



Board of Trustees

Finance, Audit, Compliance,
Facilities and Operations
Committee

February 13, 2020

BOARD OF TRUSTEES OF NORTHERN ILLINOIS UNIVERSITY
Finance, Audit, Compliance, Facilities and Operations Committee
10:45 a.m. – Thursday – February 13, 2020
Board of Trustees Room
315 Altgeld Hall

AGENDA

1. Call to Order and Roll Call
2. Verification of Quorum and Appropriate Notification of Public Meeting
3. Meeting Agenda Approval..... *Action*..... i
4. Review and Approval of Minutes of November 14, 2019 *Action*..... 1
5. Chair's Comments/Announcements
6. Public Comment*
7. Financial Update
 - a. Series 2010-2011 Bond Reissuance Update *Information*.....9
 - b. Quarterly Financial Summary – FY20 Second Quarter..... *Information*..... 11
8. University Recommendations
 - a. Research and Innovation Partnerships Intellectual Property Counsel *Action*..... 16
 - b. College of Business Creativity and Empathy Lab *Action*..... 17
 - c. Stevenson Towers A, B, C & D – Roof Replacement Capital Project Approval (Revised)..... *Action*..... 18
 - d. Chicago Based Office Leases for The Education Systems Center and College of Business MBA Programs *Action*..... 19
 - e. FY21 Master Agreement Facility Contract Renewals *Action*..... 20
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 - h. FY21 Division of Information Technology Microsoft Enrollment Contract Renewal..... *Action*..... 24
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 - b. Quarterly Report of Transactions in Excess of \$100,000 for the Period October 1, 2019 to December 31, 2019 *Information*..... 28
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10. Other Matters

11. Next Meeting Date

12. Adjournment

*Individuals wishing to make an appearance before the Board should consult the [Bylaws of the Board of Trustees of Northern Illinois University](#), Article II, Section 4 – *Appearances before the Board*. Appearance request forms can be completed [online](#) in advance of the meeting or will be available in the Board Room the day of the meeting. For more information contact Karen Campbell, kcampbell5@niu.edu, Recording Secretary to the Board of Trustees, Altgeld Hall 300, DeKalb, IL 60115, 815-753-1273.

Anyone needing special accommodations to participate in the NIU Board of Trustees meetings should contact Karen Campbell, kcampbell5@niu.edu or (815) 753-1273, as soon as possible.

Minutes of the
NIU Board of Trustees of Northern Illinois University
Finance, Audit, Compliance, Facilities and Operations Committee
November 14, 2019

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 11:18 am by Committee Chair Eric Wasowicz in the Board of Trustees Room, 315 Altgeld Hall. Recording Secretary Vicky Rippberger conducted a roll call of the Trustees. Members present were Trustee Rita Athas, Trustee John Butler, Trustee Montel Gayles, Trustee Madalynn Mershon, Board Chair Dennis Barsema, and Committee Chair Eric Wasowicz. Trustee Bob Pritchard joined the meeting at 11:19 am. Trustee Veronica Herrero joined the meeting at 11:20 am. Also present were President Lisa Freeman, Committee Liaison Sarah McGill, General Counsel Bryan Perry, and Board Liaison Matt Streb.

2. VERIFICATION OF QUORUM AND APPROPRIATE NOTICE OF PUBLIC MEETING

General Counsel, Bryan Perry, indicated the appropriate notification of the meeting had been provided pursuant to the Illinois Open Meetings Act. Mr. Perry also advised that a quorum was present.

3. MEETING AGENDA APPROVAL

A motion to amend the agenda moving item 7.c. to the first item on the agenda was made by Board Chair Dennis Barsema; seconded by Trustee Rita Athas. All were in favor. None were opposed. The amendment was approved.

A motion to approve the amended agenda was made by Trustee Montel Gayles; seconded by Trustee Bob Pritchard. All were in favor. None were opposed. The agenda was approved.

4. REVIEW AND APPROVAL OF MINUTES

A motion to approve the minutes of the August 15, 2019 meeting was made by Trustee Montel Gayles; seconded by Trustee Veronica Herrero. All were in favor. None were opposed. The minutes were approved.

5. CHAIR'S COMMENTS/ANNOUNCEMENTS

Committee Chair Eric Wasowicz commented on the official opening of the Holmes Student Center that took place on October 26. It is fulfilling its mission as a central location on campus where students, faculty, and staff are excited to come together. The NIU letters that are between the library and the Student Center have become a main photo attraction. He publicly thanked and commended the NIU team responsible for the Holmes Student Center project, mentioning key individuals from all around campus. Committee Chair Wasowicz also commented on the NIU football team and the women's cross-country team, which finished second in the MAC.

Jeffrey Royce, Operating Staff Council President, congratulated the Board for their vote on the faculty CBA earlier that morning, citing excitement for the enhanced security and benefits it will provide. He also mentioned the hope that those employees who are not covered by a Collective Bargaining Agreement can continue to work in good faith with the understanding that NIU Administration and Board will be open-minded to implementing some bridge to help fill the gap. He further made positive comments about building improvements as well as the opening of the newly remodeled Holmes Student Center.

6. PUBLIC COMMENT

There were no public comments.

7. FINANCIAL UPDATE

Information Item 7.c. – Series 2010-2011 Bond Reissuance Update

Sarah McGill explained the August meeting did not include a financial update, so a full financial update would be provided, including an amended agenda to include the Series 2010-2011 Bond Reissuance Update. Ms. McGill invited Michael Boisvert, Founder and President of Longhouse Capital Advisors, to join the conversation.

Ms. McGill and Mr. Boisvert briefed the Committee on the opportunity to reissue the bonds and discussed the overall approach, market conditions, partners necessary to execute the refinancing, and timeline. Ms. McGill and the bond reissuance team, led by Shyree Sanan, Associate Vice President for Finance and Treasury, presented the update to solicit feedback from the Committee to ensure all questions are asked before seeking full Board approval to execute the refinance.

Ms. McGill explained the 2010-2011 auxiliary facility system bonds are roughly \$175.5 million outstanding, eligible for refinancing as of January 1, 2020. The refinance will not include any additional money for new projects, and new debt payments will not extend beyond the April 1, 2041, maturity date. The refinancing will be structured to maximize savings in fiscal years 2020 to 2023 to mitigate budgetary impact of closing the institution's structural budget gap.

Mr. Boisvert noted a potential savings of 1-1.5% in interest rates if the market remains favorable through the close of this reissuance. An RFP for bond underwriters is underway and nearly finished, and an optimistic number of proposals came in from a diverse pool of vendors. The bond sale is expected to be completed by the end of January 2020.

Trustee John Butler inquired about the modernization issues. Mr. Boisvert provided a few examples of modernizing policy to increase flexibility in future financing transactions and reconsidering how the institution views public-private partnerships and building use. Mr. Boisvert also included the intent to pursue a portion of the refinance as variable rate bonds to offer the opportunity to prepay loans without penalty.

Committee Chair Wasowicz voiced strong support for the flexible approach as it encourages good fiduciary responsibility. Trustee Gayles agreed. Ms. McGill added the savings could reach \$20-\$27 million worth of savings for the 1-1.5%. Mr. Boisvert noted previously, illustrating the fiduciary responsibility comment from Committee Chair Wasowicz.

Board Chair Dennis Barsema asked about the impact to current bond holders, to which Mr. Boisvert responded they would be paid off as part of the refinancing efforts.

Trustee Gayles commended the team on the refinance efforts and thanked the group for their attention to the inclusion of BEP vendors in the process.

Ms. McGill thanked the group for the discussion and committed to return at a future meeting to seek formal approval and move forward with the refinance.

Information Item 7.a. – Annual Financial Summary and Budget to GAAP Reconciliation as of June 30, 2019

Sarah McGill confirmed the institution ended FY19 with total revenues of \$408.9M and expenses of \$408.2M, resulting in a positive budget of roughly \$644,000. The budget balanced, and the target was met. Total revenues were \$16M less than the budget due to variances in tuition, student fees, gifts/grants/contracts, rental and room income, and gate receipts among other things, but the university managed expenses to align with the actual revenue received. New methodologies are

being deployed to better align tuition and fee revenue projections with enrollment targets for more accurate planning.

Despite revenue shortfalls, the university was able to advance initiatives in support of the Strategic Enrollment Management Plan and facilities' needs.

Trustee Rita Athas posed a question about scholarships. Ms. McGill explained financial aid is recorded on both the revenue and expense sides of a budget as the expense of scholarships is typically down when variations occur in enrollment.

Trustee John Butler asked what the Board would be voting on, as the item is listed as an action item. Ms. McGill acknowledged the error and confirmed the quarterly update would be adjusted to reflect it is an informational item at future meetings.

Board Chair Barsema asked for details behind the GAAP reconciliation. Ms. McGill provided an explanation of what the budget to GAAP figures mean and why certain figures between the budget and financial statements differ. The Finance and Treasury team is fully staffed and, therefore, able to evaluate financial reporting documents more closely and to identify ways to adjust their reporting processes and better determine base figures for reporting. Given previous staffing shortages, one-time adjustments were often made to account for audit findings, whereas now, the staff is able to identify means to more permanently address the reporting methodology.

Board Chair Barsema requested an example of one of these changes in methodology. Ms. McGill noted enrollment as a driver for change. Accounts Receivable once anticipated a larger base which required adjustments based on the SEM Plan. Shyree Sanan added the methodology for accounts receivable/bad debt was ten years old, so the methodology was adjusted to account for bad debt in the budgeting process.

Board Chair Barsema commended these adjustments. Trustee John Butler voiced appreciation to the university community at-large for their participation in resolving budget gaps and aligning actual revenues to expenses.

