations of financial resources.

e. Legislative Affairs, Research and Innovation Committee

Committee Chair Cheryl Murer reported there are three major areas of consideration under the Legislative Affairs, Research and Innovation. We began by looking at legislation both federal and state. Mike Mann began by giving us an update in terms of legislative progress in Springfield and the continued report of budget deficits. In Washington, Dr. Anna Quider will be on leave, however, Dr. Blazey will serve in this capacity until she returns. We had highlights by Ms. Dara Little in regards to the faculty funding accomplishments this past year including the most prestigious National Science Foundation Career Award that was secured by Dr. Marc Shuler in Anthropology. We had an overview of research activities in the Department of Physics. Dr. Larry Lurio summarized the three main disciplines in the Physics Department, condensed matter, beams and high energy physics. Dr. Lurio discussed NIUs collaboration with Fermi and Argon Laboratories in all three disciplines and the relationship with the Fermi Lab and NIU collaboration. There are two new hires of world-class scholars, Dr. Chattopadhyay formerly director of the Cockcroft Institution in the UK and Dr. Michael Syphers formerly a member of Michigan State Accelerator group. These are wonderful hires and additions to NIUs quality faculty. Dr. Chattopadhyay has already helped to attract \$560,000 in NSF funding and over a million dollars in internal Fermi Lab funds for the Fermi Lab

and NIU collaboration. Dr. Syphers, a leader in accelerator education as well as research, brings his own \$200,000 a year NSF grant with him. And Presidential Research Professor Dr. Philippe Piot, a long term member of the accelerator team recently received a \$1.9 million award from the Department of Homeland Security. So a total in the last year the accelerator science program has increased research by \$3.5 million dollars. This is a wonderful accomplishment as a research institute. We continue to make sure that it is well known that Northern Illinois does focus its intentions on research.

f. Ad Hoc Committee on Enrollment

Committee Chair Marc Strauss reported the next meeting is scheduled for October 14th.

g. Ad Hoc Committee on Governance

Committee Chair John Butler reported the next meeting is scheduled for October 14th.

h. Illinois Board of Higher Education

President Baker provided the report concerning the Illinois Board of Higher Education. The IBHE Board and the Board of Higher Education met on August 11, 2015 at Kishwaukee College hosted by Tom Choice, President, who will be retiring this fall. There were three action items; advocacy for quality higher education, increasing adult completions aligned with economic needs, reducing attainment gap and improving affordability. In regard to the latter, there was a round table discussion on the Illinois Public Agenda for College and Career Success. Mike Mann helped write part of the report about affordability issues and a panel was held including Dr. Lisa Freeman, Executive Vice President and Provost. She commented on the report noting the need to order the priority of suggestions for understanding the holistic student success ecosystem so that we can focus on important things from advising to financial aid; the need for reduction in regulatory and compliance issues to decrease costs for things like inventory tagging of things at \$500 level and below. Also, should we reconsider the truth in tuition law, and there's some evidence around the country that such laws drive up tuition rather than hold it down, so potentially looking at that from a state policy perspective. I thought it was notable that both Mike had been asked to help craft the document and Dr. Freeman had been asked to comment on it. I think it shows well for how well they, and the university, are respected for their thought leadership.

i. Universities Civil Service Merit Board

Committee Chair Marshall reported at the August 19, 2015 meeting, the University Civil Service Board heard reports from the Human Resource Directors Advisory Committee, the State University Civil Service Advisory Committee, the Interim Executive Director and the Legal Counsel. Under action items, the Board approved the 2017 line item budget for presentation to the Illinois Board of Higher Education and also went into executive session to discuss personnel matters. As I speak, in fact 25 minutes from now, that same unit will be meeting to declare a winner from the three finalists for the Executive Director's position for the Merit Board.

