

Minutes of the
NIU Board of Trustees
FINANCE, FACILITIES AND OPERATIONS
COMMITTEE MEETING
May 19, 2016

CALL TO ORDER AND ROLL CALL

The meeting was called to order at 1:44 p.m. by Committee Chair John Butler in the Board of Trustees Room, 315 Altgeld Hall. Recording Secretary Vicky Ripberger conducted a roll call. Members present were Trustee Robert Boey, Trustee Wheeler Coleman, Trustee Robert Marshall, Trustee Cherilyn Murer, Trustee Tim Struthers, Trustee James Zanayed, 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, General Counsel Jerry Blakemore, and Board Liaison Mike Mann.

VERIFICATION OF QUORUM AND APPROPRIATE NOTICE OF PUBLIC MEETING

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

MEETING AGENDA APPROVAL

Chair Butler explained, we have an agenda that has been just distributed to us which is an updated agenda which includes an additional item, item number 8o that is not in the printed book but is in the publically posted agenda. The only other amendment that I will draw your attention to is that we are dropping from this agenda item 8a for further review and that will come back to us at some other time. With that in mind I'm looking for a motion to approve the agenda as amended by my comments.

A motion to approve the updated 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 February 18, 2016 meeting was made by Trustee Strauss; seconded by Trustee Boey.

All were in favor. None were opposed. The minutes were approved.

CHAIR'S COMMENTS/ANNOUNCEMENTS

Chair Butler began, this is an opportunity now for me to make some comments. Let me begin by asking the representatives of the University Advisory Committee if they have any comments they wish to make beginning with Dr. Long. I also see Ms. Nicholson. Either or both of you may make comments?

Greg Long asked, actually may I potentially suspend my comments until after the rest of the public comment? I know that we have a presentation on salaries that I'd like to respond to. Would that be within the protocol?

Chair Butler answered, yes. Ms. Nicholson.

Holly Nicholson began, I just wanted to acknowledge the close working relationship that we've had with Al Phillips, John Heckman, Larry Pinkelton, and the RSB Committee. That's been a very fulfilling and very positive working relationship. I'd also like to acknowledge our support for the program prioritization reports. It was an excellent body of work, and I'm impressed with the amount of thought that went into them. We

also support the cost savings measures, but for morale we need to make sure that we maintain consistency across groups and programs. Thank you.

Chair Butler thanked Holly. RSB is the committee for Resource, Space, and Budget, which is a committee of the University Council. Dr. Baker, that committee was expanded, is that correct, or altered in its composition in some manner?

Greg Long clarified, actually, last year we did combine the Faculty Senate and University Council. Each of those bodies had Resource, Space, and Budget if you will, and so now it's combined into one group.

Chair Butler recalled, that's correct, and Trustee Strauss and I met with that committee recently and learned about some of the activities of the committee. We very much appreciated the invitation and that opportunity.

Let me introduce my colleagues on the Board someone in the room who will at some point soon become very special to us, and that is the student trustee-elect. His name is Matthew Holmes. I'd like to ask you to stand please. Congratulations. Matthew is an Operations Management and Information Systems major, and I believe you'll be a senior in the coming year. Is that correct? Welcome, and Matthew has been here all day.

I want to make just a few comments before we hear from someone who has public comment and then Dr. Long. I draw the committee's attention to the fact that for today's meeting we flipped the traditional order of the agenda by placing the information items before the action items. This is because of the importance of these reports and because of the interconnectedness of the capital planning process report and the capital projects we're considering for action. We will review an iteration of the quarterly financial report, a new routine report developed by Dr. Phillips in consultation with committee members, that offers a rather full picture of FY16 now that we are nearing the end of the fiscal year. Information provided in this report will aid our ongoing budget discussions. A second report concerns capital project planning and it relates to the capital action items on our agenda and responds to committee inquiries. At our last meeting, on February 18, 2016, trustees asked several questions about capital items, and particularly there was a desire for some context or a bigger picture for the fiscal year. Where did these projects fit into an overall plan for the use of capital resources? was basically the question. Dr. Phillips informed the committee that projects being pursued were the most critical or for which we have dedicated sources of funding. He also noted that the university had initiated a process whereby they were developing a capital project program, creating a methodology to evaluate every project that they're made aware of, developing criteria to prioritize those projects, and assembling a multi-year project list. Then they are identifying available funding. The intent, as we move to a longer-term budgeting process, would be to bring a multi-year project list to the board with associated funding for those projects for those particular years. Today we will see the result of that work as information item 7f, which is important that we look at first, I think, before we look at the capital projects in particular. Those are the sum of my opening remarks.

PUBLIC COMMENT

Chair Butler stated, I'm aware of one person who has expressed interest. Mr. Blakemore are there more than one?

General Counsel Blakemore answered, I have not been notified of any other persons.

Chair Butler asked Virginia Naples to step forward and speak at the podium. If you could keep your remarks to about five minutes that would be appreciated by the committee.