Information Item 7.b. – Quarterly Financial Summary Fiscal Year 2020 – First Quarter as of September 30, 2019

Sarah McGill briefed the Board on FY20's first quarter financial performance. FY20 is the first in the transition to multi-year planning and budgeting, a model which allows leadership to serve in their fiduciary roles and assess financial risks and opportunities now and in the future. At the end of the first quarter, the university recorded a positive performance of roughly \$70M. This is a slight increase over the previous time in FY19, but it is roughly \$983,000 worse than budget. Revenues for FY20 are tracking in line with budgeted targets, though budgeted expenses are tracking higher.

The university remains committed to ending the year aligned with the budget approved by the Board, and efforts are under way to align expenses with revenues.

Committee Chair Eric Wasowicz acknowledged the local control efforts and inquired about debt service and how bond refinancing will have an impact. Ms. McGill confirmed the first quarter figures do not factor in any potential refinancing savings, an intentional move to make sure the bond issuance closes before relying on any savings or restructuring.

Trustee Rita Athas asked about local control efforts. Ms. McGill provided a summary of the local control switch. Budgets were previously more centrally governed whereas the transition is moving control and management of budget back to the divisions and colleges. Local areas have the ability to make decisions and support university priorities knowing what their individual financial targets are.

President Lisa Freeman provided background that some centrally-governed practices were put in place during the budget impasse as a means by which to ensure certain priorities came first.

Ms. McGill concluded with the first quarter budget to GAAP reconciliation explanation. Looking ahead to FY20, it is expected the university's net position would experience a decrease of \$23M, subject to change based on actual figures as the year continues.

8. UNIVERSITY RECOMMENDATIONS

Action Item 8.a. – Fiscal Year 2021 Undergraduate Tuition Pricing Recommendation

Sarah McGill explained the Fiscal Year 2021 Undergraduate Tuition Pricing Recommendation is to hold base tuition flat for the fifth year in a row. Additionally, there will be no change to the differential tuition rates.

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 asks that the President forward it by means of the President's Report to the Board of Trustees for approval at its meeting on December 5, 2019.

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

Positive comments were made by trustees recognizing this achievement.

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

Action Item 8.b. – Fiscal Year 2021 General Fee Pricing Recommendation

Sarah McGill explained the Fiscal Year 2021 General Fee Pricing Recommendation includes the introduction of an arts and culture fee and also provides a decrease in the overall fee rate of \$3.67 per credit hour from Fiscal Year 2020 to Fiscal Year 2021. This will be the third year of decreasing fees.

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 asks that the President forward it by means of the President's Report to the Board of Trustees for approval at its meeting on December 5, 2019.

A motion was made by Trustee Montel Gayles; seconded by Board Chair Dennis Barsema.

Positive comments were made by trustees recognizing the reduction in fees as well as the opportunity for students to experience cultural activities on campus through the new fee. President Freeman pointed out that relationships and partnerships within the community such as Northwestern Medicine, and the City of DeKalb help reduce student fees.

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

Action Item 8.c. – Fiscal Year 2021 Room and Board Pricing Recommendation

Sarah McGill explained the Fiscal Year 2021 Room and Board Pricing Recommendation remains consistent to Fiscal Year 2020 with the following exceptions: Increase to Neptune of 1.3%, reduction to Stevenson of 1%, and a change in the dining meal plan structure.

Ms. McGill read the following recommendation for consideration by the committee: We are asking 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 December 5, 2019.

A Motion was made by Trustee Veronica Herrero; seconded by Trustee Montel Gayles.

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

Action Item 8.d. – Fiscal Year 2021 Graduate and Law Tuition Pricing Recommendation

Sarah McGill explained the Fiscal Year 2021 Graduate and Law Tuition Pricing Recommendation holds base tuition flat in Fiscal Year 2021 for the fifth year in a row, with modest adjustments to differential rates in both the College of Health and Human Sciences and the College of Education.

Ms. McGill read the following recommendation for consideration by the committee: We are asking 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 December 5, 2019.

A Motion was made by Trustee Montel Gayles; seconded by Trustee John Butler.

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

Trustee Gayles mentioned he hoped NIU would get some positive press out of keeping these rates flat across the board, showing we have a commitment to accessible education.

Action Item 8.e. – Student Success Collaborative and Academic Performance Solutions

Sarah McGill presented the purchase of membership in the Educational Advisory Board Student Success Collaborative and Academic Performance Solutions, for a cost of \$1.2M over five years. These programs provide access to best practice research, data analytics, and technology platforms that support student retention efforts and resource allocation decisions.

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 December 5, 2019.

A motion was made by Trustee Veronica Herrero; seconded by Trustee Rita Athas.

Board Chair Dennis Barsema requested additional information as to what this would do for NIU.

Ms. McGill and President Freeman explained EAB is an existing vendor partner of NIU. The current technology platform, Navigate, is a student success management system, which aids in identifying students where intervention will benefit most. The desire is to continue with Navigate and expand to include Academic Performance Solutions, an additional platform to allow more data analytics and more data-informed decision making. In particular, academic leaders will use the platform to gather information about class size, class and program enrollment, and class utilization.

Board Chair Barsema asked if the product was managed by the Provost's Office. Beth Ingram, Executive Vice President and Provost (EVVP), explained it will be a joint effort combining finance, human resources and student information data. Questions arose about NIU's technological capabilities and change management needs to support this system. EVVP Ingram affirmed the technical specifications were in place, and EAB provides both the platform and onboarding/change management support. The platform will also provide benchmarking data for student class sizes, cost data, and use of the program, as a member institution. Trustee Bob Pritchard asked if it was reasonable to quantify the value to see if it pays for the investment we would be making. Ms. McGill explained it could be calculated but it would be difficult to do in the moment, and the real value is found in the platform's ability to aid in multiyear planning efforts and data-informed decisions for aligning resources with priorities.

The five-year contract allows ample opportunity for setup and adoption. Trustees voiced support for technological advancements and better data collection for resource management.

All were in favor. None opposed. Motion was passed.

Action Item 8.f. – Holmes Student Center Tower Elevator Upgrades

Sarah McGill explained the three elevators on the west side of Holmes Student Center service all levels of the 16-story tower portion of the building. They have been in service for 52 years and require significant updates to improve reliability, in the amount of \$1.5M.

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 December 5, 2019.

A motion was made by Trustee Montel Gayles; seconded by Board Chair Dennis Barsema.

A question was put forth by Board Chair Barsema asking when the repairs would be made. Ms. McGill expected them to be made this academic year, as soon as they had Board approval.

All were in favor. None opposed. Motion was passed.

Action Item 8.g. – Burma Art Collection Compact Storage

Sarah McGill explained the Center for Burma Studies displays a unique collection of donated art objects. They were awarded a grant from the Department of Education Institute of Museums and Library Sciences to improve the storage accommodations for their collection. This would require relocating from Swen Parson to space in Founders Memorial Library. This grant would be augmented with NIU funds to accommodate the installation and space accommodations to improve accessibility for all of 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 December 5, 2019.

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

The question was asked by Trustee John Butler as to why this was coming to the Board. Ms. McGill explained the total cost was \$350,000. The majority of the money would come from the grant, but NIU is a pass-through for the grant funding. Trustee Butler asked if the continual repurposing of the library was a concern. Dr. Jerry Blazey, Vice President for Research and Innovation Partnerships explained the lower basement of the library was already housing some of the student art collection, and by taking advantage of this new compact storage, it would present as more professional and safer. Currently Dr. Blazey feels moving the collection to this location is more in line with the mission of the university and the library.

All were in favor. None opposed. Motion was passed.

Action Item 8.h. – Fiscal Year 2020-2024 Fire Services Agreement with the City of DeKalb

Sarah McGill explained the Fire Services Agreement with the City of DeKalb had expired and was temporarily extended six months to allow additional time for both the City and NIU to determine a reasonable cost-share strategy. After several discussions with the City and in researching other university arrangements, a five-year agreement for fiscal years 20-24, in the amount of \$4.9M, was proposed. Funding includes \$50,000 for possible equipment purchases and \$125,000 for planned ambulance support at university events.

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 December 5, 2019.

A motion was made by Trustee Montel Gayles; seconded by Trustee John Butler.

There was discussion as to whether the \$125,000 would cover all events for NIU. Ms. McGill explained how it had been handled in the past and the highest spend was \$96,000. The \$125,000 figure is justifiable and provides operational flexibility to ensure the coverage needed for campus.

Trustee Gayles thanked Ms. McGill for her work in getting the deal from the city for these services and felt the cost was fair. Ms. McGill then commended John Heckmann, Associate Vice President, Facilities Management and Campus Services, for his leadership in serving as point for this agreement.

All were in favor. None opposed. Motion was passed.

Action Item 8.i. – Internal Audit Department Charter

Sarah McGill explained the Internal Audit Department Charter must be periodically reviewed and presented to Senior Management and the Board of Trustees for approval. The last time the charter was reviewed and approved by the board was 2016. There was a comprehensive review of the charter this year by the Internal Audit Director, and only minimal formatting and minor content revisions were made.

Ms. McGill read the following recommendation for consideration by the committee: The university recommends that the Finance, Audit, Compliance, Facilities and Operations Committee approve the Internal Audit Charter 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 December 5, 2019.

A motion was made by Trustee Veronica Herrero; seconded by Trustee Montel Gayles.

Board Chair Dennis Barsema asked who the Chief Audit Executive and President Freeman answered Danielle Schultz.

All were in favor. None opposed. Motion was passed.

9. UNIVERSITY REPORTS

Sarah McGill indicated there were five university reports which are informational items, not action items. Ms. McGill stated she did not have planned discussion for these items due to the comprehensive write-ups, but she would be happy to answer any questions.

Information Item 9.a. – Quarterly Summary Report of Transactions in Excess of \$100,000 for the Period July 1, 2019 to September 30, 2019

Committee Chair Eric Wasowicz again commended President Freeman and EVPP Beth Ingram on the recommendation to keep tuition flat and overall recognizing the affordability issues of higher education in Illinois.

