

Minutes of the
NIU Board of Trustees
FINANCE, FACILITIES AND OPERATIONS
COMMITTEE MEETING
February 26, 2015

CALL TO ORDER AND ROLL CALL

The meeting was called to order at 1:06 pm by Chair Marc Strass in the Board of Trustees Room, 315 Altgeld Hall. Recording Secretary Vicky Rippberger conducted a roll call of the Trustees. Members present were Trustees Robert Boey, Wheeler Coleman, Robert Marshall, Cherilyn Murer, Student Trustee Paul Julion, Board Chair John Butler, Committee Chair Marc Strauss. Also present were President Douglas Baker, Committee Liaisons John Cheney, Lesley Rigg, Executive Vice President and Provost Lisa Freeman, Board General Counsel Jerry Blakemore, and Board Liaison Mike Mann.

VERIFICATION OF APPROPRIATE NOTICE OF PUBLIC MEETING

Confirmation of Opening Meetings Act compliance was given by Board General Counsel Jerry Blakemore.

MEETING AGENDA APPROVAL

A motion to approve the agenda was made by Trustee Murer; seconded by Student Trustee Julion. The motion was carried.

REVIEW AND APPROVAL OF MINUTES

A motion was made to approve the minutes of the November 6, 2014 meeting by Student Trustee Julion; seconded by Trustee Coleman. The motion was carried.

CHAIR'S COMMENTS/ANNOUNCEMENTS

Chair Strauss began, I have very brief comments because I know we're running a little late, and it's my full intention to make it all up during this committees meeting. I would like to recognize representatives from the University Advisory Council that may be here. Are there any of them that wish to speak at this time? Rebecca Shortridge answered, we don't have any comments at this time, thank you. Chair Strauss responded, alright, thank you for attending. I would like to thank John Cheney for pinch hitting during this interim period as well as Michelle Danza. The two of them helped in the formation of the agenda and were helpful in answering questions as well.

PUBLIC COMMENT

Chair Strauss asked Board General Counsel Jerry Blakemore if we had any registered public comment requests. Mr. Blakemore stated that no such requests had been received.

UNIVERSITY RECOMMENDATIONS/REPORTS

Action Item 7.a. – Division of Information Technology – Fiber Optic Network Expansion

John Cheney explained that we have 22 items to go through this afternoon, and all the representatives of the different divisions within cabinet are available for questions as we go through within their area.

Agenda item 7.a., Division of Information Technology Network – Fiber Optic Network for Expansion. The university requests Board of Trustees approval for expenditure authority of \$400,000.

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

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

Action Item 7.b. – FY15 Physical Plant Contracted Electrical Services-Open Order Amendment

John Cheney presented Item 7.b., Fiscal Year 2015 Physical Plant Contracted Electrical Services Open Order Amendment. This is an amendment to add additional funding to an existing open order due to a closure of one of our other service providers. The university requests Board of Trustees approval of expenditure authority for the current fiscal year of an additional \$160,000.

A motion was made to approve the recommendation by Trustee Murer; seconded by Student Trustee Julion.

Chair Strauss asked for discussion. On this one I am going to need a roll call vote please. Trustees Boey, Coleman, Marshall, Murer, Student Trustee Julion, Board Chair Butler all voted yes; Committee Chair Strauss abstained. The motion carried.

Action Item 7.c. – FY16 – Transportation Services, Physical Plant & Finance, Facilities & Operations Motor Fuels

John Cheney presented Item 7.c., Fiscal Year 2016 Transportation Services, Physical Plant, and Finance and Facilities Operations Motor Fuels purchase. This is authorization for both purchases of fuels for the next fiscal year and the university requests Board of Trustees approval of expenditure authority for \$725,000.

A motion was made to approve the recommendation by Student Trustee Julion; seconded by Trustee Butler.

Chair Strauss asked for discussion or questions.

Trustee Butler asked, I'm just curious as to why the amount seems to be significantly lower than FY15.

John Cheney explained that based on our historical evaluation of last year of actual purchase, we decreased the amount, and we figured if necessary we could go back up, but because of the fiscal climate, we wanted to make sure we were appropriately requesting funds.

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

Action Item 7.d. – FY16 NIU Foundation Professional Services Contract

John Cheney presented Item 7.d., Fiscal Year 2016 NIU Foundation Professional Services Contract. The university requests Board of Trustees approval of the renewal order for the fiscal year '16 contract with Northern Illinois University Foundation in the amount of \$630,052.

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

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

Action Item 7.e. – FY16 Student Health Insurance Fee

John Cheney presented Item 7.e., Fiscal Year 2016 Student Health Insurance Fee. The university requests Board of Trustees approval for the fiscal year 2016 for the student health insurance fee totaling \$1,052 per semester.

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

Chair Strauss asked for discussion or questions.

Trustee Coleman asked John to explain the amount. It appears to be a significant increase. What's going on? What are we seeing?

John Cheney deferred to Vice President of Student Affairs, Eric Weldy.

Eric Weldy explained, the increase this year is directly related to requirements as it related to the Affordable Care Act, and so there are certain things that were added that university's around the country will have to include in any health insurance coverage. Trustee Coleman asked if we go out for bid or are we staying with our current carrier or what? Dr. Weldy answered that we went out for a bid, and we identified 20 potential carriers. Fifteen did not respond. We had five that responded and submitted bids. Trustee Coleman asked who our lucky carrier was? Dr. Weldy replied, the lucky carrier is Academic Health Plans. Trustee Coleman mentioned that, out of full disclosure, Academic Health Plan is a subsidiary of a company that I used to work for so I don't know if I should vote on this or not.

