

Minutes of the

**NIU Board of Trustees
FINANCE, FACILITIES AND OPERATIONS
COMMITTEE MEETING**

November 12, 2015

CALL TO ORDER AND ROLL CALL

The meeting was called to order at 2:00 p.m. by Committee Vice Chair Marc Strauss in the Board of Trustees Room, 315 Altgeld Hall. Recording Secretary Vicky Rippberger conducted a roll call of the Committee members. Members present were Trustee Robert Boey, Trustee Wheeler Coleman, Trustee Robert Marshall, Trustee Tim Struthers, and Board Chair Marc Strauss. Members absent were Trustee Raquel Chavez, Trustee Cherilyn Murer and Committee Chair John Butler. Also present were President Douglas Baker, Committee Liaison Alan Phillips, Vice President and Provost Lisa Freeman, Deputy General Counsel Jerry Blakemore, and Board Liaison Mike Mann.

Trustee Strauss noted that the Committee Chair John Butler sends his regrets. He's unfortunately on his way back from Hawaii and unable to attend, but I'm sure he'll be here for the next meeting. I appreciate all of you bearing with us while we had scheduling problems today. As Vice Chair of the Committee, he would chair the meeting.

VERIFICATION OF QUORUM AND APPROPRIATE NOTICE OF PUBLIC MEETING

Confirmation of Open Meetings Act compliance was given by General Counsel Jerry Blakemore as well as verification of a quorum.

MEETING AGENDA APPROVAL

A motion to approve the agenda was made by Trustee Coleman; seconded by Trustee Struthers. All were in favor. The motion carried.

REVIEW AND APPROVAL OF MINUTES

Trustee Strauss mentioned, we have two sets of minutes to approve. Can I have a motion to approve the minutes for the August 6, 2015 Special FFOC meeting and the August 27, 2015 regular FFOC meeting?

A motion to approve the minutes of both meetings was made by Trustee Boey; seconded by Trustee Coleman. All were in favor. The motion carried.

CHAIR'S COMMENTS/ANNOUNCEMENTS

Trustee Strauss did not have any other comments or announcements.

PUBLIC COMMENT

Trustee Strauss stated, I understand that we do have one request from the public?

Mr. Blakemore confirmed, yes we do.

Trustee Strauss invited Bessie Chronopolis to come to speak to the Committee.

Ms Chronopolis began, I'll probably be visiting you again, and I don't necessarily want to talk to this committee. I was planning on the 1:30 meeting, but I guess you're running a little bit behind schedule, so if it's proper protocol I'll just make the general public comments at this point. Is that correct?

Trustee Strauss assured her, that's fine. Go right ahead.

Ms Chronopolis continued, then I can go on and do some other things. First of all, NIU is a great institution. Back in 1966 a very green little 17 year old came to Northern; had never left home before coming from Greek parents that were very strict; and continued my career here at Northern as a student which gave me the power to, enabled me to, become a teacher. I served as a teacher for 39 years. Northern got me here to DeKalb, and DeKalb has been my home pretty much ever since. This is, no question about it, a great institution. Anything that I say and any involvement that I have in my comments to the Board of Trustees, because this is kind of new to me too, it's a new territory, is because of the fact that this is a great institution, and I would like it to maintain its status as a great institution and become even better. What you have is a huge responsibility. There's no question, and there's a lot of work involved. You are all educated people. You are all very successful and you are the folks that need to give back to the community, and I'm glad that you're doing that. I need to give back to the community because we are blessed with the gift of an education and some success in our lives. And I hope that you take, and I'm sure that you do, your responsibilities to protect this institution very seriously. Of late, in the last year, year and a half or so, there have been some very discouraging remarks and situations that have come to light involving this institution, and it worries me. It worries many people. It worries people in the community of DeKalb because NIU is such an integral part of this community. We're melded together. Like it or not, we're melded together. It's just part of what we are. Decisions that have been made have been very costly financially, and when you talk to a teacher who turns folders inside out to use them again next year and goes through markers to make sure that they're all out of ink before they get thrown out, you learn to economize because you have to. You want to get the biggest bang for the buck because you want to educate those youngsters to which you are responsible. That is your primary responsibility to your students and to your faculty so that the product that is produced here in the field of education is the very best. But if poor decisions are continuing to be made that are very costly, of late there's some legal costs as I understand it, decisions that were made with some of the bold initiatives that was started up maybe a couple of years ago, thousands and thousands and thousands of dollars; the only thing that I can see as an educator is how many youngsters could be educated with that money. I think that's the way you should start looking at your decisions. I am depending on you and there's four of you here that I have known through past experiences, many, many years as a public servant myself, Mr. Boey, Mr. Strauss; I've met you Mr. Struthers and the one who's flying back from Hawaii, Mr. Butler. You know where I'm coming from. You know me. This is a genuine plea to you, the Board of Trustees, to do your very best to be economical and to protect the greatness of this institution. I'll be back and I'll be watching. I'll be probing and I'll be questioning. Why? Because I care and many, many people out there do. So please take it very seriously and good luck to you.

