

Minutes of the
BOARD OF TRUSTEES
OF NORTHERN ILLINOIS UNIVERSITY
September 23, 2004

CALL TO ORDER AND ROLL CALL

The meeting was called to order by Vice Chair Barbara Giorgi Vella at approximately 9:25 a.m. in the Clara Sperling Sky Room of Holmes Student Center. Recording Secretary Sharon Mimms conducted a roll call of Trustees. Members present were Trustees Robert Boey, Manuel Sanchez, Barbara Giorgi Vella and Student Trustee Eric Johnson. Trustee Myron Siegel and Chair Gary Skoien joined the meeting in progress. Not present was Trustee George Moser. Also present were Board Parliamentarian Kenneth Davidson and President John Peters. With a quorum present, the meeting proceeded.

VERIFICATION OF APPROPRIATE NOTICE OF PUBLIC MEETING

Confirmation of Open Meetings Act public notice compliance was provided by Board Parliamentarian Ken Davidson.

MEETING AGENDA APPROVAL

Chair Skoien is expected very shortly. So, I am going to ask for approval of the agenda, Acting Chair Vella said, but I am going to ask that we call some of these matters out of order. We will start with Agenda Items 1, 2, 3, and 6 and then go back. May I have a motion to approve the meeting agenda as amended. Trustee Sanchez so moved, seconded by Trustee Boey. The motion was approved.

REVIEW AND APPROVAL OF MINUTES

Chair Vella announced that due to the Altgeld Hall move by the staff, the June meeting minutes will be reviewed at the December meeting.

CONSENT AGENDA APPROVAL

After discussion with President Peters and review of the printed agenda, Vice Chair Vella proposed creation of a Consent Agenda that would immediately precede the beginning of the President's Report and move President's Report Number 42, Action Items 8.a(5), (6), (8), (9) and (10), and receipt of Information Items 8.b.(1), (2), (3), (6), (7), (8), (10), (11) and (12), and 8.c.(1) to that Consent Agenda. Vice Chair Vella asked for a motion to approve the Consent Agenda. Trustee Boey made a motion to approve the consent agenda. Student Trustee Johnson seconded the motion. The motion was approved.

REPORTS OF BOARD COMMITTEES AND BOARD LIAISONS

Executive Committee

There was no report from the Executive Committee.

Academic Affairs, Student Affairs and Personnel Committee

I am feeling a little bit sentimental today since this is the last time we will be holding our Board of Trustees Meeting in the Holmes Student Center, Trustee Boey said. This room has held many a memory for all of us, including the swearing in of the original Trustees under the new charter of governance. So it is with a note of sadness but a lot of anticipation that we go to our new Board of Trustees conference room in Altgeld Hall.

The Academic Affairs, Student Affairs and Personnel Committee met on Wednesday, September 1, and at that meeting, the Committee considered and endorsed an action item for the Appointment of Vice President of Student Affairs, Brian Hemphill. The Committee heard reports on the following information items: Fiscal Year 2006 Budget Requests; 2004 Faculty Emeritus Recognition; Fiscal Year 2004 University Performance Report; Professional Excellence Awards for Faculty and Staff; Fiscal Year 2004 External Funding for Research, Public Service and Instructional Projects.

At this point, Chair Skoien assumed the chair.

Finance, Facilities and Operations Committee

Committee Chair Vella reported that the Finance, Facilities and Operations Committee met on September 1, 2004. At that meeting, the Committee considered and approved recommendations for the Fiscal Year 2006 Appropriated and Nonappropriated Capital Budgets; Fiscal Year 2005 Internal Budget and Salary Increment Allocation Guidelines; capital budgets, projects and improvements including the West Campus Utility Extensions and Infrastructure Improvements and College Avenue Bridge Repairs; Energy Infrastructure Improvements Performance Contract; Internet2 Fiber Pathways Lease Agreement; Department of Psychology Grant Subcontracting; University Health Service Multiyear Medical Reagent Open Order. The Committee also received reports including the following: the Fiscal Year 2004 Annual Reports on Capital Activities; Transactions Involving Real Property; Tuition and Fee Waivers; Cash and Investments, Summary Obligations of Financial Resources, Quarterly Summary Report of Transactions in Excess of \$100,000; Convocation Center Review of the Second-Year Operations; PeopleSoft Student System Replacement Status. The recommended items addressed by the Finance, Facilities and Operations Committee are included in the President's Report that President Peters will present for Board approval.

Legislation, Audit and External Affairs Committee

Chair Skoien announced that the Legislation, Audit and External Affairs Committee report would be delayed until Committee Chair Siegel arrived.

