

Minutes of the  
**NIU Board of Trustees**  
**FINANCE, FACILITIES AND OPERATIONS**  
**COMMITTEE MEETING**  
February 18, 2016

**CALL TO ORDER AND ROLL CALL**

The meeting was called to order at 1:42 by Committee Chair John Butler in the Board of Trustees Room, 315 Altgeld Hall. Recording Secretary Vicky Rippberger conducted a roll call of the trustees. Members present were Trustee Robert Boey, Trustee Wheeler Coleman, Trustee Robert Marshall, Trustee Cherilyn Murer, Trustee Tim Struthers, Board Chair Marc Strauss, and Committee Chair John Butler. Also present were President Douglas Baker, Committee Liaison Alan Phillips, Vice President and Provost Lisa Freeman, Deputy General Counsel Jerry Blakemore, and Board Liaison Mike Mann.

**VERIFICATION OF QUORUM AND APPROPRIATE NOTICE OF PUBLIC MEETING**

General Counsel Jerry Blakemore indicated the appropriate notification of the meeting had been provided pursuant to the Illinois Open Meetings Act. Mr. Blakemore also advised that a quorum was present.

**MEETING AGENDA APPROVAL**

A motion to approve the agenda was made by Trustee Strauss; seconded by Trustee Marshall. All were in favor. None were opposed. The agenda was approved.

**REVIEW AND APPROVAL OF MINUTES**

A motion to approve the minutes of the November 12, 2015 meeting was made by Trustee Strauss; seconded by Trustee Marshall. All were in favor. None were opposed. The minutes were approved.

**CHAIR'S COMMENTS/ANNOUNCEMENTS**

Chair Butler began, this is an opportunity for us to invite the University Advisory Committee members to address the committee. You're welcome to make such remarks in any order you wish.

Greg Long thanked the committee for the opportunity. I would just like to say first thank you for supporting the sabbatical requests. As a faculty member, that really was important. As another piece of good news, I'd like to offer thanks to the President's and Provost's Office. Within shared governance, one of the issues we faced is that, as Faculty Senate president, I get lots of support, release time, and clerical support, but my colleagues in the Operating Staff Council and SPS Council have historically not received any release time, clerical support, and so forth. So we did collaborate and put forth a proposal to the President's and Provost's Office, and we will be getting to have some release time available for the Operating Staff and SPS Council Presidents, as well as full-time clerical support, which for us will be very helpful to facilitate shared governance. I'm just mentioning that as a thank you to the University for allowing our respective councils to have the support and to be more equitable. In addition, I would say, and this comes as no surprise to you certainly, that faculty and staff morale is probably as low as I've ever seen it in my 26 years here on campus. It's largely due to budget. It's largely due to the uncertainty of things, and it does have an impact on our recruitment and retention of faculty members as well as students. It certainly has an impact for governance. We're trying to deal with that with a lot more communication, transparency. I would again thank the administration with regard to the Resource, Space and Budget Committee. We've seen much more transparency and communication with them than we've had in the past. We're going in good directions there, and that level of communication also helps us deal with rumor control because, right now, given the anxiety, the morale, the concerns that people have,

rumors are flying all the time. So for us to be able to have access to the facts and hopefully dispel those rumors has been very helpful. I would just ask that we continue working as collaboratively as we have and keep sharing.

Holly Nicholson greeted the committee. Good afternoon. I want to echo my thanks as well for the support for council presidents. I think it's going to help us recruit high quality leaders in our councils, so I very much appreciate it. On behalf of the operating staff, I would also like to commend the leadership of Vice President Phillips, Provost Freeman, President Baker, and with your oversight as a Board of Trustees, which has allowed us to continue to operate with confidence while facing not only enrollment challenges, but also a state budget crisis. I want to commend also the extraordinary sacrifices made by NIU faculty and staff which include wages, travel, other types of limited expenditures, and taking on additional duties when their colleagues leave and are not replaced. Yet, despite these sacrifices, our students are still happy here. Retention rates are rising, and our mission is still being carried out. I'm very thankful to work with people who are so willing to put the greater good above their own personal working conditions, and for leadership determined to work transparently to preserve our jobs and services to students. While peer institutions are facing layoffs and even possible closure, the comfort of knowing that we will not be facing that in the near future is invaluable. The current state we're in is not sustainable, however, I'm looking forward to returning to more sustainable maintenance, staffing, and compensations levels which will be informed by data and program prioritization recommendations when we're finally given a budget. It is then that NIU will really flourish. Thank you.

Rebecca Shortridge addressed the committee. I don't have any other comments other than to concur with what they have said. I think that faculty are anxious, and I agree with Greg that the transparency of Resource, Space and Budgets has been a big addition, comforting and allaying people's fears in the various departments that I'm involved with. So, I appreciate the transparency coming from that committee and from AI in particular. Thank you for that.

Chair Butler thanked everyone for the substantive comments. I appreciate very much your presence here and your participation. I don't wish to use much time on my own comments, so I won't.

#### **PUBLIC COMMENT**

General Counsel Blakemore indicated that there were no requests for public comment.

#### **UNIVERSITY RECOMMENDATIONS/REPORTS**

##### **Action Item 7.a. – Approval of Fermilab CRADA**

Dr. Phillips presented Item 7a – Approval of Fermilab CRADA. The University has been exploring collaborative partnership with Fermi national accelerator facility to develop a joint program in accelerator science with emphasis on research, instruction, and student development. The program supported by this agreement will distinguish NIU as an international leader in accelerator physics and education. The recommendation is that the Board of Trustees provide approval to enter into a collaborative research and development agreement, or CRADA, with Fermi National Laboratory for the development of a joint program in accelerator science research and education.

A motion was made to approve the recommendation by Trustee Strauss; seconded by Trustee Marshall.

Chair Butler asked for discussion. There was none. All were in favor. None were opposed. The motion passed.

##### **Action Item 7.b. – OMITTED**

Dr. Phillips explained, Item 7b was addressed at the Ad Hoc Committee on Governance, and so we will move on to Item 7c.

**Action Item 7.c. – FY17 Architectural & Engineering and Physical Plant Open Orders Contract Renewals**

Dr. Phillips indicated that the item was a request to issue open orders for labor and materials required for FY17 for electrical contractors, a general contractor, and an excavation road parking lot contractor. Elliot & Wood has been added to the open order renewal request this year due to anticipated projects that required additional contracting ability. As a result, the amount approved for FY16 was \$1.625 million. This year the request is for \$2.025 million. I believe Elliot & Wood does excavating, road, and parking work. The University requests Board of Trustees approve the expenditure authority as listed in the amount of \$2.025 million.

A motion was made to approve the recommendation by Trustee Boey; seconded by Trustee Marshall.

Chair Butler asked for discussion.