Trustee Strauss thanked Ms Chronopolis.

UNIVERSITY RECOMMENDATIONS/REPORTS

Trustee Strauss asked Al Phillips to present the University Report.

Action Item 7.a. – Bowl Game Participation Expenses

Dr. Phillips began by making an introduction. We recently hired an Associate Vice President for Budget and Finance. This is his first committee meeting, and, in another month, it will be his first Board meeting. I would like to introduce Larry Pinkelton to the Board. Larry comes to us from Chicago State University where he was the Chief Financial Officer. We're very fortunate to have him here. He has a very extensive background both inside and outside of higher education. The advantage is that, except with the difference in title of the school, having been in Illinois and having dealt with a lot of the same kinds of fiscal challenges that we're dealing with, Larry is able to come in and immediately pick things up and move things forward

having an understanding of all the challenges that we're facing in higher education here in this state. Larry if you would stand up I'd like to recognize you. We're delighted to have you here as a member of our staff.

Dr. Phillips presented Item 7a, Bowl Game Participation Expenses. As you might have known we won the game last night. We're in a three-way tie, and we have high hopes that we will be going to a bowl game. We just don't know which one or where yet. We are requesting that the Board of Trustees delegate to the president or his designee, approval for all necessary and proper expenses related to NIUs participation in a post-season bowl game competition. We recommend that the Board of Trustees approve this request for the expenditure authority for post-season bowl game competition and delegation of approval authority to the president or designee to undertake all transactions necessary in relation to the bowl, reporting all bowl related expenses to the Board at a subsequent meeting.

A motion was made to approve the recommendation by Trustee Boey; seconded by Trustee Marshall.

Trustee Strauss asked for discussion or questions. There were none. All were in favor. None were opposed. The motion carried.

Action Item 7.b. – Intercollegiate Athletics – IHSA State Football Championship Ticket Agreement

Dr. Phillips presented Item 7b Intercollegiate Athletics – IHSA State Football Championship Ticket Agreement. I believe this is the second time we've held the state football championships here. Basically this is the approval for expenditure authority for the Illinois High School Association, not to exceed \$400,000. Basically it's a transfer of the funds to IHSA as a result of our agreement with them, and this would account for the appropriate ticket revenue.

A motion was made to approve the recommendation by Trustee Coleman; seconded by Trustee Marshall.

Trustee Strauss asked for discussion or questions. There were none. All were in favor. None were opposed. The motion carried.

Trustee Strauss commented, before we continue, it appears that I neglected to recognize the **representatives from UAC** which I assure you is not an intentional oversight, but since I'm also advised that you may have some comments to make, now would be a good time to do that before I forget again.

Greg Long began, we appreciate that, and I'll turn it over to Holly.