Professor Naples began, thank you Chair Butler. Hello again. I was here earlier this morning. Many of you were here as well. I'm talking about a topic that is related to what I was discussing this morning. This I'm doing without a net because I gave away all of my handouts, so if I forget something, and there is an important point, I would ask someone to remind me or ask for clarification. This is a spreadsheet that I put

together in Excel. This is 12 years' worth of data. This is an analysis of the salaries of the entire College of Liberal Arts and Sciences, all 17 departments. Each of those individual pink and blue rectangles represents a single individual data point for that year. The years are arranged in three columns with assistant on the left, associate professors in the middle, and full professors on the right, with the salary rankings from the top to the bottom. I gathered all of these data specifically from the NIU working papers so I am not in any way violating anyone's confidentiality. Unfortunately, the working papers are behind so I was not able to get the most recent data sets which I would very much like to have, and I'd ask if someone would make sure those would get there as soon as possible. What you see is the distribution of salaries. I decided to go with the traditional color code of blue for boys and pink for girls. If you look at the left column in each of those years, you will see that there is a fair amount of mixing between the pink and the blue salaries. That represents the salaries of assistant professors for each of those years for all of the College of Liberal Arts and Sciences. When you go to the middle column, you will see that there is a fairly large amount of pink that is gathering toward the bottom. When you go to the right column for each of those three columns, for each of the years, you will see that there is a greater preponderance of pink that is distributed but also closer to the bottom. In addition, the number of pink rectangles for all of the years in the full professor, the right hand columns for each of those three years, is dramatically reduced in comparison to the percentage of associate professors that are represented by females. If you look at the bottoms of all of these columns, you will see that in a few cases there are female colors pink there. If you look at the very tops, you do not see any pink at the very top. There are a couple of years where, in one or more categories, there is a pink one that is close to the top. When I did the statistics for analyzing the salaries for assistant, associate, and full professors, the means show a difference. Female assistant professors on average make about \$1000 less than males; associate professor females make about \$2000 less than males; and, full professor females make about \$8000 less than males.

Professor Naples continued, this is not the kind of data that were reported for the Faculty Salary Equity Force reports, but I am saying that those reports are deeply flawed because they mixed what they were doing. They used a very large number of factors, and if you use too many factors in a single analysis, you swamp them out and you cannot identify specific individual characters without a data set that probably is a googolplex or two in size, and we don't have that many people here. That makes it very difficult. In order to understand salaries, you need to understand the history of individuals, and I have traced all of the individuals in all of these departments. This is showing that, regardless of how these people got to these salary ranges, women in all categories are doing more poorly than men. This is not what the original Faculty Salary Equity Task Forces said. There was one in 2004 and again in 2008. I was on the Presidential Commission on the Status of Women for the 2008 timeframe. It was Vice President Steve Cunningham, whom some of you may remember, who was tasked to go to speak to that committee, and the committee was not pleased with what he had to say because people know that this is a discrimination problem here whether anyone is willing to recognize that officially or not. We were not going to allow Vice President Cunningham to escape that room without agreeing to give us additional information. He ultimately agreed, albeit extremely reluctantly, to provide us with an executive summary. Unfortunately, that executive summary did not show the methodologies that were used. The only thing we heard was that they were sophisticated, multiple regression analysis. There are many forms of multiple regression analysis, sophisticated and otherwise, and unless you can actually replicate what is done, you do not know. One of the things that came from a discussion I had with Vice President Phillips, I thought rather appropriately scheduled on December 7th, Pearl Harbor Day of 2015, was that the most recent in-house study that was done, 2011 or 2012 I believe it was, included four factors. He assured me that those four factors were independently derived. That is not accurate, because those four factors had two of them; one being annual merit scores and the other being long term merit scores. The way you get long term merit is you simply add up the number of years that you are doing for long term merit and then divide by that number so you're getting the average. But if there is a problem with the way that individual merit scores on an annual basis are generated, there will be guaranteed to be a long-term merit score problem as well. This is actually the underlying, fundamental source of low morale for the faculty, and I've heard many people talking about faculty having extremely low morale.

Professor Naples continued, there have been many efforts that have been made across campus with faculty and staff and students and administration to try to boost morale, and those are very much appreciated.

Unfortunately, the single most important factor that boost people's morale is when they can pay their bills. This is also a factor as I touched on this morning that is going to make it more difficult for the University to acquire new faculty, to retain new faculty, and to have them have some satisfactory careers through here. I would like to see that since we are in a timeframe where there are going to be major budget restrictions and changes and restructuring whether we are willing to do that or not, I would like to see faculty salary equity be included in a real sense in the way the budgets are restructured. Here I have presented faculty salary information. I know anecdotally that there are problems with discrimination against staff members, minorities, all kinds of other of the protected category individuals. Those data were not available to me because what I was using were exclusively the data from the working papers. Those studies also need to be done, and that was something that was mentioned in faculty senate that there is going to be a new faculty salary equity study that was done and I believe also to include examination for equity for staff salaries. Is that correct Greg?

