

Minutes of the
NIU Board of Trustees
FINANCE, FACILITIES AND OPERATIONS
COMMITTEE MEETING
May 12, 2011

CALL TO ORDER AND ROLL CALL

The meeting was called to order by Chair Manuel Sanchez at 9:55 a.m. in the Board of Trustees Room, 315 Altgeld Hall. Recording Secretary Sharon Banks-Wilkins conducted a roll call of Trustees. Members present were Trustees Robert Boey, John Butler, Robert Marshall, Cherilyn Murer, BOT Chair Marc Strauss and Chair Sanchez. Not present was Trustee Anthony Iosco. Also present were Student Trustee Robert Sorsby, Committee Liaison Eddie Williams, President John Peters and Board General Counsel Jerry Blakemore. With a quorum present, the meeting proceeded.

VERIFICATION OF APPROPRIATE NOTICE OF PUBLIC MEETING

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

MEETING AGENDA APPROVAL

Chair Sanchez asked for a motion to approve the agenda. Trustee Murer made a motion to approve the agenda. It was seconded by Trustee Strauss. The motion was approved.

REVIEW AND APPROVAL OF MINUTES

It was moved by Trustee Boey and seconded by Trustee Butler to approve the minutes of March 3, 2011. The motion was approved.

CHAIR'S COMMENTS/ANNOUNCEMENTS

Good morning, and thank you all for being here this beautiful morning in DeKalb, Chair Sanchez said. It is a pleasure to be back and chairing the Finance, Facilities and Operations Committee meeting. It is an exciting time, not because it is the end of the year or the beginning of spring and summer, but it is a delightful time to welcome new trustees and have reappointments announced. Our other newly appointed trustee, Anthony Iosco, had an emergency call this morning, so we will see him at the Board meeting. It is great having had the Governor attend to the most important matter of reappointments and new appointments and to have a full complement again, which is very exciting for NIU and, as a long time trustee, it is very exciting for me personally.

Today's agenda includes a number of items that require committee endorsement. Among the items are Fiscal Year 2012 Internal Operating Budget Interim Approval; six Fiscal Year 2012 contract renewals and open orders; School of Nursing Fee Request for the exploding program we heard about during the Academic and Student Affairs Committee; One Card Upgrade Purchase; three grant purchases; construction budget approval for campus noninstructional modernization projects; and agreements with the NIU Foundation and NIU Alumni Association. Committee reports include the Quarterly Report of Transactions in Excess of \$100,000, Periodic Report on Investments, and Semiannual Report on Active Capital Projects.

The Chair recognized Dr. Gregory Waas representative of the University Advisory Committee.

PUBLIC COMMENT

The Chair asked Board General Counsel Jerry Blakemore if any members of the public had registered a written request to address the board in accordance with state law and the Board of Trustees Bylaws. Mr. Blakemore noted that no timely requests had been received to address this Board Committee meeting.

UNIVERSITY RECOMMENDATIONS

Agenda Item 7.a. – Fiscal Year 2012 Internal Operating Budget Interim Approval

In order for the university to begin expending funds for Fiscal Year 2012, Dr. Williams said, we need an interim approval of expenditure authority for the budget in order for us to move forward. As you know, the state legislature has not yet finalized the budget appropriations for FY12, so we do not know yet what those numbers would be. This gives an interim approval for us to operate until the time we have a permanent budget in place. We will present that budget to this committee and to the Board at the September meeting.

In reply to a query from Trustee Strauss on whether spending authority here is predicated on having available from the state the same amount of money we received this year, Dr. Williams stated that the basic concept is that it is the same amount. But, what it does say is that whatever that appropriation is we have the authority to move forward with it until the Board has an opportunity to deal with the permanent appropriation and approval because the base amount from this fiscal year may not be our appropriation for FY12. We use the term internal, meaning our operations, but the interim concept is, in fact, to bridge us between the lack of a defined appropriation to the point in which we have a defined appropriation, so the final number for internal and the subsequent budget are no different. When inquiry was made regarding why action is needed given the lack of action in Springfield, Dr. Williams stated that without this authority, the university could not expend the budget once it is appropriated. Everything we do requires an approval of the internal budget by the Board. The state, about three or four years ago, required that the universities have a formal action on the part of their Boards of Trustees approving the internal budgets. Because we do not have the full numbers before us, we are forced to bring to you an interim authorization until we receive the final and we can then bring it back for total approval.