Holly Nicholson thanked the Board for the opportunity. Regarding the state budget, I just wanted to echo the accommodations earlier for the Student Association for an organized, informative, and respectful rally. The content was meaningful and inspiring. There was good energy, and hopefully it will add to the momentum. The students have a strong voice, and they used it. I know Chair Murer earlier was talking about getting riled up, and I think the students did a great job. Also, I want to highlight on page 49, item 17, which is the contract with Linda.com. This is an exciting opportunity for faculty, staff, and students. This professional development opportunity will expand knowledge and capabilities for staff allowing for more in-house innovation and expand career opportunities within the university. Also, this can be a robust supplement for faculty instruction and student education which will positively impact their career success. I think only great things are going to come from this for the university and beyond, and I want to applaud this initiative. Lastly, regarding campus improvements, we're obviously moving in a positive direction. I know first-hand from students that these are very important. It's an endeavor for recruitment and retention, and I'm thankful for the Board support, even though the state may not always be so supportive, at least financially. What I'm curious about is if there is a way to track return on investment for these improvements. I'm sure it wouldn't be simple to make that connection, but I believe it's an important conversation to have, and it may ease any tensions that may be out there about the way money is spent at NIU. Thank you.

Trustee Strauss thanked Holly for her comments.

Greg Long added, I would just quickly like to thank you for, first, the Steven's Building being winterized. That's a good thing to see happening, but also I'd like to thank Al Phillips and members of the budget team. We have a new level of collaboration this year I think particularly with the Resources, Space and Budget Committee. We've been meeting regularly, and feel very strongly that that's a step in the right direction. So I just want to make a public comment of appreciation on that.

Trustee Strauss responded, I appreciate your feedback. Alright let's resume.

Action Item 7.c. – Division of Information Technology-Network and Communication Services NIUNET Upgrade

Dr. Phillips continued the University Report with Item 7c, Division of Information Technology Network and Communication Services NIUNET Upgrade, indicating that he wished to pull this from the agenda.

Trustee Strauss agreed, we will move to 7d.

Action Item 7.d. – Graduate School Application Fee Increase

Dr. Phillips presented Item 7d, Graduate School Application Fee Increase. The University seeks permission of the Board of Trustees to increase from \$40 to \$60 the fee charged US citizens applying to graduate school. It also seeks permission to begin charging non-degree applicants a \$10 application fee. The request for the fee is a result of impending implementation of new application software, which will be provided by a third party vendor. Because of the cost associated with implementation of the software, which is largely calculated on a per applicant basis, the increase is necessary. Over recent decades the graduation application fee has increased incrementally. The fees are used exclusively for recruitment purposes. Despite the increased cost of the applications software, the revenue generated by a higher fee will allow us to maintain, at a steady state, the budget for recruitment purposes. The recommendation is that the University or that the Board of Trustees raise the application fee charged US citizens to \$60 and to raise the application fee charged to non-degree applicants to \$10.00.

A motion was made to approve the recommendation by Trustee Boey; seconded by Trustee Struthers.

Trustee Strauss asked for discussion or questions.

Trustee Coleman asked, how does this fee relate to other MAC schools and other state schools, other schools within the state?

Provost Freeman responded, Dean Bond is dealing with a pressing student issue so I am representing him here. If you look in the third paragraph of the information item where it talks about the median application fee among peers, those would be a group that includes what we would consider our in-state comparables as well as our MAC comparables, and probably three or four other institutions that offer a comparable portfolio of graduate programs. So even at the \$60 mark that we would be raising our fee to, we would still be close to what we would consider the median among our peers; this software, which is a very smooth platform, shortens and eases time to application and is also more linked to search for types of degree programs. We believe it's well justified. It was unanimously endorsed by the graduate counsel.

Trustee Coleman questioned, when we talk about peer schools is that traditionally the MAC schools or the state?

Provost Freeman replied, when we do a peer group, we include a sub-set of the state schools and a sub-set of the MAC schools. I can't tell you exactly which ones they are, but I can tell you in some cases what they aren't. We would not consider Western and Eastern our peers in terms of graduate education because they don't offer the same diversity of masters and doctoral programs that we do. Among the MAC schools, some are more baccalaureate comprehensive oriented than we are, but then you would look at the

University at Buffalo with a large medical school and more professional schools, and we would also probably not consider them our peers. I can get you the exact list of peers, but it's probably SIU, the MAC schools that are somewhat comparable to us; the Michigan schools, I would assume maybe North Texas, East Carolina, but I don't have that information right in front of me.