Illinois Board of Higher Education

Committee Liaison Barbara Vella deferred to President Peters for the IBHE report. He reported that the last meeting of the Illinois Board of Higher Education was held on August 10 at Western Illinois University in Macomb. Among the items discussed and/or acted on of interest to NIU included a recap of the Fiscal Year 2005 budget, limited discussion of the guidelines for the Fiscal Year 2006 budget preparation, a midterm review of the Illinois Commitment Report and a Report on the Governor's request to examine college textbook prices, which is an ongoing issue. The next meeting of the Illinois Board of Higher Education will be held on October 5 at the Illinois Institute of Technology. And on August 16, Tom Lamont was named the Interim Executive Director replacing Dan LaVista. A search committee has been formed to conduct a search for a permanent replacement.

Universities Civil Service Merit Board

I was not able to attend the meeting. However, it was held on September 15. Two employees were discharged from Northeastern University and two employees were also discharged from the University of Illinois at Chicago. The board approved the budget recommendation from the executive director. A revision to the Universities Civil Service Merit Board Bylaws regarding regulations under the Open Meetings Act was approved, and a Freedom of Information Policy was updated. In addition, the board scheduled their next four meetings, one of which will be in the Chicago area. The next meeting is scheduled for January 26.

Northern Illinois University Foundation

Trustee Boey, Board of Trustees Liaison to the Northern Illinois University Foundation, deferred to Mallory Simpson, President of the Foundation, for this report. In June, you may remember that I reported we had already exceeded our goal of \$10.5 million, Ms. Simpson said. The final total was \$12.7 million, which was a 27 percent increase from the year before. I was especially pleased that we had a nearly 90 percent increase in outright gifts from individuals.

The Foundation will be hosting its first Red and Black event next Friday, Ms. Simpson said. The evening is planned to provide an opportunity to recognize generous donors and volunteers as well as to reconnect with other alumni and friends of the university. I am delighted that so many of the Trustees are planning to attend. It is going to be a terrific celebration of Huskie pride, philanthropy and spirit. Two individuals will receive special recognition that evening. Sally Stevens will receive the Foundation's award for philanthropy. And Joe Preola, president of National Realty Advisors, will receive the Foundation's award for outstanding volunteer service.

To give you an update on the Barsema Alumni and Visitors Center project, Ms. Simpson said, we have made great progress during the summer with two new \$100,000 commitments in just the last week alone, both of them resulting from President Peters' personal efforts. They bring our pledge total for the project to more than \$5.2 million, which is 85 percent toward our minimum goal of \$6.2 million. I am especially proud to say that of that \$5.2 million, 64 percent has come from individual gifts from members of the Foundation Board of Directors. In addition, not counted in the \$5.2 million total is a property gift that the Foundation is making to the university valued at about \$350,000 to complete the land required for the project.

October 16, we are anticipating with a great excitement our groundbreaking celebration for the Alumni and Visitors Center project at Homecoming, Ms. Simpson announced. If you recall, we announced publicly the campaign at Homecoming last year. Best of all, next Homecoming, we will be dedicating a brand new Alumni and Visitors Center.

Last spring, we launched the general phase of our project campaign so that everyone in Northern's family – faculty, alumni, parents, students, friends – will have an opportunity to help complete the project, Ms. Simpson said. We are providing everyone with a chance to buy bricks, benches or trees with an inscription honoring an individual or occasion or just thoughts to live by. Nearly 350 bricks have been sold to date as well as several trees and benches. People seem to really like having the opportunity to contribute at whatever level they are able. The other donor recognition opportunity that has proved very appealing is the Circle of the Seal in the center of the great hall. Surrounding an eight foot university seal will be large tiles inlaid with donor names of those who have pledged \$100,000 to the project over a period of three to five years. These donors are prominent alumni, leaders, volunteers, civic and business leaders and entrepreneurs. The Circle of the Seal activity this summer has been exceptional. As of Monday, we have only one spot left.

Last but not least, Ms. Simpson said, a few heartwarming stories of recent commitments to Barsema Alumni and Visitors Center. For 40 years, Jerry Zar has been a part of the NIU family – student, faculty member, senior administrator – and he had previously established two endowed scholarships, one in music and one in biology. This summer, Jerry and Carol, who is also an alumna and staff member, pledged \$50,000 to name the terrace outside the faculty library of the center. And last winter, Jim Mason, a local businessman, and his alumna wife Linda committed \$50,000 to the center. But after listening to co-chair Nancy Castle talk about the importance of the project and the impact it will have, they were inspired to double their gift. So their commitment is now \$100,000, and they are in the Circle of the Seal. Alumnus David Lehman, who spent his career teaching in the Chicago Public School System, has up until now made gifts to support teacher development and also the Tri-County Community Health Center. But this summer, David made a \$100,000 pledge to the Alumni and Visitors Center, earning a spot in the Circle of the Seal.

And my last story is a great one. Margaret Florial, a 1947 NIU graduate, spent her life teaching. Just a couple of months ago, she walked into the Foundation office and asked to speak to someone. She wanted to do something significant, she said, to show her gratitude for the excellent education she had received. The result is that she is making a \$50,000 gift to the Alumni and Visitors Center. This is more proof of something we say often in our department – you just never know where the next major gift is going to come from.

