

Minutes of the
NIU Board of Trustees
FINANCE, FACILITIES AND OPERATIONS
COMMITTEE MEETING
September 1, 2004

CALL TO ORDER AND ROLL CALL

The meeting was called to order by Chair Barbara Giorgi Vella at approximately 10:13 a.m. in the Clara Sperling Sky Room of Holmes Student Center. Acting Recording Secretary Barbara Rice conducted a roll call of Trustees. Members present were Trustees Robert Boey and Myron Siegel and Chair Vella. Present via teleconference was Trustee Manuel Sanchez. Not in attendance was Trustee George Moser. Also present were President John Peters and Parliamentarian Kenneth Davidson.

VERIFICATION OF APPROPRIATE NOTICE OF PUBLIC MEETING

Confirmation of Open Meetings Act notification compliance was given by Board Parliamentarian Ken Davidson.

MEETING AGENDA APPROVAL

Trustee Sanchez made a motion to approve the agenda. It was seconded by Trustee Boey. The motion was approved.

REVIEW AND APPROVAL OF MINUTES

It was moved by Trustee Boey and seconded by Trustee Sanchez to approve the minutes of the June 2, 2004 meeting. The motion was approved.

CHAIR'S COMMENTS/ANNOUNCEMENTS

Welcome to the first Finance, Facilities and Operations Committee Meeting of the new 2004-2005 Academic Year. This is a very exciting time for all of our students and faculty as they return to campus and start a new year with enthusiasm and expectations for the year ahead. I would like to welcome back our fellow committee members, Bob Boey, Manny and Myron. George could not be here today. Also, our Student Trustee Eric Johnson, is in the audience.

As you may know, our dear Trustee Siegel's son, Aaron, suddenly passed away on August 18. The university has acknowledged his loss, and our Committee, joins today in expressing our condolences to Myron and his family. Thank you, Barb, Trustee Siegel said. And I want to thank the entire NIU community, from our family, for all of the things you did, all the thoughts and all the cards. It has been difficult, but much appreciated. Thank you.

Let me note, Trustee Boey said, that in our Academic Affairs Committee meeting earlier, we also gave our deepest sympathies to Myron in the loss of his son.

In addition, Chair Vella said, we also send condolences to Sharon Mimms, our Recording Secretary, whose father passed away August 29.

At this time, I would like to recognize Dr. Paul Stoddard and Dr. Xueshu Song, our UAC representatives. UAC Representative Stoddard said he would prefer to give his comments when the appropriate agenda item is discussed.

I want to say how pleased I am that the university has been able to maintain a steady course through all these budget difficulties, Chair Vella commented, and I thank the President and his staff for their hard

work. I am also happy to report that a salary increase is included in this agenda, and that it will be recommended to the full Board later this month at that meeting. This pay package is well deserved by faculty and staff. We are all relieved that the Illinois state budget process is over and that after three years of budget cuts, we have stabilized and did not receive any additional cuts. This gives us reason to hope that we have turned the corner, that things will get better and that we have bottomed out in our economic difficulties in this state.

Today's agenda includes a number of action items requiring Committee approval. Among them are the Fiscal Year 2006 Appropriated and Nonappropriated Capital Budgets; the Fiscal Year 2005 Internal Budget; the Fiscal Year 2005 Salary Increment Allocation Guidelines; project approvals for the West Campus utilities and infrastructure improvements and College Avenue Bridge repairs; energy infrastructure improvements performance contract; Internet2 Fiber Pathways lease agreement; Department of Psychology grant subcontracting; and the University Health Service multiyear medical reagent open order. We will also receive a number of annual and periodic reports, including fiscal year annual reports on capital activities, transactions involving real property, cash and investments, obligation of financial resources, tuition and fee waivers, Quarterly Summary Report of Transactions in Excess of \$100,000, a second-year review of the convocation center and a project update on the PeopleSoft Student System replacement.

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 noted that no timely requests had been received for public comment at that Board meeting.

Dr. Williams could not be present today, the Chair announced, so Steve Cunningham, Bob Albanese and President Peters will give the report.

UNIVERSITY RECOMMENDATIONS

Dr. Williams sends his apologies, President Peters said. He is taking care of a personal matter. And I believe this is the first Finance Committee meeting Dr. Williams has ever missed.