Trustee Strauss requested a roll call.

Chair Butler asked for other discussion. There was none. A roll call was performed: Trustees Boey, Coleman, Marshall, Murer, and Chair Butler all voted yes; Trustees Strauss and Struthers abstained. The motion passed.

**Action Item 7.d. – FY17 DOiT – Document Services Campus Copier Program Contract Renewal**

Dr. Phillips indicated that the item was a request to issue an order for renewal of the campus copier program consisting of approximately 325 copiers of various configurations. The annual volume of copies is approximately 20 million. The program is provided under a rental agreement based on a flat rate per copy charge which includes all equipment, toner, and maintenance. This is the fourth year of nine, one-year renewal options. The recommendation is that the Board of Trustees approve the expenditure authority for Gordon Fleisch of Geneva, Illinois, in the amount of \$1,000,000, which is the same amount that was approved last year.

A motion was made to approve the recommendation by Trustee Strauss; seconded by Trustee Marshall.

Chair Butler asked for discussion.

Trustee Coleman asked, so we did a nine-year agreement; are we replacing the equipment during this nine-year period or not?

Dr. Phillips deferred to Vice President Coryell.

Mr. Coryell responded, yes, we continually replace the equipment. The equipment is leased, and as it reaches the end of its life cycle it's replaced by the vendor at no cost.

Trustee Coleman continued, okay. Every two, three, four years?

Mr. Coryell answered, it's as needed. I'm not sure there's a regular cycle.

Trustee Coleman wondered if we are running the equipment hot for nine years, but obviously we're cycling it out.

Mr. Coryell clarified, yes we are.

Chair Butler asked for other discussion.

Trustee Marshall asked, are there repair services during the contract?

Dr. Phillips responded, I believe the lease includes repair and replacement of copy machines as they wear out or break down.

All were in favor. None were opposed. The motion passed.

**Action Item 7.e. – FY17 Physical Plant Elevator Services and Maintenance Open Order Contract Renewal**

Dr. Phillips indicated that the item was a request to renew an open order for elevator service repair technicians on an “as required” basis for FY17. We have 107 lifts and elevators which require continual repair and maintenance in order to maintain university facility safety standards. Elevator repair technicians are very, very difficult to find and retain. I think, at one point in time, we had two on staff. We now have one on staff. Many of our elevators are in various levels of condition. We are asking that the Board approve the expenditure of \$325,000 for a contracting service to help us maintain our elevators in operating condition.

A motion was made to approve the recommendation by Trustee Strauss; seconded by Trustee Murer.

Chair Butler asked for discussion. There was none. All were in favor. None were opposed. The motion passed.

**Action Item 7.f. – FY17 International Programs Division Expenditures**

Dr. Phillips indicated that the International Programs Division is given an annual authorization for expenditures for foreign study programs. All expenditures are made from payments received from approximately 600 students expected to enroll in these programs. Although the amount of authorization needed for specific programs is unpredictable, this number is based on past experience. The University requests the Board of Trustees approve the expenditure authority of \$3 million for FY17 which is consistent with the amount that was requested in FY16.

A motion was made to approve the recommendation by Trustee Strauss; seconded by Trustee Marshall.

Chair Butler asked for discussion. There was none. All were in favor. None were opposed. The motion passed.

**Action Item 7.g. – FY17 Student Mass Transit Board Campus Busing System Contract Renewal**

Dr. Phillips referred to an update on this item passed out earlier. Earlier today we received actual contract numbers, and the numbers have changed for this item from \$4.1 million to \$4.15 million. The student mass transit board requests permission to issue an order. The student bus fee supports this contract. This is the third year of a four-year renewal option. This year the amount is increased by \$50,000. We’re requesting approval of that amount.

A motion was made to approve the recommendation by Trustee Murer; seconded by Trustee Coleman.

Chair Butler asked for discussion.

Trustee Struthers began, obviously a fair amount of assessment has gone into leading up to the recommendations. This is a large number and surely captures our attention. So as you cite the fourth year in a five-year renewal option contract, we do have the option to get out -- obviously -- by the terms of renewal, it sounds. I’m curious as to the degree of evaluation we’ve done with alternative vendors at this point in the midst of four years in a five-year contract. Have we evaluated alternative options at this stage, in this fourth year in a five-year contract?

Dr. Phillips responded, we have evaluated, or we do evaluate options. This is largely a contract that is administered by the students who've entered into this agreement. We have been in discussions with them. As we go forward, we will look into other possibilities or options associated with this. We agree this is a large number. We feel that there may be opportunities to reduce this amount, and we're working with the students to do so.

Chair Butler asked for questions or comments.

Trustee Strauss asked, two quick questions. First, since this is supported by the student fee, we're confident that the student fee would produce the \$4,150,000 instead of the \$4,100,000?

Dr. Phillips answered, that is correct.

Trustee Strauss continued, and second, this is for FY17, so is this a contract that needs to be signed immediately or is this something where we can grant the authority but you're going to delay the expenditure until you see whether or not it's required?

Dr. Phillips replied, in this case I would say you grant the authority and the contract would be executed at the appropriate time.

Chair Butler asked for other questions or discussion.

Trustee Marshall questioned, do we have any student surveys that would indicate that perhaps the bus service is an aid to retention?

Dr. Phillips responded, we actually have conversations with the students on a regular basis. I believe we had conversations with them this week. We are consistently working with them to better integrate the Huskie Line with TransDev which is the DeKalb bus network. We're looking at better ways to serve students. There are issues with some of the routes, so we are constantly in discussions with the student who oversees the Huskie line to find better ways to serve students, because this is supported by student fees, and also better connect it with the community, so that we get coordination and integration. In some cases there are underlaps or overlaps, and so we work with them on a continuing basis to improve the bus service to all our students.

Chair Butler asked for other questions or discussion. There were none. All were in favor. None were opposed. The motion passed.

**Action Item 7.h. – FY17 Transportation Services, Physical Plant & Finance, Facilities & Operations Motor Fuels**

Dr. Phillips indicated that the request was for permission to purchase 10% Ethanol blended regular, non-leaded gasoline; B2 2% soy ultra-low sulfur, biodiesel; and 11% soy ultra-low sulfur, biodiesel for use by the transportation services, physical plant, finance, facilities and operations departments, and grounds department. Under Illinois statute, universities are required to purchase ethanol blended gasoline. Therefore, we request the Board of Trustees approve the expenditure of \$725,000 for FY17 to meet this state requirement.

A motion was made to approve the recommendation by Trustee Murer; seconded by Trustee Marshall.

Chair Butler asked for discussion. There was none. All were in favor. None were opposed. The motion passed.