So, as you can see, Ms. Simpson said, expected and unexpected people are responding to this project. Of the 19 individuals who have made commitments, 15 of them are first-time major donors. Clearly, our university will be well-served by the facility. But beyond that, it is doing a wonderful job in energizing our

constituencies, inspiring major gift support and helping to provide a launching pad for additional projects in the years ahead.

CHAIR'S COMMENTS/ANNOUNCEMENTS

It is great to be back on campus this morning for our first full meeting of the new school year, Chair Skoien said. The campus looks beautiful, our students are fully engaged in their exciting college lives and the work of the university is in full swing. It is a wonderful time to be here at NIU. We have a very full agenda this morning, and, of course, many of the items before us have to do with budgetary matters. While we continue to struggle with increased demand and decreased dollars, I think I speak for all of us when I say that there is a sense of having turned a corner, at least temporarily, in our state funding crisis. We saw a tremendously difficult pitched battle in Springfield this summer over spending priorities. Public higher education took a strong stand against further cuts, and we prevailed. This year, for the first time in three years, we start a new school year with a level budget. That is, the same amount we started with at this time last year. And in this environment, that actually is very good news. Later this morning, we will be voting on salary increment guidelines for FY05, and we are very happy to be doing so. All of us believe that NIU's continued success and forward momentum are driven by the talented faculty and staff of this university, not to mention this outstanding Board of Trustees. We share Dr. Peters' view that improving salaries must be a top priority, and we celebrate the opportunity to do so in a manner and at a level that compares very favorably to other institutions around the state.

We will hear a report later this morning on external funding. And, once again, the news is good against a backdrop of decreased state support. NIU is increasing the amount of funding we receive from other entities, both public and private and state and federal, for research and public service across the region and around the country. So we have stabilized state funding. We are building our own resources through more grant-writing and targeted research funding. And we are moving ahead as an institution "on the grow," so to speak, leaner but not meaner, focused on giving our best to our students and our region. To that end, I'd like to introduce two individuals this morning who exemplify this forward movement. The first received enough of his own press last month to really need no introduction, but I want to acknowledge and formally welcome our new Athletic Director, Mr. Jim Phillips. I have been fortunate enough to spend some time with Jim and to hear and share his vision for NIU Athletics. I am delighted. He is a Chicago kid, and he is from a well-known Catholic university in a neighboring state. He has an exciting plan, and it is an exciting time for our sports program. The Chair recognized Mr. Phillips and invited him to make comments.

It is really my honor and privilege to be introduced as the new athletic director here at Northern Illinois University, Mr. Phillips said, and I am very excited about what the future holds. Very briefly, as I talked to the over 100 some odd staff we have in 17 sports and 450 student athletes, our primary objective is to provide a world class athletic experience for each student that participates in intercollegiate athletics. We want them to be clearly defined academically so that we graduate our student athletes with a useful degree. We prepare them as they transition into the real world, and we give them a great social experience where we are involved in community service and outreach programs. And finally, we want to prepare them athletically so that we compete to win championships. That is what athletes like to do. That is what we all like to do as competitors, and that will be our primary focus. It will be something we do every day all day. Again, I am very humbled to be here, Mr. Phillips said in conclusion. I will be even more excited when my wife, Laura, and our four young little Huskies join me here in the near future. So, thank you for having me this morning, and I look forward to a long prosperous future together. Thank you.

We are really delighted to have you here, and we welcome you, Chair Skoien said. And I hope you feel happy here at your new home and that you will be with us a long time.

The next person I would like to introduce, the Chair said, is NIU's new Vice President for Student Affairs. We will be voting on his appointment later in the meeting. Brian Hemphill joined us just a few weeks ago and is already shaping a very clear vision for enhancing the student affairs role at NIU. He brings strong experience from a large, land-grant university with challenges not unlike those at NIU. Brian joins us at a

critical time for student services and student support, and I would like to ask him to come forward at this time and share a few thoughts with us.

I can say that I am very honored and very proud to be here also as a member of this particular community. My wife and I talked last night about this being my 30th day anniversary. I sincerely hope that it has not felt like three years for some of our staff. But, we are having a great time, and we have truly focused on looking at how we, in Student Affairs, can begin to enhance the academic mission of this institution. President Peters has laid out a clear vision for NIU, and he has challenged this institution in many ways to pick up the pace. And you can see that in some of the acknowledgements we are receiving in terms of our academic credibility and Barsema Hall, and also in being recognized as one of the premiere institutions in terms of graduating to African American Ph.D.'s. As I talked to our staff for the very first time, one of the things we talked about is how we would truly be partners in picking up the pace and working to enhance the academic mission of this institution, and we will commit ourselves to that. I am looking forward to providing leadership for our initiatives. Thank you very much.