Agenda Item 7.a. – Fiscal Year 2006 Appropriated Capital Budget Request

The first item we bring for action, the President said, is the Fiscal Year 2006 Appropriated Capital Budget Request on page 11. As I indicated in the Academic and Student Affairs Committee meeting earlier, the state has yet to act on the 2005 capital requests. And yet, we are preparing to forward to the IBHE our 2006 capital list, which is basically the same list in the same rank order as last year. Given the amount of money in capital funding, during the Veto Session, we are hoping for 2005 that perhaps we will have favorable action on Stephens, which would affect our 2006 priorities. But there is no assurance of that.

Since Fiscal Year 2003, only the capital renewal portion of the budget has been funded, Bob Albanese reported, so we really have not received any appropriations since Fiscal Year 2003 for anything but capital renewal. The Stephens Building renovation has remained our number one priority over the last four fiscal years, and it has not been funded. We are still hopeful that we will receive some funding for Fiscal Year 2005. We have nine regular capital projects listed. So far, we have heard nothing on the request we submitted last year. This year, we submitted the same nine projects we have submitted for the last couple of fiscal years, he said, but we took a little different slant. I would like to point out on Table C-101 that this year our number one priority remains the Stephens Building renovation. But what is different is our second priority, the Computer Science and Technology Center, and our third priority, which is the electrical infrastructure and Wirtz Hall renovation. The other projects are listed much as they have been in the last couple of years. We are cautiously optimistic that either in Fiscal Year 2005 or Fiscal Year 2006, we will have a breakthrough with some of our regular capital project requests.

In relation to electrical infrastructure, Mr. Albanese said, I would like to point out that during Move-In Day, probably one of the busiest days on the campus during the year, we had a brownout. We were very lucky to have had the redundancy to switch around and keep the campus operational that day. But every year

that we do not receive funding for some of these major capital projects leaves the university at risk for things like brownouts that could really hamper major activities such as Move-In Day.

The second part of the capital budget request is the capital renewal projects, Mr. Albanese said. These are projects over \$100,000 and less than \$1.5 million. We did receive \$1.5 million in funding in Fiscal Year 2004, and hopefully we will get \$1.5 million in FY05 as well. A good example of a capital renewal project we use those dollars for is the campus mall extension project we did this summer. The mall was extended from the Holmes Student Center to Stadium Drive, which also took care of a number of security issues for students on the campus and the bus turnaround in front of DuSable Hall. But, aesthetically, we have really upgraded the campus, and anybody who walks around that side of campus will be pleased with what we accomplished there this summer. Those are the types of projects that we will continue to pursue with our capital renewal funding.

I remember back in 1996 when Trustee Siegel, some of the original Trustees and I first started out, Trustee Boey said, one of our master plans was to make the campus pedestrian-friendly. We started with the Stevenson Hall project to the west and then came east. But when President Peters showed me the DuSable connection, I considered that the finishing touch to the pedestrian concept. I am sure there is a lot more we can do. It is a wonderful thing to see that students and others can walk without the threat of being run over. It is a nice atmosphere for the campus. So, I congratulate you and Eddie and staff for finishing that part of the project.

I get concerned about the capital project priorities, Trustee Boey said. I remember that four years ago some of us were convinced that part of the Stephens Building was going to fall down. And, certainly, by not having done anything four years later, it has to be worse. I read about the wire and cable, electrical infrastructure in Wirtz Hall and other renovation areas. I happen to know a little bit about wire and cable, because I manufacture those things. You just do not ignore it for 20 years and put a band-aid over it. Those are dangerous situations. I do not know the state legislature or what kind of priorities they have. But certainly, some of those things are in the category that if you do not do something about them, you put everyone in danger. I do not know how I we are going to get the attention of some of the legislators. But we need to somehow get that message at least to our local representatives, who are very good. But we have to help them with a one-page, bullet-point summary to convince some of their compatriots that these things are getting dangerous.

Thank you, Trustee Boey, President Peters said. This is something we have all worked on very hard. We make our recommendations to the IBHE, the IBHE makes its recommendations to the Governor. And then the Governor makes recommendations to the legislature. I know that last year and the year before the Governor indicated to the IBHE that health and safety emergencies were a priority for him. Economic development, in terms of capital, is also a priority with the Governor. But, clearly, the renewal of some of these buildings is a high priority and, as yet, the state has not acted on the 2004 budget. So, it is a frustrating situation. Stevens Hall is a project we really need to move off the list one way or another. We need to get it funded by the state or figure another way. I see this as a state responsibility. And they have to step up. Representative Pritchard and Senator Burzynski, as well as some of their colleagues, get it. They know.