**Action Item 7.i. – OMITTED**

**Action Item 7.j. – FY17 Multiple Departments – Non-Food, Food Service Related Commodities**

Dr. Phillips indicated that multiple departments on campus utilize open orders for the purchase of miscellaneous non-food, food services related commodities such as napkins, disposable plates, cups, tableware, etc. Due to the large volume required, an invitation for bid is being prepared and will be published, and therefore we request the Board of Trustees approve the expenditure of \$450,000 for FY17 for this purpose. This is an increase of 50% from the amount spent last year. That is because this year our outreach centers will also be purchasing their products as well through this bid as will other departments. This will also now support Hoffman Estates, Naperville, and Rockford, where in the past it did not. That's the result for the increase in expenditure.

A motion was made to approve the recommendation by Trustee Boey; seconded by Trustee Coleman.

Chair Butler asked for discussion.

Trustee Murer asked, as you're looking at structuring the bid for this, do you take into consideration the environmental impact issues related to this? So, as you're looking at paper products, are they biodegradable paper products, and does that have any impact on the bid itself?

Dr. Phillips responded, I do not know. I do know we follow all state procurement and environmental regulations. Anything that we would procure would be in accordance with environmental statutes and requirements. I can find out.

Trustee Murer continued, would you? You can just tell me off-line. I think, even though we follow all of the state procurement regulations, NIU might want to continue to be very conscious of the environmental impact of things such as this, especially when we're talking about a 50% increase. I understand why it went up, that was very clear, but the fact is, at least for me, I'm very interested to make sure that we're taking that into consideration in the bid.

Dr. Phillips agreed to look into it and get back with Trustee Murer.

Chair Butler asked for other discussion. There was none. All were in favor. None were opposed. The motion passed.

**Action Item 7.k. – FY17 Student Health Insurance**

Dr. Phillips indicated that the University provides group health insurance funded by student health insurance fees to students and their families. We anticipate the outcome of this RFP to reduce costs for both the students and the University. FY17 is the initial term for this insurance plan coverage. In addition to the initial term, there would be five, one-year renewal options to be determined annually at the discretion of the University and the awarded vendor. Renewal rates will change based on claims history for prior years and changes in policy terms. Last year the amount approved was \$12.5 million, and we're requesting the same amount be approved for this year.

A motion was made to approve the recommendation by Trustee Strauss; seconded by Trustee Marshall.

Chair Butler asked for discussion.

Trustee Strauss asked, as with the last large item, I also assume that this is not a contract that's going to be awarded until it's required to be awarded for FY17?

Dr. Phillips responded, that would be correct. This allows us to go out with an RFP, and then the contract would be based on the RFPs that we receive.

Chair Butler asked for other questions or discussion. There were none. All were in favor. None were opposed. The motion passed.

### **Action Item 7.l. – Treasury Operations – Signatory Authorization**

Dr. Phillips indicated the request was for approval for the Associate VP for Finance and Budget, the University Controller, and the Director of Treasury Operations, to be authorized to sign for all Treasury Operations. This is consistent with prior authorizations and adds a fourth signer. This is a result of having Associate Vice President Pinkelton now in the position as AVP for Finance and Budget and gives him the authority also to sign for the treasury operations.

A motion was made to approve the recommendation by Trustee Strauss; seconded by Trustee Murer.

Chair Butler asked for discussion. There was none. All were in favor. None were opposed. The motion passed.

### **Action Item 7.m. – Differential Tuition Results**

Dr. Lisa Freeman began, as the committee may remember, last fiscal year when we did graduate tuition pricing we asked the Board for latitude to introduce both differential and consolidated graduate tuition. Differential tuition meant that we would add a differential above our regular general program credit hour tuition for graduate programs in the form of additional tuition differential, but really to serve the function, in most cases, of an excellence fee to support the needs of that program specific to technology, faculty, and student experience. And that, in addition, we would consolidate tuition and fees for graduate programs such that existing excellence fees would be labeled as tuition to make it more attractive for employers to sponsor their employees with a tuition benefit. At that time we had a range of differentials from \$30.00 to \$400.00 based on our market analysis of what various programs could bear, and we promised that we would report to the Board in one year on our experience. We had a hypothesis at that time that market-appropriate differential tuition would not negatively impact enrollment but would continue to generate the revenue necessary to support programmatic excellence. Of the programs we brought to you last year, many were new programs. Some of those have not yet been launched, and some of those are in their initial offering. Those are in your table, but obviously it's very hard to infer an effect in a program that's been marketed for two months and has very few students and no basis for comparison. If you look on the slide, you can see the differentials for last year, the previous fees, and the enrollments over a three-year period for our established programs with tuition differentials. Many of these are in the College of Business: Accounting Science, Management Information Systems, Taxation, and the MBA programs. A couple are in Health and Human Sciences: Audiology and the MPH on-line. If you look at the data, look at the enrollment trends, look at the differentials that were either introduced or increased over the previous fee structure, I think you would agree with me that the conclusion is that, when we have market-appropriate differential tuition, there's no negative impact on enrollment. I can tell you with referencing data that are not particularly on the slide, it does allow us to generate revenue to support programmatic excellence. In the Audiology program, where we introduced a \$150.00 differential tuition, we are able this year for the first time to actually update the equipment in those laboratories so that our students have access to what's state-of-the-art in clinical offices for the first time in a long time. Similar types of investments have been made in the software programs that are used in the Business programs. When you look at a differential of \$400.00 for our MBA programs that seems like a lot of money, but then again I think you have to look at market appropriate. And, so this morning, I just did a little bit of my own market research, and the total cost for our executive MBA is \$55,000. Again that sounds like a lot of money, but the total cost for the identical program at Northwestern is \$93,645, and the total cost for the identical program at the University of Illinois Urbana Champaign is \$97,000. Despite having a differential of \$400.00, we're still a very good value for that academic program, and that is our highest differential that was approved.

Dr. Freeman continued, among the lessons learned from our consolidation and our transition to differential tuition is one that I think we need to be mindful of, and that is that we be proactive in our communications. We did not have a lot of student complaints to be honest about this, but we did have a

few students who, during the implementation phase, were surprised because we didn't do a good enough job of getting the word out about that. We don't have "truth in tuition" for graduate students, so a student in the middle of a program cohort could be impacted this way. We will do that better in the future. We were able to allay all student concerns, and in fact, we found scholarship money to help students that were impacted in this way. Because of our desire as we go forward, if we want to use this mechanism to launch new programs, the request you have in front of you today has one new traffic safety certificate, and everything else is identical to last year. If we're thinking of using this to develop new programs, and I think as we try to continue to remodel our program portfolio that will be important, we may come to you off-cycle with a request for authorization so that we can start addressing student communications as we build a financial model to allow us to develop new programs. We're not doing anything today except asking you to approve the fees that are the same for this year as they were for last year. I think I'll stop there, and see if there are any questions.