Information Item 9.b. – Periodic Report on Investments for Period Ending September 30, 2019

Information Item 9.c. – Fiscal Year 2019 Annual Report of Transactions Involving Real Property

Information Item 9.d. – Fiscal Year 2019 Report on Facilities and Infrastructure Capital Investment Activities

Information Item 9.e. – Fiscal Year 2019 Internal Audit Update

10. OTHER MATTERS

Chair Wasowicz asked for any other matters to come before the committee, no other matters were discussed.

11. NEXT MEETING DATE

The next meeting of the Finance, Audit, Compliance, Facilities and Operations Committee will be February 13, 2020.

12. ADJOURNMENT

Committee Chair Wasowicz asked for a motion to adjourn.

A motion was made by Board Chair Dennis Barsema; seconded by Trustee Rita Athas.

All were in favor, none opposed.

The meeting adjourned at 12:37 p.m.

Respectfully submitted,

Sandy McCartney
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

SERIES 2010-2011 BOND REISSUANCE UPDATE

Overview and Summary: Northern Illinois University has \$175.5 million in outstanding Series 2010 and 2011 Auxiliary Facilities System (AFS) bonds. The average rate on the current debt outstanding is approximately 5.25%. Both issues are eligible to be re-financed with tax-exempt bonds effective January 1, 2020. Over the past several months, the Division of Administration and Finance and its financial advisor, Longhouse Capital Advisors (LCA), has been exploring the feasibility of refinancing its Series 2010 and Series 2011 AFS Bonds. As discussed during previous meetings with the Finance, Audit, Compliance, Facilities, and Operations (FACFO) Committee and Board of Trustees (BOT), the refinancing would be broken into fixed rate publicly offered bonds and variable rate bank placement bond tranches. The bond issue will not include any monies for new projects and the new debt payments will not extend beyond the April 1, 2041 maturity date of the Series 2010 bonds. The goals of the refinancing are to:

- **Provide cash flow savings to the University**, with a significant portion of these savings (\$14 million) directed towards fiscal years 2020 – 2023 to help mitigate the budgetary impact of closing the structural budget gap in those years.
- **Modernize NIU’s Bond Resolution**, which governs the operation of the AFS, for the first time since 1996. Planned changes to the Resolution would better accommodate the use of variable rate debt, allow for changes to the System if a Public-Private Partnership (P3) transaction were contemplated, liberalize the System’s financial covenants to match those of other Illinois, 4-year publics, and allow for transfers of AFS assets, if the System were to be overfunded.

December 5, 2019 Board Action:

In the time leading up to the December 5, 2019 BOT meeting the Division in consultation with its financial advisor completed a Request for Proposal (RFP) process to create a pool of underwriters/placement agents to work on the refinancing. On December 5th, the Board:

- Approved a pool of five Bond Underwriting / Placement Agent firms, along with their Business Enterprise Program (BEP) partners, as eligible to work on the refinancing and other financings for the coming 5 years. At the time of the Board meeting, the selection of the final subset of firms to work on the refinancing was still pending the evaluation of the results of a follow-up “Pricing RFP.”
- Approved a 7th Supplemental AFS Revenue Bond Resolution, and other bond documents, subject to final approval of Authorized Officers, including the General Counsel; and
- Authorized refinancing the Series 2010 and 2011 AFS Bonds, subject to meeting certain parameters of size (not to exceed \$185 million); initial rate or true interest cost (4.75%); final maturity (4/1/2041) and price (bond price no less than 97% of par amount of the issues).

Updates Since December 5, 2019

Since December 5, 2019, the Division has taken the following actions related to the refinancing:

- Selected a subset of the Underwriting Pool to work on the refinancing, as follows:

Direct Bank Placement Series 2020A Bonds: Sr. Placement Agent: Piper Sandler; Co- Placement Agents: Backstrom, McCarley, Berry and Co. and Estrada Hinojosa.

- Fixed Rate Series 2020B Bonds: Senior Manager: Wells Fargo, Co-Managers: Robert W. Baird; Siebert Williams Shank & Co.; and Valdes & Moreno.
- Finalized the relative size of the two financing tranches, with the Direct Bank Placement financing set at \$30 million, and the fixed rate issue comprising the remainder of the borrowing necessary to refinance the two-prior series, with the total amount of the two tranches not to exceed \$185 million;
- With the partnership of Chapman and Cutler LLC, outside bond counsel, drafted and finalized an updated AFS Bond Resolution, with review and approval by the General Counsel;
- Requested from Moody’s an updated bond rating for the Series 2020B fixed rate bonds, currently rated at Ba2 with a stable outlook. A decision on the rating is due on February 11, 2020.
- Through the Placement Agent, sent out a “Request for Terms” soliciting bank term sheets to directly purchase the Series 2020A Bond. Term sheets are due on February 7, 2020.
- Through the Senior Managing Bond Underwriter, sent out credit packages soliciting bond insurance bids from Assured Guaranty and Build America Mutual. Bids are due February 7, 2020.

General levels of interest rates have continued to fall since the Board’s approval of the refinancing on December 5, 2019, making the team optimistic that it will be able to achieve its financing goals. For example, the municipal index upon which most fixed rate financings are priced has fallen .20% -.25% in yield, depending on the maturity, between December 9, 2019 and the end of January 2020. However, a number of factors, including the interest rate climate on the date of the pricing, likely between February 20 – 27, 2020, and on the still yet-to-be determined bond insurance premium and bond rating, will determine final savings for NIU’s refinancing.

Next Steps

A high-level summary of the timetable for completing the refinancing is shown below:

| Date | Milestone |
|--------------------------|--|
| February 12, 2020 | Selection of Series 2020A Bank Placement Purchaser from banks responding to “Request for Terms” solicitation. |
| February 13 | Further update on refinancing at FACFO meeting. Preliminary Official Statement for Series 2020B fixed rate bonds is posted for investors. |
| February 20-27 | Series 2020B fixed rate bonds are priced (i.e. rates are locked in) for a closing of March 31, 2020. Drafting of documents for Series 2020A Bank Direct Placement Bond begins. |
| March 25-27 | Documents for both issues finalized. Pre-closing of Series 2020A and 2020B Bonds. |
| March 31 | Closing of Series 2020A and 2020B bonds. Funds provided to Series 2010 and Series 2011 Escrow Agent to redeem these bonds on April 1, 2020 |
| April 1, 2020 | Series 2010 and 2011 AFS Bonds redeemed with Series 2020 proceeds. |

**QUARTERLY FINANCIAL SUMMARY
FISCAL YEAR 2020 - SECOND QUARTER
AS OF DECEMBER 31, 2019**

Background: The University has prepared a second quarter financial summary.

At the conclusion of the second quarter of FY20, the University recorded a positive performance of approximately \$112.9M. This is approximately \$17.7M less than prior year due to factors including differences in the timing of debt service payments.

University tuition and student fee revenues have decreased by approximately \$7.3M from the prior year. Other revenues for second quarter FY20 are tracking close to budget, down \$2.2M (1.3%) from budget, collectively. Expenses through the second quarter exceeded budget by approximately \$1.15M (0.6%). In total, the first quarter net results are \$8.0M worse than budget.

With the rollout of a multi-year budget plan and the Strategic Enrollment Management Plan, management is demonstrating its ongoing leadership to monitor and develop strategies to effectively control expenses in order to keep in line with expected revenue. Efforts are underway to review planned expenses through the remainder of the year and make the necessary adjustments to align expenses with revenues. Management expects to finish the year on budget with net revenue of negative \$5.2M.

Revenues

- 1. Tuition and Fees:** All tuition, including differential tuition, course and materials fees, athletics fees, bus fees, and health service fees.
- 2. Gifts, Grants, & Contracts:** Includes on-campus scholarships, research grants and associated indirect cost pools, Pell grants, and sub-contract fees for research.
- 3. Other Fees and Fines:** Includes parking, residential living-learning community fees, parking fines, and transcript and commencement fees.
- 4. Sales:** Includes board plan and retail food sales, concessions sales, advertising/sponsorship, sales of services to off-campus entities (including, but not limited to catering, childcare, and conference services).
- 5. Rental & Room Income:** Includes room fees for residential students, rental of on-campus and off-campus meeting and conference space, hotel revenues, and Northern View apartment revenues.
- 6. Gate Receipts & Commissions:** Includes athletic ticket sales, performing arts ticket sales, commissions, and concert/event revenues from the Convocation Center.
- 7. Miscellaneous & Investment Income:** Includes athletics' game guarantees, NIU share of conference tournament revenues, rental of facilities, and interest income from investments, gains and losses on disposals of fixed assets, and year-end transfers to mandated reserves in the auxiliary facilities system.
- 8. State of Illinois:** Represents the annual state appropriation to public universities.

Expenses

1. **Cost of Sales:** Includes the cost of all items purchased for resale on campus such as food for dining units, parts and supplies to be charged out through the campus work order system, as well as paper for pay-to-print copiers and printers.
2. **Personnel Services:** Includes all salaries paid to faculty, supportive professional staff, civil service, graduate assistants, extra help, and student employees. Also includes required payments for Medicare and employee health insurance.
3. **Contractual Services:** Includes annual software support, subscriptions, conference registrations, non-employee travel reimbursements, service contracts, repairs & maintenance, grounds, building service work charges, speaking fees, and other arrangements with outside contractors to perform services for the University.
4. **Travel:** Includes airfare, hotel rooms, mileage, meals (all up to limits set by the state and the University), and ancillary expenses for employees to travel to-and-from campus on official University business.
5. **Automotive:** Includes the cost to rent cars, vans, and busses from the University transportation department.
6. **Scholarships:** Includes scholarships awarded, including Pell Grant funds disbursed (which, when netted against Pell Grant funds received, results in zero effect on the University's cash position).
7. **Telecommunications:** Includes the cost of providing phone, internet, and other digital services to the University.
8. **Equipment & Library Materials:** Includes the cost of all items over \$100 with an estimated useful life of two years or more, as well as library books, journal subscriptions, manuscripts, films, music, and video materials
9. **Capital Repairs:** Includes the cost of centralized capital repair activities.
10. **Debt Service:** Includes debt service payment on bonds, certificates of participation, and performance contracts.
11. **Other:** Includes refunds issued for on-campus external programming and other expenses not classified elsewhere.

