

Minutes of the  
**NIU Board of Trustees**  
**FINANCE, AUDIT, COMPLIANCE, FACILITIES AND OPERATIONS**  
**COMMITTEE MEETING**  
**May 10, 2018**

**CALL TO ORDER AND ROLL CALL**

The meeting was called to order at 10:16 a.m. by Committee Chair Tim Struthers in the Board of Trustees Room, 315 Altgeld Hall. Recording Secretary Vicky Rippberger conducted a roll call of the trustees. Members present were Trustee Dennis Barsema, Trustee Veronica Herrero, Trustee Giuseppe LaGioia, Trustee Eric Wasowicz, and Committee Chair Tim Struthers. Members absent were Trustee John Butler and Board Chair Wheeler Coleman. Also present were Acting President Lisa Freeman, Committee Liaison Sarah McGill, Acting Vice President and Provost Chris McCord, Deputy General Counsel Greg Brady, and Board Liaison Matt Streb.

**VERIFICATION OF QUORUM AND APPROPRIATE NOTICE OF PUBLIC MEETING**

General Counsel Greg Brady indicated the appropriate notification of the meeting has been provided pursuant to the Illinois Open Meetings Act. Mr. Brady also advised that a quorum was present.

**MEETING AGENDA APPROVAL**

Chair Struthers explained that the order of the agenda for this meeting is slightly different than in the past indicating the importance to present the Quarterly Financial Summary and the Internal Budget Reports at the start of the agenda in order to provide context for items that follow.

A motion to approve the agenda was made by Trustee Dennis Barsema; seconded by Trustee Veronica Herrero. All were in favor. The motion carried.

**REVIEW AND APPROVAL OF MINUTES**

A motion to approve the minutes of the February 15, 2018 meeting was made by Trustee Giuseppe LaGioia; seconded by Trustee Eric Wasowicz. All were in favor. None were opposed. The motion carried.

**CHAIR'S COMMENTS/ANNOUNCEMENTS**

Chair Struthers offered comments regarding the financial statements. The 2017 audit indicated that NIU lost \$30M. This significant amount was fueled largely by the state appropriation received being \$34M below the "targeted expectation". This follows a larger operating loss in 2016 of \$46M. These operating results have created a 'fragile' balance sheet. As of June 30, 2017, NIU reported only \$11M of net working capital. Equity in the institution is \$194M with total liabilities of \$436M resulting in substantially more debt than equity funding of our asset base. Based on internal reports, 2018 is looking better than 2017, mostly related to the \$48M more in state appropriations. The current draft of the 2019 budget is showing a deficit of \$5M. In short, given the recent operating losses, budget shortfall, and fragile balance sheet, there needs to be structural reform in the operating model for sustainability.

Chair Struthers also shared a brief update of the 2010 bond issue. Chapman and Cutler was engaged to conduct a review of the proposed use of the 2010 Build America Bonds to advance the renovation of the Holmes Student Center. After review of appropriate documentation including the act, the bond resolution, and the notification of sale; the official statement; the tax certificate; and the undertaking in their work, Chapman and Cutler determined that the renovation is a permissible project under the act. It was noted that the fact that the University did not spend at least 85% of the Build America Bond proceeds within three years of the date the bonds were issued does not adversely affect the status of the bonds, and no notice to or consent of the bond holders is required to expand the bond proceeds on the renovation of the Holmes Student Center. The full report is available on the Administration and Finance website.

## **PUBLIC COMMENT**

General Counsel Greg Brady indicated that there was one request for public comment.

Derek Van Buer spoke regarding the use of bonds and the reserve funds as noted in the May 29, 2014 presentation by the interim CFO at that time.

## **UNIVERSITY FINANCIAL UPDATE**

### **Information Item 7.a. – Quarterly Financial Summary**

Sarah McGill explained this report is still a work in progress and will continue to be refined. Overall, NIU is in a positive position relative to the budget for FY18. Although revenue is down as compared to the third quarter of FY17, NIU has continued to maintain an aggressive stance on expense control. Ms. McGill noted that the state is ahead in the timing of reimbursements to NIU; however, tuition and fees are down due to the mix and level of student enrollment. It is anticipated that NIU will end the year in a position slightly better than budget.

There were no questions or discussion.