j. NIU Foundation

Vice President of University Advancement Catherine reported for both the foundation and the Alumni Association. Vice President Squires continued, thank you for the opportunity to be here in my capacity finally as the President and CEO of the Foundation. I am pleased to be able to articulate a few things about the transition just because I think its good closure and confidence building to know that over the past five months there really has been quite a remarkable transition. There are a lot of things going on as we all know, but as the new person coming in to lead the foundation and working in close concert with the Alumni Association, having the opportunity to cross over with a retiring leader has been a remarkable and unusual opportunity. So as Mike was leaving you he told you he thought he was leaving the thing in good hands and I believe he has done so. There has been a great legacy here and I think as the new leader coming in, the first principle I would adhere to is to build on the great work that has been before. I'm also interested in looking at ways to leverage our unique relationship with the Alumni Association and

the fact that I'm reporting to you this morning on behalf of both organization is a manifestation of that interaction. We really have a unique situation here in terms of the relationship between the Alumni Association and the Foundation. Very strong. Not always the case in some universities. We really think this is a competitive advantage in the philanthropic marketplace to leverage the opportunity to gage not just donors but our alumni at a very high and sophisticated level is going to come from this unique synergy. I really look forward to taking that to the next level in concert with the Board and with Joe Matty who is continuing on in that role as well as taking on some additional responsibilities with the Foundation.

Vice President Squires continued, you know the times are tough and we really need fundraising to get to the next level here at NIU and as a proud Huskie I take that very seriously. We're calling it Advancement 3.0. It's about building an infrastructure here at NIU that really will get us to the next level. We have wild, audacious aspirations for what the size of our endowment needs to be in order to meet the expectations for NIU going into the future; and as Mike left NIU we hit our goals out of the park for this past fiscal year at \$15.9 million in total activity which was 113 percent of our goal. So of course when you continue to have success at that level the goal needs to go up. So we're very aspirational, looking at a \$20 million goal for fiscal next and working very hard to work with the Deans and the Provost's Office and all of the colleagues here, our Board members in particular, around a very aggressive program to raise \$20 million this year and then continue up the ladder as we prepare NIU for our next campaign. So it's been a few months of getting oriented towards that plan and there have been some changes on the staff, some structure changes which you'll hear about soon, but all positive, all good, finding exciting new roles for people who have long tenure here who really want to help take NIU to the next level has been another joy. Not always the transition that a new leader walks into, but a very positive one for us here at NIU.

k. Northern Illinois Alumni Association

Vice President Squires continued, so on behalf of the Alumni Association, I'll also tell you they've been quite busy. Mike and others in the advocacy world have tapped us on the shoulder and said how much more can the Alumni Association and the alumni base be helpful not only with grass roots advocacy but with some strategic grass tops advocacy. So we're working in close concert with Mike, the President's Office, others to really bring the Alumni Association into more of a prominent role around political advocacy. Again, another untapped resource we have in our almost 200,000 alumni in the Chicagoland area alone and great enthusiasm interest in being engaged in the tough times that NIU faces. Along the way, we're also planning the next Red and Black which will be happening next fall rather than in the spring. We're turning our support right now toward the Victory E. Ball for Athletics which is happening on November 7th. Look for a save the date for the Red and Black for November of 2016. If you're free on November the 7th please join us at Rich Harvest Farms to support our friends in athletics.

l. Northern Illinois Research Foundation

Interim Vice President for Research and Innovation, Gerald Blazey reported the next meeting is scheduled for Tuesday, September 22.

9. PRESIDENT'S REPORT NO. 99

UNIVERSITY RECOMMENDATIONS FORWARDED BY THE BOARD COMMITTEES

Chair Strauss called for a motion to approve the consent agenda including printed items 9.a.1-3 and 6-9 and 9.b. 1-8 and 10-12. Trustee Murer so moved and Trustee Boey seconded the motion. The motion was approved.

President Baker began by introducing Vernese Edghill-Walden, Senior Associate Vice President and Chief Diversity Officer and provided background to the Board. A year ago I formed a task force for diversity and inclusion and their work resulted in creating a 180 page report that's comprehensive and insightful about where we are on all dimensions of diversity, culture, climate, inclusion, our relationships on

campus, off campus, etc. curricular issues. We needed someone to coordinate all those activities across the university and move us forward faster. One of the top things that the task force suggested was the creation of this position. That was done through Provost Freeman's work to reduce her staff significantly over the last couple years and creating an opportunity to fund this position. Vernese has come in and hit the road running. She was a former Provost and Chief Academic Officer at City Colleges and knows higher education. She also knows the landscape of Illinois. She's a visionary, a great leader, has great interpersonal skills and I would like her to have the opportunity today to come and talk to you about what she's done so far and where she's taking us.