Following is a financial summary of the University's operations as of the end of December FY20 and a comparison perspective to December FY19.

Northern Illinois University
as of December 31, 2019
(\$ in thousands)

| | Current Year FY20 | | | Prior Year FY19 | | Current Year FY20 | | |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|
| | Second Quarter | | | Second Quarter | | Annual | | |
| | YTD Actuals | YTD Budget | Variance | YTD Actuals | Variance | YTD Forecast | Budget | Variance |
| Revenue | | | | | | | | |
| Tuition & Student Fees | \$ 149,792 | \$ 154,458 | \$ (4,666) | \$ 157,077 | \$ (7,286) | \$ 167,408 | \$ 176,085 | \$ (8,677) |
| Gifts, Grants, & Contracts | 28,185 | 28,529 | (345) | 27,687 | 497 | 58,540 | 59,331 | (791) |
| Other Fees and Fines | 4,763 | 4,509 | 254 | 5,035 | (272) | 7,979 | 7,172 | 807 |
| Sales | 21,208 | 21,257 | (49) | 21,004 | 203 | 33,663 | 32,606 | 1,057 |
| Rental & Room Income | 31,092 | 32,175 | (1,083) | 29,755 | 1,337 | 33,372 | 33,735 | (363) |
| Gate Receipts & Commissions | 869 | 3,873 | (3,004) | 3,538 | (2,668) | 4,392 | 4,809 | (417) |
| Miscellaneous & Investment Income | 3,707 | 785 | 2,922 | 1,322 | 2,385 | 11,130 | 11,479 | (349) |
| State of Illinois | 82,426 | 83,347 | (921) | 79,401 | 3,025 | 87,804 | 87,804 | - |
| Total Revenue | \$ 322,041 | \$ 328,933 | \$ (6,892) | \$ 324,819 | \$ (2,778) | \$ 404,289 | \$ 413,021 | \$ (8,732) |
| Expenses | | | | | | | | |
| Cost of Sales | \$ 2,806 | \$ 2,736 | \$ 70 | \$ 2,449 | \$ 357 | \$ 6,589 | \$ 5,599 | \$ 990 |
| Personnel Services | 111,839 | 104,633 | 7,207 | 107,739 | 4,100 | 215,364 | 210,829 | 4,535 |
| Contractual Services | 38,257 | 41,299 | (3,041) | 40,354 | (2,097) | 80,000 | 85,079 | (5,079) |
| Commodities | 2,976 | 2,984 | (8) | 2,972 | 4 | 6,000 | 6,276 | (276) |
| Travel | 2,352 | 2,537 | (185) | 2,120 | 232 | 4,272 | 5,531 | (1,259) |
| Automotive | 646 | 606 | 40 | 641 | 5 | 1,226 | 1,153 | 73 |
| Scholarships | 27,794 | 31,097 | (3,304) | 26,822 | 972 | 55,411 | 59,338 | (3,927) |
| Telecommunications | 99 | 126 | (27) | 242 | (143) | 324 | 323 | 1 |
| Equipment & Library Materials | 4,526 | 5,235 | (708) | 4,520 | 6 | 8,261 | 9,374 | (1,113) |
| Capital Repairs | 922 | 1,325 | (403) | 3,186 | (2,264) | 2,650 | 2,650 | (0) |
| Debt Service | 15,111 | 15,373 | (262) | 1,387 | 13,724 | 24,804 | 31,921 | (7,117) |
| Miscellaneous Expense | 1,815 | 40 | 1,774 | 1,751 | 64 | 4,546 | 105 | 4,441 |
| Total Expenses | \$ 209,143 | \$ 207,990 | \$ 1,153 | \$ 194,183 | \$ 14,960 | \$ 409,447 | \$ 418,179 | \$ (8,732) |
| Net Revenue | \$ 112,898 | \$ 120,943 | \$ (8,045) | \$ 130,636 | \$ (17,738) | \$ (5,158) | \$ (5,158) | \$ - |

To ensure that the amounts reported per the budget are in line with the University's anticipated financial statement results, a reconciliation between Budget (Fund Accounting) and GAAP (Generally Accepted Accounting Principles) has been prepared.

An explanation of Generally Accepted Accounting Principles (GAAP) versus Fund Accounting (Budget):

- GAAP - a common set of accounting principles, standards, and procedures that companies must follow when compiling financial statements.
- Budget - based on fund accounting which is a method of accounting that emphasizes accountability rather than profitability. The focus is on "fund balances" that are set aside to achieve a specific goal with the organization.

The change in annual net position is a projection for FY20 and was calculated using the FY19 annual GAAP figures. Following is the reconciliation from the University's Budget to GAAP financial statements based on year-to-date projections.

Budget to GAAP Reconciliation
Year End Projection
(\$ in thousands)

| | |
|--------------------------------|---------------|
| Net Revenue, per Budget | \$ (5,158) |
| Depreciation Expense | (28,232) |
| Debt - Principal | <u>10,504</u> |
| Total Decrease in Net Position | \$ (22,886) |

As of December 31, 2019, the projected year-end decrease to net position is \$22.886 million. Based on forecasted year-to-date net loss of (\$5.158) million, estimated annual depreciation expense of \$28.232 million, and annual debt principal of \$10.504 million, the estimated ending net position for fiscal year 2020 is as follows:

FY20 Change in Net Position
For the Year-Ended June 30, 2020
(\$000's)

| | |
|---------------------------------------|-------------------------|
| Net Position, June 30, 2019 | \$167,845 |
| Decrease in net position | <u>(22,886)</u> |
| Estimated Net Position, June 30, 2019 | <u><u>\$144,959</u></u> |

**Unaudited*

Northern Illinois University FY20-FY24 Projected Budget Summary

| | <u>Actuals</u> | <u>Approved Budget</u> | <u>Projected Budgets</u> | | | |
|---|-----------------------|------------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 |
| REVENUE | | | | | | |
| General operating revenues | \$ 152,733,706 | \$ 149,131,855 | \$ 149,131,855 | \$ 149,131,855 | \$ 149,131,855 | \$ 149,131,855 |
| Tuition & fees | 172,481,371 | 176,085,067 | 175,060,353 | 178,074,668 | 181,095,696 | 186,060,704 |
| State appropriation | 83,647,023 | 87,804,400 | 87,804,400 | 87,804,400 | 87,804,400 | 87,804,400 |
| TOTAL REVENUE | <u>\$ 408,862,100</u> | <u>\$ 413,021,322</u> | <u>\$ 411,996,608</u> | <u>\$ 415,010,923</u> | <u>\$ 418,031,951</u> | <u>\$ 422,996,959</u> |
| EXPENSE | | | | | | |
| General operating expenses | \$ 373,675,017 | \$ 383,608,500 | \$ 382,607,887 | \$ 382,423,838 | \$ 381,211,007 | \$ 381,303,212 |
| Equipment & library books | 8,094,600 | - | | | | |
| Capital improvements | 2,460,583 | 2,650,000 | 3,400,000 | 4,150,000 | 4,900,000 | 5,650,000 |
| Debt service | 23,988,200 | 31,920,944 | 31,920,944 | 31,920,944 | 31,920,944 | 31,920,944 |
| TOTAL EXPENSE | <u>\$ 408,218,400</u> | <u>\$ 418,179,444</u> | <u>\$ 417,928,831</u> | <u>\$ 418,494,782</u> | <u>\$ 418,031,951</u> | <u>\$ 418,874,156</u> |
| Net Revenue - Budgeted Surplus/(Deficit) | <u>\$ 643,700</u> | <u>\$ (5,158,122)</u> | <u>\$ (5,932,223)</u> | <u>\$ (3,483,859)</u> | <u>\$ (0)</u> | <u>\$ 4,122,804</u> |

RESEARCH AND INNOVATION PARTNERSHIPS INTELLECTUAL PROPERTY COUNSEL

Summary: The Division of Research and Innovation Partnerships (RIPS) requests permission to enter into agreements with as many as four intellectual property legal firms. Multiple firms are required to ensure the availability of a variety of expertise to accommodate the broad nature of University intellectual property. Each contract will be for an initial one-year term followed by eight one-year renewal options. As part of this agreement, the firms awarded under the Request for Proposal (RFP), conducted Spring 2019, may be requested to provide a wide variety of legal services relating to intellectual property and technology transfer managed by the Vice President for Research and Innovation Partnerships.

Background: Protection of intellectual property is essential to ensure the University receives full benefit of research investments. Protection is also mandated by Federal statute for federally funded research. In addition, intellectual property protection is essential for faculty recruitment and retention. Faculty in the STEM fields, particularly chemistry, biology, physics and engineering are especially active.

In order to represent clients pursuing patents, a patent lawyer must possess at least a bachelor's degree in a scientific or technical field and must pass the patent bar exam. With the University's diverse research portfolio, a wide range of attorney expertise is required. Due to many variables, including the number of invention disclosures submitted, academic field of the research, and number of potential partnerships that may lead to licenses, the financial authorization required each fiscal year is unpredictable. To ensure RIPS has sufficient funds to engage qualified law firms for the remainder of Fiscal Year 2020 and for subsequent years, the request for intellectual property services will not exceed \$250,000 per year. Under this authority, specific transactions will be processed in accordance with the Illinois Procurement Code and internal approval procedures.

Funding: Institutional – Local Funds

Services will not exceed \$250,000 per year, or \$2,250,000 in the aggregate, from March 1, 2020-June 30, 2028.