A motion was made to approve the recommendation by Trustee Strauss; seconded by Trustee Coleman.

Chair Butler asked for discussion.

Trustee Strauss commented, I appreciate your candor in talking about some of the challenges and lessons learned as well as getting the benefit of the report. We were obviously interested in this a year ago, and I'm glad that the results were successful. As we continue to have differential tuition, our knowledge of the competitive marketplace is very important. I was also happy to see that there's some attention being paid to that, but I also believe that there is still opportunities, depending on the quality of the programs, to further adjust these. So, at least from my personal perspective, I'm not opposed to taking a look at whatever makes sense in this area, and I think having an annual check back is a good idea. I also have no personal problem with taking these on a case-by-case basis if the need arises sooner.

Chair Butler asked for other comments or questions.

Trustee Coleman asked, just a general question around the law school. Where is that? Are we doing anything special there?

Dr. Freeman responded, yes. The law school is a professional school and it had its established excellence fee for a long time. We don't consider it a graduate program, but rather a professional program; so, forgive me for not including it. The enrollment in our law school last year was down, as it was in many law schools across the country, and we recognize that this is a challenge for the legal profession and for law schools everywhere. Earlier this month Vice President Teller met with Acting Dean Mark Cordes and his enrollment and marketing staff to really look at what we could do now to impact next year's law class. There was a special dedicated study done by Lipman Hearne, using the funds previously authorized by this Board, looking at the legal enrollment, law school enrollment, and those measures are being implemented at this time.

Chair Butler clarified, Trustee Strauss indicated that "it would be good to check back with us." I want to make sure that we're clear. One of the issues I had with this a year ago was I didn't want to abdicate the authority to set the rates. What we did instead was set a range with the understanding that you would come back to us, which you have, and that's what we have in front of us. I want to make sure that we retain this process of setting the rates each year in this fashion. I'm very comfortable with the way this has been presented.

Chair Butler asked for other discussion. There was none. All were in favor. None were opposed. The motion passed.

### **Action Item 7.n. – East and West Heating Plant – Boiler Assessment and Phase I Design**

Dr. Phillips indicated that the next few items were projects. As we've discussed, in the current environment we have pulled back on much of our spending on projects, and until our budget situation improves, we are only bringing to the Board those projects that are the most critical, that will prevent much greater expenditures in the future, or that may have funding sources other than our operating funds. This is the first one, the East and West Heating Plant Boiler Assessment and Phase I Design Capital Project Approval. As we've discussed, our boilers have an average age of 51 years, which is roughly double the 24-year life expectancy. Due to the age of the overall steam generation system, components and boilers are experiencing significant and frequent breakdowns, and many are in constant need of repair. To avoid replacing them one at a time when there may be other ways and better ways to approach this, we're recommending that a multi-year strategy be proposed, which will be initiated with an overall heating system assessment that will help confirm, investigate, and prioritize system deficiencies and evaluate engineering investment options to address these demands for the long term. A major objective of the assessment would be to determine the priority and sequence of renovation, replacement, and investments to insure the most cost energy efficient and reliable heating system is put in place for the long term. The strategy to begin a multi-year phased project is to first undertake an engineering assessment of the existing heating plants, boilers, piping valves, and all associated equipment. That's what this request is for, and then based on the recommendations, come back to the Board for approval before we proceed to Phase II, which would actually be the work required to bring our heating plant and system up to the operational level that we feel it needs to be. The request is that the Board approve a multi-year project to implement a heating systems restoration replacement investment strategy. The approval is sought to engage a qualifications-based selected architectural/engineering firm to conduct an overall engineering assessment of the existing heating system infrastructure, and the preparation of designs and specifications for the Phase I boiler replacement. We will separately request approval for the construction, which we estimate to be approximately \$5 million once the system assessment is completed to show how this aligns with the overall strategy for innovation investments.

Chair Butler asked, are we approving \$700,000?

Dr. Phillips replied, you're approving \$700,000 today, correct. And before we proceed with the construction project we will bring this back to the Board.

A motion was made to approve the recommendation by Trustee Strauss; seconded by Trustee Boey.

Chair Butler asked for discussion or questions.

Trustee Murer questioned, let me understand this a little bit better. So this is an outside engineering firm and this Phase I is a feasibility analysis or a situational audit of where we are?

Dr. Phillips replied, that is correct.

Trustee Murer continued, and then subsequently there would be the implementation of that plan. Have you vetted anyone yet or will this come later?

Dr. Phillips responded, that would come later. This is merely the approval to proceed.

Trustee Murer asked, are you going to anticipate that it would be cost efficient to have the same firm do both the implementation and the assessment, or do you see this as two separate types of activities?

Dr. Phillips answered, while that's a possibility, I do not see that as a requirement. Once we have the initial work done, it would depend on the bids as to who would do the \$5 million part of the project, at least cost maintaining all standards and requirements. While that may be a possibility, I don't see it as a requirement.

Trustee Murer questioned, and I guess my next question as it relates to this analysis; do we have any in-house capabilities to be able to do a baseline and then a verification from another party?

Dr. Phillips deferred to John Heckmann to talk more in detail about this.

Trustee Murer continued, I guess the tone of my question relates more to being able to look at the cost efficiencies of the analysis part because we're certainly going to have to put hard dollars into the implementation. Is there any way that we can help to mitigate it either through negotiation with a firm by sort of a design-and-build kind of thing or do we have any internal expertise to mitigate some of that front end Phase I cost?

Mr. Heckmann answered, let me address it from this perspective. I think we have a lot of internal expertise on knowing our system. What we may be lacking is 'what is the art of the possible' of what other institutions may be doing within a centralized heating system. 'What is the art of the possible' in the industry? We have an antiquated system right now. We know that very well, and we're keeping it running, for a very long time. So I think the combination of bringing in that third party for that other expertise that we're lacking and combining with what we do have in expertise should be sufficient to get us what we want. I hope that answers your question.

Trustee Murer responded, thank you for your comments, not necessarily on point, but not to belabor it. I would leave it in the hands of leadership to try and be as judicious as possible on the Phase I analysis portion but also understanding that if we can identify ways in which to be more cost efficient on Phase II, then that's money well spent. So I leave it more in greater expert hands than mine for sure, but it does concern me as we look to this, and it would seem to me that we would have some negotiation opportunities; the project is large enough to be able to have some discussions.

Dr. Phillips replied, absolutely. We're looking at every opportunity to reduce costs and save resources. So we agree with you completely.

Trustee Struthers asked, so this request here is the first of several capital items we're going to look at here in a few minutes. And, I'm striving again for some context in the idea that this is \$700,000, and the next one is a million or whatever; what should we expect from capital projects in this fiscal year? Is this a third of it, a half of it, and then maybe a little bit of context as to where those capital dollar expenditures were in prior years and maybe even where you think they might be in the future.

