

Minutes of the
NIU Board of Trustees
FINANCE, FACILITIES AND OPERATIONS
COMMITTEE MEETING
November 8, 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 Wheeler Coleman, Anthony Iosco, Robert Marshall, Marc Strauss, BOT Chair Cheryl Murer, and Committee Chair Boey. Not present was Trustee John Butler. Also present were 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 Marshall made a motion to approve the agenda, seconded by Trustee Coleman. The motion was approved.

REVIEW AND APPROVAL OF MINUTES

It was moved by Trustee Strauss and seconded by Trustee Iosco to approve the minutes of August 30, 2012. The motion was approved.

CHAIR'S COMMENTS/ANNOUNCEMENTS

Today's agenda includes a number of items that require committee approval, Chair Boey said, these actions include: Fiscal Year 2014 Mass Transit Contract; Cable Television Programming Package Contract; Grants Subcontract for the College of Engineering and the Department of Geology; a NIRF Expenditure Authority Amendment; and an Online Learning Support Services RFP. Informational reports include Semiannual Progress Report of Active Capital Projects; Quarterly Summary Report of Transactions in Excess of \$100,000; and Periodic Report on Investments.

The Chair recognized representatives of 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 2014 Mass Transit Contract

As I met with Chair Boey this week, Dr. Williams said, I told him we had a very limited agenda because we really have no money to spend. The State of Illinois still owes us over \$56 million for the current fiscal year, and they still owe us about \$7 million for Fiscal Year 2012. We are improving, but the net result is about a \$60 million cash flow issue. The items we do have are very important, and many of them are supported by grants, an indication of activity of the university to find external sources of revenue in order to meet our academic, program and mission requirements.

Each year, the Mass Transit Contract comes before the Board for approval. These contracts are negotiated through the Mass Transit Board, primarily a student organized committee, which evaluates the routes and the needs of the campus. There are conditions in the contract which make adjustments for fuel costs and things of that nature. These are multiyear contract agreements, and approval is requested for a \$4 million contract for Fiscal Year 2014.

Chair Boey asked for such a motion. Trustee Murer so moved, seconded by Trustee Iosco. The motion was approved.

Agenda Item 7.b. – Housing and Dining Services Cable Television Programming Package

The university would like to issue an RFP for cable television services for our residence halls, Dr. Williams said, and this would be a new contract. The students and the residence hall advisory group are very much involved in the determination of what type of cable service they want in the residence halls. We want consistency and quality in the picture quality and the service. The committee decided upon 30 channels of satellite television that they wanted included in this package. Our procedure would be to issue the RFP and, based upon those responses, we have an estimated \$320,000 maximum budget to be expended for this purpose. Chair Boey asked for a motion to endorse expenditure authority for Housing and Dining Services Cable Television Programming based upon the results of the RFP process, not to exceed \$320,000. Trustee Strauss so moved, seconded by Trustee Murer. The motion was approved.

Agenda Item 7.c. – College of Engineering Grant Subcontract for Services

On behalf of the College of Engineering and Engineering Technology, the university has received a grant from the Defense Advanced Research Projects Agency (DARPA). This is one of those efforts the university is extending to provide the necessary resources to carry out our mission, to extend our programs and our research, and make a difference in the quality of our overall programs, Dr. Williams said. This is part of a grant through the College of Engineering which provides a subcontract agreement with the University of Alabama at Birmingham, for which NIU will be coordinating and providing oversight as part of this research project.

This is a culmination of several projects we have done in the past in a partnership with industries in Rockford, College of Engineering Dean Vohra explained. We submitted a proposal for \$6 million to DARPA, one of the most prestigious organizations in the country, with three other universities and four industries. On Phase I, DARPA suggested that we work with the University of Alabama at Birmingham to increase its scope of work to include investigation of variable electromagnetic field casting. NIU is the primary grantor and will be issuing subcontracts to various entities. We also have a proposed partnership with the University of Wisconsin. This is a multiyear project for which we hope to receive additional funding.