Dr. Long replied that he would fill in a little more detail when Professor Naples was done.

Professor Naples continued, okay. It's one of the things that I would urge the administration to do. If you will achieve salary equity for faculty, that will make you heroes for the administration. That's probably the single most important and best thing that can be done to forward the mission of this University. I have been looking at this salary data for many years, well over 20 years now, and in fact I came to the Board of Trustees in 2006 which would have been the meeting corresponding to the May meeting, it was May 25, 2006, to present a more limited study that was based primarily on the Department of Biological Sciences where I reside. Nothing has changed. Nothing has improved, and in fact the situation has gotten worse. I'm very much hoping that all of you will look at this issue with fresh eyes and come up with a solution to this very serious problem. Thank you.

Chair Butler thanked Professor Naples and asked for questions or comments from the Trustees.

Trustee Murer commented, it would be very disturbing to learn that any discrimination takes place on this campus. I'm extremely sensitized to gender equality and pay equality. I would like to make sure that we approach this in a deliberate, non-emotional manner based on scientific, evidence-based analysis. It's not that hard. It's not that complicated to do. This actually may be part of our risk analysis. If there's an allegation of discrimination, it's a risk. I spoke of this issue this weekend in Beirut, Lebanon, and I'm speaking about this today in DeKalb, Illinois. I really hope that we look at the data in a very empathetic manner, but in a deliberate and scientific manner. We need to provide not only to the faculty but also to this Board an assurance that if inadvertently there's lack of equality, we have a plan to deal with it and that we have means to assure that data will be concurrently and continuously evaluated to assure that no group, be it gender, be it ethnicity, be it disability, whatever the situation may be, all people are created and treated equally at this University. This is a very serious matter that needs very serious and soulful attention. We need cooperation to not, as best as one can look to the past, be accusatory but work together to try and resolve this matter and try and assure that whatever variables we use in determination of pay, those variables are applied equally. It's not about which dollar and equality of dollar, because different people are paid different things based on longevity, based on merit, based on performance, based on lots of things, but with the methodology applied for that determination we need to assure ourselves and our community that we apply it in an equitable manner. Thank you for your comments.

Chair Butler asked for other comments.

Trustee Marshall commented, this is just to say that while I'm not going to put a motion on the floor that gives us a timeline, I'm making a suggestion that rather than this dragging and dragging that it be imprinted with the word "soon" to get this done.

Chair Butler asked for other comments and then asked Dr. Long to make some comments.

Dr. Long thanked Chair Butler. I appreciate the opportunity, and I want to thank again Professor Naples for her concerns and bringing this to our attention. I also echo Trustee Murer's concerns as this has been

a significant and very serious topic. Very briefly in terms of history, we have done some other salary studies. One was in 2005, another was in 2008, and another was in 2011. Certainly the 2008 and 2011 studies did use regression, but that is the typical analysis used by the EEOC as well as the Department of Education, and they were reviewed fairly closely, but the thing is each of those reports also called for the need to do periodic reviews of this. So, given that our last one was 2011, five years hence seems to make sense to do this. So in response to the concerns that Dr. Naples raised, the need to do this on a periodic basis, Provost Freeman, Dr. Phillips, and I did release a letter in the Northern Star on April 11th announcing the formation of a salary equity task force. In my role as Executive Secretary and Faculty Senate President I'm being tasked with organizing that, and the initial letter to the editor called for a focus on gender equity. As we've looked at this a little more fully, we certainly would add race as a variable. I talked to the chair of the Presidential Commission on the Status of Women, Dr. Laura Vazquez, and I also have talked to Chief Diversity Officer Dr. Vernese Edghill-Walden on this topic. As we look at this moving forward, I've had the good fortune to interact with Dr. Virginia Wilcox-Gok, who is a full professor in Economics and the former chair of the Department of Economics. She's very willing to take this on as her service for next year as part of her workload. We've got a graduate assistant who is going to be available for her full time and create an advisory committee that includes a number of individuals from across campus. I know, from a board standpoint, you sometimes ask if we can do things locally; this is one that we're going to try to do locally. She's a labor relations specialist and has a grad class that's going over this topic in the fall. She's going to include them in this process. Our overall goal in this is to look at it at a much broader level so it's not just gender and race, but we're looking at other variables in terms of salary compression and salary inversion. We're looking at it with a bigger perspective really; relying on Dr. Wilcox's nationally known expertise on this topic in terms of our advisory committee to participate on this. We absolutely want to get some diversity, but for me it's equally as important if not more so to be sure that the individuals on the advisory group have the disciplinary expertise and competence to contribute in a manner that allows us to create a process that is replicable and transparent. Dr. Wilcox and I even talked about the idea of taking this and publishing it as a scholarly article. We want to do this in a way that can be replicated over time and that does answer the kinds of questions that are being asked. So we are taking the concerns very seriously and as an organization looking to put together a task force that will begin our work seriously in the fall because we want faculty involved. Right now most faculty are off contract, but I would say beginning first part of fall semester we'll be able to move forward on this. I've already got some meetings scheduled with Dr. Wilcox to do some initial planning.