Dr. Phillips responded, as I said before, we are only doing those projects that are the most critical or for which we have other sources of funding. As a part of this effort, while we have reduced our spending we've also initiated a process whereby we are developing a capital project program. We are creating a methodology to evaluate every project that we're made aware of. We're developing a criteria to prioritize those projects. We are developing a multi-year project list. Then we will identify funding available that we would associate with each of those projects. Our intent as we move to a longer term budget would be to bring a multi-year project list to the Board with associated funding for those projects for those particular years. We're being much more deliberate about how we identify what projects we're going to do and insure that they are appropriately prioritized and budgeted for. As we're made aware of new projects, they would also be evaluated and put into the list at the appropriate level. We are holding back now for obvious budgetary reasons. While we're doing that, we are well in the process of putting together a capital project plan so we can do this in a much more deliberate way and make the best use of every resource dollar.

Trustee Struthers continued, I'm grateful for the fact that you are embarking on the process but you still didn't answer the question of how many dollars are we going to spend in the fiscal '16 budget and how much of – is this all of it?

Dr. Phillips replied, I would say as little as I possibly can until I get a budget. I can't really answer that question.

Trustee Struthers further questioned, how about this, how much did we spend last year in capital? Give me some perspective.

Dr. Phillips answered, I want to say somewhere in the vicinity of \$20 million.

Trustee Struthers asked, okay and these would be the first projects for FY '16...

Dr. Phillips interjected, we've had other projects that have been approved. In some cases, even though they've been approved, we're holding off on those projects pending the receipt of a budget. We're being very careful as to which projects we take forward. This year is kind of an anomaly because it's not really based on a budget. We literally are evaluating every single project, and if it's not critical, then it goes on the list to be deferred.

Trustee Struthers responded, I think you get where I'm getting to. I respect the fact that we're being careful, but if someone were to ask me how careful are we being, I couldn't begin to put that in any, "well we spent \$20 million last year and we're on pace to spend..." – me or the other trustees, would not have any idea. Is that \$6 million is it \$20 million?

Dr. Phillips replied, I would say probably 25% of that.

Trustee Struthers replied, that's what I'm searching for.

Trustee Boey commented, the problem that we have too is that we're dealing with 50-year-old equipment. So the maintenance part of it is a guessing game, and the replacement part of it is a guessing game. I understand that problem.

Dr. Phillips explained, one of the challenges, because we haven't had any capital funding from the state for a number of years, is that many of our projects are done out of necessity with operational funds because those are the most critical funds. Currently we are trying to avoid spending those funds unless it's absolutely necessary. I'll be happy to get with you and give you a more detailed analysis of our past spends and where we are and where we're going.

Trustee Struthers thanked Dr. Phillips. The 25% gave me some real – that's what I was searching for. Thank you.

Trustee Strauss questioned, I'd like to go back to Trustee Murer's question for a moment. I'm not an expert on the procurement regulations, but if you wanted to take a look at doing a combined contract that has some sort of right-to-proceed to a Phase II after the design, and we only approve the \$700,000 limit today, are we precluding ourselves from having you at least explore the other options that might be on the table. If that's the case, because this isn't coming for full board action today, is that something that you could explore between now and when we have our regularly scheduled board meeting and this comes to us; so that if it turns out that there's additional expenditure authority needed we would have the opportunity to consider it?

Dr. Phillips replied, we would be happy to do that.

Chair Butler asked for other questions. There were none. All were in favor. None were opposed. The motion passed.

### **Action Item 7.o. – DuSable Hall Steam Vault Replacement**

Dr. Phillips explained that the existing underground concrete vault near DuSable Hall is at risk of collapse and requires replacement. The vault provides space and critical protection for valves, condensation piping, and main steam distribution piping which connects and provides essential heating for four major classroom buildings to include DuSable, Reavis, Watson and Cole Hall, as well as faculty offices and

Zulauf Hall. The old vault will be demolished and replaced with a reinforced precast concrete vault. The valves and steam piping will be replaced with new and properly reconnected anchored insulated piping. Our recommendation is for the Board to approve a project budget of \$400,000 to contract for the QSB selected architectural/engineering firm for preparation of plans and for approval to proceed with work orders and necessary contracts to complete the reconstruction work.

A motion was made to approve the recommendation by Trustee Strauss; seconded by Trustee Struthers.

Trustee Strauss asked, the \$400,000 amount here, is that designed to only cover the amount of the preparation of plans to specifications for bidding, or that's what you anticipate the entire project will cost?

Dr. Phillips responded, that's what we anticipate the entire project will cost.

Trustee Marshall questioned, for some of the projects and replacements could we possibly in the future get some idea of the life span on some of these replacements?

Dr. Phillips replied, sure. We would be happy to do that.

Chair Butler asked for other questions or comments. There were none. All were in favor. None were opposed. The motion passed.

#### **Action Item 7.p. – New Residence Hall and Northern View Apartments**

Dr. Phillips indicated that the Housing and Dining staff has operated New Residence Hall facility since 2012. Currently the facility is serving more than double the meals it was designed to serve. This experience has provided the staff insight to several changes that would improve overall operations and safety for the staff as well as improving service and dining experience for students. Housing and Dining is requesting several improvements to the kitchen, dish wash room, and dining facility at New Residence Hall and improvements for disability access at Northern View Apartments are also part of this request. We currently have excess funds from the Series 2011 bonds that financed the initial project, and we would use these funds for this project. The total amount of the project is \$1.9 million. This project does include a previously Board approved capital budget project which was the New Hall dish room upgrade in the amount of \$210,000. We request the Board approve the establishment of a budget not to exceed \$1.9 million to complete this work.

A motion was made to approve the recommendation by Trustee Marshall; seconded by Trustee Coleman.

Chair Butler asked for questions or comments.

Trustee Struthers asked, just curious on the fact that we're serving twice the number of meals as designed to serve originally? I'm curious as to what drove that change?

Dr. Phillips replied, I think we have more students actually using the dining facility from other residence halls than we anticipated.

Chair Butler asked for other questions or comments. There were none. All were in favor. None were opposed. The motion passed.

#### **Action Item 7.q. – Gabel Hall – Roof Repair**

Dr. Phillips explained that the roof on Gabel Hall has experienced numerous significant leaks and has been identified as a priority for replacement. Let me add, roofs are a priority. We are very concerned about the envelope of the facilities that we have. We believe that repairing roofs will help to preclude other more significant damage conducted by leaks and water that gets into the building. The roof is beyond the industry-accepted 20-year life expectancy. It is in very poor condition due to age and UV deterioration. The work will be phased-in and completed as funding is available. It will only be initiated as

the academic schedule allows, and most of the work will be completed in the summer months to minimize disruption. It will encompass three smaller areas of the roof, and the estimated budget for Phase I is \$250,000; Phase II would be approximately \$1 million. We are requesting the Board of Trustees approve a project budget of \$1.25 million for the preparation of plans and also to conduct the work which would be conducted over approximately three fiscal years.