Well, Trustee Boey said, I do not want to offer Trustee Siegel's services, but I hope that at the right time, maybe people like us can go in front of the Appropriations Committee and articulate some of these urgently needed projects. I know Myron also knows most of the background on this since we were two of the original Trustees.

Trustee Boey, I think we should take a page out of our book from a couple of years ago, President Peters said, when all of our Trustees went to Springfield and talked directly to the IBHE. We have new leadership at the IBHE, and I am going to suggest very quickly that I am going to take you up on that offer.

What Trustee Boey has said is absolutely correct, Trustee Siegel agreed. The Stevens Building has been an issue since 1996. So, we are coming up on eight years. It was a safety issue then. It is a safety issue now. I do not fault the Governor or the governors during this period of time. Governors rely upon the people who report to them. But, the past IBHE administrations have failed us and higher education in

general. They are aware of these issues. We have brought them to their attention over and over again. If there is a safety issue that we cannot control, and we have done our best to minimize them, it will be the fault, not of the Governor, but of the Board of Higher Education and their refusal to list our projects on the capital list and fight for them. It is not the administration here, it is not the Board of Trustees, it is not the faculty, it is not the staff, it is not the students, it is not the legislature and it is not the Governor. It is the Board of Higher Education. Fortunately, we have a new administration in the Board of Higher Education. The new administration and the new people running the Board of Higher Education, Mr. Kaplan and temporary Executive Director Lamont, hopefully, will see what has been done and remedy it in this new budget. I am prepared, and I know Trustee Boey and the rest of the Trustees are prepared, to go back down and make the case over and over again. Hopefully, between now and the time this is funded one day and remediated, we will not have anyone harmed or have their safety put in jeopardy.

Chair Vella asked, due to the unstable telephone connection, that the roll be called instead of doing a voice vote on the items up for consideration. The Chair then asked for a motion to approve the FY06 Appropriated Capital Budget Request. Trustee Boey so moved, seconded by Trustee Siegel. The roll call vote was as follows:

Trustee Boey	Yes	Trustee Sanchez	--
Trustee Siegel	Yes	Chair Vella	Yes

The motion was approved.

Agenda Item 7.b. – Fiscal Year 2006 Nonappropriated Capital Budget

This item parallels the appropriated capital budget, Mr. Albanese said. For Fiscal Year 2006, we have listed projects that total \$2.3 million. This compares to \$1.9 million listed in Fiscal Year 2005. For Fiscal Year 2006, we decided to take a conservative approach in terms of capital projects. These projects are listed on Table C105 on page 20. One of the reasons we have taken a somewhat conservative approach to nonappropriated capital projects is that we have a big unfunded mandate from the State of Illinois. On August 9, the Governor signed the bill requiring sprinkling systems in all residence halls. The cost to NIU will be millions of dollars. As we reviewed the nonappropriated capital projects, it was the consensus of the group that, until we have a better idea of how much this is going to affect our residence hall operation, we should take a conservative approach in our other regular capital projects. Certainly, it is something that is done as we remodel buildings. There is a sprinkler system in the common areas of Stevenson. But to broaden this to do it for every room and residence hall is going to be somewhat of a challenge in terms of funding.

Of those projects listed on page 20, Mr. Albanese said, we are also excited about the Grant Tower Tutoring Center. At this point, that is pretty much dead space in Grant Tower, and we would like to convert it to a tutoring center. It is a project between Student Affairs and Academic Affairs that we hope to be able to move forward with next summer. Our goal is to have the tutoring center ready to go in Fiscal Year 2006.

One other area in which I am a little more closely involved is the Huskie Stadium. During this football season, the university has taken over the concession operations within the stadium, and we plan to upgrade the stadium concession areas. We intend to provide a higher level of service to our customers, students and alumni returning for football games.

I mentioned concessions at the stadium previously, Trustee Sanchez said, but I would like to mention it again. One of the things that stood out when I went to some away games last year was how the students would sell water and various other things in the stands and the revenue that generated. And I am hoping that is one of the things that they will be looking into in terms of improving the stadium service. I remember I bought two bottles of water myself at Alabama at \$4 a bottle. I doubt that the \$8 was just covering expenses. I think there was some nice profit in there, and I am hoping that the university will similarly have something in operation at the stadium. We do plan to have some hawkers out in the east and west stadium areas to provide some concessions for people who want to buy a bottle of water or a can of pop, Mr. Albanese said.

