

Minutes of the
NIU Board of Trustees
FINANCE, FACILITIES AND OPERATIONS
COMMITTEE MEETING
August 30, 2012

CALL TO ORDER AND ROLL CALL

The meeting was called to order by Chair Robert Boey at 10:45 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 John Butler, Wheeler Coleman, Anthony Iosco, Robert Marshall, Marc Strauss, BOT Chair Cheryl Murer and Chair Boey. Also present were Student Trustee Elliot Echols, 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 Boey asked for a motion to approve the agenda. Trustee Murer made a motion to approve the agenda, seconded by Trustee Marshall. The motion was approved.

REVIEW AND APPROVAL OF MINUTES

It was moved by Trustee Strauss and seconded by Trustee Marshall to approve the minutes of April 19, 2012. The motion was approved.

CHAIR'S COMMENTS/ANNOUNCEMENTS

Welcome to the first Finance, Facilities and Operations Committee meeting of the 2012-2013 Academic Year. This is an especially exciting time of year as students and faculty return to campus with renewed enthusiasm and expectations for the year ahead, Chair Boey remarked.

Today's agenda includes a number of items that require committee approval, among them are Fiscal Year 2013 Internal Budget; Fiscal Year 2014 Budget Guidelines; Fiscal Year 2014 Appropriated and Nonappropriated Capital Budgets; Intercollegiate Athletics Athletic Apparel Sponsorship Package; College of Engineering and Engineering Technology Grant Subcontract; Oracle/PeopleSoft Applications Annual Maintenance Renewals; Temporary Construction Easement; Treasury Operations – Signatory Authorization. We also will receive a number of reports including Fiscal Year 2013 Report on Tuition and Fee Waivers, Capital Activities, Transactions Involving Real Property, Cash and Investments, Obligation of Financial Resources, Quarterly Summary Report of Transactions in Excess of \$100,000, and Professional Excellence Awards for Faculty and Staff.

The Chair recognized representatives from the University Advisory Committee, Dr. Alan Rosenbaum and Dr. Gregory Waas.

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 requests had been received to address this Board Committee meeting.

UNIVERSITY RECOMMENDATIONS

Agenda Item 7.a. – Fiscal Year 2013 Internal Budget

Our first item is Fiscal Year 2013 Internal Budget approval, Dr. Williams said. Each year, the university is required to obtain Board approval for our internal budget. We received preliminary budget approval in June, and at this meeting we are presenting the final budget. The materials indicate that the internal budget had reflected a 6.13 percent reduction in general revenue support. This was a statewide reduction in higher education through the Governor's Office. It went through the General Assembly and is in our final appropriation bill. The university was able to address this reduction through internal reallocations, and we appreciate the support of each of our divisions, the Provost and all of the other vice presidents, in trying to find ways in which we may address the reduction without serious impact on our students, our operations or our services, and we were able to accomplish that per the President's guidelines and directives. Our internal budget is approximately \$453 million. Chair Boey asked for a motion to approve the FY13 Internal Budget. Trustee Strauss so moved, seconded by Trustee Marshall. The motion was approved.

Agenda Item 7.b. – Fiscal Year 2014 Budget Guidelines

Each year, Dr. Williams said, we develop a budget that will be presented to the Board of Higher Education, to the Governor and then to the General Assembly. This is for our Fiscal Year 2014 operations. The budget guidelines have not changed. Those of you who have been with us for several years know these are exactly the same guidelines we have been using for about the last five or six years, and in all of the previous years. You will note also that every one of our requests has come back with a denial or a zero based upon the status of the State budget. However, it is our duty to put forth what the university needs. These guidelines will be used to establish our FY14 request, which includes a three percent faculty and salary increase, three percent utilities, three percent library technology, and \$1.6 million in program priorities.

In reply to a query, Dr. Williams stated that these recommendations do not in any way obligate the university or the Board to any tuition increase or any other kind of revenue generating effort. Trustee Strauss indicated that at some future meeting he would like to again discuss deferred maintenance, which was not listed in the proposed FY14 Budget Guidelines.