At this juncture, Dr. Williams said, we are pleased to report that the State of Illinois has reimbursed both the fall and spring MAP monies. The efforts on the part of our President and some members of this Board to try to get the State to acknowledge the importance of scholarship money and to pay the amount has resulted in that being paid. With regard to the base appropriation for operations, right now we are standing at approximately \$43 million of outstanding vouchers remaining for this fiscal year, which has about six or eight weeks left. That means about 40 percent of our budget has not been given to us. Last year, the State extended the lapse period for state appropriations to December 31. To my knowledge, they have not done that at this point. As of July 1, I am sure we will have an outstanding balance from the State, but do not know how much it will be. We do not know exactly how the State will handle it, but we are hoping that, if there is an outstanding balance, they will extend the lapse period, which gives them more time to pay. It will be a very interesting topic of discussion, and perhaps a legal one for counsel to review, if we get to June 30 and there is no extension and the money is not here. Trustee Murer asked if the General Counsel could investigate what the remedies would be if we do not get an extension after July 1 and money is owed from the State.

I do not know how Dr. Peters, Dr. Williams, the Provost and the staff do it, Chair Sanchez commented. I know as a business person, if I was shorted 40 percent of my revenue at this point in the fiscal year, I would be very challenged to keep the business going. Somehow, somehow you all do it, and we are very proud that you are able, at least from an external standpoint, without any sacrifice on the quality of the education and the quality of the programs and the quality of the school's reputation to continue operating. I am in awe of that ability, and believe my fellow Trustees are as well.

Chair Sanchez asked for a motion to endorse the Fiscal Year 2012 Internal Operating Budget Interim Approval. Trustee Murer so moved, seconded by Trustee Strauss. The motion was approved.

Agenda Item 7.b. – Fiscal Year 2012 Gasoline 10 Percent Ethanol Blend

Approval of a contract for the purchase of fuel, gasoline is needed for the vehicles we use on campus, Dr. Williams said. I want to thank Bill Finucane and his staff in Transportation for negotiating an outstanding contract. This contract calls for gasoline to be purchased at a price of \$3.10 a gallon.

Chair Sanchez asked for a motion to endorse the request for the purchase of Fiscal Year 2012 Gasoline 10 Percent Ethanol Blend. Trustee Strauss so moved, seconded by Trustee Murer. The motion was approved.

Agenda Item 7.c. – Fiscal Year 2012 Materials Management Central Stores Commodities Contract Renewal

The Materials Management Central Stores Commodities Contract Renewal is an annual open order for consumable materials such as napkins, disposable plates and so forth, Dr. Williams said. This is the first year of a five-year renewable contract. The contract was advertised as required. Chair Sanchez asked for a motion to endorse the Fiscal Year 2012 Materials Management Central Stores Commodities Contract Renewal. Trustee Murer so moved, seconded by Trustee Strauss. The motion was approved.

Agenda Item 7.d. – Fiscal Year 2012 ITS Telecommunications Services - Cellular Service Open Order

The request for a Telecommunications Services open order for cellular services is for far more than just regular phone service, Dr. Williams explained. It is for networking, wireless networks, interface and internet services as well as data services, a much larger context of services. This open order is with Verizon Wireless. Chair Sanchez asked for a motion to endorse the Fiscal Year 2012 ITS Telecommunications Services Cellular Service Open Order. Trustee Strauss so moved, seconded by Trustee Boey. The motion was approved.

Agenda Item 7.e. – Fiscal Year 2012 ITS Telecommunications Services - Communication Services Open Order

The Communication Services Open Order is for the corresponding landline connections for the university. This connects our systems with the local provider as well as, again, connecting internet and inbound and outbound services for individual phone lines, DSL services etc.

Landlines, as most people are realizing, is a generational thing. None of my children have landlines and just rely on their cellular phones. We just had an alum from the business school, Ralph de la Vega, the AT&T Mobility President, speak at the business college luncheon last week, and he shared with us the transformation between the cellular and the landlines. So I am convinced that this will continue to go down but never really cease, because you still have to have landline based operations for emergencies and such.

Dr. Williams asked Associate Vice President of Information Technology Services Wally Czerniak to explain the roles of the three vendors involved in the three Telecommunications Services contract requests. He explained that the Verizon Wireless contract is a state negotiated contract from which we basically opt to implement various parts. The Frontier contract involves our phone switch and facilities that enable us to connect our offices to the public. Referring to one of the comments about the landlines going away, Mr. Czerniak stated that the problem is if we did away with our landlines, nobody could call us. This is mostly about inbound calls, and local traffic within the campuses is really the big piece. All of the toll calls and other things, the students are doing on their cell phones. Because many of our own people travel so much, we try to route as much call traffic as we can locally which costs less, and the integration is all done here on campus.