Trustee Strauss asked, I understand wanting to be able to cover costs for this system enhancement, and I also understand there's something to be said for administrative convenience if there's a fixed fee, but it occurs to me that there may be certain applicant populations where you might have a greater volume of applications and produce the same or more in application fee income if they had a reduced rate; and that could be something as simple as an incentive for our students to apply here or it could be an effort to be able to attract students from particular places. Was there any consideration given to some other model besides just flat pricing?

Provost Freeman answered, in addition to covering the software enhancement, this is also the fee that covers most of our graduate student recruitment expenses. Although I wish Dean Bond were here to talk more directly to this, I would say that we do have mechanisms for waiver of fees if they're requested, but particularly at the graduate level where some of the students are working adults and many of the students are looking to go into either self-pay programs that will require financial solvency or will be awarded assistantship. I don't think price point in a graduate application fee is as important. Students are typically trying to match program with interest. The international students that are applying have to demonstrate their ability to pay in a number of different ways or we have a financial aid option for them. I don't think there is a lot of consideration given to reducing our fee especially when we were at \$40, and the median for our peer group was \$60, but I would need Dean Bond to confirm that.

Trustee Strauss asked for other questions? There were none. All were in favor. None were opposed. The motion carried.

Action Item 7.e. – Office of General Counsel Outside Legal Services Amendment

Dr. Phillips presented Item 7e, the Office of the General Counsel Outside Legal Services Amendment. The Office of General Counsel requests permission to increase a contract to Seyfarth Shaw for outside legal services related to preparation for litigation. The original agreement was approved on August 7th for \$125,000. This amendment is an additional \$225,000 for a total of \$350,000.

A motion was made to approve the recommendation by Trustee Boey; seconded by Trustee Struthers.

Trustee Strauss asked for discussion or questions. There were none. All were in favor. None were opposed. The motion carried.

Action Item 7.f. – Stevens Building Winterization

Dr. Phillips presented Item 7f, Stevens Building winterization. Architectural Engineering Services requests permission to issue an order to the Capital Development Board for Stevens Building winterization according to an interagency agreement for the Steven's project. The purpose of this project is to enclose the Steven's facility to protect it from damage that may be as a result of winter weather. Originally, we were going to try to heat the inside at a cost of about \$80,000. Due to very strident efforts by John Heckman, our AVP for Facilities who had a number of lengthy conversations with CDB, because this technically is a CDB project, we were able to reach an agreement whereby we would spend \$300,000 to move the project forward to a point where it was enclosed preventing possibly as much as a million dollars damage to the facility depending on the winter. The agreement was that we would work with them to reimburse us once the money has finally been released for the project. Basically what this does is it moves the project forward. It's not something that we would have done differently. It just allows us to move the project forward to a point where the facility is protected from the winter elements. I do want to thank John for all of his work. I'm not aware of any other project, or maybe one in the state, where they've allowed them to actually move forward out of over a hundred state projects they've put on hold. The recommendation is to approve

the expenditure of \$300,000 to move the project forward to enclose it and protect it from winter weather.

A motion was made to approve the recommendation by Trustee Boey; seconded by Trustee Coleman.

Trustee Strauss asked for discussion or questions.

Trustee Strauss commented, Al I want to thank you and your colleagues for getting us to the point where we're able to preserve the investment that's already been made.

This is in the nature of "trust us," where we expect the state will pay us, Mr. Phillips responded. We did everything we could to get them to commit and we know where they work in Springfield.

Trustee Coleman asked, before we actually vote, I would like to raise a question about where the funds are coming from?

Dr. Phillips replied, these are funds that we would normally use for projects of this type. These are operational funds, University operational funds. The actual funding for the project is sitting in Springfield. This is money that was bonded for, so it's not tied up in the rest of the state funding issues. They just didn't appropriate the funds which meant all they had to do was say "yes you can spend the money." So, since we're moving the existing project forward, which was part of the original project, our discussions with CDB are that they will make every effort to refund that money once the money starts to flow again.

Trustee Coleman questioned, so what if we need this \$300,000 for other work? He added that we do not know when the budget impasse will end.

Mr. Blakemore interjected, if I may also comment, there have been General Counsel discussions regarding this as well. So, although we don't have a lock down agreement that's in writing, etc., I'm comfortable, given the conversations that we have had, that they will comply with their part of the bargain here.