A motion was made to approve the recommendation by Trustee Boey; seconded by Trustee Strauss.

Chair Butler asked for discussion.

Trustee Murer questioned, you said this work would be done over a three-year period. I take it the payment would be made over a three-year period.

Dr. Phillips responded, that is correct also.

Chair Butler asked for other questions or comments. There were none. All were in favor. None were opposed. The motion passed.

### **Action Item 7.r. – Stevenson Towers A & D – Roof Replacement**

Dr. Phillips indicated that this is a roof replacement of Stevenson Towers A & D. These roofs have experienced numerous, significant leaks and have been identified as a priority for replacement. The Board previously approved roof repairs for Tower A as part of the 2015 non-appropriated capital budget, and conditions on Tower D have deteriorated faster than anticipated, driving the need to address both towers during the 2016 summer academic break. The roofs on both of these facilities are also well beyond the 20-year life expectancy and are currently in very poor condition. We will be using bond reserve funds for these projects and request the Board approve a project budget of \$625,000 to prepare for the design work as well as to complete the actual construction work required to replace the roofs.

A motion was made to approve the recommendation by Trustee Boey; seconded by Trustee Coleman.

Chair Butler asked for discussion or questions.

Trustee Murer questioned, one of the things that strikes me is that we're approving each of these capital expenditures as an individual line item. Each has a budget for Phase I, or feasibility analysis, and then move forward. Is there any merit to look at these in bulk, in volume, and extend these contracts or ask for RFPs based on multiple projects? I'm wondering if we could have a reduction in the expenditure by bundling these projects together.

Dr. Phillips replied, I believe that's certainly something we can take a look at. In the past we've done individual projects, but for similar projects we might be able to look at them collectively to where if it's a similar type of project that we might be able to do them at the same time.

Trustee Murer continued, I don't take issue that we're voting on these individually, but there's such similarity, especially when you go one after another of roof repair. If you've got the roof people here they might as well do three buildings instead of two buildings. I would take it that we could get some reduction in pricing if we were able to bundle these projects.

Trustee Boey commented, the challenge sometimes is some need repair and some need replacement.

Trustee Murer replied, right but either way Bob.

Trustee Boey continued, but either way the point is that you can have one that covers three buildings rather than just one building at a time.

Dr. Phillips responded, we would certainly be happy to look into that. I agree that if it makes sense and will reduce our costs, it would be something we would pursue.

Trustee Strauss commented, this is another good observation, but again I don't know the procurement legal implications of this. If you could check into this, and it turns out that we need to have this slightly recast so that it's fully compliant and affords you the option to do bundled bidding, you have some time between now and when it comes to the full board for consideration.

Dr. Phillips replied, we will do that.

All were in favor. None were opposed. The motion passed.

### **Action Item 7.s. – Lucinda Avenue Realignment**

Dr. Phillips reminded the committee that we recently opened Lucinda Avenue. As a part of that project, we were in receipt of a federal highway grant of \$8.3 million. The far west road projects are now complete, and we have a remaining balance of \$233,861 in the grant fund. Because of the nature of the grant, we are very limited as to what we can use it for. We actually explored two options which included the project to align the new Lucinda extension, or the second was to repave Recreation Drive. They were submitted to the Federal Department of Transportation, and approval was granted for the Lucinda Avenue extension. The scope of the work is to provide the reconstruction of approximately a 485-foot section of existing road extending west from Stadium Drive. The proposed new road work will provide a transition between the newly completed Lucinda Avenue extension and the existing Recreation Drive north of the Convocation Center. The total project costs are \$550,000. Of that, a little less than half would be funded by the Federal Highway Grant funds. This would cost the university \$316,000. However, if we did not use the federal money for this project, in all likelihood we will not be able to use the money. Therefore, we are requesting that the Board of Trustees approve a project budget of \$550,000 for planning, design, and preparation of construction documents and fund the phased construction project over two or more fiscal years to implement the project as the funds become available.

A motion was made to approve the recommendation by Trustee Struthers; seconded by Trustee Boey.

Chair Butler asked for comments.

Trustee Strauss commented, I'm all for avoiding roofs leak and having vaults be demolished through old age. This sounds to me more like making sure that we're able to spend the federal money than it is something that we actually have to have. I can't believe that on the list of all the things that we could spend \$316,000 for, straightening that crick in this road is at the top of the list. So I'm not going to vote for this one and that's the reason why.

Trustee Struthers questioned, I'm just trying to understand the motion a little bit. The first piece I got, the second piece, that "the University requests approval to establish funds for construction, sequenced over two or more fiscal periods as funding becomes available;" I didn't get that piece. Is \$550,000 sufficient to do the entire job, and if so, then why is the statement in there as funds become available?

Dr. Phillips answered, those would be our operating funds. Once we get through the design work then we would find the appropriate funding to complete the project.

Trustee Struthers continued, so you're suggesting that the total cost of the project will exceed \$550,000?

Dr. Phillips confirmed, the total cost of the project is \$550,000.

Trustee Struthers questioned, it looks like we have just about \$550,000 here right?

Dr. Phillips answered, we have \$233,000 that we currently have on hand from the federal grant. The University would have to provide \$316,000 to finish the project. So that would be our piece of the project.

Trustee Struthers asked, so that's not available now? The statement says "as funding becomes available." That's the piece I'm missing.

Dr. Phillips explained, these are bond funds. The funds are available.

Trustee Struthers asked, so we could strike that?

Dr. Phillips confirmed, that's correct.

Dr. Baker commented, I want to put on my fake highway engineering hat for a second. When that road was built, the Lucinda extension, it comes to a point out there that's offset from the road that goes the rest of the way out to the Convocation Center, so it creates a couple problems. If you get two busses at the same time, it's a tight corner there. And then if you've driven out there, there's dips and base issues with the road itself, so it needs repair because of that reason. This would make it a safer chicane that would go through there for large vehicles trying to get around that corner. I think there is some real highway engineering reason or safety reason to do it, but I understand Marc's point as well. I guess the nice thing is we get a 40% payment or discount so to speak in the work to be done, and if we don't, we would have to come back at a later date and have to spend that money out of our own funds.

Chair Butler asked, is what's there now functioning as a road?

Mr. Wroblewski responded, the offset in the road is approximately 30 feet, and there's stop signs now at the intersection. So all the traffic comes to a stop. In order to negotiate or go through the intersection then a person would jog that 30 feet to connect with the street that's called Convocation or Recreation Drive. The alignment of the new road was kept with the alignment of Lucinda through the rest of the campus. So as Lucinda comes across Annie Glidden it's straight and goes straight out to the west side of campus, but Recreation Drive is offset to the north by about 30 to 35 feet.