### **Information Item 7.b. – Fiscal Year 2019 Internal Budget**

Sarah McGill began by pointing out that the state has gone 700 days without a budget stating that NIU is making progress to reestablish financial equilibrium. This will include establishing best practices and processes in support of longer term budgeting with identified and sustained revenue and expense levels. At this time, the University is putting forth a preliminary budget for FY19, projecting a gap of \$5.1M between projected revenues and expenses. The gap is attributed to increased costs of debt servicing in support of housing and dining operations, decreased revenue related to expected changes in enrollment, a commitment of University funds to capital projects and deferred maintenance, and the FY18 salary increment program. As the FY19 budget process began, there was a gap of approximately \$20M. Divisions across the University identified opportunities for increasing revenue and decreasing expenses. In order to further close the gap, NIU is looking at the final amount from the state appropriation, updated enrollment projections, fundraising support from the Foundation, as well as potential funding from the state in support of capital projects and deferred maintenance. A balanced budget will be presented to the Board at the June meeting.

A brief discussion ensued regarding the increase on the expense side between FY18 and FY19. This is due to an increase in capital projects and deferred maintenance as this has been the first thing to go in previous years. The expense increase is also due to the amount of debt servicing in support of some of the auxiliary operations mainly related to housing and dining.

## UNIVERSITY RECOMMENDATIONS/REPORTS

### **Action Item 8.a. – Mass Transportation Inter-Governmental Agreement Approval**

Sarah McGill explained that NIU, as a member of the DeKalb/Sycamore Area Transportation Study planning organization, has been participating in the development of a strategy to transform mass transportation support for the community. Through this study it was determined that transportation needs of the University and local community would be best provided under a consolidated operation with the City of DeKalb. To facilitate this, an inter-governmental agreement between the University and the City of DeKalb is required.

Ms. McGill read the following recommendation for consideration by the committee:

The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President's Report to the Board of Trustees for approval at its meeting on June 14, 2018.

A motion was made by Trustee Eric Wasowicz; seconded by Trustee Dennis Barsema.

Chair Struthers mentioned that NIU currently spends approximately \$4M per year on transportation. This new arrangement will cost \$3M per year and will provide a more efficient level of service.

Trustee Wasowicz asked who was representing the University along with the city. Ms. McGill answered, John Heckmann.

All were in favor. None were opposed. The motion carried.

### **Action Item 8.b. – Fiscal Year 2019 Campus Busing System Contract Extension**

Sarah McGill indicated that the current campus busing contract ends June 30, 2018. This contract will need to be extended until December 31, 2018 to provide transportation until the January, 2019 start of the inter-governmental agreement that was just approved.

Ms. McGill read the following recommendation for consideration by the committee:

The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President's Report to the Board of Trustees for approval at its meeting on June 14, 2018.

A motion was made by Trustee Eric Wasowicz; seconded by Trustee Veronica Herrero.

A question was raised if this contract could be further extended if the inter-governmental agreement is not finalized by January 1, 2019. John Heckmann confirmed he will remain on top of this.

All were in favor. None were opposed. The motion carried.

### **Action Item 8.c. – Fiscal Year 2019 Intercollegiate Athletics Secondary Student Health Insurance Contract Renewal**

Sarah McGill explained the need for annual Intercollegiate Athletics Secondary Student Health Insurance. The cost of this insurance is approximately \$315,000.

Ms. McGill read the following recommendation for consideration by the committee:

The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President's Report to the Board of Trustees for approval at its meeting on June 14, 2018.

A motion was made by Trustee Veronica Herrero; seconded by Trustee Eric Wasowicz.

A discussion ensued suggesting the possibility of NIU pooling this risk with other universities. Ms. McGill will follow up to see if there have been discussions with other universities.

All were in favor. None were opposed. The motion carried.

#### **Action Item 8.d. – Fiscal Year 2019 Intercollegiate Athletics Air Charter Services for Football Team**

Sarah McGill indicated the need to purchase air travel for NIU's football team for the academic year 2019 season. The approval amount being requested is \$400,000.

Ms. McGill read the following recommendation for consideration by the committee:

The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President's Report to the Board of Trustees for approval at its meeting on June 14, 2018.

A motion was made by Trustee Veronica Herrero; seconded by Trustee Dennis Barsema.

All were in favor. None were opposed. The motion carried.

#### **Action Item 8.e. – Fiscal Year 2019-2021 DoIT Renewal of Onbase Software Maintenance**

Sarah McGill explained the need to renew the Onbase Software Maintenance agreement for one year with two additional one-year renewal options. The three one-year renewals will achieve a \$31,677 savings over the contract term as compared to single-year pricing. The amount being requested is for the total amount of the contract, \$431,000.