Chair Butler asked for questions or comments related to what Dr. Long has just said.

Trustee Murer commented, everything you said is commendable Dr. Long. I just caution us to be not so academic and not so process-oriented because the answer that must, not should but must, come back to this Board is that there is no discrimination, that individuals are treated and are compensated in a blind format. That's the answer we have to get. What I caution us to do is no not elongate the process to such point that we cannot readily learn of this answer. Thank you.

Chair Butler asked for other comments. This is one of those issues that comes to the Board and we need some time to sort out where the appropriate place for reporting on this might be. We'll talk with Dr. Long on that issue. It seems to me that the Academic Affairs, Student Affairs and Personnel Committee is probably the appropriate place for this. I am of course sensitive to the rationale for presenting it in this particular committee based on the desire that it be represented in the budget priorities. That's been heard. We will talk as Board members and with Dr. Long, and we will determine the most appropriate way to accommodate Trustee Murer's very clear request that this particular question and issue be studied and that the results come back to the Board. Are there any other comments on this issue?

President Baker commented, I would just say that I appreciate the provost and Dr. Long getting together earlier this year and taking this on in earnest. I think you're taking it on in appropriate fashion, to really do this in a well-substantiated, methodological way and really get to the roots of the issue. So I very much appreciate that and support it.

UNIVERSITY RECOMMENDATIONS/REPORT

Chair Butler began, I'm going to then move into the University report, and I'm going to ask the trustees if they are comfortable moving immediately to the Quarterly Financial Summary and having the first three information items be reviewed on your own unless you have any questions about them. If so, I'm happy for us to talk about them, otherwise we can go right to the Quarterly Financial Summary. Is that acceptable? Okay, so then we're on item 7d, and I'm going to turn the floor over to Dr. Phillips.

Information Item 7a – Semi-annual Progress Report of Active Capital Projects

Information Item 7b – Quarterly Summary Report of Transactions in Excess of \$100,000

Information Item 7c – Periodic Report on Investments

Information Item 7d – Quarterly Financial Summary

Dr. Phillips indicated that this is the quarterly financial report. Over the last several Board sessions we have worked on putting together a report that clearly lays out what is going on with our budget through the year. What we've done for this report is we start off the year with the budget broken down by month, and as we go from month to month, we replace the budgeted item with the actual revenue and expense which then gives you a much better picture of how we are doing relative to our revenue and budget projections. So far this year, and I will talk about this in another item here shortly, we had projected revenue of \$389 million and expenses of I believe \$418 million. We are essentially at that point. The challenge is that this was based on a spending level from the state of \$63 million, and as you know what we've received so far is \$26.4 million. So this report, this month, reflects the actual revenue from the state and our actual spending level to this point in the year. Currently we are projected to finish the year, in the absence of any additional funding, with our expenses exceeding our revenue by about \$29 million. We have an item here shortly that requests approval to spend to that level, and I will talk more about that when we get to that point.

Chair Butler asked for questions. There were none.

Information Item 7e – Fiscal Year 2017 Internal Budget

Dr. Phillips indicated that he would normally be bringing to the Board a recommendation for a budget for fiscal year '17 at this point in time, as there are two weeks left in the legislative session. We are still hopeful to receive additional funding for fiscal year '16, almost 12 months into the year. We will be bringing that item to the Board directly in June with the hopes that we would have a much better idea of what we might expect in terms of state funding for '17.

Chair Butler asked for questions. There were none.

Information Item 7f – Overview of Five-Year Repair and Improvement Planning

Dr. Phillips introduced the next item as an overview of our five-year repair and improvement plan. This is something, as Trustee Butler has mentioned, we've been working on for a while. He introduced Associate Vice President for Facilities Management and Campus Services John Heckmann to give a presentation on where we are with this effort.

Mr. Heckmann indicated this is a pretty complicated and challenging effort for us to go through, but I think when I first got here I faced a similar challenge that all of you face when we bring you projects. You can't understand that context and where it fits into the bigger scheme of things, and I struggle with that myself. So as we worked through a process with my team, I want to show you where we're at so far with a very complicated process. It's complicated by the fact that we have numerous, hundreds of, things that we're trying to get our arms around in the complexity of our process to begin with. I want to celebrate, in some way, the efforts that we've come to so far with my team over the past few months. When I first got here this was how I viewed things: We had work coming into our organization from various areas throughout