Senior Associate Vice President Edghill-Walden continued, it's great to be a part of such a caring and welcoming community and it's really good to be a Huskie. I started on August 3rd and I've learned a lot about NIU and see great opportunities for growth. I've met with probably over 60 individuals as well as groups, faculty, community leaders, student groups, chairs of several committees, the commissions, and all of the academic and resource centers, as well as alumni and still meeting some of the college deans. As Chief Diversity Officer, I see that we have many points of pride and talented faculty and staff who are really committed to diversity and inclusion. We have accomplished a lot but we also have several opportunities for better engagement. I've had the opportunity to listen to several people regarding curriculum, the need for better multi-cultural curriculum, transformation, and potential ways for students to be involved in transformational learning experiences in and as outside of the classroom, and also their perceptions of campus culture and climate and how we can improve it together. The need for the centers, the commissions, the committees, and the student organizations to work more collaboratively has been loud and clear; and opportunities to partner with the City of DeKalb. Also how we can improve accommodations for persons with disabilities and how to improve the retention and completion of diverse student populations. One of my immediate goals is to align our Diversity Task Force recommendations with the NIU overall strategic plan and to begin to implement some of those recommendations. I see opportunities for how we as a community can become more inclusive and operate more efficiently and better utilize our resources more effectively. There are lots of opportunities for partnering and fine tuning programs and services to better serve our community which we can also be very proud of. I thank you for this opportunity to be a part of this community and I look forward to working together to expand the great work that has already begun.

Trustee Butler added, it's a pleasure to welcome you and have you here. We've met and I enjoyed that meeting and I look forward to the work that you're going to do.

Trustee Marshall added he would like to see the presidential commissions, be more active.

Senior Associate Vice President Edghill-Walden responded, I look forward to doing a collaborative team effort with those commissions as well.

Action Items 9.a.1. Request for Deletion of Emphasis – Consent Agenda

Action Item 9.a.2. Recommendation for Tenure – Consent Agenda

Action Item 9.a.3. Enterprise Risk Management System (ERM) – Consent Agenda

Action Item 9.a.4. FY16 Internal Budget

President Baker indicated the first action item is 9.a.4. Internal Budget. In most years we would have a budget by July 1st and we don't, we don't have a state budget by July 1st. So when we put this together we're having to put it together with our best estimates on what our revenues are going to be and what our expenses are going to be. As you probably all know, the governor has suggested a 31.5 percent budget reduction. That takes us down almost \$30 million, that's a significant reduction. We're hopeful that that's not going to actually happen, but that is on the table from the Governor's Office. The legislature passed a budget of a little over 8 percent reduction, so we think we're going to be somewhere

in between those two numbers. We are taking a very conservative estimate on our revenues and we are working to reduce our spending. I'm going to ask Vice President Al Phillips to talk to us in a little more detail about our revenue situation and then we will have the motion for the budget knowing that things are in flux and we will have to come back to you once we do have a state budget.