This is an exercise that we go through in building a budget for the State, President Peters stated, and we have stuck to these priorities because we know that consistency is very important in the public sector, even though these things have not been funded for years – faculty salaries first, utilities, programmatic areas that we know are important. We will present these guidelines to the IBHE on November 1 at what is called the Big Picture Meeting. They gather information from all of the universities, have discussions, and then the IBHE prepares and passes a budget request that goes to the Governor. The Governor makes his adjustments and presents his budget to the legislature in February. Complicating this is that the IBHE will probably implement what they call a stepped budget this year. They then have to also add in performance funding this year. Usually they stick to these kinds of guidelines for all universities.

Chair Boey requested a motion to endorse the Fiscal 2014 Budget Guidelines. Trustee Murer so moved, seconded by Trustee Butler. The motion was approved.

Agenda Item 7.c. – Fiscal Year 2014 Appropriated Capital Budget Request

Our Fiscal Year 2014 Appropriated Capital Budget Request is one you have seen for the last ten years. What traditionally was our number one project on this list, the Stevens Building, has been fully funded, the funds have been released, and we are in the process of moving that project forward for construction. We are very pleased that an approximate budget of \$22 to \$23 million has been released, and we thank the efforts of our legislative support team for helping us to convince the CDB and others to allow us to modify the scope of the project so that we could get a better project and modify its budget. I want to thank Jeff Daurer and his staff for their work in providing what was necessary to get that approval. Again, we are looking at projects we have discussed over the years and submitting them to the State with the hope that we can get some relief both in terms of major capital and also in our minor capital projects, which we call our renewal projects. These include many of the deferred maintenance projects that Chair Boey has indicated, as being projects that need to be undertaken. Chair Boey asked for a motion to endorse the FY14 Appropriated Capital Budget Request. Trustee Coleman so moved, seconded by Trustee Murer. The motion was approved.

Agenda Item 7.d. – Fiscal Year 2014 Nonappropriated Capital Budget

The distinction between the two budgets is that the appropriated budget is funded through the State of Illinois. The nonappropriated budget is local funding, normally and almost totally, that comes through our bond revenue system with which, by statute, the Board of Trustees has the authorization to build facilities and improvements with revenue bonds that are nonacademic in nature. We have developed a list of needs that have come through the various users, especially in our Student Affairs area because most of the nonappropriated facilities are in our housing area, recreation areas and the like. One of the slated projects on this list is Neptune Hall improvements, part of our overall strategy in improving our campus housing. But the fact remains that the State is obligated for State facilities. Chair Boey asked for a motion to approve the FY14 Nonappropriated Capital Budget. Trustee Strauss so moved, seconded by Trustee Coleman. The motion was approved.

Agenda Item 7.e. – Intercollegiate Athletics Athletic Apparel Sponsorship Package

We have issued an RFP for an Intercollegiate Athletics Apparel Sponsorship Package, Dr. Williams said. We check with vendors, and we identify a vendor that will provide us with the type of apparel we need, such as jerseys, socks, helmets and other equipment for not only football but all of our sports. Also price caps are negotiated so that if some of our other activities, such as our sports camps, would like to purchase equipment or whatever, they can purchase it under this contract and take advantage of discounted rates. The RFP process will proceed over the next couple of months, and with Board approval we will be able to enter into an apparel agreement that will cover a period of five years. This type of agreement will actually allow us to receive materials and apparel from these companies for use by our teams, Jeff Compher, Director of Intercollegiate Athletics explained. Anybody purchasing under the university auspices has an opportunity to use our pricing structure to buy. President Peters remarked that this is fairly standard bidding for apparel contracts in Division I college athletics. Trustee Strauss moved to approve the Intercollegiate Athletics Athletic Apparel Sponsorship Package. Trustee Strauss so moved, seconded by Trustee Butler. The motion was approved.

Agenda Item 7.f. – College of Engineering and Engineering Technology Grant Subcontract

Under this College of Engineering and Engineering Technology Grant, Dr. Williams stated, we have worked out a two-plus-two program with Rock Valley Community College wherein students can commence an engineering program at Rock Valley. After two years and completion there, they can enroll at NIU for two more years and receive an engineering degree. The original grant for the program was funded short-term. However, the granting agency was impressed with the program and are providing three more years of funding. Chair Boey asked for a motion to endorse the College of Engineering and Engineering Technology Grant Subcontract amendment. Trustee Strauss so moved, seconded by Trustee Butler. The motion was approved.