Chair Strauss asked for a roll call vote if there were no other questions.

Trustees Boey, Marshall, Murer, Student Trustee Julion, Board Chair Butler, Committee Chair Strauss all voted yes; Trustee Coleman abstained. The motion carried.

Action Item 7.f. – FY16 Student Health Insurance

John Cheney presented Item 7.f., Follow up of the last agenda item, the Fiscal Year 2016 Student Health Insurance. The university requests Board of Trustees approval of expenditure for fiscal year '16 for academic health plans not to exceed \$12,500,000.

A motion was made to approve the recommendation by Trustee Butler; seconded by Student Trustee Julion.

Chair Strauss asked for a roll call vote again on this one if there were no other questions.

Trustees Boey, Marshall, Murer, Student Trustee Julion, Board Chair Butler, Committee Chair Strauss all voted yes; Trustee Coleman abstained. The motion carried.

**Action Item 7.g. – FY16 Materials Management-Central Stores Commodities Contract
Renewal**

John Cheney presented Item 7.g., Fiscal Year 2016 Materials Management – Central Stores Commodities Contract Renewal. The university requests Board of Trustees approval of expenditure for a vendor to be determined for fiscal year '16 for \$300,000.

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

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

Action Item 7.h. – FY15 Office of General Counsel-Open Order Amendment for Internal and External Investigations

John Cheney presented Item 7.h., Fiscal Year 2015 Office of General Counsel – Open Order Amendment for Internal and External Investigations. The university requests Board of Trustees approval of expenditure authority for an amendment of \$265,000.

A motion was made to approve the recommendation by Trustee Butler; seconded by Student Trustee Julion.

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

Action Item 7.i. – FY16 Architectural & Engineering Services and Physical Plant Open Orders

John Cheney presented Item 7.i., Fiscal Year 2016 Architectural and Engineering Services and Physical Plant Open Orders. The university requests Board of Trustees approval of expenditure authority for fiscal year '16 for three electrical vendors as well as one general construction vendor.

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

Chair Strauss asked for discussion or questions.

Trustee Butler asked what the difference is between this item and item 7.b.

John Cheney responded that 7.b. is a current open order for this year's fiscal year and this is for next year's open orders; it's the same concept. Trustee Butler thanked John.

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

Action Item 7.j. – FY16 Physical Plant Elevator Services and Maintenance Open Order Contract Renewal

John Cheney presented Item 7.j., Fiscal Year 2016 Physical Plant Elevator Services and Maintenance Open Order Contract Renewal. The university requests Board of Trustees approval for expenditure authority for fiscal year '16 of \$325,000.

A motion was made to approve the recommendation by Trustee Murer; seconded by Student Trustee Julion.

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

Action Item 7.k. – FY16 International Programs Division Expenditures

John Cheney presented Item 7.k., Fiscal Year 2016 International Programs Division Expenditures. The university requests Board of Trustees approval of expenditure authority for fiscal year '16 not to exceed \$3,000,000.

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

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

Action Item 7.I. – FY16 University Outreach Education Centers Catering Services Contract Renewals

John Cheney presented Item 7.I., Fiscal Year 2016 University Outreach Educational Centers Catering Services Contract Renewals. The university requests Board of Trustees approval of expenditure authority for various vendors to be determined for fiscal year '16 for \$760,000.

A motion was made to approve the recommendation by Trustee Murer; seconded by Student Trustee Julion.

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

Action Item 7.m. – Division of Marketing and Communications Comprehensive Marketing Consultative Services

John Cheney presented Item 7.m., Division of Marketing and Communications Comprehensive Marketing Consultative Services. The university requests Board of Trustees approval of expenditure authority for fiscal year '15 of \$50,000 and fiscal year '16 of \$500,000 to vendors to be determined.

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

Chair Strauss asked for discussion or questions.

Trustee Murer asked for a little bit more explanation of this particular line item and recommendation. Perhaps more on the context of the full budget, your full budget – what is this compared to the full budget?

Harlan Teller answered, let me cover about five areas as it relates to this. First of all what our objectives are with regard to marketing going forward and why we want the flexibility to be able to spend this money. Just to clarify, it's up to \$500,000 based on what we determine to be things that we really need to do going forward. So the objective is, first of all, to fill some skill gaps that we have. We do some things very well, we do other things not so well or we don't have specific skills in certain areas at all. So that's number one. Second of all, we've got to make sure that, in a scarce dollar environment, we are spending our dollars as efficiently and as wisely as we possibly can, and I think my experience in the past is we've had some spillage with regard to how we spend our marketing dollars, and we can't afford that. The third is to drive an overall change in the way that we market here at NIU. The RFP, specifically the search committee that was involved with the RFP, was drawn from a cross-section of the university because quite frankly about one-third of our university dollars spent on marketing and communications is not in my division. It's elsewhere - the colleges, the departments, or other divisions, and so the idea here was to have qualified outside counsel, strategic marketing counsel, to not only be available to the division using the division as a funding source, but driving enterprise change in the way we went about marketing and spending our marketing dollars. So that was important to us as well. Now let's talk about skills versus gaps. We have creative, we have writing, we have design, we have video, we have collateral development, and we have web and social. We do very well on a lot of those things. We're a little bit thin in some these areas. We could have some more writing help to help with the kinds of things that you were talking about this morning, but we're pretty good at all of it. Our shortfalls really are, [specifically now I want to specify I'm talking about marketing versus communications and a lot of times those terms are used interchangeably, they're not the same things] from a marketing standpoint in terms of enrollment and retention, how we go to market, our strategy, media and campaign planning, research and analytics, branding counsel, market segmentation, and our ability to do micro-targeting. These are the kinds of things that we're working specifically on with Lippmann Hearne between now and the end of June. Those are all things that we don't have resident in terms of core competencies in the marketing and communications division. When we constructed the RFP, the idea was to identify and retain a roster of qualified, vetted marketing service firms that could help us in any one or a variety of those different areas. The RFP was carefully constructed in order to cover those bases that we have shortfalls in. So