Mr. Albanese pointed out that this is part of the auxiliary facility systems supported by student fees and revenues being generated by some of our entrepreneurial operations on campus. It does not come out of the regular budget. We are obligated through legislation signed by the Governor to install the fire sprinklers. There is a provision for a revolving fund where we may be able to borrow some money through a state agency and pay a lower interest rate to implement this program. And, we are going to aggressively look at that funding source and try to implement this program as quickly as possible since it is a serious safety issue on campus.

Trustee Siegel made a motion to approve the Fiscal Year 2006 Nonappropriated Capital Budget, seconded by Trustee Boey. The roll call vote was as follows:

Trustee Boey	Yes	Trustee Sanchez	Yes
Trustee Siegel	Yes	Chair Vella	Yes

The motion was approved.

Agenda Item 7.c. – Fiscal Year 2005 Internal Budget

There are two reasons that you must take action on this item, President Peters said. One is that your Board *Bylaws* require approval of the internal budget for the upcoming fiscal year, and the second is a new piece of proposed legislation signed by the Governor, which requires similar action. The budget is broken down by source funds, appropriated and nonappropriated, anticipated revenues and following that is a line item breakdown by those categories, which was required by the legislation. It is basically the 2004 budget with some adjustments.

In a brief comment regarding the General Revenue fund, Mr. Albanese said the only difference between Fiscal Year 2004 and Table 1 is the Rockford Initiative. That is the only increase we received to our General Revenue Funds for Fiscal Year 2005, he said. I went back to the Fiscal Year 2003 General Revenue Fund allocation, and it was \$117 million. A number of years later, we are looking at \$102 million. The Income Fund increase is basically attributable to increases in tuition and fees and the technology surcharge. The other items are pretty much accounting classifications that are acquired by both the IBHE and the Bureau of Budget for the State of Illinois.

Chair Vella asked if Mr. Albanese could explain the difference between Tables 2 and 3. He replied that Table 2 compares Fiscal Year 2004 with Fiscal Year 2005. Table 3 is a requirement of the IBHE, and only provides Fiscal Year 2005 information. It is just a matter of how we want to classify transactions. Table 4 shows the nonappropriated budget. That is everything other than our appropriated budget, and it includes all fund sources available to the university excluding the Foundation.

Trustee Siegel asked if there was a Table showing the combined appropriated and nonappropriated. Mr. Albanese indicated that there was not. The Trustees requested that next year's report contain either a combined table or another column indicating this information.

Chair Vella asked for a motion to approve the Fiscal Year 2005 Internal Budget. Trustee Boey so moved, seconded by Trustee Sanchez. The roll call vote was as follows:

Trustee Boey	Yes	Trustee Sanchez	Yes
Trustee Siegel	Yes	Chair Vella	Yes

The motion was approved.

Agenda Item 7.d. – Fiscal Year 2005 Salary Increment Allocation Guidelines

This next is a very important item, President Peters said. We took your directive very seriously to do all we can to provide a salary increment for our hard working faculty and staff. The fact that we were successful this year in insuring that our 2005 budget was equal to the 2004 budget gave us some stability and predictability in our general operating budget. Moreover, based upon some other actions on the part of the legislature and the Governor, we have reasonable assurance that our 2005 budget as appropriated, which is equal to the 2004 base plus the money for Rockford, will not be reduced by

requests for any holdback or reserve during this year. That permits us some stability and allows us to be in a position to take the risk for a salary increment plan. This does not protect us, or anyone else, in case the state finds itself in a budget crisis. I do not anticipate that. Revenues are not robust, but they are not falling. They are increasing marginally. And the budget, as constituted, is balanced. So, we went to work and put together a salary increment plan that provides, basically, an immediate three percent increase for employees retroactive to the starting date of their contract. For faculty, that is usually August 15 or 16. And for 12-month employees, it is July 1. In addition, we will be able to provide an additional one percent in January if the 2005 budget remains stable or constant. Last year, we had a proviso for an additional one percent. We were only able to fulfill that for one category of employee that was in desperate need of some adjustment. I am going to ask Steve Cunningham to talk about how we will approach the salary increment process.