Chair Boey asked for a motion to endorse the College of Engineering Grant Subcontract for Services. Trustee Strauss so moved, seconded by Trustee Coleman. The motion was approved.

Agenda Item 7.d. – Department of Geology Grant Subcontract - Consulting Services Amendment

This grant request from the Department of Geology is one we have looked at many times, Dr. Williams stated. This is in support of the development of a facility for exploring and sampling subglacial environments in Antarctica that has truly projected NIU to the forefront in this research. The overall research effort has received additional funding, and this item asks for an amendment to the original budget of approximately \$420,000. The amendment is for \$396,000 plus a contingency for a total budget of approximately \$675,000. Trustee Strauss moved to approve the Department of Geology Grant Subcontract Consulting Services Amendment, seconded by Trustee Iosco. The motion was approved.

Agenda Item 7.e. – Northern Illinois Research Foundation Expenditure Authority Amendment

NIRF is an outgrowth of the university, a separate entity that is put in place to especially deal with intellectual property and research activity. It provides seed money to guide research and actually project NIU into a more competitive arena in research, research activity and the potential of very positive results with intellectual property. The university invests in NIRF to reap the rewards that come through a very aggressive research program. The original contract amount of \$185,000 was approved at a point where we were not clear on the total extent of what was needed for the year. That original amount enabled us to at least keep the program moving until we had a better understanding of what was needed for the program to move forward and the contract to be finalized. I point out to you that the amount being requested is consistent with what was requested in Fiscal Year 2012.

The expenditure authority of \$650,000 may be a slightly high end estimate, Vice President Lisa Freeman stated, but I know it is inconvenient to come back to the Board between meetings, especially with time sensitive requests, so I wanted to be sure this request would cover our needs for the entire fiscal year. In addition to expenditures related to outside intellectual property counsel, which has been an expenditure in the past, we have two additional opportunities this year to use NIRF to enhance the research mission of the university. The first is a research investment being made in conjunction with Fermilab. In addition, we will be taking some of the funding that has been committed to the new faculty we have hired in some of the sciences. At the President's State of the University speech, we heard about what a terrific group of research ready faculty we have hired in the natural sciences and the health sciences. We are going to be able to maintain their ability to work during the period of time when NIU normally shuts down spending for the end of the fiscal year.

This is an investment made in our junior faculty and in our Fermi collaboration in anticipation of bringing in sponsored projects funding as a result of the construction of the accelerator and the ability of the young faculty to generate preliminary data to support their grant applications that have been submitted and that are in process. Revenue will be generated for the overall research mission of Northern Illinois University. Whether that revenue will be returned to the university or to NIRF will depend on the sponsors of the grants and how they flow back to the university. The money that we use to start up new faculty and the money that we are advancing to Fermilab come from a number of sources, and a large fraction of it comes from recovered facilities and administrative costs on projects that have been funded. So, that is a continuous replenishment of the funds we use for things like faculty startup.

Chair Boey called for a motion to endorse the NIRF Expenditure Authority Amendment, seconded by Trustee Marshall. The motion was approved.

Agenda Item 7.f. – Online Learning Support Services RFP

This item was discussed in detail in the Academic Affairs, Student Affairs and Personnel Committee meeting earlier today, Dr. Williams said. However, I wish to offer a modification of the recommendation at the bottom of the page. The university is requesting that the Executive Committee of the Board be authorized to enter into the agreement subject to presentation of the results of the RFP process at the next scheduled Board of Trustees meeting. Based on the discussion during the Academic Affairs

Committee this morning, the recommendation was modified to read: The university is requesting that the Executive Committee of the Board, along with input from Trustee Coleman due to his area of expertise, be charged with approving online service providers for inclusion on this list.

Chair Boey asked for a motion to endorse this item as stated. Trustee Murer so moved, seconded by Trustee Marshall. A detailed discussion followed.

Trustee Strauss stated that he was not comfortable with the Executive Committee approving this rather than the full Board and said he would prefer that this come back to the full Board, convening in a special meeting for that purpose if necessary. Trustee Coleman also expressed the concern that the full Board should have visibility in the decision making.