Trustee Murer questioned, I just want to be clear about something, and it's not the merits of this. It's not for me to know what the merits of this are one way or the other. I'm understanding that \$233,000 is federal highway grant funds. That's what you've said, and that's available for this purpose only I would take it or similar type.

Dr. Phillips confirmed, correct.

Trustee Murer continued, but what's confusing me is the bond series 2010 funds. Is that money that can be used only for this type of activity? Or is this money that could be used for other types of activities within our operation?

Dr. Phillips answered, it can only be used for this type of activity.

Trustee Murer asked, it can only be used for roads?

Dr. Phillips confirmed, roads, parking lots, those kinds of projects.

Trustee Murer continued, okay. So obviously when you've made this recommendation to the Board, you've judiciously looked at how else to use these two funds of money, the bonds and the highway grant, and you're saying that this is the priority that you've come up with?

Dr. Phillips explained, part of the rationale, as President Baker said, is this allows us to do a project at 60% of what it would normally have cost. It may not be the number one project that we have next on the list, but otherwise we will lose the federal funds because we cannot use them for anything else.

Trustee Murer continued, I get all that. I want to be more specific with my question. I understand use it or lose it, and all of this. Are you saying to us that as you looked at any like projects, any parking lots or parking decks or anything else for which this money would be suitable to use, that your recommendation to this Board is that this is the project that you recommend?

Dr. Phillips replied, yes.

Trustee Boey questioned, is there a safety issue involved?

Mr. Wroblewski answered, we created an intersection where there was none before so in order to mitigate and improve safety, we put in stop signs. So it's a four way stop right now. As far as I know we've had no accidents since we've opened. We opened just a few months ago in November. It has become very popular. It's very popular with the students. It gets them right out to the Convocation Center where they want to go, and it is actually very popular as they walk. There's a lot of people that walk out to Stevenson and walk onto campus as well.

Trustee Marshall questioned, is there a runner-up project behind this one?

Dr. Phillips responded, I don't believe we've established another project at this point in time that we would use those funds for. I think there may be a time limit on the funds, I'm not sure.

Mr. Wroblewski clarified, the only indication from IDOT was that these funds have been sitting for approximately five years now since the far west roads were completed. Usually if they sit that long and are not used, the federal government looks to bring them back into their budget. Eventually they would be swept back if we don't use them.

Chair Butler commented, I want to push a little harder on this one regarding the 2010 bond funds. My understanding is this has been represented to us as being a source of funds that are available for projects related to the improvement of the residence halls. That's what the bond series was taken out for. So this could technically be used for the Holmes Student Center. It could be used for Neptune Hall. Isn't that correct? Because I don't think Trustee Murer's question was precisely answered.

Dr. Phillips answered, I believe that's correct.

Chair Butler questioned, so it can be used for other things. Other things that are...

Dr. Phillips clarified, other capital projects.

Trustee Murer commented, I don't think that was the answer that I thought I had received. So my question was on the bonds. My question was, are the bonds dedicated to this type of a capital project which relates to roads. I thought your answer was yes.

Dr. Phillips replied, it is.

Trustee Murer clarified, and then you said parking lots, you also said parking lots.

Dr. Phillips explained, in general when we borrow the money for the bonds, they have to go to some entity that allows us to raise revenue to pay off the bonds. Some of the funds went to parking lots and other things associated with our ability to charge revenue or projects that were closely associated to the auxiliary services, which is basically what those bonds fall into. We can use these funds for those purposes. They can be used for this as I believe this was associated with the Stevenson project and the

development of the road which facilitates students and others moving to and from the Convo Center. We hope to open that up and provide more access there as well, and to the residence hall, but you do have some flexibility. They cannot however be used for operating funds or payroll or all those kinds of things. But they can be used typically for capital types of project associated with auxiliary services.

Trustee Murer asked, then I think my follow up question was consistently the same. In your best estimate as the Chief Financial Officer in concert with the President, you've identified in presenting to this Board that the best use of these funds that are available to this University is on this project.

Dr. Phillips replied, yes. We would be able to do a project at 60% of the cost. If not, we would lose roughly a quarter of a million dollars that we would no longer have available, in which case this project would probably not be completed for a considerable period of time.

Trustee Coleman questioned, when we raised Douglas Hall, we used the bond fund to create the original street or the original road or did the federal highway fund?

Dr. Phillips confirmed, I believe we did.

Trustee Coleman clarified, we used a bond fund. And so really what we did is we created a new road and now we've got somewhat of a bottleneck or an S curve or potential hazard. We've got a lot of people, volumes, or thousands of people that are coming to and from. It sounds like we need to make sure it's a clear, open, easy access so we don't create problems in that area.

Dr. Phillips explained, the truth is this probably should have been done as part of the original project. This was kind of left off the list. If we had to go back and do it all over again it would have been included in the first place.

Dr. Baker confirmed, one other safety concern is that episodically this is an extraordinarily high density area. At the end of a football game or basketball game you've got streams of traffic coming out and then you've got this off-set road where people are jockeying around, so it does create some safety concerns in those situations as well.

Trustee Struthers asked, will a stop sign be eliminated with the straightening? Will it become a two-way stop as opposed to four?

Mr. Wroblewski responded, we haven't studied that yet.

Trustee Struthers continued, I think that would be a big benefit of it. I can just imagine that the traffic is a mess in so many of the places around there.

Trustee Boey commented, from a safety viewpoint, Tim, that has to be an improvement. That's an accident waiting to happen after a ballgame. I've seen it.

Trustee Struthers agreed.

Chair Butler asked for other questions or comments. There were none. All trustees were in favor except Trustee Strauss who voted no. Chair Butler commented, "let the record reflect that Trustee Strauss has voted no." The motion passed.

**Information Item 8.a. – Quarterly Summary Report for Transactions in Excess of \$100,000**

**Information Item 8.b. – Periodic Report on Investments**

**Information Item 8.c. – Quarterly Financial Summary**

In the interest of time, Chair Butler recommended moving on to item 8c unless there were questions on items a or b. There were no objections.