These increment allocation guidelines represent a longstanding and deep commitment by President Peters and the Board of Trustees toward faculty and staff salaries, Dr. Cunningham said. It is an aggressive guideline, compared with the other public universities, totaling four percent. It is structured as guidelines traditionally are at NIU across three employment categories – regular faculty; FLSA exempt salaried staff, both Supportive Professional Staff and Exempt Civil Service; and Hourly Civil Service. Within those pools, following two fiscal years where the university has not had the opportunity to recognize merit due to the scarcity of fiscal resources, we are once again implementing a merit-based increment guideline. That is a longstanding principle at NIU. For faculty, it will involve both long-term critical retention components as well as near-term merit. It will be the same for Supportive Professional Staff. For Civil Service, there are components for a comprehensive salary range adjustment. Those components will be distributed across the board to all eligible Civil Service employees. The plan recognizes the stated interests of our staff councils.

NIU has several challenges to meet with the annual salary increment guideline. The first is maintaining a competitive status with our peer group institutions. That is always a difficult thing to do, but we make steady headway because we often reallocate monies internally to supplement additional resources. And, as you know, we have not received additional resources since Fiscal Year 2002, and increments have all been internally funded. Secondly, we have to address cost-of-living factors in this region, which are somewhat more challenging for NIU than they are for many of the other public universities. And, finally, also to address the important concept of merit. We try to structure the guidelines to do all three things.

Chair Vella recognized UAC representative Paul Stoddard, who had reserved his comments for this time. I would just like to say, on behalf of the faculty and staff, that we greatly appreciate the efforts of the administration, Dr. Stoddard said. We know in times of flat budgets, any increase in salary is an extremely difficult task, and we appreciate the commitment that has been made to the people who make this university as wonderful a place as many of us think it is. So, on behalf of the faculty and staff, I thank you.

I think thank you ought to go out to Dr. Williams and the finance people for doing an excellent job in finding ways to squeeze more money out of the dollar than I have every seen anyone else do, Trustee Siegel said. It is my understanding after talking with Steve Cunningham that with the exception of those groups that are in collective bargaining negotiations, everyone will be participating in some fashion in some of this increase. We have managed to do a very interesting thing – keep tuition increases low and find ways to increase faculty salaries, and it is a tough job. I think the message I would like our faculty and staff to hear is that we think you are the best, and we are going to keep trying and working to find ways to get money to increase salaries and benefits for the faculty and staff. And I am very grateful that our faculty, our staff and our various constituencies have been so understanding and so helpful. It is this working together that allows us to do all of the things that we have been able to do and that we are going to continue to do. I want to congratulate Dr. Stoddard on his elevation to the Executive Secretary position of the University Council. I look forward to working with you, and I hope we can tighten up those relationships and all work together to get more money and other things for all of us here.

I would like to first of all acknowledge the leadership that John Peters has shown in this last two to three years of tough times, Trustee Boey said, especially when we have lost a total of about \$40 million out of our appropriations. And at the same time, with his leadership and his staff's leadership, the campus constituency has been absolutely marvelous in cooperating in spite of the hardships they have to go

through. I will echo a lot of what Trustee Siegel has said about faculty, staff and all the employees. I feel the same way. We have the best. And I want to be sure that we continue to have and retain the best. I hope that as we move forward we can do even better. These are just tough times, and the times have to change. I am just glad that we can do this, because even now, in the outside world, the struggle continues. It is not a matter of giving raises, it is a matter of retaining jobs. I am glad we are able to do this, because you deserve it.

The attempt to incorporate merit as well as across-the-board range adjustments for exempt civil service caused us to need to split out the one percent portions separately for Supportive Professional Staff and Civil Service salaried staff, Mr. Cunningham explained. First of all, there is the two percent average merit increment that applies to all exempt staff. For Supportive Professional Staff, there will be additional one percent distribution on the basis of long-term merit and position responsibilities. Then that same additional one percent for exempt Civil Service will be distributed across the board as a part of the salary range adjustment process. I might also note that after the first phase of the increment, we plan to implement an aggressive update of all of the Civil Service pay range minimums, and that will be implemented in coordination with the university departments.