Ms. McGill read the following recommendation for consideration by the committee:

The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President's Report to the Board of Trustees for approval at its meeting on June 14, 2018.

A motion was made by Trustee Dennis Barsema; seconded by Trustee Veronica Herrero.

A question was raised about the actual savings. Ms. McGill responded, by approving the three-year contract NIU won't receive the normal increases of a year-by-year contract. Questions were also raised, and clarification provided, surrounding the satisfaction and actual use of Onbase. Matt Parks explained that Onbase has grown on campus over the past couple of years and has proven to be very useful to almost 25 departments. There is room for growth, and there is an Onbase team that will work with departments to determine how Onbase can serve their business needs. Onbase will further optimize NIU's paper/printing reduction efforts. Acting President Freeman added how she has personally seen Onbase used and its growth on campus.

All were in favor. None were opposed. The motion carried.

### **Action Item 8.f. – Fiscal Year 2019-2021 DoIT Blackboard Software License**

Sarah McGill indicated the need to purchase Blackboard Inc. Lean Suite, which includes Learn, Community System, Content System, and Collaborate for a three-year term. This is a virtual learning environment and course management system. This technology is used by approximately 8,500 faculty and students across campus.

Ms. McGill read the following recommendation for consideration by the committee:

The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President's Report to the Board of Trustees for approval at its meeting on June 14, 2018.

A motion was made by Trustee Veronica Herrero; seconded by Trustee Dennis Barsema.

A discussion ensued as to the quality of this product and if the University has looked elsewhere for this technology. Matt Parks explained that Blackboard has the market share so they are dominant, although there are two others, Moodle and Canvas. Blackboard does get heavily used around campus, second only to the Microsoft 365 portfolio. There's a large stakeholder group that would need to be put together across the academic areas of campus if there was a desire to make a move from Blackboard. This would take a couple of years to accomplish. Further clarification was provided regarding the pricing of Blackboard. Mr. Parks explained that Blackboard will be moving to the SAS environment, which will be a cost savings to the University. The cost for the three-year contract was negotiated down as compared to what the cost would have been year-by-year. Acting President Freeman pointed out the need for training and the associated costs involved if NIU were to make a change.

Trustee Wasowicz expressed his concern with Blackboard's dominance in the market and perceived lack of innovation driving the product to be marginal. He understands there are better solutions available and more economical but Blackboard's deep "hooks" into existing University operations makes it difficult to change. He is hopeful NIU would look at other options well ahead of the next contract renewal.

A roll call was performed. Trustee Dennis Barsema, Trustee Veronica Herrero, Trustee Giuseppe LaGioia, and Committee Chair Tim Struthers all voted yes. Trustee Eric Wasowicz was opposed. The motion carried.

### **Action Item 8.g. – DoIT Network Access and Security Refresh and Upgrade**

Sarah McGill indicated the need to purchase Cisco network and security equipment to modernize NIU's enterprise campus network to position NIU to respond to today's needs and future requirements. The University will be entering into a three-year lease agreement with annual payments of \$537,000. An additional \$60,000 will go towards funding power upgrades to be executed by NIU's physical plant. The total amount being requested is \$1,670,000.

Ms. McGill read the following recommendation for consideration by the committee:

The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President's Report to the Board of Trustees for approval at its meeting on June 14, 2018.

A motion was made by Trustee Veronica Herrero; seconded by Trustee Dennis Barsema.

A discussion ensued about the entire network infrastructure. Matt Parks explained, there are many access layers within the campus buildings that have been in service for several years. These are failing, making it difficult to engage with applications, whether it be on the premises or in the cloud, to access information and are beyond vendor support. This project will touch approximately 40 buildings on campus that have these legacy switches and will be prioritized by age.

All were in favor. None were opposed. The motion carried.

### **Action Item 8.h. – DoIT Wireless Network Expansion and Upgrade – Phase 2**

Sarah McGill explained this is the second year of a multi-year effort to improve mobile Wi-Fi access adding approximately 650 access points on campus. This will ensure complete coverage and data capacity for buildings throughout the campus. This request is for \$425,000 to move forward with Phase 2 work.

Ms. McGill read the following recommendation for consideration by the committee:

The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President's Report to the Board of Trustees for approval at its meeting on June 14, 2018.