the University. It was anything from small stuff to large stuff, from repairs that needed to be done to new stuff; a very complicated picture, all trying to come together to one organization, and it was hitting us from very different angles. So obviously we needed to get a better process; to get our arms around this in a controlled manner. We needed to differentiate the types of work we were doing and not give too much preference to new work and renovation work when we had leaking roofs and other important things that were keeping buildings from being operational. We needed a prioritization scheme that would allow us to legitimately say the right money is going to the right place at the right time with the few dollars that we're getting in our budget right now. That was very important. That's what we were faced with and what we needed to change. We're trying to get our arms around one central way of bringing our deficiencies in one organized manner; everything from facility deficiencies to facility improvements including even times when we have to install equipment, whether it be in labs or anything else; those typically come with a facility interplay, typically with power, and we need to be aware of those so we do that in the correct manner, and as I mentioned, the prioritization strategy that will incorporate the right parameters and the right criteria to evaluate and then lay out an appropriate multi-year prospectus so we can get a handle on where we're going to go and we can legitimately, in a disciplined manner, plan things out appropriately. It's very difficult to be able to do a large project all in one year. When you plan, design, and construct it all in one year, you're upping your chances of making a mistake and making a bad decision. It's acknowledging that some priorities will come up and some urgent things will come up, and we'll accommodate those as they happen, but we just don't want that to be the norm.

Mr. Heckmann continued, the structure that we started to lay into process, and we're learning as we go, has been an on-going effort to try to refine our process, but fundamentally this is how it looks. We're funneling all work into one location so we have a handle on everything that's being requested of our organization from a facilities management perspective. We're then trying to compartmentalize - what's the type of work we're talking about; is it minor, is it major, using \$7,500 as our rough figure to separate that type of work. It's a good figure to determine whether or not that type of work needs additional review and higher level review. Then we're further compartmentalizing that into buckets; is it maintenance work, is it repair work, or is it something new - new construction or a renovation that could be defined as discretionary, and trying to understand how we might begin to prioritize and view things in a different manner. In this manner we're trying to approach a segmentation of our work so it's not all coming in at one time and we end up trying to juggle a thousand different things. For the work that's on the large side, that's items that are above \$7,500, we're trying to put it into a prioritization scheme that is going to follow some criteria. Right now it's very subjective. We have too many things to try to put into a precise scoring format, but eventually that's where we'd like to go. But things like life, health, and safety; mission impact; impact on property loss and things like that nature all have to be factored into a prioritization scheme. With that we would make an initial draft of what our proposed priority would be. We are taking that to another forum where we have a cross section of representatives from the University. It is given a "sanity check" in this forum and reviewed, questioned, and decided; is this an appropriate priority for the University, trying to bring in all aspects and angles of the University to take into consideration? With that we would take appropriate recommendations up to the appropriate approval level which would include the Board of Trustees for projects that are over \$250,000. Generally, as I mentioned before, on the right hand side of the slide I want to get into a disciplined process where we try to plan things out in almost a three-year format. We plan things in one year, we design it the next year, and we construct them in a third year. If we can get into a cycle like that it would be a very structured process to go through. An example of the priorities I put down at the bottom right hand side here just to give a feel for how we need to start viewing things. There are a lot of repairs out there that need attention, need the obvious priority, and need to go above and beyond typical new construction or renovations. When we have leaking roofs or air conditioners that are failing, that make buildings unoperational, and we need to make sure that those priorities are being appropriately considered before we worry about whether a space is outdated because it was built in the 1960's for example. What we're trying to structure is a five-year plan.

Mr. Heckmann drew the committee's attention to an example of how he's trying to lay out a scheme of how we might view things. On the top I illustrate the \$250,000 level of projects. Those big projects are the ones that really need the structured plan design and construct sequence laid out in multiple years, and overlapping, so we can balance our workload appropriately. Below that we'll fit in a wedge for what I'll call

discretionary work, new construction and renovation work. Below that is where we need to make sure we fit into the budget appropriately; enough money for major repairs and of course the foundation for it all is the day-to-day maintenance that we have to do year in and year out. On my next slide, another way to view this scheme is by looking at it in a funding profile. This is how we might build a budget profile that is with the foundation of maintenance on the bottom so we make sure that we're doing the day-to-day maintenance and not undercutting that. On top of that, maybe the smaller repairs so we can keep the building functional on a day-to-day basis and then start to build into the budget some investment for discretionary work, a small amount just so we're knocking out some nice-to-haves and nice-to-dos, and then making sure that we're budgeting of course for the major repairs, and on top of that would be the larger nice-to-haves, the larger discretionary work. Then when you overlay the realities of a budget profile and what the actual budget may turn out to be, that's going to vary from year to year, and I understand that, for those projects that don't make it by the cut line we'll have to reprioritize those to subsequent years. That in theory is how I envision this working. I threw in some numbers of just our work in progress. You'll see some to-be-determined blocks in there for our discretionary work, but we've got a pretty good handle on what we know of our repair demands right now. In the repair categories we've captured every project that we're aware of and categorized them in the appropriate areas here. This represents about over 400 different line items of projects that we could identify and the estimates that we've come up with so far. Just to illustrate a little bit, in that FY16 column at the top, that \$7 million represents what we've already started coming to the Board with. At the last cycle we talked about the Steven's roof, our steam vault over at DuSable, the boiler repairs; all those things that we're starting to bring to the Board is going to be a product of this process that we're going through. As we go through the subsequent years, I anticipate coming back to the next Board cycle and presenting to you what that possible five-year picture might be for the \$250,000 and above projects.