Trustee Coleman questioned, the state has promised us capital funding for years and years and often they've come up short, and we think this is different. Is that what you're saying?

Dr. Phillips clarified, this money was bonded for these projects. This is not money they would have to appropriate in future fiscal years; it's money that currently exist for this project. This money is actually sitting in the bank, for lack of a better term, in Springfield. So the risk of us not getting the rest of the money is virtually non-existent; they just have to resolve their budget issues and all these projects can start again.

Trustee Coleman continued, and if we don't move forward and approve this, how much is the risk?

Dr. Phillips explained, worst case, probably close to a million dollars in damage. It's a \$23 million project, and we have no idea how bad the winter is going to be; but, you could suffer damage to the foundation, to the walls, and to the pipes – significant damage, because it's to a point where it's not yet enclosed so anything inside is subject to freezing damage. It gets water in, it freezes, it breaks, it cracks, and then we have to go back in and fix all that.

Trustee Coleman questioned, and we think we have enough time to get that done?

Dr. Phillips answered, we do. We have a very good contractor for this project. The construction company we're working with is actually going to pull the supervisor who was on the project originally off another project to bring him over here to continue the work so that it's consistent and there's no issues associated in bringing someone else to oversee the project.

Trustee Strauss asked for other discussion or questions. There were none. All were in favor. None were opposed. The motion carried.

Information Item 8.a. – Semi-Annual Progress Report of Active Capital Projects

Trustee Strauss asked, are there any of the information items that you particularly want to comment on, Dr. Phillips? Are there questions from the Board on any of the information presented to the Committee?

Trustee Struthers began, I would. I recognize in my early tenure here that we're maturing on a lot of fronts, governance and scorecards and metrics and such, so keep that in context. But I do want to go on record that I'm I'm surprised, and I guess I'm somewhat shocked, at the lack of financial statements in the packet. I recognize again that we've been through a massive transition in the finance department so Al and I have talked about this, and I said I would comment. But, to look in the packet and basically see the only measure of our finances as the change in cash and investments from one year to the next is..., I don't even know what I want to call that exactly. Again I recognized this transition and he's pulling a lot of things together, but there really is no substitute for financial statements. A traditional balance sheet and an income statement, you can't confuse cash flow and income and expenses and accruals and that sort of thing with gap-based statements. I also recognize it's a complex institution, but so is General Electric, and General Electric has 307,000 employees and operates in 107 countries. They produce a financial statement 25 days after quarter end, every quarter, as do most companies, big businesses and small. So it seems to me that, in the metrics and that sort of thing we've asked for in other areas, I would surely like to see us commit to a timeframe when we would have standard financial statements provided in the packet.

Dr. Phillips agreed, as Trustee Struthers commented, he and I had a rather lengthy discussion about this yesterday. We're actually in the process of putting together financial reports; we have a relatively new team. None of us have been here longer than eight months; a lot of work must be done, especially in the current environment. Our goal is to have at least the start of financial reports going to the Board in March at the next board meeting. It may not be perfect, but we will start including financial statements that we provide to the Board before each of these meetings in accordance with our discussion yesterday. That's nothing that we actually had not planned to do already. We will continue down that road and certainly are looking forward to being able to do that.

Trustee Struthers responded, thank you. I appreciate your response.

Trustee Strauss asked, any other questions regarding the agenda item 8 matters? There were none. The following items were accepted as information items:

Information Item 8.b. – Periodic Report on Investments

Information Item 8.c. – Quarterly Summary Report of Transactions in excess of \$100,000

Information Item 8.d. – Fiscal Year 2017 Pricing Item

Information Item 8.e. – Stevens Project Update

OTHER MATTERS

Trustee Strauss asked if there were any other matters for this committee. There were none.

NEXT MEETING DATE

Thursday, February 18, 2016, 12:30 p.m.

ADJOURNMENT

A motion was made to adjourn by Trustee Boey; seconded by Trustee Coleman. The motion was carried.

Meeting adjourned at: 2:29 p.m.

Respectfully submitted,

Vicky Rippberger
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.