A motion was made by Trustee Veronica Herrero; seconded by Giuseppe LaGioia.

A discussion clarifying the different phases and priorities took place. Matt Parks explained there were five buildings in Phase 1. There are 11 buildings in Phase 2. There are approximately 65 buildings that will be involved in this project. The prioritization of the buildings went through an iterative process.

All were in favor. None were opposed. The motion carried.

### **Action Item 8.i. – Fiscal Year 2019 NIU Foundation Professional Services Contract**

Sarah McGill indicated the need to renew the NIU Foundation Professional Services Contract. The NIU Foundation is an independent organization and operates to support the mission of Northern Illinois University through fundraising, asset management, and related support activities. The contract renewal amount is \$743,600 for FY19. The reason for the increase from FY18 is due to properly allocating costs to where they should be allocated.

Ms. McGill read the following recommendation for consideration by the committee:

The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President's Report to the Board of Trustees for approval at its meeting on June 14, 2018.

A motion was made by Trustee Eric Wasowicz; seconded by Trustee Veronica Herrero.

A roll call vote was performed. Trustee Veronica Herrero, Trustee Giuseppe LaGioia, Trustee Eric Wasowicz, and Committee Chair Tim Struthers voted yes. Trustee Dennis Barsema abstained. The motion carried.

### **Information Item 9.a. – Holmes Student Center Bookstore Agreement**

Sarah McGill mentioned that there was a written update included in the materials. She and Provost McCord provided a PowerPoint presentation on campus operations and NIU strategies to become more self-sufficient in the revenue category. The presentation focused on increasing financial and operational

strength on campus by providing facilities, operations, and services that are adaptable to the evolving demands of our environment, being always mindful of enhancing NIU's competitive edge in recruiting and engaging students, faculty, and staff. Detailed information was shared regarding the Holmes Student Center, specifically NIU's bookstore, which will be owned and run by Follett Bookstores. The Founders Memorial Library was also presented including information to unveil 71 North in the lower level and the Discover Campus Innovator Program. Additionally, Provost McCord discussed the opportunity to bring ESports to the center of campus. Conference and event management and the marketing and management of University facilities was also mentioned in the presentation, and opportunities to best utilize these facilities will be further explored as well as space prioritization and management across the entire campus.

Conversations ensued recognizing the early success of Caribou Coffee & Einstein Bagels in the Founders Memorial Library and the anticipation of bringing ESports to campus. Positive comments were made about the decision to bring Follett Bookstore to campus.

Additionally, Trustee Barsema expressed concern about the current bookstore employees. Ms. McGill assured him that there has been a very deliberate and intentional effort by both Student Affairs and Human Resources to place or assist the thirteen bookstore employees.

#### **Information Item 9.b. – Facilities Update**

John Heckmann presented an update on facilities focusing on the center of campus, reiterating the success of the coffee and bagel shop as well as Discover that will be coming soon to the Founders Memorial Library. The Stevens Building is slowly being occupied with just a few details that still need attention. Neptune is approximately 50% complete, and the opportunity to bring air conditioning to this complex is being explored. The timeline for the Holmes Student Center was also presented.

A question was asked about cleaning the outside of Holmes, possibly power washing. There will be improvements to entrances but there may be things that can be done outside of this project to spruce up the outside.

Additionally, Trustee Barsema commented that he has heard nothing but great things about the food service on campus, and there's a really good buzz over what Holmes is going to look like.

#### **Information Item 9.c. – Semi-Annual Progress Report of Active Capital Projects**

Sarah McGill clarified that the name of the source previously shown on the Founders Library Café as Bond Operating Funds and Bond Revenue Reserves was misleading and has been changed to reflect a more accurate description, Auxiliary Operating Funds and Auxiliary Reserves.

#### **Information Item 9.d. – Periodic Report on Investments**

#### **Information Item 9.e. – Quarterly Summary Report of Transactions in Excess of \$100,000**

### **OTHER MATTERS**

No other matters were discussed.

## **NEXT MEETING DATE**

The next meeting of the Finance, Audit, Compliance, Facilities and Operations Committee will be August 16, 2018.

## **ADJOURNMENT**

A motion to adjourn was made to adjourn by Trustee Dennis Barsema; seconded by Trustee Eric Wasowicz. The motion carried.

Meeting adjourned at 12:01 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.*