Recommendation: The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and asks that the President forward it by means of the President's Report to the Board of Trustees for approval at its special meeting on February 13, 2020.

COLLEGE OF BUSINESS NEW CREATIVITY AND EMPATHY LAB

Summary: The College of Business has received donor funding towards the creation of a Creativity and Empathy Lab space which is to be located on the second floor (entry level) of Barsema Hall. This new lab is intended to be a flexible collaborative working lab space for NIU students to be able to test out their new business and product ideas. The space will facilitate and support development of creativity and empathy skills among students, faculty, staff, alumni, business partners and the local community. The university is now requesting to proceed with the renovation project and expend \$400,000 in donor funds.

Background: The College of Business, in conjunction with the Foundation have been working with a design consultant to finalize the concept for the lab. Features of the space will include a maker area, a recording space and a variety of flexible furniture, all designed to encourage collaboration. Construction is targeted to be complete by summer 2020.

Scope details include the conversion of two existing classrooms (rooms 204 and 232) on the second floor level into one larger 2,500 square foot flexible lab space which will include some minor interior demolition, installation of new glass walls and doors, all new finishes, cabinetry, furniture, fixtures and equipment within space that is two existing classrooms.

Funding: Foundation – Donation Funds: \$400,000

Recommendation: The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and asks that the President forward it by means of the President's Report to the Board of Trustees for approval at its meeting on March 5, 2020.

STEVENSON TOWERS A, B, C & D – ROOF REPLACEMENT CAPITAL PROJECT APPROVAL (REVISED)

Summary: This item had previously been approved as two separate projects in March 2016 and September 2016 board meetings. The projects were originally envisioned to be executed in separate years to spread out cost expenditures but were delayed due to competing priorities. To drive cost efficiency, all four roofs are planned to be executed under one contract. While leveraging competitive bidding across 8 interested companies, the cost for completing the roof replacements has increased from the original combined approval of \$1,250,000 due to inflation and continued deterioration since 2016. \$1,400,000 of total project authority is requested to proceed with this important repair action.

Background: The roofs on Stevenson Hall Towers have experienced numerous significant leaks which cannot be adequately addressed by spot patching. The existing built-up asphalt roof membrane system was restored in 1981 and is now considerably past the 20-year life expectancy of the asphalt products.

The work will include the removal of all existing roofing materials down to the existing roof deck. The roof deck will be repaired as required, new insulation will be installed with a new roofing membrane system, including flashing around the perimeter of the building and at all penetrations of the roof. The work will include any necessary clean-up and repair of damaged ceilings and other surfaces in the ceiling plenum and the rooms below the roof area. The work will be completed during the summer 2020 to minimize disruptions to housing operations.

Funding: Institutional – Auxiliary Reserve Funds - \$1,400,000

Recommendation: The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and asks that the President forward it by means of the President's Report to the Board of Trustees for approval at its meeting on March 5, 2020.

**CHICAGO-BASED OFFICE LEASES FOR
THE EDUCATION SYSTEMS CENTER AND
COLLEGE OF BUSINESS MBA PROGRAMS**

Summary: Two leases have been in place since August 2016 supporting the Education Systems Center, part of the Division of Outreach, Engagement and Regional Development, and two College of Business master's programs. A dispute had arisen concerning electrical charges for the leased property at 105 W. Madison where NIU believed the charges were included in the rent and the property management believed the charges should be paid in addition to the rent. After numerous discussions and in an interest to avoid legal costs, the parties desired to settle the disagreement. Since NIU desired to continue the programs at this location, the leases will be extended and begin paying electrical charges as of November 1, 2019 in addition to the rental amount. The property manager would forgo the past claim on electrical charges since 2016.

Background: Both programs require a presence in downtown Chicago and the collocation allows for the programs to share common spaces for the most efficient leasing arrangement. The Education Systems operation has been operating in Chicago since its inception in 2012 and interacts with Chicago-based state officials, advocacy organizations, and non-profits to develop and implement education-related legislation, apply for federal grants to promote educational initiatives, and administer education and workforce development programs. Funding for this program has come from direct revenues consisting of philanthropic, state agencies, and federal grant support. The current lease authority for this program is \$370,000 through February 2021. This lease will be extended to December 2022 for an additional amount of approximately \$250,000.

The College of Business offers two programs from this location, a Master of Business Administration (MBA) and Master of Science in Financial Risk Management (MS FRM). Both programs target working professionals at a location where they can optimize their time between professional and personal lives. A strategic vision for the College of Business is to deepen connections with businesses and alums in Chicago and the location offers an excellent platform to reach out to these constituents. The current lease authority is \$254,000 through December 2020. This lease will be extended to July 2021 for an additional amount of approximately \$50,000. The enrollment for the program will be assessed before considering extending further.

Funding: Institutional – Local Funds

Education Systems: Total lease authority \$620,000 for August 2016-December 2022

College of Business: Total lease authority \$305,000 for August 2016-July 2021

Recommendation: 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 March 5, 2020.

FY21 MASTER AGREEMENT FACILITY CONTRACT RENEWALS

Summary: Master agreements for labor and materials supporting facility repairs/improvements are required to be established or renewed for FY21 for various contractors. These agreements provide an important streamlined contractual mechanism to engage companies effectively and efficiently as facility requirements emerge. The renewal awards will be advertised on the *Illinois Procurement Bulletin*.

Background: As the level of deferred maintenance and repair demands continue to increase, the ability and agility to respond quickly when failures occur becomes more critical. The amounts listed on the next page are not-to-exceed (NTE) limits established for FY21. The addition of new companies provides for increased ordering flexibility and price competitiveness. The amounts listed do not reflect a commitment or obligation but are an upper limit for the amount of work that may be requested under these agreements. Services will be requested on an as-needed basis throughout the FY21 period. Any individual orders under these agreements at or above \$250K will be preceded with a specific project approval request to the Board.

Funding: Institutional – Local Funds

Recommendation: 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 March 5, 2020.

New awards – depending on criteria met, may be awarded to more than one qualified responder:

| | |
|--|------------|
| <u>New general contractor services agreements (each)</u> | \$ 600,000 |
| <u>New mechanical services agreements (each)</u> | \$ 600,000 |

Renewals:

| | |
|---|-----------------|
| <u>Advanced Boiler Control Services – Crown Point, IL</u> | \$ 450,000 |
| <u>AGAE Contractors, Inc. – Chicago, IL</u> | \$ 600,000 * |
| <u>Ballard Services, Inc. – Rockford, IL</u> | \$ 800,000 |
| <u>Campos Construction, Inc. – Rockford, IL</u> | \$ 600,000 */** |
| <u>Carnow Conibear & Associates, LTD – Chicago, IL</u> | \$ 600,000 |
| <u>Cooling Land Concepts, LLC – Cherry Valley, IL</u> | \$ 700,000 |
| <u>Curran Contracting Company – DeKalb, IL</u> | \$ 425,000 |
| <u>EDE Corp. – Chicago, IL</u> | \$ 700,000 |
| <u>Elete Construction & Environmental, Inc. – Chicago, IL</u> | \$ 600,000 */** |
| <u>Elliott & Wood, Inc. – DeKalb, IL</u> | \$ 750,000 |
| <u>Environmental Design International – Chicago, IL</u> | \$ 600,000 |
| <u>Environmental Group Services – Chicago, IL</u> | \$ 600,000 |
| <u>Freeport Industrial Roofing, Inc. – Freeport, IL</u> | \$ 400,000 |
| <u>G.D. Barri & Assoc., Inc. – Peoria, AZ</u> | \$ 325,000 |
| <u>Hygieneering, Inc. – Willowbrook, IL</u> | \$ 600,000 ** |
| <u>Independent Mechanical Ind., Inc. – Chicago, IL</u> | \$ 400,000 |
| <u>Lake & Pond Solutions Co. – Greenville, WI</u> | \$ 300,000 * |
| <u>Mid Valley Concrete Co. – Sandwich, IL</u> | \$ 300,000 |
| <u>Otto Baum Co., Inc. – Morton, IL</u> | \$ 600,000 * |
| <u>Ringland Johnson, Inc. – Cherry Valley, IL</u> | \$ 550,000 |
| <u>Rush Power Systems, LLC – Kirkland, IL</u> | \$ 475,000 |
| <u>Schoening Painting & Decorating, Inc. – Rockford, IL</u> | \$ 550,000 ** |
| <u>Sprinkmann Sons Corp. – Milwaukee, WI</u> | \$ 700,000 |
| <u>Sterling Commercial Roofing, Inc. – Sterling, IL</u> | \$ 500,000 |
| <u>Swedberg Electric, Inc. – Sycamore, IL</u> | \$ 800,000 ** |
| <u>Tecnica Environmental Services, Inc. – Lemont, IL</u> | \$ 775,000 ** |
| <u>True North Consultants, Inc. – Naperville, IL</u> | \$ 600,000 |
| <u>Veya, Inc. – Champaign, IL</u> | \$ 600,000 */** |
| <u>Virgil Cook & Son, Inc. – DeKalb, IL</u> | \$ 800,000 |
| <u>Weaver Construction, Inc. – Sycamore, IL</u> | \$ 600,000 |
| <u>Total renewals</u> | \$ 17,300,000 |

* New vendors since FY20 approval

** BEP vendors currently meeting CMS qualifications

Amount approved for FY20: \$17,525,000 (including results of new award actions)

**FISCAL YEAR 2021 OPEN ORDER AGREEMENTS FOR
CONSUMABLE COMMODITIES**

Summary: Commodity purchases for consumable items are required to support the operations of various University departments for FY20. These commonly include materials for cleaning, office supplies, postage, and fuel. The following open order renewals or new agreements will be processed in accordance with applicable Illinois procurement regulations and advertised, as required on the Illinois Procurement Bulletin.