In keeping with the generally upbeat nature of our meeting today, Chair Skoien said, I would like to mention two other matters that give us cause to celebrate. By the next time we meet, ground will have been broken for the new Barsema Alumni and Visitors Center on Annie Glidden Road, just east of the football stadium. We are all excited about this project and the ability for the whole university to give a better welcome to our friends and visitors, to better nurture our relationships with alumni and other supporters, and to better serve new students and parents visiting our campus for the first time. And finally, I am happy to announce that just two weeks from today we will formally reopen and rededicate the historic Altgeld Hall. On October 7, we have a series of events planned to showcase that beautiful campus landmark and dedicate it to a second century of service. The grand public spaces in Altgeld Hall will make it a major center of campus life, reminding us of the foundations of this university and the timeless mission we fulfill on behalf of future generations.

Now I would like to mention something of a personal nature. All the Trustees on the Board here, except Eric, have sons. Our friend, Myron, lost his son in a very tragic occurrence a few weeks ago. And I mention it for a couple of reasons. One, there is no one on this Board who has greater, more sincere love and devotion for this university than Myron. I think, without exception, his heart and his soul and his effort on behalf of the university are exemplary. I also mention it because I was so struck, when I was at Myron's house, by the number of staff and faculty and Board members who were in attendance. That speaks volumes about this community and about how, when you recognize the goodness of someone, what they have done and who they are, you stick together and shoulder to shoulder go forward. I can't imagine what Myron has gone through, but, Myron, on behalf of the Board and everybody in this room, our hearts are with you. We are proud to have you on the Board, and we are glad to have you here with us.

The Siegel family thanks all of you and all of those who have taken time to write cards and express their sympathy, Trustee Siegel replied, it has been very helpful. Thank you.

On the same note, Trustee Boey said, we would also like to recognize that Sharon Mimms lost her father at the same time. Our sympathies went out to her in the Committee meetings, and we offer our condolences now to Sharon and her family. Ms. Mimms thanked Trustee Boey and the Board for their condolences.

Chair Skoien recognized the University Advisory Committee (UAC) representatives: Dr. Paul Stoddard, Dr. Paul Loubere, Dr. William Tolhurst, Dr. Xueshu Song, Ms. Shey Lowman and Ms. Donna Smith. He asked Dr. Stoddard if he had any comments at this time.

It is an honor to be able to take part in these proceedings, Dr. Stoddard said. From what I have seen so far in working with the Board of Trustees, I am very happy to be part of a community that sees all levels from the highest governing bodies to all those below them pull together to make this a truly remarkable place. Speaking specifically to agenda items, as President of the Faculty Senate and Executive Secretary of the University Council, we are particularly happy with the administration's efforts in times of flat budgets to be able to actually come up with a salary increment. Many people were not expecting to see anything this year, given the budget situation. So, we are very thankful.

Thank you very much for being here, Chair Skoien said. We welcome seeing you again at our future meetings. The Chair then recognized Former-President Bill Monat.

Chair Skoien called for the Legislation, Audit and External Affairs Committee report.

Legislation, Audit and External Affairs Committee

Committee Chair Myron Siegel reported that the Legislation, Audit and External Affairs met in Hoffman Estates on August 11. Ken Zehnder and Kathy Buettner provided reports on the status of state and federal substantive legislation pending in Springfield and in Congress. Both reports are included in this BOT report. With the adjournment of the spring legislative session a few days before our August meeting, Trustee Siegel said, the Committee expressed its appreciation to Kathy and Ken for their hard work in Springfield to protect the flat budget for Fiscal Year 2005. For those of you who are happy that we were able to find a salary increment this year, a lot of that effort comes from this legislative effort that goes on in Springfield that allows us to protect our budget and keep it flat. If the efforts of our legislative people had not been successful, there would not have been a salary increase. So, when you hear people asking why we are spending a few dollars in this area, it is because the return has been tremendous. It has been tremendous in what we have received in grant money from the federal government and tremendous in what we have been able to do with the funds the state gives us by simply keeping the budget flat. So, when you see these people around, say hello and thank them, because it is their efforts that really drive that return. Make sure you let them know how happy you are that they have done a good job for us, because without them, our job here would be a lot more difficult.

Ken Zehnder provided a detailed report of the memorandum of understanding that was signed by the Governor and legislative leaders to insure that public universities do not receive any rescissions or holdback in funding during FY05. That was another very important thing for us to achieve this year, because in the past we have been unsure whether it would be taken away from us two weeks, six weeks or eight weeks later. President Peters commented on the massive educational efforts of every university trustee, president and government relations staff, and many faculty, staff and students over the course of the session in communicating the seriousness of the budget situation in which Illinois public universities find themselves. I must say that we are again lucky that our faculty, staff and students have pulled together. If it was not for all of you standing side by side with us, we would not be able to achieve this. Northern Illinois University is special because of all of you out there, including the *Northern Star*, which helps us by writing these articles and saying what the issues are. Because even though the *Northern Star* is a local publication, and we read it here, they read it there too. They read it. They hear it. So it is important to get our message out. I thank all of you, those who have stood with us and will stand with us to accomplish these things .