I just want to echo the previous sentiments, Trustee Sanchez said. I appreciate and, I am sure, the Board appreciates the difficulties that the faculty and staff have sustained during the last few years. I cannot imagine being in the same position, so I very much appreciate how wonderful the faculty has been in dealing with these incredibly difficult times and the economic hardships that obviously have been imposed on them and their families. I also appreciate the fact that, to my knowledge, we have never sacrificed one bit of the high quality of our faculty because of these horrible economic times. So this is just another thank you from this Trustee for the support and the wonderful attitude that faculty and staff have demonstrated throughout these difficult times.

I would like to thank Dr. Williams and his staff for all their hard work in doing this and for making all of us look good, Chair Vella said. We Board members really appreciate it. I would also like to thank Dr. Stoddard for his positive comments. We have always had a good relation with the University Council, and I hope that continues. And if you ever feel that we do not have a good relationship, please let us know if you think we are not taking into consideration the concerns of the staff and faculty. We would certainly want to hear from you. And, thanks again to everybody.

Trustee Boey made a motion to approve the Fiscal Year 2005 Salary Increment Allocation Guidelines, seconded by Trustee Siegel. The roll call vote was as follows:

Trustee Boey	Yes	Trustee Sanchez	Yes
Trustee Siegel	Yes	Chair Vella	Yes

The motion was approved.

On behalf of everyone, President Peters said, I want to thank you for your approval. Also, I want to make one more comment. When we thought we would have just a small increase, I will say in the one percent range, I cannot tell you the number of e-mails I received from faculty, speaking for themselves, that said they would prefer to forego an increase and give it to staff, because they thought the staff worked so hard and needed the increase. I just wanted to get on the record that faculty recognize the good work and the sacrifices that staff have had to make.

Agenda Item 7.e. – West Campus Utility Extensions and Infrastructure Improvements - Capital Budget Approval

Our next item is a recommendation to establish a budget for a utility extension to the West Campus which will also serve the new Alumni and Visitors Center for which we will have formal groundbreaking on October 15, Dr. Peters said.

At this point in the year, Mr. Albanese said, we start looking at what projects we want to do in the fall, winter and spring for Fiscal Year 2005. Number one on our list is the West Campus utility extension. We set the groundwork for this project in past years by rehabbing our West Campus heating plant. Basically,

it has been gutted and rebuilt. This gives us the capability of extending utilities from the west plant to support West Campus projects. This project also is going to enable us to heat and cool our new Visitors Center from the west plant. Three to five years ago, that probably would not have been possible, and we would have had to put equipment in the building that is more expensive and would increase utility costs. Things we have done in the past couple of years have set us up to move forward with this project and be more efficient. After your approval, we will begin the process of knocking down the old Alumni House in order to begin that project sometime this fall. This project will be funded through a combination of bond funding and university funding.

Chair Vella asked for a motion to approve the West Campus Utility Extensions and Infrastructure Improvements. Trustee Sanchez so moved, seconded by Trustee Siegel. The roll call vote was as follows:

Trustee Boey	Yes	Trustee Sanchez	Yes
Trustee Siegel	Yes	Chair Vella	Yes

The motion was approved.

Agenda Item 7.f. – College Avenue Bridge Repairs – Capital Project Approval

This is a project we worked on closely with the city, Mr. Albanese said. One of the things we have improved in the last couple of years is the relationship between the city and the university as we look at capital projects. The City is going to do the Lincoln Highway bridge in either Fiscal Year 2006 or 2007, therefore, we need to move forward and get the College Avenue bridge done as quickly as possible. One of the things I would also like to note is that if we had received the funding in 2000 when we originally intended to do this project, we would have spent \$412,500. Due to delays, most of which were caused by budget cuts, this project will now cost \$490,600. The road has really deteriorated to the point where we need to move forward on this project immediately.

Chair Vella asked for a motion to approve the College Avenue Bridge repairs. Trustee Boey so moved, Seconded by Trustee Sanchez. The roll call vote was as follows:

Trustee Boey	Yes	Trustee Sanchez	Yes
Trustee Siegel	Yes	Chair Vella	Yes

The motion was approved.

Agenda Item 7.g. – Energy Infrastructure Improvements Performance Contract

When we started looking at the appropriated capital budget for Fiscal Year 2006, Mr. Albanese said, one of the challenges Dr. Williams asked us to take a look at is whether or not there was any more capability using the performance contract concept. To date, NIU leads the public universities in Illinois in performance contracts. We have had six performance contracts with a total construction value of \$14.6 million. Basically, this is work that would not have been done if had not used this concept. What we came up with was a grab-bag type project addressing some of the items that are a part of our appropriated capital budget for which we do not expect to see funding within the next couple of years. We looked at what infrastructure things could be done using this concept that would generate the energy savings and operational savings that would immediately benefit the campus by having those improvements done immediately rather than years down the road.