that's the second thing. In terms of potential projects, and again these are not projects that we have definitely said okay we're going to go ahead with this if we get the money, but first and foremost there's some kind of baseline branding research, a perception study, to get a sense as to what people really think of us. We have nothing like that. Everything that we say about ourselves and that we articulate, it's all anecdotal. It's all what we think personally as individuals. If we're going to track and measure over time the strength of our brand and the strength of our reputation, we need some kind of baseline study. Digital marketing is an area that we're trying to get more professional at, and we're trying to recalibrate our spending to get away from traditional media and toward digital media and to do more marketing focus not only on the university but also our programs. That's where some of this work would go. SEO development; we've been doing a lot of work in search engine optimization with a digital firm that's very competent. We'd like to take the second generation of that work and move that into 2016. Strategic counsel, we just need to be able to have some people that are 'outside the box' that can give advice to not only our divisional people but also our college deans and other people that are looking for the kind of disinterested, objective, in-depth marketing counsel. They simply do not have residence in their colleges. Collateral rationalization, we're in a project right now where we're looking at all of our collateral throughout the university to determine how we can rationalize our spending and get more uniformity and more impact out of our collateral, target marketing in specific segments, particularly in the area of the Hispanic community which is the only high school graduate segment of the market in the state of Illinois that is actually growing. We want to get a bigger part of that and some potential consolidation and efficiencies in the beginning through consolidated media vine, which we don't do. So those are all potential areas that we would want to work in, and we would engage outside counsel for those things. Now let's talk specifically about what you asked with regard to the budget. The \$50,000 is a slam dunk. We've got that easily in the 2015 budget. That's not a problem. The \$500,000 would clearly have to be scaled down pending specific budget scenarios, and we have factored that into any potential budget reduction. We'd do a sliding scale, and we would reduce those numbers accordingly with the proviso that we need some baseline amount of money that we can access some outside advice on some of these areas in some way, shape, or form. If you look at the fiscal '15 budget, the budget for my division is roughly around 3.8, 3.9, it depends on how you look at the numbers. So the \$500,000, if it was a straight line between 2015 and 2016, it would be roughly about 14 percent of our budget. Overall, we'll purchase around \$900,000 of services from outside vendors in fiscal 2015, so this \$500,000 expenditure would fit into this overall spending on outside services, and represent roughly 55 percent of our outside expenditures. What I'm saying here is that I would be willing to forego some of the media spending that we do in order to get higher quality outside marketing expertise in here because I think that long term, and I'm looking at the long term, that the brand and reputation effort here is a five to seven year build that we would have an opportunity to do a better job with fewer dollars and would also point out that the \$500,000 would probably have some out-of-pocket associated with it. So it's not all fees, it would also have some out-of-pocket. So that's basically where we're at. In terms of total marketing spending, if you look at the 3.7 million dollars, a large percentage of it is campus communications, some of it is enterprise communications, a lot of it is media [the great media work that our guys have been doing lately in getting external stories out in the market]. We've had a billion media impressions out of our Antarctica media push as well as the tele-pressure push. That's all in a couple different buckets. In terms of specific marketing, we probably spend roughly about, 800, 850, 900 thousand dollars on marketing. That would put us, if you look at the overall aggregate budget for the university, at about .25 of one percent of total revenues devoted specifically to marketing. Even with public universities not necessarily spending more than about a percent on average that still puts us well behind the curve with regard to our marketing expense. So in this kind of constrained environment with the resources being limited as to what's available to us, we just have to have the very best advice and the very best thing we can get in this area.

Trustee Murer responded, I certainly don't take any issue with the overall strategic objectives and certainly as you came on board about eight or nine months ago, we certainly led with the terminology of branding and identification. So I have no issues with the concepts, none. But what I do have a problem with [and I'd like to have us have a bit more clear understanding and easier computation of a marketing budget, because as you remember, I took real issue with the Lipman Hearne contract for \$800,000, with \$150,000 being for consultation and \$650,000 for other services. Then I asked the question, that new \$800,000 that we just voted upon the last time that we met, that \$650,000 was for enrollment. That was

a new lump sum put to enrollment], is trying to get a big picture of marketing and communications, and we've got lots of buckets all over the place. We keep approving new allocations, and this would be a new allocation. The \$800,000 last time we voted, that was a new allocation. \$650,000 of that as it was told to us was for marketing communication focused on enrollment. All we're trying to do really is communicate for enrollment. The whole messaging about the university is about enrollment, it's about students, and faculty recruitment. Those are the two objectives we have. So I would ask Mr. Chair, as a member of the finance committee, I would like a much more clear picture of the marketing communications budget and that it be a complete budget so that we have an idea as to what all these additional requests are, and if you have anticipated requests for the board in subsequent meetings, I'd kind of like to know about it so that basically again in terms of accountability from this board to one of the most important issues that we're dealing with is communication and market positioning in a competitive environment. I think those things are critical, but I'd like to see the numbers a lot cleaner than I feel like I'm seeing now.