Vice President Phillips began, our budget recommendation is assuming a 31.5 percent reduction in funding which equates to a \$29.4 million reduction in appropriation from what we received last year. This is the Governor's recommendation. The General Assembly passed a budget that reduced funding to higher education by 8.6 percent. Unfortunately, it was out of balance by about four billion dollars. When you subtract pension payments, mandatory payments, and debt service payments from the state budget which are all required spending, a \$4 billion in reduction in appropriations, is a 20 percent reduction across the board in state spending. So even if they pass the 8.6 percent reduction, it would be possible that if there is nothing on the revenue side that we would receive an additional 20 percent cut which adds up to 28.6 percent reduction or \$27 million cut if nothing else is done. Once again, there's nobody in the entire State of Illinois including the Governor or the Speaker, who actually know what the final number is going to be or when we are going to receive it. That makes this all somewhat challenging. What we took was the Governor's original number which was the 31.5 percent reduction and the 29.4 percent reduction in state appropriation and that's what we included in our model. In coming up with our budget number, we assumed a full year of state funding. Once again we are making quite a few assumptions that we would not normally make. The assumption is that at some point in time they will reach an agreement and we will have some level of funding. It assumes an enrollment decline of 481 students. The original estimates were actually greater than that. We thought the enrollment would be down a little more than that so that was helpful. It assumes a consistent level of enrollment for spring semester and assumes tuition is approved by the Board at the December 2014 Board meeting. One of the things that is helpful is that even though we are holding tuition level, as a senior class moves on, they're actually paying lower tuition and fees than the incoming freshman class. The net increase of revenue from tuition and fees from students actually does go up a little bit even though our enrollment is down. Once again we are assuming a very worst case scenario for state appropriation. Our hope is that if we do receive reductions that it will be somewhat less than that. It assumes a very conservative revenue projection. We're being very conservative with all of our estimates and it also assumes that we will continue to reduce expenses which we are doing on a daily basis and that we would have funds available to cover any shortfall. The request is that we approve a budget going forward temporarily until we do get a final state budget number. The understanding is that when we do get an appropriation from the state, we will be coming back to the Board for approval of our final budget number.

Trustee Murer commented, we have several very positive things that are happening that we've reported on this morning. I was relieved that our enrollment stayed over 20,000 and Dr. Weldy knows I was most relieved by that because I really think that the 20,000 is a watershed mark for the university. We reported this morning on research grants and collaborations. My observation is that, and I've spoken with the Provost and the President about this, we're doing a good job in the world that we know and the pathway that we are accustomed to. I give the analogy of we're in a two-story house and we know what the house looks like and we repair it and we paint it. The point is we may have to think outside of the box and find a new kind of house. It may be an igloo, it may be a tent, it may be something that we don't know because I think the sense of urgency is even greater than all of the good works that we are doing. Certainly we are on the right path. The prioritization is very important and I know how difficult that must be for everyone here and everyone who is not here. And so the deans and the leadership and the cabinet have been doing an extremely good job at trying to be objective through a methodology of identification of programs that should be enhanced and those that perhaps should be eliminated. I think that's the picture of the new society. We have to really relook at what we're doing. We cannot be anticipating that we're going to move in the parameters that we have known. Those parameters have to be very different. The revenue sources have to be different. The dependency on state funding for public universities has been an issue that has been going on for many years. California has seen its state funding drop below 10 percent. So we know that those are some of the challenges, but what we have is a strong team. The Foundation has great leadership and it certainly has great heart, but we cannot only be dependent on philanthropy. We've done a great job on personal philanthropy at the university, but

corporate philanthropy and corporate relationship building is going to be another area for us to focus upon and that goes hand in hand with research. So the greater successes that we have in research, the greater collaborations we can have with corporations, the greater collaborations we can have in terms of corporate giving, the greatest successes we have in the area of research in terms of funding for grants, whether it's agency grants or government grants, or private grants, I think those are all the challenges.

Trustee Murer added, the last comment I would like to make is we need to reevaluate our timeframe and our clock. I think that we have a clock that is moving on an hourly basis and it's the clock that we know, but I think we need to go to our physics department and check out the atomic clock and determine whether or not we can be on the pace that I think is demanded of us because the pace in terms of what's ordinary and customary, won't be fast enough. So those are our challenges, but I think it is important for the university to continue to remember the positive things that are happening because I think only with optimism do you have growth. I think that if we get too retrospective and if we're looking at things in too dismal a fashion we will become paralyzed and that will be the downfall of the university. So knowing where the path is, knowing where the path may be, knowing where the time might change, I think those are things that are the challenges for us now and in the future.