Background: The amounts listed are not-to-exceed (NTE) limits established for FY21. The cumulative total is higher than FY20 due to the addition of a vendor for increased ordering flexibility and price comparison. These amounts do not reflect obligations but serve as an upper limit for the cost of materials that may be procured under these agreements. Materials will be ordered on an as-needed basis to maintain in-house stocks or respond to individual requests throughout the FY21 period. Any individual orders under these agreements at or above \$250K will be preceded with a specific approval request to the Board.

Funding: Institutional – Local Funds

| | |
|---|--------------|
| <u>Office Depot Max, Inc. – Itasca, IL</u> | \$ 400,000 |
| <u>Home Depot Pro (formerly Supplyworks) – Rockford, IL</u> | \$ 500,000 |
| <u>W.W. Grainger – Rockford, IL</u> | \$ 250,000* |
| <u>U.S. Postal Service / Postmaster – DeKalb, IL</u> | \$ 800,000 |
| <u>Vendor(s) for fuel to be determined</u> | \$ 370,000 |
| <i>Total</i> | \$ 2,320,000 |

Recommendation: 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 March 5, 2020.

*New vendor since FY20 approval

Amount approved for FY20: \$1,870,000

FY21 STUDENT HEALTH INSURANCE

Summary: The University offers group health insurance to students, funded solely by student health insurance fees. For participating students, their fees are collected and submitted to the broker or insurer as a “pass through” expense by the University. Students may waive their participation in this plan if they have proof of other, comparable health insurance.

In April 2019, the University convened a Committee to strategically review student health insurance. This Committee was comprised of students and other University stakeholders. One recommendation of the Committee was to utilize a broker for the FY21 program. As a participating institution of the Illinois Public Higher Education Cooperative (IPHEC), the University used an approved insurance broker to source and secure a student health insurance plan and program for FY21. This agreement supersedes the previous RFP for student health insurance.

Background: Total premiums collected by NIU on behalf of students have decreased due to fewer student participants and continuous overall management of the program. The FY21 plan and program coverages, terms, and conditions remain the same as FY20, with the exception of Dependent coverage which will be included in the FY21 premium. This change was made based on a recommendation from the Committee noted previously.

In previous years, the requested purchase limits far exceeded the actual payouts to insurers. The request for FY21 has reduced the requested purchasing limit to better align with program demand.

| | Health Insurance Provider | Original Purchase Order Requested Amount | Actual Amount Paid to Insurance Provider | Number of Students Enrolled in Student Health Insurance¹ | Semester Premium |
|------|----------------------------------|---|---|--|-------------------------|
| FY21 | Aetna | \$ 7,250,000 | | | \$ 1,131 |
| FY20 | Aetna | \$ 7,750,000 | \$ 2,374,419 ¹ | 2,638 | \$ 1,179 |
| FY19 | Aetna | \$ 8,000,000 | \$ 6,012,792 | 3,258 | \$ 1,179 |
| FY18 | Aetna | \$ 12,500,000 | \$ 5,988,691 | 3,548 | \$ 1,039 |
| FY17 | BCBS | \$ 12,500,000 | \$ 6,336,402 | 4,021 | \$ 991 |

¹The information reported for Fall term only. Students are charged separately for Fall and Spring terms.

Funding: Agency Funds
Marsh and McLennan Companies – New York, NY.....\$7,250,000

Recommendation: The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and asks that the President forward it by means of the President’s Report to the Board of Trustees for approval at its meeting on March 5, 2020.

**FY21 DIVISION OF INFORMATION TECHNOLOGY MICROSOFT
ENROLLMENT CONTRACT RENEWAL**

Summary: The Division of Information Technology requests permission to issue an order for the Fiscal Year 2021 Renewal of Microsoft Enrollment for Education Solutions software for resale during the license period July 1, 2020 – June 30, 2021. This is the seventh of nine, one-year renewal options based on RFP #KMC138285, which was originally awarded on June 6, 2013. The renewal award will be advertised in the Illinois Procurement Bulletin.

Background: The licensing under this contract allows NIU to run Microsoft Windows Desktop OS and Microsoft Office products, including their updates, for all University owned computers and provides five copies of Office for all students, faculty, and staff to run on their personal devices while they are enrolled or employed by the University. This contract also covers Windows Server licensing costs in NIU’s virtual environment and license costs for several features such as Multi-Factor Authentication and Self-Service Password Reset.

Funding: Appropriated Funds

ScholarBuys – Carpentersville, IL \$ 400,000

Recommendation: 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 March 5, 2020.

Amount Approved for FY20: \$400,000

PERIODIC REPORT ON INVESTMENTS FOR PERIOD ENDING DECEMBER 31, 2019

In accordance with the approved University Investment and Cash Management policy, this report on cash and investments is submitted at the end of each calendar quarter to the Board of Trustees. This report is required by Board of Trustees *Regulations* (Section V, Subsection D). The following schedules are included:

- Cash and Investment Holdings Summary as of December 31, 2019
- Investment Earnings for the quarter ended December 31, 2019

The *Cash and Investment Holdings Summary* at December 31, 2019 shows NIU's total holdings at \$150 million. This balance is nearly \$25 million lower than the balance at December 31, 2018 which is largely due to NIU's planned spending of Build America Bond proceeds on the Holmes Student Center renovation throughout the year. The majority of operating funds were invested in money markets and investment savings accounts because cash and cash equivalents were earning higher yields than long term investment instruments during the second quarter of Fiscal Year 2020.

The *Investment Earnings* report shows the interest earnings for the 2nd quarter at \$698,420 and an overall annualized rate of return of 1.73%. The lower return this quarter over the previous quarter resulted from a decrease in interest rates and lower cash balances.

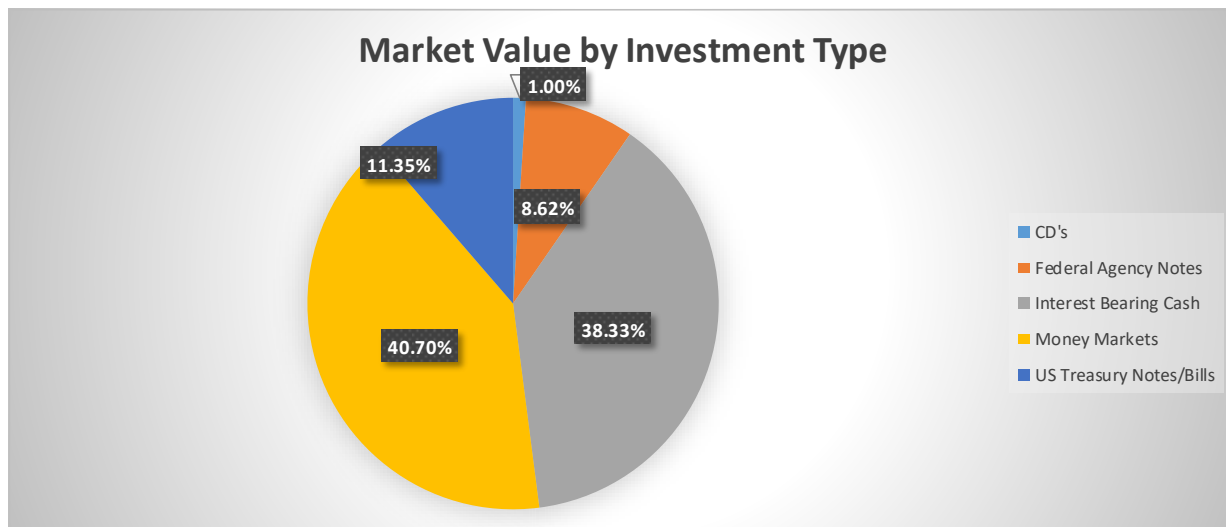
In December 2019, \$9.8 million was transferred from an interest-bearing cash account to a contributory trust that is invested in a money market fund. The trust is earmarked for a Capital Development Board project and is expected to be depleted over the next eighteen months.

Forecasters predict the US economic outlook for 2020 to be stable with a low unemployment rate and very little inflation. The Federal Open Market Committee is not expected to raise interest rates until next year. Management will continue to monitor market conditions, operating cash needs, and investment opportunities in order to align the investment strategy with the university's investment and cash management policy.

NORTHERN ILLINOIS UNIVERSITY
CASH and INVESTMENT HOLDINGS SUMMARY

December 31, 2019
For Fiscal Year 2020

| Investment Type | Purch Price/ Ending Bal * | Book Value ** | Market Value *** |
|---|------------------------------|-----------------------|-----------------------|
| CD's: | | | |
| Local Funds | \$ 1,509,311 | \$ 1,509,311 | \$ 1,509,311 |
| Federal Agency Notes: | | | |
| Local Funds | \$ 12,829,673 | \$ 12,940,185 | \$ 12,952,099 |
| Interest Bearing Cash Accounts: | | | |
| Local Funds | \$ 57,584,369 | \$ 57,584,369 | \$ 57,584,369 |
| Money Markets: | | | |
| Contributory Trust | \$ 9,839,000 | \$ 9,839,000 | \$ 9,839,000 |
| Local Funds | 47,102,214 | 47,102,214 | 47,102,214 |
| Project Funds | 4,192,875 | 4,192,875 | 4,192,875 |
| | <u>\$ 61,134,089</u> | <u>\$ 61,134,089</u> | <u>\$ 61,134,089</u> |
| US Treasury Notes/Bills: | | | |
| Local Funds | \$ 17,023,314 | \$ 17,042,315 | \$ 17,044,221 |
| TOTAL INVESTMENT HOLDINGS | \$ 150,080,756 | \$ 150,210,269 | \$ 150,224,089 |
| Non-interest Bearing Cash | \$ 297,723 | \$ 297,723 | \$ 297,723 |
| TOTAL CASH & INVESTMENT HOLDINGS | \$ 150,378,479 | \$ 150,507,992 | \$ 150,521,812 |
| TOTAL REPORTED FOR 12/31/2018 | \$ 175,043,368 | \$ 175,269,008 | \$ 175,109,273 |