We looked at buildings like Reavis-Watson, Zulauf, and Montgomery Halls and put together a grab-bag type of performance contract that, after Board of Trustees approval, we could use to pick and choose exactly what projects we could do. This is a mechanism we have utilized and will continue to look at to see what we can do to improve the campus infrastructure. So this particular item is really a bunch of small projects in academic facilities that are going to improve the day-to-day operations of those buildings, save us utility dollars and also generate operational savings.

Here is a situation where we use outside money to get things done and then we get money back from it, Trustee Boey said. That is performance contracting in a nutshell. And I urge you to keep looking. When

I was chair of the Finance Committee a few years back, and Eddie came to me with this idea, I couldn't believe it. But it is a concept that has now worked for four to six years.

I think you should go ahead with this now, Trustee Siegel said, but one thing for next year, as we look at these projects, let us look at where we have received our funding from the legislature historically . The reason I say that is because sometimes we are penalized for doing a good job. For instance, they may give us money for utility increases but not for another item. And if we save money in utility increases, it does not translate into personal services. So what I am asking is, in the future, after this group of projects, can we have some kind of analysis of where we could make some inroads in areas where we are not normally being funded. In other words, can we prioritize the areas where historically we have trouble getting increases.

Dr. Williams, the staff and I have discussed this point. We have been so aggressive as a campus in moving forward in trying to handle these infrastructure needs, regardless of state funding that, in effect, the state could take a look at us and say, well, they will figure out a way of doing it, and that may put us at a disadvantage.

I am not saying we should not do it, Trustee Siegel emphasized. I think we should do everything which is good to do. But I am saying, we should also look at whether there might be some areas that if we have a choice between doing one or the other, if there is one for which we have traditionally had difficulty getting funding or increases, we ought to put a little weight on that one issue.

I know what Trustee Siegel is talking about, Trustee Boey said. I seem to remember that on the Stevenson Tower project, for example, there was an item under furnishings, such as microwaves. There are items that the state has no interest in even touching. That is just one example. Then we have other areas that, rightfully, we should take a look at.

We have certainly maximized the use, Mr. Albanese said. One of the things we have worked on with Kathy Buettner and her group is trying to extend the time frame from ten years to a 20-year payback. That would open the door for another round of projects that we could do over a 20-year payback and would accelerate our taking a look at our long-deferred maintenance backlog. That is a change we would like to see the legislature consider. I think high schools have something greater than ten years but less than 20 years. I think school districts look at around 15 years. Anything we could do to expand that ten-year payback period would allow another round of projects to fit in that category.

This all comes as a backdrop to something that is happening at the IBHE and the Governor's Office levels. There are ongoing discussions about collectively coming together to purchase energy, to purchase supplies, which we do, in a consortium of universities and perhaps a large performance contract approach that will cut across all institutions. I think it is imperative that at this level we move forward on the areas that make sense to us, because the newer rules may not give us as many degrees of freedom.

Trustee Boey made a motion to approve the Energy Infrastructure Improvements Performance Contract, seconded by Trustee Sanchez. The roll call vote was as follows:

Trustee Boey	Yes	Trustee Sanchez	Yes
Trustee Siegel	Yes	Chair Vella	Yes

The motion was approved.

Agenda Item 7.h. – Internet2 Fiber Pathways Lease Agreement

NIU, for a period of well over two years, has quietly and effectively been trying to build a network to bring the highest speed access to the Internet not only to NIU but to the region, President Peters said. We are going to be having a press conference next Wednesday where we are going to be unfolding all of this in a grand way. This is only a piece of it. We are attempting to extend I-Wire Internet2 access to DeKalb and other places and produce a real high-speed network that will not only benefit our researchers but also benefit the local communities. We have had to piece this together and get access to complete the links. What this recommendation is seeking is for us to enter into an intergovernmental agreement with Batavia

and Naperville so that we can lease some of their fiber on their highway to hook us all up. And this is very economical relative to what it would take to build a complete network.

Chair Vella asked for a motion to approve the Internet2 Fiber Pathways Lease Agreement. Trustee Siegel so moved, seconded by Trustee Sanchez. The roll call vote was as follows:

Trustee Boey	Yes	Trustee Sanchez	Yes
Trustee Siegel	Yes	Chair Vella	Yes

The motion was approved.