Harlan Teller responded, I hear you and right now we're in the process of laying out kind of breakdowns of what the division really looks like in terms of what I consider to be the three primary buckets: campus communications, what we do around here with regard to staff and faculty; university marketing, which is clearly, I think, got to be placed on a greater sense of priority going forward; and what I call enterprise communications, which is really reputation management. We've got a pretty firm sense of how that 3.7 to 3.8 million dollars is broken up among those three buckets. We're happy to provide that information for you. I do want to specify that the \$500,000 we're asking for is not new money, we're asking basically for me to be able to spend part of my existing budget, or my perspective budget, on outside resources that have been vetted through the procurement process that otherwise will take me seven to eight to nine months to get on board on a project-by-project basis. This is really more about having the flexibility; being able to bring the people in that I need to do the kind of work that we need to do.

Trustee Murer asked if the \$550,000 was within the approved 3.8 budget. Harlan responded, yes. Trustee Murer asked if the \$800,000 that was approved at the last board meeting was also within the 3.8. Harlan responded no, that was not his budget. That was enrollment; communications and marketing relative to enrollment.

Eric Weldy explained that the \$150,000 was from his budget and the rest was a request. The \$650,000 were funds that he did not have. Trustee Murer inquired, but we approved \$800,000, not \$650,000. Dr. Weldy answered that was correct and so \$150,000 of that is funds that we already have.

Chair Strauss mentioned that we should also probably be clear that we're talking about two different fiscal years – FY15 and FY16. The \$500,000 is for FY16; \$50,000 is for FY15.

Harlan Teller agreed, now I would be delighted to come back to you and ask for more money because we need more money. I mean we're really under leveraged in this area, but I'm the last person to just basically advocate more funding because I just don't believe more funding necessarily turns into higher quality or better results. It's how you spend the money. It's who you spend the money with. It's where the money is directed. It's all of those things that we not necessarily have done a particularly great job of in the past that we're trying to get our arms around to do much better in the future. I'm looking at a five to seven year process here. I want to lay down the track over the next year and a half or whatever. I want whoever comes in after me to have a much better base of resources and a much better, clearer strategy and sense of direction of what we want to do in this area.

Trustee Murer continued, I just was trying to cut to the chase because I know of the time. I think that the only thing that I would ask of you Mr., Chair is that if we, and I'm not sure procedurally this is a motion we'll either approve or not approve it, make a contingency; that we have a much clearer picture of the budget for marketing and communications all inclusive, all transparent, and if it's in someone else's budget, at least put an asterisk that says this money is over here, this money is over there, but I would like to have a better sense as to what it is we have before we continue to increase it.

Chair Strauss replied, I want to come back to your request to make sure that it's clear. Mr. Teller has already indicated a willingness to give you whatever, but I want to make sure that he clearly understands what it is that you'd like so he can be responsive. Are we looking for data on FY15 or FY16? Trustee Murer replied, yes so we can look retrospectively and prospectively. I'd like to see a comprehensive picture. Chair Strauss mentioned that marketing and communications is different than just Mr. Teller's budget. There are other places where there are marketing dollars throughout the organization. In that case, President Baker, is that something you can coordinate because apparently we've got information that has to come from several different sources in order to do that.

President Baker answered, sure. I'll just briefly comment, the Lipman Hearne group, in fact they met with us this week, has been working very hard to hit the ground running. We're really trying to focus their efforts on immediate results, fall '15 results, and to do that we need to do a bunch of things. We got behind the curve, we had two failed enrollment management director searches, associate vice president searches, and we didn't have leadership there to move us forward. And so we needed somebody to come in that could immediately help us get the rubber to the road and that's what they're doing. So they've gone out and developed with our team 30 to-do's that we can put into place, and we worked on those this week in this room, and we graded them and analyzed them and which ones are we going to do and not do and how do we affect our fall '15 enrollment, and then create a bough way for fall of '16. So they're really nuts and bolts operational. What Harlan is talking about with this one is a longer play. This is around our image, our brand, etc. and by enhancing that over time as he said, maybe it's a five to seven year build, then you get more people into the funnel so that the work that we do here in enrollment management is easier, but the funnel is bigger, more applicants are coming, and we work them through the systems. But we have to coordinate the work of what's going on from the counselor level to contacting students to how we respond to students to financial aid, etc. all those pieces that are down the funnel a ways with what Harlan is trying to do on the upper end of the funnel as well as the communication he's trying to help us with internally so we're all on the same page and know where we're going.

Chair Strauss said, I'd like to conclude at least this part of this discussion although there may be other comments on the matter that's directly before us, but going back to talk in a broader manner about the discussions that we had over the last twelve months regarding the budget process and where we sit overall with regard to that. So we've approved some general budget development principles for FY16, it's going to be quite some time before we see an FY16 budget, and our expectation is that the FY16 budget is going to be in greater detail than we're accustomed to seeing which was approximately five line items grouped by major category. So I think to the extent that the committee has an interest in taking a look at those details, we'll have a greater opportunity to do it as a result of the hard work that's been done over the last twelve months. But the committee is going to have to engage in some dialog with me so that I can properly have prepared whatever level of detail it is that the committee is interested in seeing. There's been a great willingness on behalf of the administration to provide whatever data is requested. I just want to make sure that we can be as efficient as possible in submitting those requests and get whatever the committee would like to consider. Hopefully, that will be a way for us to move forward that will satisfy whatever questions there are on behalf of the committee and we can also make the budgeting process as transparent as is necessary.