Mr. Heckmann continued, there's different ways that we can carve up the data. This is one angle that I looked at, just dividing between where investments are starting to shape up between buildings and utilities or something other - right now that other represents parking lots and street work, but that's one way of viewing how we can see things are shaping up. Another view is where the investments are going from a functional standpoint. Obviously, it doesn't surprise me, a lot of projects are being identified for the steam work because we know we have a critical need there. Really, the takeaways I want you to understand today is that we do now have a deliberate process. It's fundamental right now. It's emerging and getting more fidelity as we go, but we are now differentiating repair work from other work so we can start to prioritize things in the right manner. We do have a rationale of how we're proceeding to prioritize projects as we go through the process identified, and we are starting to build that five-year framework so we can do the proper planning, do the proper budget allocations, and then start to build it even more from there. I'll stop with my presentation and see if there's any questions.

Trustee Struthers commented. This is exceptionally good work. I'm really, really pleased to see where we're at and excited for this to develop and mature. I think as we go about the year, to look at, from quarter to quarter, how many dollars we've spent in relation to the current year budget. I think you have a little bit of a nuance with projects that many be funded with debt maybe outside of that plan. I'm sure we can articulate that in some way. But I think this is exceptional work, and like everything else, I wish it was five years ago, but delighted that we're here today. Thank you.

Mr. Heckmann added, there is a complexity to this that I'm trying not to get into; types of funds is exactly an area that makes it very complex.

Trustee Strauss stated, I'm also very pleased that we've gotten this far. My question is when will you be to the point where you'll have real data for us?

Mr. Heckmann responded, I anticipate at the next Board cycle, in the August/September timeframe. At the next FFOC I want to bring to you that five-year picture of what \$250,000 and above projects we would like to plot out. Whether it will be fully supported by a budget, that's what I need to work out, but at least give you a tentative view of what we're looking at.

Dr. Phillips added, it's very difficult to fund projects if you don't have the list of projects that need to be funded. By having the list, this allows us to also identify funding, budget for these projects, determine how much we can afford on an annual basis, and manage to that. That's also the piece of this. First you have to have the list and the priorities, then we can take a look at how we fund that and how that fits into the budget.

Trustee Strauss agreed fully.

Trustee Boey commented, thank you. I'm delighted. I think it's a great system. As we go along you'll also help us in terms of preparing for budget on back up items, spare parts, and all that good stuff that goes with it, but I'm very pleased with it. Thank you.

Trustee Murer commented, when you present this to us in the next cycle as you indicated, at least for me, I think it would be important to know the difference between the projects that are funded through debt, through bonds, and what that time table is for implementation. I'd also like to have more conversation with Dr. Phillips in terms of, it's a pipe dream to think we'll ever get capital from the state; I mean those budgets don't exist anymore; what methodology will we use forthcoming to identify monies for capital improvement, and you can either do it prospectively or retrospectively. Prospectively it's just like a condo assessment, so you put so much money aside as a percentage of your total revenues and that's the pot of money you have, and then you've got projects, and that's all you can pull upon. Or you can do it the other way, you can get the projects, see what it is and prioritize it. I would be interested to hear more about that and your plans as we move forward dealing with capital issues and maintenance issues and really critical issues. We have to have a means in the budget that addresses how we're going to maintain what it is that we have.

Dr. Phillips replied, this helps us make the very best possible use of every dollar. So, much like enterprise risk management, we're prioritizing in terms of the greatest needs and trying to fund those first. The other thing this allows us to do is to develop a long term funding strategy to go with our long term capital plan, and it also facilitates the discussion with Catherine Squires and the Foundation as to which projects we might be able to find other funding for. It helps us with that conversation as well. Once again, you have to have this before you can have the funding strategy, but now that we do have this it allows us to do that in a more deliberate way to make sure that we're using every dollar in the best way possible.

Trustee Murer continued, I think your point is extremely well taken, that perhaps there's a new model of seeking out philanthropy especially when we're talking about donorship to physical entities, rooms, buildings, whatever; and perhaps what we need to do is think through and build in a ten-year maintenance cost to it as part of the cost of naming rights. Probably the best example of that is the Buckingham Fountain. It wasn't just the fountain, but the more important gift was the maintenance, the money to maintain that fountain for years to come. So maybe a new model that we're looking at, and when we're setting prices of naming rights on physical facilities, we may want to build that in as well.

Chair Butler asked for other comments or questions and thanked Mr. Heckmann. Can the committee members get the slides?

Mr. Heckmann will provide the committee members with a copy of the slides.

Chair Butler announced, we'll now move to our schedule of action items for this afternoon's meeting beginning with item 8b.