Trustee Butler responded, I concur with all of the remarks that Trustee Murer has made. For me, the question would be how do we as a Board receive assurance that those objectives are priorities for the administration and the institution. As we move forward through the months of the fall and learn more about the revenue picture and the cost cutting activities of the administration, I hope that we will begin to see evidence that the steps that Trustee Murer is mention are being taken because I don't think they're optional. These are unprecedented cuts in the state allocation. The item that we have in front of us today demonstrates a stark fact which is that we are, as a Board, authorizing the expenditure of \$389,449,900 when we are conscientious of, and that we've not reached the target cuts necessary to operate within that framework. We see in front of us the actual dollar amount that the institution is planning to spend and that's not the same amount. So what we have is a mandate coming from the is Board that at this time you are to move forward within the structure and framework of this authorized dollar amount because that's all we can do. So this creates an urgency on the campus to operate within that dollar amount. Now if when you come back to us next, you've identified cost savings to get us closer to this number in terms of the dollar amount that you'll need to operate. That will be good news. But at some point we're going to have to have a very serious discussion up here as to whether or not we can operate a budget that has a deficient because I don't think that we've decided as a Board that we can. These are very serious times and I wanted to accent what Trustee Murer said, there is a mandate that we think differently. We have to. We have no choice.

Chair Strauss added, I'd like to see whether we can clarify what that request is for us today before I make some comments and ask whether there are others. What I believe I heard is that the request is going to be for continued temporary authority until our next meeting. Do I understand that part correct? And I'd also like to make sure that I understand the correct number because in the printed material that was distributed in advance, the budget number was 338,013,100. Is that the number that's being requested?

Vice President Phillips confirmed the actual number is \$389,449,900. Since the FFOC meeting we received the ten day enrollment numbers which, based on that information, we adjusted the revenue figures.

Chair Strauss asked for a motion pursuant to the Board of Trustees Bylaws, the Board of Trustees would approve an interim FY2016 internal budget in effect until the next Board meeting in the total amount of \$389,449,900, in accordance with the table that is attached to that document that was circulated to us. Trustee Butler so moved and Trustee Boey seconded.

Chair Strauss asked for any other discussion and continued, he would like to be clear about the magnitude of the challenge that we face. Last year's budget was approximately \$426,000,000. So the magnitude of the expense reduction required to balance a budget at \$389,000,000 is obviously a challenge and part of the reason that we're taking a look at continuing to do this on an interim basis.

We've been unable to find voluntary reductions that will allow us to meet the temporary budget target that we're being asked to produce today. So the message that I want to leave everybody with is not one of panic, there is work that is being done on both the revenue and the expense side, but that we're all going to have to find a way to cooperate to find a way to do the best we can to be able to balance our budget. I think that the remarks from Trustee Murer and Trustee Butler are asking whether the challenge that we face, and the obvious task that is before us, is one that is going to be embraced by the administration. Can you give us some assurance that that's the intent?

President Baker responded, absolutely and thank you for those comments. It is not time to panic, but it is time to buckle down and work hard and that hard work has been going on for a significant amount of time. I want to thank Vice President Phillips and Vice President Freeman for that hard work they've been doing. I will say all the vice presidents in the administration have looked hard at their divisions and made some very difficult decisions and significantly reduced budgets. They're doing that with an eye toward not harming the function of the institution and allowing us to fulfill our mission, but they have made some very hard decisions. I'd also like to thank the Deans for their hard work. They are leaning forward trying to do as best they can here to support the teaching research artistry outreach activities of the institution, but doing it with smaller budget. That's hard work. This has led to a collaboration that is very positive. You know when you get in these kind of hard times you can fracture and kind of have in-fighting or you can come together and try and work as a team and I've seen the latter happen. People know this is a serious situation and they're working hard. It's pretty hard to miss these issues and we're moving forward as best we can given the uncertain times. We are laying the contingency plans that are important and we're also trying to communicate as best we can through all the media that we've got to our stakeholder internal and external about where we're going and what's happening.

Chair Strauss responded thank you for that answer and the commitment to find a way to see whether we can achieve balance here. I think it's commendable that rather than set a revenue budget that we don't think we can meet, we're at least being open about the challenge that's being faced. I appreciate the efforts that are being made by all within the university community to participate in this process which is challenging for everybody.

Trustee Murer added, just a last comment to reiterate what you said. I think it's really important that we maintain in a balanced budget format which means that we do look at the revenue to know what it is that we can spend. We cannot spend outside of the capacities of what the revenue is and I wanted to really re-emphasize that. That's not an option for us or this institution. So we either need to get the revenues up, which is a better way of addressing things, than it is to continue to cut expenses. We have to figure out ways in which to enhance the revenue with less dependence on the state.