* Amounts per Bank and Investment Statements

** Purchase price, net of accumulated amortization of premiums and discounts

*** Estimated price for which an investment would sell in the marketplace

Assets reported in the CASH and INVESTMENT HOLDINGS SUMMARY comply with the Illinois Public Funds Investment Act (30 ILCS 235)
and the NIU Investment and Cash Management Policy

**NORTHERN ILLINOIS UNIVERSITY
INVESTMENT EARNINGS
For Fiscal Year 2020
July 1, 2019 - December 31, 2019**

| | December 31 Ending Balance | Qtr2 Average Daily Balance | Percent of Portfolio | Qtr 2 Income Earned | Annualized Rates of Return | | | | |
|--|----------------------------------|----------------------------------|----------------------------|---------------------------|-------------------------------|---------------|---------------|---------------|--|
| | | | | | FY 2020 | | FY 2019 | | |
| | | | | | 2nd Qtr | 1st Qtr | 4th Qtr | 3rd Qtr | |
| Short-Term Investment Accounts | | | | | | | | | |
| Illinois Funds | \$ 47,102,214 | \$ 55,333,391 | 34.58% | \$ 253,546 | 1.818% | 2.239% | 2.435% | 2.448% | |
| Investment Accounts - Financial Institutions | \$ 57,584,369 | \$ 57,823,150 | 36.13% | \$ 271,798 | 1.865% | 2.342% | 2.477% | 2.424% | |
| Contributory Trust* | \$ 9,839,000 | \$ 9,839,000 | 6.15% | \$ - | 1.540% | - | - | - | |
| Investment Accounts - Project Funds | \$ 4,192,875 | \$ 6,637,933 | 4.15% | \$ 29,709 | 1.776% | 2.178% | 2.245% | 2.052% | |
| CD's | \$ 1,509,311 | \$ 1,505,151 | 0.94% | \$ 5,111 | 1.347% | 1.639% | 1.710% | - | |
| ST Investment Accounts Total | \$ 120,227,769 | \$ 131,138,625 | 81.95% | \$ 560,164 | 1.695% | 2.275% | 2.414% | 2.371% | |
| Fixed Income Securities | | | | | | | | | |
| Local Funds | \$ 29,852,987 | \$ 28,885,438 | 18.05% | \$ 138,256 | 1.915% | 2.029% | 1.883% | 1.475% | |
| Fixed Income Securities Total | \$ 29,852,987 | \$ 28,885,438 | 18.05% | \$ 138,256 | 1.915% | 2.029% | 1.883% | 1.475% | |
| Non-interest Bearing Cash | \$ 297,723 | \$ - | - | - | - | - | - | - | |
| COMBINED TOTAL | \$ 150,378,479 | \$ 160,024,063 | 100.00% | \$ 698,420 | 1.73% | 2.23% | 2.27% | 2.03% | |

*Interest for December was paid in January 2020

Assets reported in INVESTMENT EARNINGS comply with the Illinois Public Funds Investment Act (30 ILCS 235)
and the NIU Investment and Cash Management Policy

**QUARTERLY SUMMARY REPORT OF TRANSACTIONS IN EXCESS OF \$100,000
FOR THE PERIOD OCTOBER 1, 2019 TO DECEMBER 31, 2019**

| Purchase Amount | No. of Transactions | Appropriated* | Non-Appropriated | Total |
|------------------------|----------------------------|----------------------|-------------------------|--------------|
| Over \$100,000 | 11 | \$233,000 | \$1,775,425 | \$2,008,425 |

TRANSACTIONS DETAIL:

Purchases:

1. Intercollegiate Athletics requested permission to purchase membership in the Mid-American Conference and the 2019-2020 Bowl Assessment. This order was exempt from advertising on the Illinois Procurement Bulletin because memberships and athletic organizations are exempt. (Mid-American Conference, Cleveland OH) 100,000*
130,000
2. The Department of Information Technology Services requested permission to issue an open order for the purchase of maintenance of transact hardware and software products utilized by the University in support of multi-purpose campus ID card and point-of-sale (POS) system. This order was advertised on the Illinois Procurement Bulletin, #KMC23430. (Blackboard Inc., Washington DC) 158,090
3. Finance and Treasury Services requested permission to pay audit costs allocated to the University Income Fund for the period ending 6/30/18. This order was exempt from the bid process as the engagement is with a state agency and is not subject to the rules of the Procurement Code and applicable laws. (Office of the Auditor General, Springfield IL) 220,776
4. Intercollegiate Athletics requested permission to increase payment to the Mid-American Conference for Olympic Sport shared cost assessment, Men's Basketball shared cost assessment, and Mid-American Conference officials for the period 9/1/19-1/31/20. This order was exempt from the Illinois Procurement Bulletin because athletic events by or for a public institution of higher education are exempt (30 ILCS 500 / 1-13(b)(4)). (Mid-American Conference, Cleveland, OH) 153,359
5. Intercollegiate Athletics requested permission to issue an open order for payment of student athlete book loan charges for the period July 1, 2019 – June 30, 2020. This procurement was processed under the authority of RFP #JMT05012018 (Follett Bookstore Management award) and was previously advertised in the Illinois Procurement Bulletin. (Follett Higher Education Group Inc., Westchester, IL) 197,000

6. Intercollegiate Athletics requested permission to issue an open order to pay basketball officials for the period October 1, 2019 – June 30, 2020. This order was exempt from the Illinois Procurement Bulletin because athletic events by or for a public institution of higher education are exempt (30 ILCS 500 / 1-13(b)(4)). (Mid-American Conference, Cleveland, OH) 166,200
7. Administration and Finance requested permission to issue an FY20 open order for Bond Counsel in connection with the issuance of two new issues of bonds to refund all or a portion of the following: 200,000
 Auxiliary Facilities System Revenue Bonds, Series 2010
 (Build America Program – Taxable)
 and
 Auxiliary Facilities System Revenue Bonds, Series 2011
 (Refunding – Tax-exempt)
 (Chapman and Cutler LLP, Chicago, IL)
8. Transportation requested permission to enter into a multi-year lease via an IPHEC contract. NIU relies on key vehicles to support operations which require high reliability and a professional image to best represent the university. The following higher profile vehicles typically support public/student engagement and have been determined to best be provided via a multi-year lease arrangement. The maximum estimated cost noted below is based on an anticipated 5-year lease term where the annual cost is expected to be about \$49,600. Vehicles to be included in this lease were: 248,000
- Two (2) Sedans for Admissions
 - Two (2) Police sedans for the Police Department
 - One (1) Sedan for multi-department support
 - Two (2) Minivans for multi-department support
 - One (1) 12-passenger van for multi-department support
- It was noted that due to unavailability of certain uncommon vehicles, some of the vehicles may not be available and will be adjusted to best meet the needs of the University.
 (Enterprise Fleet Management)
9. Transportation requested permission to lease a 25-passenger bus. The existing self-operated bus fleet required systematic replacement to remain reliable for long trips and presentable to promote the NIU image. Through analysis of bus uses and passenger demands, it was determined that a 25-passenger bus would provide more flexibility to accommodate trips with smaller passenger demands and provide more efficient transportation than larger buses. Leasing a 25-passenger bus has been determined to be more effective at maintaining a professional image for the University. The maximum estimated cost was based on an anticipated 6-year lease term where the annual cost is expected to be about \$20,000. Two older mini buses will be targeted for trade-in to offset the lease costs. 120,000
 (Vendor TBD)

10. Transportation requested permission to issue an open order for Charter bus services for the period July 1, 2019-June 30, 2020. This order was exempt from advertising on the Illinois Procurement Bulletin because it was below the bid threshold. This item was approved on the July 5, 2019 President's Report in the amount of \$81,000. An amendment was then requested on November 27, 2019 to increase the open order by another \$81,000, bringing the total of this request over \$100,000.
(Vendor TBD) 162,000

Capital Improvement Projects:

1. As part of the recent Holmes Student Center (HSC) remodel project several units were moving out of the Campus Life Building (CLB) to newly remodeled space in HSC. Over the past several months space within CLB has been re-evaluated, it has been determined that CLB should house departmental units that are student-centered to help foster the building of community and to make it easier for students to find support services. To that end several departments have been relocated to this building from others. This project included costs associated with these moves along with minor associated remodeling work. The goal was to be able to have some of this work performed as soon as possible around the winter break, finalized scope is being coordinated with the Provost office. Work will be completed by outside contractors and in-house workforce under the coordination of a NIU project manager. 133,000*

*Appropriated/Income Funds

FACILITIES UPDATE

The following slides provide an update on major facility projects recently completed, underway, or in development for near term execution. Brief update information is noted for the following state and major NIU projects to keep the Board apprised of progress and developments related to facility and infrastructure improvements.