I would like to shed some clarity, President Peters said. First, in December, based upon the approval of this committee, there will be a vote to support putting out an RFP. The purpose of that RFP is to certify a list of qualified vendors once they respond. Then, once we have that list, which will be January, a series of negotiations may take place with one or more vendors across one to several individual academic programs. As I understand it, the full Board grants authority to the Executive Committee plus Trustee Coleman, the delegated authority to approve those serial contracts that will begin to arrive in February, March, April, May throughout who knows. So this is not one contract. This will be many contracts bounced against a set of qualified vendors over a period of a year or two. If the full Board has to approve, that means you have to call a special meeting for every one of those contracts.

This will not be a one-time event, the Provost reiterated. This will be required every time a new program is ready to go online. We will negotiate with the vendors that are most appropriate from the list of qualified vendors, much like the search firm list or the legal provider list. It expedites the contractual process so we do not have to go out on an RFP every time we have a new contract for a new program. This may occur over the course of many years, because different programs are in different stages of readiness or being marketable and the market will change over the time covered by this RFP. This is just the first step of getting qualified providers identified and then the contractual sorts of negotiations can be done in real time instead of having to do them one at a time through a very complex and lengthy procurement process. Provost Alden stated that if the RFP was not approved until December 6, it would begin delaying the process to the point where it might not be feasible to offer any online programs under this model in the next academic year. This is a lengthy process, he said, but if we are going to offer the first courses in any given program next academic year, we need to have them ready to go during the next academic year, and then the courses would evolve as we go along.

Trustee Murer spoke as Chair of the Board of Trustees. She suggested that Trustee Coleman be delegated to the Executive Committee as the Board's technical expert. She queried Mr. Blakemore on whether there was anything that would prohibit utilizing the structure of the Executive Committee with ad hoc members for this sole purpose, not to become members of the Executive Committee. Since we have, very rationally, put our technical expert on this, if there are other members of the Board who have a very strong feeling and want to share their opinion in this regard, can we use the structure of the Executive Committee with the ability to add ad hoc members for this particular purpose, she inquired? Mr. Blakemore affirmed that this could be done. Since Trustee Strauss feels so strongly about this, the Chair said, shall we just add on to the structure of the Executive Committee.

In a clarification of the vote, BOT Chair Murer stated that a "yes" vote was to allow the Executive Committee to be responsive, because of its structure, with the addition of a technical expert in Trustee Coleman and, as Chair, she said, I would like to open it to any other Board member who shows a strong opinion and would like to serve in this capacity. So, for this purpose, if we vote "yes," it is for the Executive Committee, plus whatever ad hoc members of this Board wish to join us, but utilizing the structure of the Executive Committee for this purpose.

The motion was to allow the Executive Committee to be responsive because of its structure, with the addition of a technical expert in Trustee Coleman, as well as Trustee Strauss, a Board member who

showed a strong opinion and wished to join the Executive Committee to serve in this capacity, and be charged with approving online service providers for inclusion on this list. Chair Boey asked for a roll call vote on the motion, which was as follows:

Trustee Coleman	Yes	Trustee Iosco	Yes
Trustee Marshall	Yes	Trustee Strauss	Yes
Chair Robert Boey	Yes	BOT Chair Cherylin Murer	Yes

The motion was unanimously approved.

UNIVERSITY REPORTS

Agenda Item 8.a. – Semiannual Progress Report of Active Capital Projects

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

Agenda Item 8.c. – Periodic report on Investments

Dr. Williams called the committee's attention to the information items included in this report. The balance of the items before you are informational items, he stated, and as we have done in previous meetings, we present these pursuant to Board *Regulations*.

NEXT MEETING DATE

The Chair announced that the 2013 meeting schedule had not been finalized, and the next meeting of the Finance, Facilities and Operations Committee would be announced at a later date.

ADJOURNMENT

There being no other matter, Chair Boey asked for a motion to adjourn. Trustee Strauss so moved, seconded by Trustee Marshall. The motion was approved. The meeting was adjourned at approximately 11:44 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.