Chair Strauss asked if there were other questions or comments. There were none. All were in favor. None were opposed. The motion carried.

Action Item 7.n. – FY16 ITS Document Services and Materials Management Printing Paper Open Orders Contract Renewal

John Cheney presented Item 7.n, Fiscal Year 2016 ITS Document Services and Materials Management Printing Paper Open Orders Contract Renewal. The university requests Board of Trustees approval of expenditure authority for fiscal year '16 for a vendor to be determined for \$750,000.

A motion was made to approve the recommendation by Student Trustee Julion; seconded by Trustee Butler.

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

Action Item 7.o. – FY16 DOIT – Document Services Campus Copier Program Contract Renewal

John Cheney presented Item 7.o., Fiscal Year 2016 DOIT – Document Services Campus Copier Program Contract Renewal. The university requests the Board of Trustees approval of expenditure authority for fiscal year '16 for the vendor to be determined of \$1,000,000.

A motion was made to approve the recommendation by Trustee Murer; seconded by Trustee Butler.

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

Action Item 7.p. – Office of the Provost Externally Funded Research and Scholarship Benchmarking

John Cheney presented Item 7.p., Office of the Provost Externally Funded Research and Scholarship Benchmarking. The university requests Board of Trustees approval of expenditure authority for fiscal year '15 through fiscal year '19 as follows for Academics Analytics LLC for \$475,000.

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

Chair Strauss asked for discussion or questions.

Trustee Butler stated that he would like to know a little bit more about what this is.

Provost Freeman responded, Academics Analytics is a software platform that the Provost's Office has been using for a number of years. It self populates with data from national databases that track things like publications, grants, contracts, and it will generate using whatever query is put in comparisons of a unit at the department level or an academic program level at NIU as compared to any set of peers that we select. It will also allow you to predict the impact of either faculty departures or faculty additions and the types of comparisons that it generates, we feel, are very important to future planning at NIU. We've also heard from programs that use this tool that they would like to have this type of data available for them to use to make the cases for their programs as part of the prioritization process. Currently the provost's office has data folks who are very well versed in this. Most colleges have one associate dean that knows how to use it, and we support the colleges and programs as necessary to use this tool in planning.

Trustee Butler asked if this will be available to those departments and colleges who know how to use it?

Provost Freeman replied, it is available to everybody. We set up accounts and passwords and do training. What happens is there are people who really love it and become the resident experts at the level of a college office or department, and there are other people who would rather just look at the comparisons that are generated than actually have to run the tool, or they use it so infrequently that they don't really want to learn the details. So for those folks the provost's office provides support through Jeff Reynolds' unit.

Chair Strauss asked if there were any other questions. There were none. All were in favor. None were opposed. The motion carried.

Action Item 7.q. – FY16 Student Mass Transit Board Campus Busing System Contract Renewal

John Cheney presented Item 7.q., Fiscal Year 2016 Student Mass Transit Board Campus Busing System Contract Renewal. The university requests Board of Trustees approval expenditure authority for fiscal year '16 for the vendor to be determined for \$4,100,000.

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

Chair Strauss asked for discussion or questions.

Trustee Coleman asked a procedural question. You know we went through our share of fiscal year 2016 items, but we haven't cut a 2016 budget. I know these are renewals of expenditures that we anticipate. I'm assuming that if we find ourselves in the situation where we have to drastically cut our budget, we will have to come back and revisit everything that we're currently giving approval for. Is that correct?

Chair Strauss answered, that's a safe assumption.

Trustee Coleman continued, just help me out. Did we do something very similar this timeframe last year in terms of approving all of this?

Chair Strauss replied, yes we did. This is consistent with our past practice. There are challenges in the timing of all of this because of the long lead time required for the budgets and the procurement process. So in order to avoid service interruptions there are certain items that would be required for the next fiscal year that we're contemplating now. But in giving authority, in most of these cases, they're 'not to exceed' amounts. So there are adjustments that are going to have to be made during the course of the year to be able to meet the budget. In the past we've always reposed confidence in the administration to make the adjustments that are required in order to live within the budget. There are uncertainties on the revenue side as well. Both because we don't know how many students we're going to have and because we're uncertain of the amount that the state will actually wind up committing to us and then paying. I think you're correct to identify challenges in doing this, and I'm sure that the other committee members share the same concern.

Trustee Coleman voiced his concern about it especially in light of some of the decisions that we've got to make or possibly have to make in light of the proposed budget that's in front of us. What's our recourse when we sit back and say yeah we approve \$4,000,000 now, but what's our recourse later?

Chair Strauss responded that with regard to this item specifically, there's a fee item that relates to transit. If I separate this issue from the larger issues to what happens with the budget as a whole, this is one where there should be a relatively certain amount of funds.

Trustee Coleman asked, so this is kind of a pass through because we get fees to pay for the bus?

Chair Strauss affirmed, that's correct. There is a dedicated fee to operate the student transportation system.

Trustee Coleman asked, but all the others were not necessarily fee driven?