With no future discussion the vote was called and the motion passed.

President Baker commented, thank you for those comments. In the somewhat surreal budget world that we face, even though we don't have a fiscal year '16 budget from the state, we've now been asked for fiscal year '17 budget from the state. All the universities and agencies in the state are asked to forward their budgets and that's part of the annual process, and in the normal budget year this would be the logical time to start planning for the '17 budget. In response we are planning for the '17 budget and we are fulfilling that requirement. Vice President Phillips will talk to us about the budget request guidelines and where we're headed with that.

Action Item 9.a.5. FY17 Budget Request Guidelines

Vice President Phillips began this is an annual requirement. We have to provide these reports to the Illinois Board of Higher Education. The question was what would you go forward with, the 2016 budget. Our recommendation to IBHE was approximately \$105 million request in state funding of which we received roughly \$93 million. Going forward without an FY16 budget to base our recommendation on was viewed as the best option would be to go with our last firm number, so what we did was we recommend a funding level request of \$91 million, which is essentially what our state appropriation ended up being for

2015. Normally, we went to the Board of Higher Ed for guidance, there was not much they could tell us. Our submissions have been somewhat more limited this year because of the fact that there's a lot of information we don't know and they don't know. So as we get more information about the FY16 budget, we anticipate that our final recommendations may change, and I think most of the other universities all are going into the FY17 using the last good number which was their FY15 appropriation number and that's what we're recommending we go forward with at this time.

Chair Strauss responded, for clarity, the recommendation is to develop the FY17 budget request in the amount of \$91,092,700. Due to the uncertainty surrounding the final state budget for FY16 which may result in extension of deadlines for the FY 2017 budget, the Board authorizes the President to make appropriate adjustments to the those FY 2017 request guidelines.

Vice President Phillips responded, that is correct.

Chair Strauss asked for a motion to that affect. Trustee Boey moved and Trustee Butler seconded the motion. The motion passed.

Action Item 9.a.6. FY17 Appropriated Capital Budget Request – Consent Agenda

Action Item 9.a.7. FY17 Nonappropriated Capital Budget – Consent Agenda

Action Item 9.a.8. Investment and Cash Management Policy – Consent Agenda

Action Item 9.a.9. Department of Psychology Subcontract Amendment – Consent Agenda

UNIVERSITY REPORTS FORWARDED BY THE BOARD COMMITTEES

Information Item 9.b.1. 2014-15 Faculty Emeritus Recognition – Consent Agenda

Information Item 9.b.2. Professional Excellence Awards for Faculty and Staff – Consent Agenda

Information Item 9.b.3. FY15 Report on Tuition and Fee Waivers – Consent Agenda

Information Item 9.b.4. FY15 Report on Capital Activities – Consent Agenda

Information Item 9.b.5. Annual Report of Transactions Involving Real Property – Consent Agenda

Information Item 9.b.6. FY15 Annual Report of Cash and Investments- Consent Agenda

Information Item 9.b.7. Quarterly Summary Report of Transactions in Excess of \$100,000 – Consent Agenda

Information Item 9.b.8. Annual Summary Report Obligation of Financial Resources – Consent Agenda

Information Item 9.b.9. State Legislative Update

President Baker continued, in the last two weeks I've been in Springfield, and reported at the Illinois Board of Higher Education Future of the Workforce group. This group is looking at those issues and we reported

on the P20 network that we have here at Northern Illinois. That's a network that's been working for about one year. We had our first year anniversary meeting more than a week ago and reported on our progress on the White House commitments toward education. It's a great group of K12 system superintendents and leaders, community college leaders, the university employers and state agencies in this region. We've really made a lot of progress in that regard and I think we're becoming a state model and we were invited to come down and present that material. We also had the opportunity to talk to a number of state agency officials at that meeting and they will report that we're kind of stuck right now and that they need to hear from higher education. So to follow up on that, last week Mike and I joined three other universities and went to Springfield and met with some officials there. They told us the same thing but they also said we need to hear from higher education. We need a higher education voice from faculty, staff, student, alumni and stakeholders that work is under way. The faculty, staff and student leaders have met with me and we've discussed the current legislative situation and they are all working. I thank them for their hard work on that. Other schools are doing the same thing. I've spoken to some local community groups about it and you may have seen it in an editorial in the newspaper this week about the need for the state to move forward and that editorial is in our local newspaper so I thank them for that. This uncertainty is not good for anyone. It's not good for students who don't know what the MAP funding situation longer term is, and it's not good for our faculty and staff who are considering their work here and their careers here. We just need to get this settled and move on so that we have a planning framework.