Kathy Buettner gave a detailed overview of the FY05 Department of Defense appropriations bill that contained \$3.5 million in continued funding for the Rock Manufacturing Research Initiative coordinated by the College of Engineering and Engineering Technology in Rockford. Special thanks to Dean Vohra for his work. NIU received \$2.2 million in federal funds in FY04 from the Defense appropriations bill to begin helping to revitalize the manufacturing base in Rockford. Dr. Vohra, Acting Dean, presented a formal overview of his research project to the Committee at our March meeting. Dr. John Lewis, Associate Vice President of Outreach, provided an overview of the role NIU is taking in assisting the Belvidere-Boone Ag-Tech Research Park collaboration and the federal funding that NIU has received to provide economic development and technology commercialization expertise in that area.

The Committee held a follow-up discussion about one of the FY03 audit findings for the university on not depositing cash receipts from several departments on a timely basis. At our March meeting, the Committee endorsed a motion that requested President Peters to develop a fair and flexible mechanism with administrative structure to provide for enforcement of audit findings, recommendations and implementation. The Committee is pleased with the university's audit reports received from the Auditor General annually but decided it would like to make sure the President had the ability, in appropriate circumstances, to take administrative corrective actions against departments or individuals who fail to follow university policies that result in adverse audit findings. President Peters presented his recommendation, which is Agenda Item 8.b.(13) in your Board report.

I also want to take a moment to let you know what is going on at the College of Business, Trustee Siegel said, because we have a very unique program that even Donald Trump has found out about. It is very exciting, and we are hoping to bring him on campus soon. But if you are not watching the College of Business apprentice program, you can read about it in today's *Northern Star*. If you have not heard the radio announcement, you have to hear it. To hear Donald Trump say that NIU is a hot school and that if he was 20 years old, he would be in this class, really is going to go a long way to help us meet the mission that we all have been fighting for – getting the NIU name out all over the country. And, this is one of the most positive things I have seen.

When I was driving to the meeting today, Trustee Sanchez said, I heard on the radio that the number one, bar none, rated show is *The Apprentice*. So, what Trustee Siegel says about the value of that is correct, and the audience is just unbelievable. You cannot put a value on it. So it is a wonderful, creative, ingenious idea. But to get that kind of, not just national, but international attention is awesome. And it speaks volumes for where this university is continuing to go on the academic side. I think it is spectacular.

PUBLIC COMMENT

The Chair asked Board Parliamentarian Kenneth Davidson if any members of the public had registered a written request to address the Board in accordance with state law and Board of Trustees Bylaws. Mr. Davidson indicated that he had received six timely requests. Two were withdrawn, he said, and I understand one representative of the remainder wishes to be recognized. So at this time I recommend that Ms. Kathy Burrignt be recognized.

I understand you have provided each registered individual with the generally acceptable Rules of Decorum for public presentations, Chair Skoien said. Before we receive any presentation, I want to remind Trustees and members of the public who are present today that these presentations are mainly for providing special information to the Board concerning its pending business and that the Chair will take under advisement follow-up presentations, if any, that may be appropriate. The Chair recognizes Kathy Burrignt for a presentation of no more than five minutes.

Following is a summary of Ms. Burrignt's statement: Ms. Burrignt, a kitchen helper and cashier at the Northern Lights Grill, stated that she has not only been a worker and an employee, but also a friend to the students at NIU for 27 years. Recently, she and 39 others in the same classification decided to join other kitchen workers and janitorial staff in AFSCME to obtain fair seniority rights. They were offered a contract for about half the hourly rate of other people with whom they work. She stated that they do the same work and have the same stress, and she asked for support to gain rights, respect and fair pay for their classification.

EXECUTIVE SESSION

Chair Skoien asked for a motion to close the public meeting to conduct an executive session to discuss the following subjects authorized by the Illinois Open Meetings Act: personnel matters as generally described under §2(c)(1) and (3) of the Open Meetings Act, collective bargaining matters as generally described under §2(c)(2) of the Open Meetings Act, litigation and risk management matters as generally described under §2(c)(11) and (12) of the Open Meetings Act, property matters as generally described under §2(c)(5) and (6) of the Open Meetings Act, Executive Session Minutes matters as generally described under §2(c)(21) of the Open Meetings Act. Trustee Siegel so moved, seconded by Trustee Sanchez. A roll call vote of the Trustees to recess to Executive Session was unanimous.

BOARD OF TRUSTEES MEETING RECONVENED

The Chair reconvened the public meeting of the Board of Trustees at approximately 11:52 a.m.