Chair Strauss again affirmed, that's correct. I think that the administration is certainly aware of those challenges and has always managed with the available dollars.

Trustee Coleman questioned, something is wrong here. Either we've got to say let's move up the budget process for '16 before we start approving these, or let's change the timing so it coincides with the budget. We need to think about how we're doing this because this is like putting the cart before the horse here.

Trustee Strauss agreed, I think your point is well taken, and we've been taking steps toward doing that. We're not quite there yet. We had to first make sure that everybody went through the process that we did in the last year, and it's obvious from your question that we're starting to comprehend how all of these things play together. Because of the full agenda today we didn't continue our education process, but we have to come back and pick up capital budgeting maintenance with some other items so that we finish understanding the full scope of this challenge. Now that we have Alan Phillips here, he's going to continue Nancy's effort which started identifying all of the items that we have, providing some additional transparency, and our effort was to modify the time table for the budget process. But it's going to take us a little while to get there.

Trustee Murer commented, I fully understand what you're saying and appreciate that fact. You made a comment, and I'm looking for consistency because I think your comment would give us more cover to respond to what Wheeler is talking about and that is not to exceed. I've noticed that some of the items have that language of not to exceed, some do not. There's not a consistency in that. If we had that provision of not to exceed, it would give us a lot more latitude as we start to see what the revenues might be. And in this particular case for example, this one doesn't say that. So I don't know, and now that I'm consciously thinking about it, I'd have to go back through the alphabet and see how many said not to exceed and how many just had a flat amount. What are your thoughts on that Mr. Chair in regards to a protection for the board? If it's not to exceed, it means we can do anything depending on what the revenues are.

Chair Strauss responded, I think that's a fair question for the people that developed this item to see whether or not the nature of the contract is not to exceed or whether based on this having a dedicated revenue source they felt comfortable signing a contract. We're not going to stop the bus service over the coming year.

Trustee Murer continued, obviously, and I think that's a good point, and I don't mean to pick on just this one, but this one now makes me more attentive to the language of whether we're saying not to exceed a certain amount or if we're saying that this is the amount.

Chair Strauss agreed. So we've had several that were not to exceed. We had others that were open orders, which are dependent on need and release. So somebody has to authorize the expenditure of that money and then it can be spent against the open order. But I certainly understand the question here. Is it important enough to any member of the committee that we nail down here whether this could be amended?

Trustee Murer answered, that's a question. Perhaps in the presentation of the summary consistently going forward, I don't want to spend a lot of time going back, but consistently going forward we identify that revenues are sufficient to cover the identified amount.

Chair Strauss affirmed, I think that point is well taken as is the fact that there are questions that were asked today that are representative of the types of questions that are normally asked by members of the committee or the board when it gets to the full board. If we had some more material in the description that would allow us to answer those questions before we get here. That would be helpful. I think we're all capable of reading these, and we can save a lot of time if that material was in the write up. If you reflect, and I don't mean to pick on you in this regard, but if each one of us reflects on this, the material that we're currently getting is more than what we were getting before, but I think we can do an even better job of being able to provide that in advance, and I appreciate your comment in that regard.

Trustee Boey mentioned, I think that it gets a little bit tricky. I think there's a general perception, and I don't know whether it's true or not, that the governor's reduction of 32 percent, 31 percent whatever it is, is not on the whole budget, it's on one-third of our budget which is what the state is supporting us with. So one-third of \$90,000,000. I'm not saying that we should think, wow we just found some extra money let's go and spend it. I'm not suggesting that, but I think that there's a general perception here

that people take our entire budget which is \$270,000,000, or whatever it is, and say wow we just lost 32 percent of it, which is not the case.

Chair Strauss explained, I don't know what we're going to wind up losing. I don't want people to leave today in a state of abject terror, afraid of what the future is going to bring. The ship has a captain, people are taking care and will advocate as forceful as they can on our behalf to avoid some of those cuts, and will continue to work diligently to see whether we can manage to stabilize enrollment which will also help our financial picture. I think we also have to trust that there's going to be, trust and verify, that there's going to be a responsible look at the expense side of the profit and loss statement. I think that message has come across loud and clear from Trustee Coleman's comments in the last couple of meetings as well as input from other board members. So again, Bob, I think you're correct that you always have to keep these things in context. President Baker?

President Baker commented, I think these are excellent points, and you should be worrying about those, I do a lot. A number of these that you have approved say up to or if it's an open order, it's going to be contingent upon if there's money in the budget for that open order. So if we do have a reduction in somebody's electrical contractor budget, then they can spend up to that, they can't spend over. So there are some checks in there to govern we're staying within the budget.

Trustee Coleman stated that in approving this, we're also giving rights to folks to go out and conduct an RFP and potentially sign and engage in a contract too that I'm assuming we would be obligated to pay once we sign those contracts. So it's a double whammy here, right?

President Baker explained, it is, and higher education budgeting always is an unusual critter because you're setting a budget that we may have to adjust after we see what the revenues really are. The funny part of the critter is that the legislature's going to appropriate some amount of money to us. We don't know what that's going to be so we're setting a budget guestimating what that's going to be. We're also setting a budget with our other major driver being tuition revenue and fees, not knowing what the fall is going to be. We have to budget in and then we have to come back and manage that budget given the real revenues that we have and get it into alignment.

Trustee Coleman replied, I get that Dr. Baker, but the problem is, first of all, we haven't set a budget, but we're spending.

President Baker responded, because of the lead times to get the busses running, etc.