Chair Sanchez asked for a motion to endorse the Fiscal Year 2012 Telecommunications Services Communication Services Open Order. Trustee Boey so moved, seconded by Trustee Murer. The Chair then asked for a roll call vote, which was as follows:

Trustee Boey	Yes	Trustee Butler	Yes
Trustee Marshall	Yes	Trustee Murer	Yes
Trustee Sanchez	Yes	Chair Strauss	Abstain

The motion was approved with a vote of five yeases and one abstaining.

Agenda Item 7.f. – Fiscal Year 2012 ITS Telecommunications Services – Telephone Hardware Maintenance Contract Renewal

The third of our Telecommunications Services requests is for approval of a maintenance contract to cover all of our telecommunication equipment, Dr. Williams said. This is the second year of a three-year contract. Chair Sanchez asked for a motion to approve the Fiscal Year 2012 ITS Telecommunications Services Telephone Hardware Maintenance Contract Renewal. Trustee Murer so moved, seconded by Trustee Strauss. The motion was approved.

Agenda Item 7.g. – Fiscal Year 2012 Waste Management and Utilities Solid Waste Removal and Recycling at NIU DeKalb Contract Renewal

This is an annual request for an open order for services for waste management and utilities solid waste removal, Dr. Williams said. It is the third year of a nine-year renewal option agreement with Waste Management. Trustee Strauss stated that event goers had inquired about the availability of recycling for major sporting events at the stadium or at the Convocation Center because he had not noticed recycling receptacles at those locations. Bob Albanese, Associate Vice President, Finance and Facilities, stated that coverage can be expanded as needed, and follow up would be made to ensure better coverage at those events.

Chair Sanchez indicated that he had noticed recently in Chicago big recycling bins for plastic and/or paper which were provided free of charge through vendors advertising on them. Trustee Murer asked if there might be any policy issues regarding advertising on a public campus. Mr. Albanese said that the university is very restricted in terms of any advertising on campus. Dr. Williams stated that the university’s recycling is through a negotiable, biddable contract, which gives that opportunity to external vendors. However, he said policies and procedures concerning recycling would be looked into for possible cost cutting and fiscal considerations.

Chair Sanchez asked for a motion to endorse the FY12 Waste Management and Utilities Solid Waste Removal and Recycling at NIU DeKalb Contract Renewal. Trustee Boey so moved, seconded by Trustee Strauss.

Agenda Item 7.h. – School of Nursing Fee for Off-Campus Nursing Degree Completion Program

The School of Nursing fee for off-campus degree completion programs was discussed during the Academic Affairs, Student Affairs and Personnel Committee meeting, Dr. Williams said. In that meeting, the Provost gave a presentation regarding how this fee would be used and the justification for the fee based on demand and our ability to develop strong alliances with community colleges. Chair Sanchez asked for a motion to approve the School of Nursing Fee for the Off-Campus Nursing Degree Completion Program. Trustee Strauss so moved, seconded by Trustee Boey. The motion was approved.

Agenda Item 7.i. – One Card Upgrade

The One Card system is used for identification for our students, Dr. Williams explained, as well as for library and residence hall access. It is also part of our Huskie Bucks program, which allows students to purchase various commodities from local vendors by using this card. The current software has been in

use since 1996, but it has been expanding in terms of the use. It was a basic card, then opportunities for various types of additional activities were added over that period of time. Our system is simply out of date, some of the hardware is no longer covered under maintenance agreements, and an upgrade is needed to make this system viable. Funds will be taken from generated revenues from use of the One Cards and internal funds. Chair Sanchez asked for a motion to endorse the One Card Upgrade. Trustee Strauss so moved, seconded by Trustee Murer. The motion was approved.

Agenda Item 7.j. – Center for Governmental Studies Content Management Software Package

Dr. Williams stated that this management software package is covered under a grant to the Center for Governmental Studies originally established in 2003, Dr. Williams said. The order is exempt from the Illinois Procurement Code because the vendor is named in the grant amendment. Chair Sanchez asked for a motion to endorse the Center for Governmental Studies Content Management Software Package. Trustee Strauss so moved, seconded by Trustee Murer. The motion was approved.

Agenda Item 7.k. – College of Engineering and Engineering Technology ICDM Program Research and Manufacturing Services Amendment

The ICDM program research and manufacturing services amendment is for an expenditure related to a grant awarded to the College of Engineering and Engineering Technology. It is dedicated to working toward next generation manufacturing capabilities for small and medium-sized manufacturers in the northern Illinois area. NIU has been assigned overall contracting responsibility and oversight for this project, which is federally funded by the U.S. Department of Defense. Original President's approval was given on January 12, 2011, and the first amendment was submitted April 15, 2011. This order is exempt from the Illinois Procurement Code because the vendor is named in the grant. Chair Sanchez asked for a motion to approve the College of Engineering and Engineering Technology ICDM Program Research and Manufacturing Services Amendment. Trustee Boey so moved, seconded by Trustee Murer. The motion was approved.