State projects:

- Steam Isolation Valve/Expansion Joint Replacement (~\$476K)
- Critical Steam Distribution Structural Repairs (~\$5M)
- Boiler Replacement Phase 1 (~\$16M)
- Health Informatics Building (~\$77M)

NIU projects:

- Holmes Student Center Renovation (\$20.9M)
- Neptune Renovation (\$5.4M)
- Campus Life Building – Student Support Consolidations (~\$133K)
- College of Business Creativity & Empathy Lab (\$400K donation)
- Miscellaneous major repair projects



Northern Illinois University

Campus Facility Project Updates

February 13, 2020

State Funded Projects Update



- Health Informatics Building
 - Recent notification of \$7.7M released to CDB
 - CDB to hire firm for planning
 - NIU planning team to coordinate with CDB
- Critical Structural Steam Tunnel Distribution Repairs
 - ~\$5M released to CDB
 - CDB hiring design firm
- Boiler Replacement Phase I
 - See next slides for update
- Steam Isolation Valve/Exp joint replacement (\$476K)
 - Completed Fall 2019

2

Boiler Replacement (Phase I)



CDB preparing Design-Build project

~\$6M state funding

~\$10M Aux funding

Schedule Update:

- CDB consultant A/E started: June 2019
- **Schematic design complete Dec 2019**
- Solicitation: ~ Feb 2020
- DB Award: ~ May 2020



BOT APPROVAL JUNE 2017

3

Boiler Replacement(Phase I)



VIEW FROM SOUTH EAST



VIEW FROM SOUTH WEST



CONCEPTUAL EXTERIORS

VIEW FROM NORTH WEST



VIEW FROM NORTH EAST

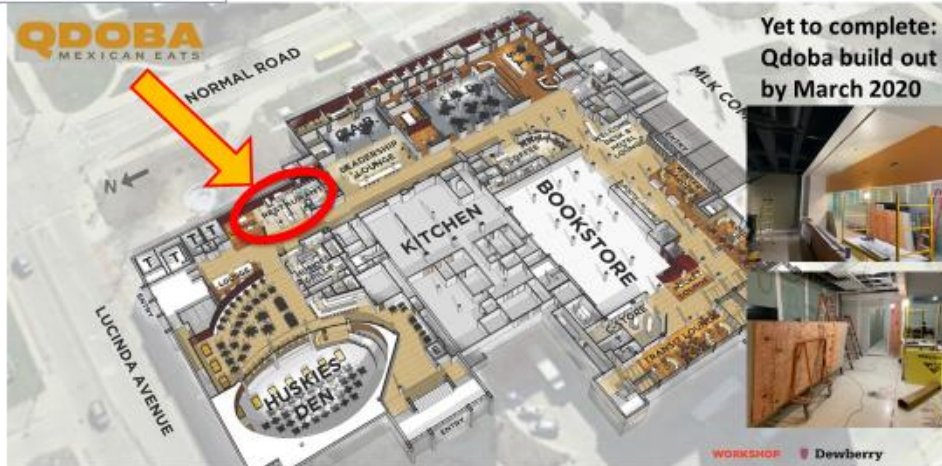


4

Holmes Student Center Renovation Update



\$20.9M Investment



The design of the Ground Floor creates a clear circulation path through the building that connects with and defines together a variety of programs forming a social hub at the Holmes Student Center.

5

Holmes Student Center Renovation Update



Leadership Lounge, N-S Hall



Huskie Den restaurant



Fireplace/Winter Garden



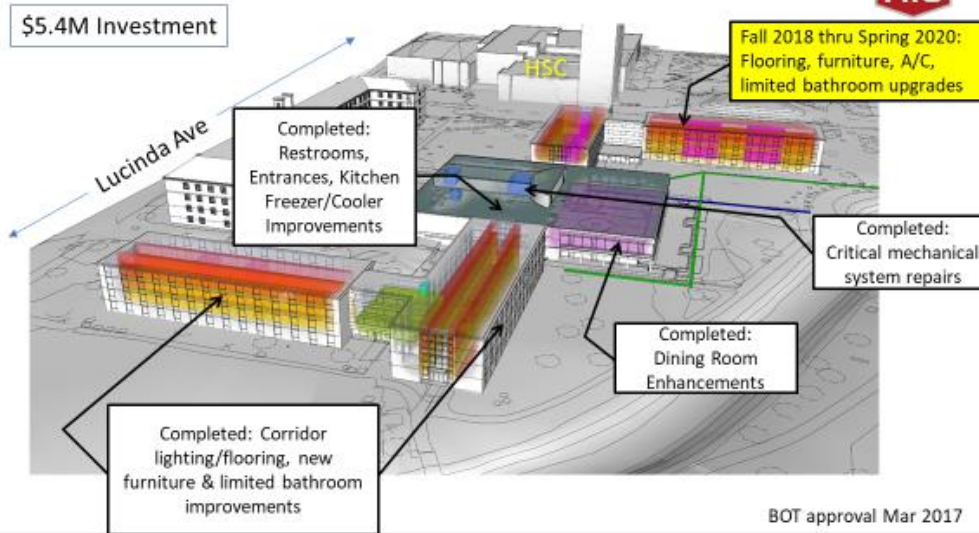
Organizations and Student Involvement Suite (OASIS)



OASIS, Collaboration Spaces

6

Neptune Renovation



7

Neptune East Wing status

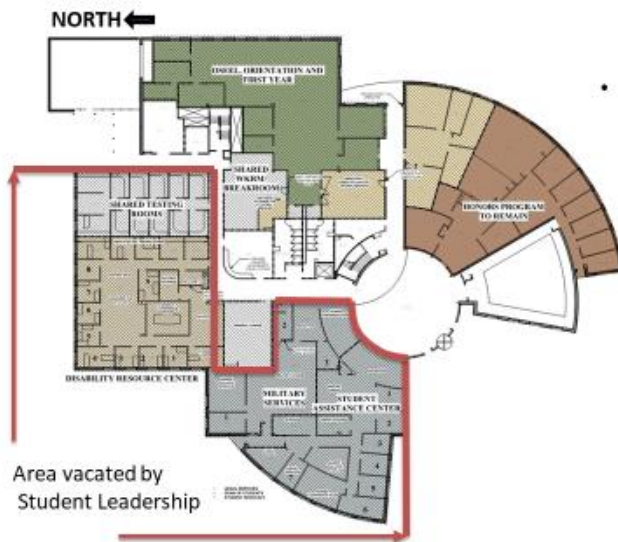


- Room Flooring 100% complete
- Neptune East Room A/C 100% complete
- Bathroom improvements by May 2020
- Overall 95% complete



8

Campus Life Building – Student Support Consolidation

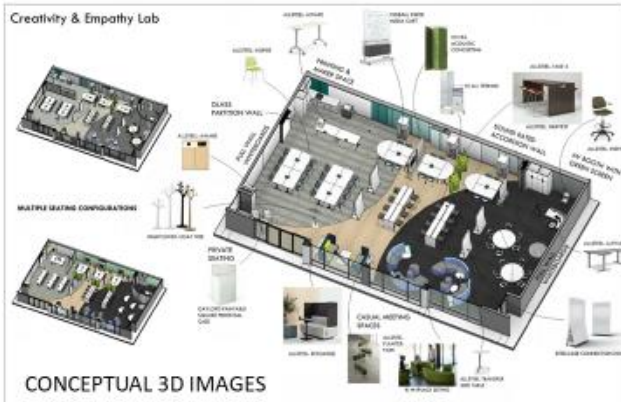


- Collocated functions:
 - Disability Resource Center
 - Testing Services
 - Academic Advising
 - Military & Post-Traditional
 - Legal Services
 - Career Services
 - Counseling/Consultation
 - Student Conduct
 - Honors Program
 - Chance (in progress)
 - OSEEL, Orientation & 1ST YEAR (move to be scheduled)

Area vacated by Student Leadership

9

College of Business – Creativity & Empathy Lab



CONCEPTUAL 3D IMAGES

Conversion of two classrooms into a collaborative space

- Donor funded
- Design complete
- Budget \$400K
 - (BOT action item)
- Contractor bidding Feb
- Spring/Summer execution



10

Repair Projects – current overview



- Completed:
 - Convocation cooling tower repairs
 - Sealcoating parking lots
 - Broadcast Center roof replacement
 - Chessick LED lighting upgrades
- In process for Spring completion:
 - Gabel/Graham – exhaust fan replacements
 - Founders library escalator maintenance/repairs
 - Elevator control upgrades (Williston, Holmes south entrance)
- In process for Summer/Fall completion:
 - Elevator upgrades (Holmes tower elevators)
- Pending approvals for Summer execution
 - Stevenson towers roof replacements

CLERY REPORT UPDATE

The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act requires NIU to publish statistics for the previous calendar year by October 1.

The Department of Police and Public Safety prepared statistics concerning reported crimes within NIU Clery Geography with information collected from local law enforcement agencies, Ethics and Compliance Office, Housing and Residential Services, Student Conduct, Human Resources, Counseling and Consultation Services, and other Campus Security Authorities. Early each year these statistics are audited, and in October, they are submitted to the Department of Education and published in the Annual Security Report. The 2018 calendar year are below.

Reported Crimes against Persons Incidents

- Murder/Non-Negligent Manslaughter – 0
- Manslaughter by Negligence - 0
- Rape - 16
- Fondling – 8
- Incest – 0
- Statutory Rape -0
- Robbery -1
- Aggravated Assault – 7

Reported Crimes against Property Incidents

- Burglary - 10
- Motor Vehicle Theft - 3
- Arson – 1

Reported Violence against Women Act Offenses

- Domestic Violence - 7
- Dating Violence - 36
- Stalking – 9

Weapons Arrests and Referrals

- Weapons Arrests - 4
- Weapons Referrals – 2

Alcohol Arrests and Referrals

- Alcohol Arrests - 11
- Alcohol Referrals -100

Drug Arrests and Referrals

- Drug Arrests - 13
- Drug Referrals - 17*

*There was a reduction in drug referrals beginning with the 2017 calendar year due to guidance from the Department of Education regarding how these types of incidents are classified and counted in accordance with the Illinois Compiled Statutes Cannabis Control Act and the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act.

**As of January 1, 2020, possession and recreational use of small quantities of Cannabis and Cannabis infused products will be legal under State law for adults over 21 years of age. However, due to provisions of the Illinois Cannabis Regulation and Tax Act, Illinois Compassionate Use of

Medical Cannabis Program Act, and the Federal Drug Free Schools and Communities Act, possession and use of Cannabis on colleges or Universities in Illinois remains prohibited. We are continuing to work with the Department of Education regarding the impact of changes in State law and potential statistical implications under the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act.

Clery reportable statistics from 2016-2018 are available in the Annual Security Report at www.niu.edu/clery.