Trustee Coleman continued, so the budget hasn't been set, we don't know our revenue yet, but we're spending. I understand that we need lead time. We probably need to set at fast forward some things so we can really understand what our budget is, what we think our projected budget should be. Maybe this is, you know, all the items that we just recently passed for fiscal year '16, maybe it's all important, but when we put everything on the table it may be less important. It may be that with some of the items we need to say 'no we shouldn't be spending a half a million dollars on X because we've got Y that we don't have money for'. So we don't have that visibility, and that makes this very, very difficult. I understand the chair and we're trying to get there, but it puts us in a very difficult position now and maybe even later when we have to go back and say you know what, we signed some contracts that we shouldn't have been signing because we don't have money to pay for it.

Chair Strauss concluded, this has been a good conversation, but let's come back to the topic before us now if we can. Is there any further conversation regarding the student mass transit board matter?

Chair Strauss asked if there were any other questions. There were none. All were in favor. None were opposed. The motion carried.

Action Item 7.r. – Northern Illinois Research Foundation Expenditure Authority Amendment

John Cheney presented Item 7.r., Northern Illinois Research Foundation Expenditure Authority Amendment. The university requests Board of Trustees approval of expenditure authority for fiscal year '15 as follows. An amendment of \$400,000 for the Northern Illinois Research Foundation.

Chair Strauss commented, this reflects the expense for the acquisition of the EIGERlab.

A motion was made to approve the recommendation by Trustee Butler; seconded by Student Trustee Julion.

Chair Strauss asked for discussion or questions.

Trustee Murer stated, this is obviously, it's almost an embarrassment. Part of it is that the presentation that we had in the research committee probably should have had a caveat to it. I think we just need to be more attentive. These are open sessions. We're a public university and so little things mean a lot. So the question that came up in the research committee as to the legal structure, which led to the acquisition, then led to comment after, how come that didn't come before the board. Now there's a lot of material that we have, and we can say well it was all presented to us before the meeting. I appreciate that fact, but some of these dots don't get connected until you're really facing the situation. I take it that the allocation of this new order of \$649,000, if there's an amendment of \$400,000 - just a bit of clarification because the comments that came before the research committee this morning was that it was \$300,000 minus \$100,000 that came from the Rockford community. Therefore in my mind that left a \$200,000 obligation for the acquisition, and we have an amendment of \$400,000? I just need a clarification of how those numbers work.

Lesley Rigg, VP of Research and Innovative Partnerships confirmed that number does reflect the acquisition of EIGERlab. What it doesn't ideally reflect is that there was an expenditure of \$300,000 plus approximately \$100,000 representing legal fees, moving fees and a number of other issues that sort of came with that. But you're absolutely correct Trustee Murer, we had \$100,000 come back as a reinvestment, but that doesn't reflect on the purchase price. That is money that comes back to the university. What this also does not reflect is that the \$200,000 remaining, which is listed here in terms of increasing the expenditure, is actually a pay back over five years. While the purchase price hit in this fiscal year, we really are paying it back over five years so it only represents \$40,000 per year over the next five years.

Trustee Murer responded, okay so we have an amortization schedule on that acquisition. That probably should be noted that therefore you really are only asking in terms of expenditures. I don't know which year if it was '15 then or '16. I imagine since you already bought it's '15.

VP Rigg answered that it came this year but I think, I guess I could defer to procurement.

Trustee Murer continued, so there's \$40,000 in '15, then an allocation of \$40,000 for '16. I understand we need to make it a commitment to the full amount even if it's amortized over a five-year period of time, but that's still \$200,000. What's in the other \$200,000 to make up the \$400,000 that is part of the amendment?

Dr. Rigg responded, the way that I understand it is that is the price tag that came forward. So the \$100,000, I think, will be received in FY16. I don't think that has been received immediately.

Trustee Murer asked, that's a revenue? The \$100,000 is actually a rebate of that so that's a revenue item?

Dr. Rigg replied, the total price tag, if we're just talking about the \$400,000 which was associated with the purchase of EIGERlab, is also associated with increased activity this year associated with the purchase of EIGERlab and all the IP agreements that came with it, all the legal fees that came with it, the agreement, and the master IP agreement that went through NERF, so there are a number of things. In fact, we had sort of five isolated items this year that hit through NERF. Some of them associated with EIGERlab, some of them not associated with EIGERlab. If we isolate the information just to EIGERlab, it is that \$300,000 with \$100,000 coming back to us and then the other \$200,000 out over the five year period.

Trustee Murer stated that she understood. I think that all we're seeing a heightened sensitivity on the part of the board for accountability, and I think the environment is really driving that. So it never goes to the merits of, you know with Vice President Teller, it doesn't go to the merit of whether we're talking about the merits of marketing, it doesn't go to the merits of this acquisition, but it does go to a greater need for specificity and articulation of what it is we're approving and how we're spending the money. And that doesn't go just to this particular request, but I think forthcoming it is important to this board as we will be held to make those decisions with the president and the cabinet. We've got to know what it is we're talking about. Again, I don't mean to pick on this particular point, I'm really not, but this is just a way in which we can evidence the fact that this is more similar to the way we've done it in the past. There's an amount, a general amount being requested of us. I think that forthcoming we're going to be much more attentive to what that money is for and how we break it down. That doesn't mean we don't support it, it simply means it's our responsibility to know how it is we're going to be spending the money. Because if faced in reductions, we then can assist the president and the chief financial officer in making very difficult decisions.