Agenda Item 7.l. – Department of Geology and Environmental Geosciences WISSARD Project Support

The WISSARD project is related to a grant of the Department of Geology and Environmental Geosciences, Dr. Williams said. The department is requesting permission to award a new subcontract to the University of Nebraska-Lincoln to provide funding for continuing development of the hot water drill, related equipment and field support. This subcontract is contingent upon NSF approval. Chair Sanchez asked for a motion to endorse the Department of Geology and Environmental Geosciences WISSARD Project Support. Trustee Strauss so moved, seconded by Trustee Boey. The motion was approved.

Agenda Item 7.m. – Projects Related to Campus Noninstructional Modernization and Capacity Improvement Construction Budget Approval

In December of last year, Dr. Williams said, this Board approved a bond issue under the Build America Bond Program to provide improvements for our campus facilities. Several are listed, including Grant Towers, Gilbert Hall, the Holmes Student Center, Campus Parking, roadway and further infrastructure, and so forth. We have two major parallel initiatives underway from a capital perspective. As mentioned, we have the public-private partnership first year student housing project, construction of which is underway. Hand-in-hand with that initiative is an improvement of existing facilities and expansion of other facilities. Board approval is necessary to allow us to establish overall budgets to move forward with the projects and construction. Regarding whether or not these bond funds for construction projects can be held in interest bearing accounts until disbursement, Dr. Williams stated that all funds are invested. There are some federal bond constraints limiting the amount of interest that can be generated off the bonds, thus limiting the yield from them. Chair Sanchez asked for a motion to approve the Projects Related to Campus Noninstructional Modernization and Capacity Improvement Construction Budget approval. Trustee Boey so moved, seconded by Trustee Strauss. The motion was approved.

Agenda Item 7.n. – Agreement with Northern Illinois University Foundation
Agenda Item 7.o. – Agreement with Northern Illinois University Alumni Association

General Counsel Jerry Blakemore presented the agreements with the Northern Illinois University Foundation and the NIU Alumni Association. The substance and hard work on these two agreements was done prior to my time, he said, so I want to give a special thanks to Vickie Gillio and Norden Gilbert, who actually did the work on these. I am especially pleased that I had a chance to work with the leadership of the Foundation Board as well as the Alumni Association Board to get this done.

In summary, Mr. Blakemore said, we are codifying a relationship that has been a good one between the Foundation and the Alumni Association. It is necessary to not only have good working relationships, but documents that indicate such. Given the FOIA issues that are pertinent for public institutions, the agreements between the two organizations have also been updated, and we now have reached a good balance between the independence that is absolutely necessary, particularly to protect the donors, and the necessity on the part of the university to make sure that the missions of these two institutions are consistent with the overall mission of the university.

A query was made concerning the differences, if any, in the two agreements, and what they are, given a different structure relative to a foundation and the Alumni Association. Given the different missions of the two entities, Mr. Blakemore said, the agreements are obviously different. The major difference is with the Foundation in that we have focused on protecting confidential information, even with respect to the limitations on the part of staff in terms of what they can and cannot disclose. We have gone so far in this agreement as to indicate that if there is an issue with disclosure with respect to Foundation employees who are actually university employees, then, quite honestly, the university will step away so that that donor, private confidential information, is not disclosed. We do not have the same types of issues with the Alumni Association. That is a much less complicated agreement.

Chair Sanchez first asked for a motion to approve the Agreement with the Northern Illinois University Foundation. Trustee Strauss so moved, seconded by Trustee Murer. The motion was approved.

UNIVERSITY REPORTS

- Agenda Item 8.a. – Quarterly Summary Report of Transactions in Excess of \$100,000**
- Agenda Item 8.b. – Periodic Report on Investments**
- Agenda Item 8.c. – Semiannual Progress Report of Active Capital Projects**

Dr. Williams reported that the university reports included periodic reports to the Board: the Quarterly Summary of Transactions, Periodic Report on Investments, and the Semiannual Progress Report of Active Capital Projects. There were no questions from the Committee members on the listed items.

NEXT MEETING DATE

The Chair announced that the next meeting of the Finance, Facilities and Operations Committee will be Thursday, August 25, in DeKalb.

ADJOURNMENT

Chair Sanchez entertained a motion to adjourn. Trustee Strauss so moved, seconded by Trustee Boey. The motion was approved. The meeting was adjourned at approximately 10:36 a.m.

Respectfully submitted,

Sharon M. Banks-Wilkins
Recording Secretary