Associate Vice President Mike Mann continued, there is not a lot of positive news coming out of Springfield, but I would like to follow up and let you know that President Baker is working closely with the public university presidents and chancellors. Tomorrow I am meeting with the legislative group from the public universities, but even more importantly than that, we are pulling together as an administrative team. Vice President Phillips is working with CFO counterparts in the budgeting for results commission. Executive Vice President and Provost Freeman is working with the chief academic officers and Board of Higher Education on issues. Vice Presidents Blakemore and Weldy and Kaplan and Blazey are all working on respective areas on issues that all tie to state issues, state relations. I just want to let you know that there's not a lot of positive things to report out of Springfield, but that are we pulling together as a team to work our way through this.

Chair Strauss added, before I ask whether there are questions or comments from my colleagues, I would like to note for the record that before President Baker started his presentation on this, we were joined by Trustee Chavez. Are there any questions or comments regarding this agenda item?

Trustee Butler added that the Board is prepared and willing to participate in the effort to articulate the value proposition of higher education in Springfield and with law makers which whom we are associated and so it's important to keep us in mind in that regard as well.

President Baker indicated that it would be a very effective thing for them to hear from the Board.

Trustee Butler responded, I think we'll need some guidance in terms of timing and to understand where the other stakeholders are who they have talked to and particularly who you believe we should be talking to. Leadership obviously, but if there are particular messages that we can provide at a particular time that would be advantageous, it would be good for us to know that.

President Baker responded, Mike and I will work with the Board on that and we really appreciate your support.

Information Item 9.b.10 Federal Relations Update – Consent Agenda

Information Item 9.b.11. Broadband and Healthcare Initiatives – Consent Agenda

Information Item 9.b.12 Annual Sponsored Programs Report- Consent Agenda

10. OTHER MATTERS

No other matters were discussed.

11. NEXT MEETING DATE

The next meeting of the Board of Trustees in December 10th.

12. CLOSED SESSION

Chair Strauss announced the Board will go into closed session and will reconvene in approximately 4 hours. There will be no additional business following the closed session, but anyone interested in returning at that time we will provide notice. May I have a motion to close the public meeting to conduct a closed session to discuss the following subjects authorized by the Illinois Open Meetings Act; personnel matters as generally described under sections 2.C.1, 2, 3 & 21 of the Open Meetings Act; litigation and risk management matters and generally described under sections 2.C.11 and 12 of the Open Meetings Act; executive session minutes matters as generally described under section 2.C.21 of the Open Meetings Act. Trustee Murer so moved and Trustee Butler seconded. Ms. Carey conducted a roll call.

Roll Call Vote:

Trustee Robert Boey: Yes

Trustee Raquel Chavez: Yes

Trustee Wheeler Coleman (Absent)

Trustee Robert Marshall: Yes

Trustee Cherilyn Murer: Yes

Vice Chair John Butler: Yes

Board Chair Mark Strauss: Yes

The meeting is now closed and will re-open at the conclusion of the closed session in approximately 4 hours.

The Board adjourned for closed session at 10:10 a.m.

The Board of Trustees of Northern Illinois University reconvened on September 17, 2015, at 3:55 p.m. Chair Strauss announced they were reconvening after the closed session and asked for a roll call.

Present: Trustees Boey, Chavez, Marshall, Murer, Butler, and Strauss; Absent: Coleman

13. ADJOURNMENT

Chair Strauss asked for a motion to adjourn? Trustee Murer so moved and Trustee Butler seconded. The motion was approved. Meeting adjourned at 3:56 p.m.

Respectfully submitted,

Kathleen Carey
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.