Agenda Item 7.g. – Finance and Facilities Oracle/PeopleSoft Applications Maintenance Renewals

Many of these maintenance renewal contracts are multiyear contracts we have with PeopleSoft, Dr. Williams said. To control future costs with these various software packages, the university, entered into agreements that would place a maximum on any additional charges, on an annual basis, that the vendor might want to add to a specific contract. Limits were generally negotiated, and each of these agreements is within the maximums. Steve Pace, Associate Director, Computer Services, explained that the expansion of licenses was due to either hitting the maximum headcount or budget dollar amount.

Chair Boey asked for a motion to endorse the Finance and Facilities Oracle/PeopleSoft Applications Maintenance Renewals. Trustee Coleman so moved, seconded by Trustee Murer. The Chair requested a roll call vote, which was as follows.

Trustee Boey	Yes	Trustee Butler	Yes
Trustee Coleman	Yes	Trustee Iosco	Yes
Trustee Marshall	Yes	Trustee Strauss	Abstain
Trustee Murer	Yes		

The motion was approved with six Trustees voting yes and one abstention.

Agenda Item 7.h. – Temporary Construction Easement

A temporary construction easement is requested for the City of DeKalb. The City is in the process of building a new police station on Lincoln Highway, which necessitates changing some of the pedestrian stoplights on Lincoln Highway, and those infringe on our property, Dr. Williams said. Chair boey requested a motion to endorse the Temporary Construction Easement. Trustee Strauss so moved, seconded by Trustee Butler. The motion was approved.

Agenda Item 7.i. – Treasury Operations – Signatory Authorization

Authorized signatures for our treasury operations require approval by the Board, Dr. Williams stated. Three signators are responsible for our treasury operations. Checks and general accounts payable require a single signature; investments, buy and sell transactions, require two signatures, usually the Director of Treasury and one of the other two listed people, which include the Vice President, Administration, or the Executive Vice President, Finance; electronic fund transfers also require two signatures, usually the Director of Treasury and a second signator. Our system has been reviewed and audited by the university’s Internal Auditor, Danielle Schultz, within the last two years, and we feel very comfortable with the integrity of the system, and the identification of those who are being entrusted this responsibility. It has the necessary backup systems and seems to be working very effectively. Ms. Schultz stated that the frequency of the review depends on the annual risk analysis they do and the results of past reviews as well as the length of time since the last review.

Chair Boey asked for a motion to approve the Treasury Operations Signatory Authorization. Trustee Strauss so moved, seconded by Trustee Murer. The motion was approved.

UNIVERSITY REPORTS

Agenda Item 8.a. – Fiscal Year 2012 Report of Tuition and Fee Waivers

Agenda Item 8.b. – Report on Capital Activities

Agenda Item 8.c. – Fiscal Year 2012 Annual Report of Transactions Involving Real Property

Agenda Item 8.d. – Fiscal Year 2012 Report of Cash and Investments

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

Agenda Item 8.f. – Annual Summary Report Obligation of Financial Resources

Agenda Item 8.g. – Professional Excellence Awards for Faculty and Staff

Dr. Williams called the committee's attention to the information items included in this report. These are routine reports that the university is required to present to the Board on an annual basis. He then highlighted some of the reports. They include the Fiscal Year 2012 Report on Tuition and Fee Waivers; Report on Capital Activities, which includes all of the university's capital projects; the Fiscal Year 2012 Annual Report of Transactions Involving Real Property; Fiscal Year 2012 Report of Cash Investments; Quarterly Summary Report on Transactions in Excess of \$100,000; Annual Summary Report Obligation of Financial Resources; and Professional Excellence Awards for Faculty and Staff, who were recognized earlier in the Academic Affairs Committee, and we recognize them here again in the Finance Committee.

NEXT MEETING DATE

Chair Boey announced that the next meeting of the Finance, Facilities and Operations Committee is scheduled for Thursday, November 8.

ADJOURNMENT

The meeting was adjourned by Chair Boey without objection at approximately 11:06 a.m.

Respectfully submitted,

Sharon M. Banks-Wilkins
Recording Secretary

In compliance with Illinois Open Meetings Act 5 ILCS 120/1, et seq, a verbatim record of all Northern Illinois University Board of Trustees meetings is maintained by the Board Recording Secretary and is available for review upon request. The minutes contained herein represent a true and accurate summary of the Board proceedings.