Chair Strauss asked if there were any other questions. There were none. All were in favor. None were opposed. The motion carried.

Action Item 7.s. – Intercollegiate Athletics/Facilities Replacement of Turf at Huskie Stadium

John Cheney presented Item 7.s., Intercollegiate Athletics/Facilities Replacement of Turf Field at Huskie Stadium. The university requests Board of Trustees approval of expenditure authority for fiscal year '15, vendor to be determined for \$460,000.

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

Chair Strauss asked for discussion or questions.

Trustee Coleman asked, when you talk about the funding component we say institutional revenue bonds?

Chair Strauss answered, yes there's reserve money that's available for the capital replacement as I understand it.

Trustee Coleman continued, so the new turf field will allow the athletes to run faster is that what the...

Chair Strauss replied, Trustee Coleman I inquired about this and apparently the challenge is that there are seams that have failed, and that it appears to be more cost effective at this point in the field's life cycle to replace it than it does to attempt to affect a repair. This amount is less than what it costs to install the field because they don't have to do anything with the area under the carpet, they just have to replace the carpet. That's the way that I understand it. John, this is your area so if I've not stated that correctly.

John Cheney affirmed that summation was perfect.

Chair Strauss asked if there were any other questions. There were none. All were in favor. None were opposed. The motion carried.

Action Item 7.t. – Treasury Operations – Signatory Authorization

John Cheney presented Item 7.t., Treasury Operations – Signature Authority. The university requests approval of signature authorization and designation for treasury operations as detailed above basically including the position Dr. Phillips will be taking.

A motion was made to approve the recommendation by Student Trustee Julion; seconded by Trustee Butler.

Chair Strauss asked for discussion or questions.

Trustee Butler questioned, I know obviously who the vice president of administration and finance is, who is our designated assistant secretary, assistant treasurer?

Mike Mann, Assistant Vice President for Budget, Planning and Legislative Affairs responded, Vice President Kaplan.

Chair Strauss asked if there were any other questions. There were none. All were in favor. None were opposed. The motion carried.

Action Item 7.u. – FY15 Office of General Counsel-Open Order Amendment for Outside Legal Services Regarding Civil Complaints

John Cheney presented Item 7.u., Fiscal year 2015 Office of General Counsel – Open Order Amendment for Outside Legal Services Regarding Civil Complaints. University requests Board of Trustees approval of expenditure authority for fiscal year '15 as follows for Hinshaw, Culbertson, LLP an amendment of \$52,000.

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

Trustee Murer questioned if we previously approved for the General Counsel's Office an amended amount in b, c, d, or e at the beginning part of this meeting. This one, I take it, is a very specific addition thereto. I just want a little more explanation from the General Counsel in this regard.

Jerry Blakemore, Board General Counsel responded, this matter is specific to the litigation that is in federal court now that was filed by the former Chief of Police. We are in the stage of discovery in that case. As the board was advised there has been some action on the part of the federal district court where certain defendants in the case were dismissed. We are now going forward with that litigation. I will provide, in a confidential setting, a more detailed discussion of the status of the case, but this is to address the issues that will be coming forth as this case now heats up, but it's specific. The others are related to on-going investigations at the federal and the state levels.

Trustee Murer asked if this is under the approved rate.

General Counsel Blakemore affirmed, yes. In fact these rates are public. We have did an RFP some time ago and those rates are public and reasonable.

Trustee Murer contined, and Hinshaw usually keeps within those rates?

Blakemore responded, yes, absolutely.

Chair Strauss asked if there were any other questions. There were none. All were in favor. None were opposed. The motion carried.

Action Item 7.v. – College of Liberal Arts and Sciences Joint Appointment Between NIU and Argonne National Laboratory

John Cheney concluded, our final agenda item of this part of the agenda, Item 7.v., College of Liberal Arts and Sciences Joint Appointment between NIU and Argonne National Laboratory. The university requests Board of Trustees approval of expenditure authority for fiscal year 15/16 as follows: University of Chicago Argonne LLC amendment of \$78,948.00

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

Chair Strauss asked for discussion or questions.

Trustee Butler questioned, when you say FY15/16 that's unusual for the type of action items we've been looking at thus far. Why does this have a range as opposed to just a fiscal year?

Chair Straus replied, this entire transaction is unusual, but I think Dr. Freeman is prepared to speak to this right? Oh Dr. Rigg?

Dr. Rigg explained, the working out of the contract with Argonne has crossed fiscal years and academic years so it represents an accumulation, that's why it's coming before you; because the accumulation over several years exceeds the amount, but it's not unusual, it's just unusual that it's crossed fiscal years, in this case, in trying to sort out this contract.

Chair Strauss continued, right, and it's unusual that it wound up here too, but it is here, and what they want to do is deal not only with today but what's going to happen in the future so they have a predictable situation for a valued faculty member.

Chair Strauss asked if there were any other questions. There were none. All were in favor. None were opposed. The motion carried.

Information Item 8.a. – Quarterly Summary Report for Transactions in Excess of \$100,000

Information Item 8.b. – Periodic Report on Investments

OTHER MATTERS

Chair Strauss asked if there were any other matters for this committee. Board Chair Butler mentioned that they will be going into closed session in the next meeting, which was to being immediately.

NEXT MEETING DATE

Thursday, May 28, 2015, 1:30 p.m.

ADJOURNMENT

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

Meeting adjourned at: 2:12p.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.