CONSENT AGENDA APPROVAL

Chair Skoien asked for a motion to approve the items placed on the consent agenda earlier in the meeting. They include President's Report Number 42, Action Items 8.a(5), (6), (8), (9) and (10), and Information Items 8.b.(1), (2), (3), (6), (7), (8), (10), (11) and (12), and 8.c.(1). Trustee Siegel so moved, seconded by Trustee Sanchez. The motion was approved.

PRESIDENT'S REPORT NO. 42

I have a few brief comments to share before we get into our agenda, President Peters said. First, I would like to echo something that you mentioned earlier. Whether it is the beautiful weather, the start of a new school year or just the excitement that a new class of freshmen brings to campus each fall, there is a very palpable sense of optimism on campus right now. I think the source is simply a critical mass of good news – successful partnerships, the external validation that has us once again able to see the great promise of this institution and the important role that NIU plays in the life of this region and state. All of you know that we moved into Altgeld Hall this past week, and even though we are still living out of boxes and trying to get settled, being in that building that once housed our entire university and hearing all the stories about its history, it is hard not to be inspired by the importance of our purpose. I am somewhat humbled by the realization that we all play a role for a brief period of time in the life of an institution that lived before us and will live on after we are gone. And so, regardless of its source, I just wanted to say that I share your sense of optimism and hope that we can build on that feeling throughout the coming year.

All of you saw our announcement earlier this week about enrollment. We have purposely pulled back a bit on student numbers in response to our budget crisis. Enrollment management is both an art and a science, and we anticipate and appreciate the work of our staff in admissions and registration and the Provost's area for the fine balancing act they performed over the past year to help us match declining resources with increasing demand. In the end, we came very close to our targets in each category. We are just under 25,000 overall, and most of the decrease came in new freshmen and new transfer students. As you know, the control mechanism we chose was an earlier application deadline, imposed with plenty of prior notification to high school and community college guidance counselors. So, we can feel good about our numbers and the steps we took to get there. Demand was up more than 12 percent this year. Application numbers have increased by 2,000 or more per year for the past five years, and this year was no exception.

As an institution that has always valued access, it is hard to close the door when so many of the latecomers have great qualifications. On the other hand, I think of something Trustee Siegel has emphasized so many times at these meetings, and that is our commitment to doing what it takes to enhance the value of an NIU degree. That means optimizing the student-faculty ratio, making sure our facilities enhance the learning experience, and guaranteeing our students the ability to get classes they need to finish their degrees in a timely fashion. So, I think we have done a good job of it this year, and I want to once again commend the work of our enrollment management team.

At one of our committee meetings a couple of weeks ago, we heard a report about the tremendous progress we are making in external funding for research and public service projects. Dr. Bose, our research vice president, gave us information that is contained in your Board reports, which shows us approaching the \$50 million mark this past year in grant funding. I cannot overemphasize the importance of this progress as we watch the decline in state support that has continued unabated for the past two decades or more. Not only do these grants supply funding for important research, they also provide resources that help support the larger university.

Speaking of universitywide projects, I would like to draw your attention to the information packets each of you have. Two weeks ago, we held a news conference in Naperville to announce a very ambitious project called "NIUNet" – a 175-mile fiber optic "loop" around the northern Illinois region that will connect education, business, health care and many other interests to the very latest in high-speed communications and research technology. NIUNet is a great example of the entrepreneurial spirit that keeps our university out front in so many areas. We have found a way to partner with cities, private organizations and other universities to create a virtual jumpstart for economic development across the

region. I wish you could have been with us at NIU Naperville and felt the excitement in that room as state legislators, mayors, city managers and officials from agencies like DCEO stood up and shared what NIUNet will mean to them. It was really inspirational. Today you have an action item related to one piece of this project, but I assure you that NIUNet is something you are going to be hearing about for some time to come. My thanks to Wally Czerniak and so many others who have worked to make this a reality.

Speaking of entrepreneurs, I have to emphasize the College of Business apprentice program and those who are involved in the project: Trustee Myron Siegel; NIU alum, Dean Dobias; and the faculty of the College of Business. Donald Trump is right about one thing, and that is that NIU is a “hot” place. And if I were 20 years old, like Donald said, going to the College of Business at NIU is a darn good option. Once again, I am so proud of the support of the Trustees. All the community is proud that you are our Trustees, and we look forward to a very good year.

UNIVERSITY RECOMMENDATIONS FORWARDED BY THE BOARD COMMITTEES

Agenda Item 8.a.(1) – Fiscal Year 2006 Appropriated Capital Budget Request

Our first action item is the Fiscal Year 2006 Appropriated Capital Budget, which is essentially unchanged from last year, Dr. Peters said. I recommend it to you. Chair Skoien asked for a motion to approve the Fiscal Year 2006 Appropriated Capital Budget Request. Trustee Siegel so moved, seconded by Trustee Boey. The motion was approved.