Dr. Phillips began by stating that this is a new informational item that we plan to provide to the Board on a quarterly basis. What we have done is provided a current financial statement, cash flow statement, regarding all of our funds by category; revenues and expenses, year to date, year to year. On the first part of the item is a listing of all the fund codes. So it's very clear what each of the funds consists of, what it can and cannot be used for. Some are restricted, some are not. But if you go to page two, the first column is the '02 and '04 funds. This is the appropriated funds and the income funds. At the top you have the revenues. At the bottom you have the expenses. You will notice that there's a significant decrease in revenues from last year to this year that reflects the lack of state funding. The second column are bond revenues, which is the 29 fund. The next column are the local funds, the 41 and 55. These are auxiliary enterprise funds and foundation support funds. Fund 41 are also auxiliary service funds. If you look on page three at the 41 and 55 funds, you'll notice at the bottom we're showing a deficit of roughly \$7 million. If you look up to scholarships and awards there's essentially a one-for-one match. In the past, a large portion of our scholarships were not included in the budget. We're in the process of addressing that situation. We have an institutional aid task force looking at that. We expect that will be rectified going forward. If you go to the next page, we've added grants and the total of all the funds. This basically does not count state funding, which we have not received. If you look at the net revenues and expenses year to date, you will see we are considerably lower in terms of revenue than we were last year. The very last column where it says FY16 budget, at the bottom we started off the year with expenses of \$419,000 from last year and a budget of \$394 million, which was what was approved by the Board. However, if you look at total expenses and take the grants out, you will find that so far this year we have actually reduced our expenses by roughly \$15 million. If you go to the last page, we basically show what our funding streams would look like had we had the governor's budget. The original budget recommendation was \$91 million. If we had the Governor's budget, we would have received \$63 million. So this is what the numbers would look like if we actually had received the funding year to date, and that would have been incorporated into the budget. If you look at the budget item that's in the book on page 38, this was before we added the grants back into the program and the grants essentially are one for one, we received the revenue. It is spent for those purposes. That which isn't spent goes back. If you look at total all funds '15 to '16, you will see under total expenses last year at this time we had spent \$190 million; this year, at this point in time, we've spent \$174 million, which is a reduction in spending so far this year of approximately \$16 million. We anticipate, if we stay on track, by the end of the year we will reduce spending at least another \$16 million, which will actually keep us under budget for the rest of the year, and that's at the \$394 million spending level.

Chair Butler began, this is an information item. No motion is required. This is a time for the committee to ask any questions or make any comments.

Trustee Struthers commented, I would just add that this begins to surely build some context for certain. I think your last comment, what we expect for the remaining five months, is important and a forecast drop-in would be valuable. And then of course context from prior years, we have one year here, but maybe a few more; some fine tuning on this, but it does, for the first time I think, make it very clear that our expenditures are down \$15 million for the first half of the year and you expect another \$16 million. Then given even the reduced state funding, if we get that, would actually put us in the black for the year, if those things carry on.

Dr. Phillips responded, correct. A couple of points I'd like to make; so far this year we've received 78% of our revenue [or would have], but we've only spent 48% of our expenses which is very good. The second thing is, in the last column you'll see that there's a \$25 million deficit between what we spent last year and what our budget is for this year. We had a shortfall at the beginning of the year of \$25 million. We are on track to reduce our spending by over \$30 million which gets us well under our budgeted number. Last year our budget was \$425 million, this year it's \$394 million, and we should stay under that number. That's at a 30% cut from the governor. Anything less than that puts us in a much better position. We're

also always very conservative with our revenue projections. It's very likely that our revenue will actually be higher than \$394 million.

Trustee Struthers continued, my last comment would be is that we've had conversations of course with respect to a balance sheet and that ultimately gets then to our assessment of liquidity and staying power and how long our reserves can sustain our operations in spite of the state budget.

Dr. Phillips replied, correct. This is the first time we've done this. We anticipate changes, adjustments, improvements to this. And as we said, we anticipate also augmenting this with additional financial documents going forward, and these are items that we would present to the Board. I will also say that we recently have initiated a budget review process. We are doing a much better job defining a very clear budget process where divisions have very specific budgets, actual funding. Those numbers actually roll up into these numbers. We are all operating off of the exact same numbers from the Board of Trustees all the way down to the budget manager level. We will improve this. We will refine this. We will work with the Board to put this in terms that provide you with the information that you're looking for, and we certainly anticipate augmenting this going forward.

Trustee Murer commented, I'd like to commend you Dr. Phillips, the President, and the Provost for your continued expression in particular today through all the committees of a heightened sense of fiscal responsibility and not only on the cost cutting side which is always important, but I think that we've expressed in other committees ways in which we can enhance revenue. And, organizations are not successful simply by cutting costs. Organizations are successful by identifying revenue and then balancing budgets. I was struck today in particular by a very renewed commitment and an expressed commitment on fiscal responsibility and transparency as you've identified in this, so thank you.

Dr. Phillips responded, I've had several discussion with Moody's recently. I anticipate we may see something next week. In the conversations they indicated that we were in fact doing all the right things; all the steps we have taken from a transparent, rigid budget process that we're trying to put into place where everyone knows exactly where we are and what we have to work with, program prioritization, process reengineering, pushing out five-year budgets. All of these things are exactly the things that need to be done. The individual at Moody's stated that, based on all of our actions, when we do get through the budget impasse, we will be very well positioned going forward to achieve even greater success, and that's our goal.

Trustee Murer continued, and the comment that I would like to make though is that these are all important steps, but we have to continue to be extraordinarily diligent. I know that's almost rhetorical, but although we've done all those things, we need to retain that attentiveness to fiscal responsibility.

Chair Butler asked for other comments or discussion. There were none.

## **OTHER MATTERS**

Chair Butler remarked, in the category of other matters I would just ask Dr. Phillips if you could introduce us to your new AVP of Finance and Budget. I also don't believe this committee has formally met John Heckmann, although he spoke today.

Dr. Phillips addressed the Board, I actually have two relatively new Associate VPs; one is John Heckmann who is the Associate VP for Facilities, the other is Larry Pinkelton who is the Associate VP for Finance and Budget. We are very, very fortunate to have them both here. They certainly have made my life much easier. Larry spent most of his day today working to try to get a number of budget forms to our friends in Springfield today, but they are largely responsible for all of the processes and procedures and the structure and the fact that we're developing capital plans, capital renewal plans. We have a coherent budget process that we're putting in place that's transparent. They are largely responsible for all the good work that's been done over the last few months to get us in the position where we are, so I want to thank them and their staffs as well.

Chair Butler commented, thank you and welcome to Northern, formally. On behalf of the committee I would also like to thank the members of the University Advisory Committee, Greg Long, Rebecca Shortridge and Holly Nicholson; Brett Coryell for speaking to us, and Tom Wroblewski as well. Thank you very much. And I always like to say thank you to media services and food services, and the others who make this meeting possible.

#### **NEXT MEETING DATE**

The next meeting of the Finance, Facilities and Operations Committee will be Thursday, May 19, 2016.

#### **ADJOURNMENT**

A motion was made to adjourn by Trustee Strauss; seconded by Trustee Boey.

All were in favor. None were opposed. The meeting was adjourned.

Meeting adjourned at: 3:12 p.m.

Respectfully submitted,

Vicky Rippberger  
Recording Secretary

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