Action Item 8a – Fiscal Year 2017 NIU Foundation Professional Services Contract

Action Item 8a was removed from the agenda.

Action Item 8b – Fiscal Year 2017 University Outreach Education Centers Catering Services Contract Renewals

Dr. Phillips indicated that University Outreach Education Centers in Naperville is requesting permission to purchase catering services. Clients renting the education centers are charged a fee for events, and a portion of that fee allows the University to recover the full cost of the catering and expenses. This is down slightly from last year. This is the fourth year of five, one-year renewable options. The recommendation is that the Board of Trustees approve the expenditure authority for that amount.

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

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

Action Item 8c – Intercollegiate Athletics Fiscal Year 2017 Secondary Student Health Insurance Contract Renewal

Dr. Phillips indicated that Intercollegiate Athletics requires annual secondary health insurance to meet the needs for insurance coverage for accident claims for student athletes for athletically related illnesses and injuries. The secondary insurance is required in addition to coverage that the student athletes may have through their own primary insurance, and this insurance product has been designed uniquely and specifically for NCAA members. The amount that we're requesting is \$315,000. This is the same amount requested last year. We request the Board of Trustees approve the expenditure authority for that amount.

A motion was made by Trustee Murer; seconded by Trustee Strauss.

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

Action Item 8d – Intercollegiate Athletics Fiscal Year 2017 Air Charter Services for Football Team

Dr. Phillips indicated the need for Intercollegiate Athletics to purchase air charter services for the NIU football team. They will fly out of Rockford for games at University of Wyoming, University of South Florida, Eastern Michigan, and Kent State. A request for proposal has been received to determine vendors and pricing. Once an award is made, it will be advertised in the Illinois Procurement Bulletin. This is up slightly from last year due to the Wyoming trip. Going west is generally more expensive than any other direction. We are expecting the total of all the flights will be around \$375,000 based on the documents that we have received. With regard to the Eastern Michigan trip, this is a mid-week trip, and travels to mid-week contests have been a consistent practice. We're requesting approval for the expenditure authority of \$400,000 for air charter services for the football team for FY17.

A motion was made by Trustee Boey; seconded by Trustee Coleman.

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

Action Item 8e – DoIT Security Hardware and Software Amendment

Dr. Phillips explained that in 2015 the Board of Trustees approved an expenditure of \$2.9 million for the design, purchase, configuration, and installation of equipment serving three aspects of the core infrastructure, wireless services, and servers and network security appliances. This request, in the amount of \$49,977, is to fund an overrun in the professional services cost associated with that work. This one-time expense reflects the need to change the original design due to errors found during testing prior to going live with the new system. No new net funds are being sought at this time. The University requests the

Board approve the expenditure authority in the amount of \$2,985,343, which is approximately \$50,000 more than the original request.

A motion was made by Trustee Murer; seconded by Trustee Strauss.

Trustee Struthers questioned, I'm trying to understand this. The opening sentence in the third paragraph reads this no-cost request is to increase the amount of the open order. I'm just confused by this. Is there an increase in the cost or is there not an increase in the cost?

Vice President for Information Technology and Chief Information Officer Brett Coryell responded, the total amount of money spent by NIU will be \$50,000 more. I'm not asking anyone else to fund that. I'll cover that out of my departmental budget. It's just that because the request exceeds the original authority, we come back to the Board for approval of that request.

Chair Butler added, I think there could also be a misunderstanding. Trustee Struthers you read I believe from the other action item. You read from item 8f.

Trustee Struthers replied, that might do it, okay.

Mr. Coryell continued, we won't want any new money for the other one either as long as I'm up here.

Trustee Struthers commented, it says amendment adds \$100,000, and then it says no new cost in the next one.

Mr. Coryell responded, just remind me which one is the next one, the telephone billing error?

Dr. Phillips interjected, network voice trunking services and local domestic long distance service.

Mr. Coryell continued, this one is the result of a billing error by one of our vendors, Frontier Communications. The request here is to go ahead and make corrections. Again, I don't need new net money approved from anyplace. I cover this in my own departmental budget. This amendment is just to correct errors in billing that have already occurred.

Trustee Struthers asked, again, a little bit of clarification, is it a classification issue or is it truly...

Mr. Coryell responded, yes.

Trustee Struthers questioned, okay, it's not \$100,000 more? It's just simply from one bucket to another?

Mr. Coryell answered, that's right. Frontier has billed one account instead of two in error, and that's been going on for 22 months. As we're cleaning up billing records inside my division, we ran across this error and seek to reclassify that.

Trustee Struthers thanked Mr. Coryell for the clarification.

Chair Butler asked Mr. Coryell, while you're at the podium, no net new funds are being sought at this time in item 8e? That's what you mean by that phrase?

Mr. Coryell answered, that's correct.

Chair Butler asked for other questions or concerns. There were none. We are now voting on 8e and only 8e. All were in favor. None were opposed. The motion passed.