Agenda Item 8.a.(2) – Fiscal Year 2006 Nonappropriated Capital Budget

The 2006 Nonappropriated Capital Budget contains projects that are funded by revenue bonds, President Peters said, and they appear on page 10 of your Board Report. I recommend approval of the 2006 Nonappropriated Capital Budget. Chair Skoien asked for such a motion. Trustee Vella so moved, seconded by Trustee Siegel. The motion was approved.

Agenda Item 8.a.(3) – Fiscal Year 2005 Internal Budget

Approval of the Fiscal Year 2005 Internal Budget is required by BOT *Bylaws*, Dr. Peters said, and as of this year, is also required by Illinois statute. The budget is broken down by all sources of funds, whether appropriated or nonappropriated, and by agreed-upon categories with the Bureau of the Budget. Therefore, I recommend your approval of the Fiscal Year 2005 Internal Budget as presented. Chair Skoien asked for approval of the FY05 Internal Budget. Trustee Sanchez so moved, seconded by Trustee Boey. The motion was approved.

Agenda Item 8.a.(4) – Fiscal Year 2005 Salary Increment Allocation Guidelines

I consider this our most important item of the year, President Peters said. It is the well-discussed Fiscal Year 2005 Salary Increment Allocation Guidelines, which come to you with the unanimous approval of the Finance, Facilities and Operations Committee. We are providing what amounts to a 3+1 or 4 percent salary package. We can do this because we have a base budget for 2005 equal to 2004 with reasonable assurances that that budget will stay intact. We took very seriously the Board’s charge to us to do what we could for our employees. I gave that charge to Dr. Williams and Dr. Legg, and they came up with the best possible salary package. The guidelines for distribution are listed. I very enthusiastically ask for your approval of this item. Chair Skoien called for a motion to approve the FY05 Salary Increment Allocation Guidelines. Trustee Boey so moved, seconded by Trustee Vella. The motion was approved.

Agenda Item 8.a.(5) – West Campus Utility Extensions and Infrastructure Improvements – Capital Project Approval

Agenda Item 8.a.(6) – College Avenue Bridge Repairs – Capital Project Approval

Consent Agenda items.

Agenda Item 8.a.(7) – Energy Infrastructure Improvements – Performance Contract

This is our third or fourth performance contract that permits us, in effect, to improve the campus infrastructure with someone else’s money, President Peters said. He asked Dr. Williams to elaborate on the item. The President has given you the essence of performance contracting, Dr. Williams said.

Because of legislation that was passed in the state of Illinois that allows the universities to pursue performance contracting, NIU has become, by far, the number one university utilizing this technique to generate improvements to our campus at zero or little cost to us in terms of capital outlay.

Very briefly, the buildings that are included in this proposal are those that were built during the sixties when, in fact, the architectural design was that they wanted to control the internal environment, so we have no operable windows in these facilities. This has proven to be a very negative and sticky point. We are dealing with buildings that are over 40 to 50 years old. We need to move forward and provide the proper kinds of windows, HVAC systems and so forth. I commend the people in our Physical Plant for their efforts and Bob Albanese's leadership in coming up with a way for us to make these improvements and have the contractors guarantee the cash flow necessary to support the improvements. Chair Skoien asked for a motion to approve the Energy Infrastructure Improvements Performance Contract. Trustee Boey so moved, seconded by Trustee Vella. The motion was approved.

Agenda Item 8.a.(8) – Internet2 Fiber Pathways Lease Agreement

Agenda Item 8.a.(9) – Department of Psychology Grant Subcontracting

Agenda Item 8.a.(10) – University Health Services Multiyear Medical Reagent Open Order

Consent Agenda Items.

Agenda Item 8.a.(11) – Appointment of Vice President for Student Affairs

With great pride, and with thanks for a lot of hard work on the part of Provost Ivan Legg and the search committee, President Peters said, I request that you formally approve Brian Hemphill as Vice President for Student Affairs. I just want to say that I am very excited about this appointment, Student Trustee Johnson said. I have had a few meetings with Dr. Hemphill, and both the students and the university are going to be well-served with him here. I look forward to working with him in the future. I had the pleasure of meeting with Brian previously also, Trustee Boey said, and as Chair of the Student Affairs, Academic Affairs and Personnel Committee, I am excited to have him joining the team. Chair Skoien asked for such a motion. Student Trustee Johnson so moved, seconded by Trustee Boey. The motion was approved.

UNIVERSITY REPORTS FORWARDED FROM THE BOARD COMMITTEES

Agenda Item 8.b.(1) – Fiscal Year 2004-05 Appropriated Budget Update

Agenda Item 8.b.(2) – Fiscal Year 2005 Tuition Rates

Agenda Item 8.b.(3) – 2003-2004 Program Review Summary

Consent Agenda items.