Agenda Item 7.i. – Department of Psychology Grant Subcontracting

The Department of Psychology Grant Subcontracting is a pass-through. It is a substantial grant received by the Department of Psychology, Dr. Cunningham explained. This item implements the multiyear component of the grant to subcontract work to the Old Dominion Research Foundation.

Chair Vella asked for a motion to approve the Department of Psychology Grant Subcontracting. Trustee Siegel so moved, seconded by Trustee Sanchez. The roll call vote was as follows:

Trustee Boey	Yes	Trustee Sanchez	Yes
Trustee Siegel	Yes	Chair Vella	Yes

The motion was approved.

Agenda Item 7.j. – University Health Service Multiyear Medical Reagent Open Order

The University Health Service Multiyear Medical Reagent Open Order implements an agreement that the University Health Service negotiated with Becton, Dickinson and Company to provide reagents for a multiyear period. It includes an analyzer, Dr. Cunningham said, which, otherwise, the department would have had to purchase. It is funded by the University Health Service operation.

Chair Vella asked for a motion to approve the University Health Service Multiyear Medical Reagent Open Order. Trustee Sanchez so moved, seconded by Trustee Boey. The roll call vote was as follows:

Trustee Boey	Yes	Trustee Sanchez	Yes
Trustee Siegel	Yes	Chair Vella	Yes

The motion was approved.

UNIVERSITY REPORTS

President Peters presented the following information items.

Agenda Item 8.a. – Fiscal Year 2004 Annual Report on Capital Activities

Agenda Item 8.b. – Fiscal Year 2004 Annual Report of Transactions Involving Real Property

Agenda Item 8.c. – Fiscal Year 2004 Report of Tuition and Fee Waivers

Agenda Item 8.d. – Fiscal Year Annual Report of Cash and Investments

Agenda Item 8.e. – Fiscal Year 2004 Annual Summary Report Obligation of Financial Resources

Agenda Item 8.f. – Quarterly Summary Report of Transactions in Excess of \$100,000

Agenda Item 8.g. – Convocation Center Review of Second-Year Operations

Dr. Williams has asked that we make an oral presentation of activities at the convocation center, year two, at the full Board meeting, Mr. Albanese said. Having looked at the financial results for year two, we are able to comment that revenues in all areas are up, and expenditures as a percent of revenues are down. It is a success story that I think is going to continue to build. We are also looking forward to working with our new intercollegiate athletics director to see what we can do to bring this to the next level in terms of the facilities to support athletics.

Agenda Item 8.h. – PeopleSoft Student System Replacement Project Update

Chair Vella inquired about the lawsuit in which PeopleSoft is involved. Steve Pace explained that at the last Board meeting, the Board approved another step in the PeopleSoft implementation, which was to acquire some additional software, maintenance contracts and training. One of the software packages we acquired is a database performance management software called Quest Central for DB2 from a company called Quest Software, he said. Not more than a few weeks after we signed that contract, we received a telephone call telling us that Quest Software had been sued by Computer Associates for copyright infringement. In a pretrial injunction, the judge looking at the evidence decided that there was sufficient cause and sufficient evidence that Quest would lose the case and enjoined the company from selling the software, from supporting it or providing training. And we found out that Quest knew this before we signed the agreement. We have not paid anything to this company, and we have been in negotiations with their attorneys to void the contract. This means the university will be looking at other products on the market to perform the same function. Computer Associates has the product that we would need.

Computer Associates bought a company called Platinum Software several years ago. Platinum Software developed a product that, basically, performed this particular function. After Platinum was acquired, the employees left and went to Quest, and they found verbatim code segments in the Quest product. So it is a copyright infringement suit. At this point, we are simply waiting for the judge's decision. The trial rested on July 20, and the judge is in the process of making his decision. We expect that decision within the next two to three weeks simply because Oracle extended their offer for PeopleSoft until September 10. Chair Vella requested that the Trustees receive an update at the full Board meeting in September.

NEXT MEETING DATE

Chair Vella announced that the next meeting date would be communicated at a later date.

ADJOURNMENT

Chair Vella adjourned the meeting without objection at approximately 11:27 a.m.

Respectfully submitted,

Sharon M. Mimms
Recording Secretary