Agenda Item 8.b.(4) – Convocation Center Review of Second-Year Operations

We are going to defer giving a detailed account of the convocation center review of second-year operations until the December Board of Trustees meeting, President Peters said. I will say that the convocation center has been successful beyond my wildest dreams. Having had some experience with two of these previously, this one is the most successful.

I would like to add that I had high expectations myself, Trustee Sanchez said, and for all of the events, it really has exceeded those expectations. I am very proud, not just of the physical structure, but the management of the facility.

Agenda Item 8.b.(5) – PeopleSoft Student System Replacement Project Update

We will also hold off on our PeopleSoft Student System Replacement Project Update until the next meeting, unless there are questions, Dr. Peters said. We are still awaiting the outcome of lawsuits. We have placed ourselves in a very good, prudent position on this, so we are just waiting for the decision.

Agenda Item 8.b.(6) – Fiscal Year 2006 Programmatic Budget Requests

Agenda Item 8.b.(7) – 2003-2004 Faculty Emeritus Recognition

Agenda Item 8.b.(8) – Professional Excellence Awards for Faculty and Staff

Consent Agenda item.

Agenda Item 8.b.(9) – Professional Excellence Awards for Faculty and Staff

I would like to dwell just a second on the Professional Excellence Awards for Faculty and Staff, the President said. We held a luncheon for these exceptional individuals, winners of our Presidential Teaching Professorships, Research Professors, Undergraduate Teaching Award winners, our Operating Staff Service Awards and our Supportive Professional Staff Awards of Excellence. They are truly an amazing group of people. If there are any of those individuals here today, please stand up and be recognized.

Agenda Item 8.b.(10) – Fiscal Year 2004 External Funding for Research, Public Service and Instructional Projects

Agenda Item 8.b.(11) – Substantive Legislation

Agenda Item 8.b.(12) – Spring 2004 Congressional Report

Consent Agenda items.

Agenda Item 8.b.(13) – NIU Procedural Audit Revisions

This last item is an extremely important request of the LAEA Committee, which takes very seriously our audit process and, recognizing that we have a good one, the need to constantly improve, Dr. Peters said. I have asked our staff, Kathy Buettner and Sharon Downen, to prepare a procedure to insure that if there were audit findings that needed to be acted upon, the proper people would be informed in a timely manner. Also, we want to improve something that is always an issue at large institutions, and that is our cash handling and deposits. The proposed language appears on page 56, and it will be implemented immediately in a memo that will be going out to all staff tomorrow.

We worked through this, LAEA Committee Chair Siegel said, and I want to thank Sharon Downen. We are lucky to have Sharon and that Internal Audit staff because they do a wonderful job of keeping everyone on the right course. This is meant just to be an additional tool to help keep things going in the right direction. I wanted to make sure that our Internal Auditor and her staff understand that we really had a good time working together and coming up with this plan. And we will continue to work together to deal with any of these issues that come up. We realize that at no point are we ever going to have zero audit findings. That would be an impossibility. But our findings are deminimis compared to other schools, so you are doing a great job.

ITEMS DIRECTLY FROM THE PRESIDENT

Agenda Item 8.c.(1) – Collective Bargaining Agreement

The Chair asked for a Motion to approve a collective bargaining FY05 Salary Reopener agreement with the International Union of Operating Engineers, Local 399, representing approximately 33 Heating Plant employees that contains terms and conditions that are consistent with the University FY05 salary increment policies and guidelines. Trustee Sanchez so moved, seconded by Trustee Boey. The motion was approved.

Agenda Item 8.c.(2) – Summary of Grant and Contract Awards

Consent Agenda items.

OTHER MATTERS

Willard Orchard Property Gift

Chair Skoien asked for a special Motion to accept the gift via Quit Claim Deed of a parcel of real property in Lot 4 of the Plat of Willard Orchard adjacent to NIU property on Annie Glidden Road from the NIU Foundation in connection with the construction of the Barsema Alumni and Visitors Center. Trustee Boey so moved, seconded by Trustee Siegel. The motion was approved.

Barsema Construction Easement

The Chair asked for a special motion to approve a temporary construction easement for construction of the Barsema Alumni and Visitors Center. A legally suitable temporary construction easement is to be prepared by our General Counsel for use by the NIU Foundation and its designees, to the west of Annie Glidden Road and south of Stadium Drive for the construction of the building that will be known as the Barsema Alumni and Visitors Center. Trustee Sanchez so moved, seconded by Student Trustee Johnson. The motion was approved.

NEXT MEETING DATE

Chair Skoien announced that the next meeting of the Board of Trustees is scheduled for Thursday, December 2, 2004 in DeKalb.

ADJOURNMENT

Chair Skoien asked for a motion to adjourn. Trustee Sanchez so moved, seconded by Trustee Siegel. The motion was approved. The meeting was adjourned at approximately 12:25 p.m.

Respectfully submitted,

Sharon M. Mimms
Recording Secretary