Action Item 8f – DoIT Network & Communications Services–Voice Trunking Services and Local Domestic/Long Distance Service Amendment

Dr. Phillips indicated that this is an amendment to the previous agreement. This contract will be rebid over the summer. In order to correct a billing error, we're asking for approval of the expenditure of \$1.5 million, which is \$100,000 more than the originally approved amount.

A motion was made by Trustee Strauss; seconded by Trustee Marshall.

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

Action Item 8g – Fiscal Year 2017 DoIT Document Services and Materials Management Printing Paper Open Orders Contract Renewal

Dr. Phillips indicated that this is a standard contract for the purchase of paper to support our printing services. An RFP was conducted during fiscal year 2015. As you will note, the amount has declined by \$250,000 since the request from last year. We have made great strides in reducing the amount of paper and printing that we do in order to save resources. We are asking for approval of the expenditure of \$500,000 with Lindenmeyr Munroe for this purpose.

A motion was made by Trustee Strauss; seconded by Trustee Coleman.

Chair Butler asked, how does this play out on the ground? Do students have the capacity to print a certain number of pages from computers throughout the University?

Mr. Coryell responded, the students have historically had a printing quota, for at least five years - I can't go past that just in the institutional recollection. However, a deal was struck, I suppose maybe three years ago, which pre-dates me by a year, so this is hearsay. A deal was struck to gradually winnow down the student printing quota because it was essentially funded from our lab refresh account. There was no separate set of funds to pay for student printing, in the amount of about a quarter of a million dollars per year. So rather than continue to take money from student lab refresh, that was to winnow down over the course of three years. Last year was to have been the final year for a student printing allotment of a free printing quota. We extended that by one year in response to a student petition. But this year, at the end of the summer term, the student printing quota will go away, and the students will pay for every page that they consume where they're using a central printing service. Printing on campus is not centralized, so some departments or colleges may still offer a quota, but my unit will no longer be offering that quota for the majority of undergrad students.

Chair Butler asked, so will they pay for printing?

Mr. Coryell answered, yes. They'll pay for every page. So instead of getting the first \$7.00 worth of printing free and then paying for every print after that, they pay from print number one starting in the fall.

Chair Butler questioned, what do you mean when you say a deal was struck?

Mr. Coryell replied, perhaps prejudicial language on that, so to be more clear, I believe it was from my predecessor and the former CFO reaching an arrangement.

Dr. Baker commented, I wondered if Brett could talk about the Green Initiative that the students have underway.

Mr. Coryell obliged, actually there was a petition on change.org that asked that the students keep their printing quota or maybe even increase the printing quota instead of having it continue to decline over a period of years. So I got in touch with the Student Association and had a really productive dialog with

them. I went to a couple of their meetings, and as a result of that, I agreed to go ahead and extend the print quota for one more year - the year that we're currently in. They've also then taken that, and they've realized a lot of students had wasteful printing; a lot of departments had wasteful printing; maybe they felt that some faculty required them to print more materials than they should; and they've created a platform called the Green Initiative where students have been trying to talk about what a real academic use of printing ought to be, should be, where it could be reduced, and that's been an interesting platform. I credit Dillon Domke, who's not here today. He and I had some good dialog around that, and he's talked about that in University Council a few times. In addition, we have an initiative going on right now that we're in the middle of on campus where my division is rolling through department by department to try to evaluate the number of printers that we have on campus. There is currently almost one printer for every employee that we have. That's way too many printers, and we print way too much. My division has gone, Eric Weldy's division has gone or at least his main office downstairs has gone, the president's office and the provost office are underway, and throughout the course of the next nine months or so, we'll hit the entire campus and present a choice to every office to say we think that you could get by with these number of printers in these locations, and if you do, you'll save X dollars per year based on what we see as normal printing costs. Do you want to keep the printers you have, or do you want to adopt that? That would be a local business choice for them. The total impact we think, if we had full uptake, would be about three-quarters of a million dollars per year in reduction of printing costs.

Trustee Zanayed asked, how much printing would cost per page at the new rate?

Mr. Coryell responded, I think the black and white cost per page remains at 5, 6, or 7 cents, in that range; and I think that the color cost is going down maybe from 35 cents to 20 cents. I'm pretty fuzzy on those numbers. What I'd really like to do is just find out the real numbers and get them to somebody so you could have an answer. Black and white is staying the same, color is coming down.

Trustee Zanayed continued, I think as you may have mentioned Speaker Domke and his concerns for the fact that some professors require students to print a lot of things. In my undergrad classes I remember having to print a lot of papers. I think that it will be untimely for us to pass something like this at this point with the students when they are not in session, when no students are here to be represented, to be heard for something that's going to affect them to this magnitude. If there's a motion on the table, I'd like to motion to table this for another time when students are in session.

Chair Butler asked, there is motion on the table, now there is a motion to table the motion. Is there a second to the table motion?

Dr. Baker questioned, can we be clear what the motion is, because we're buying paper.

Mr. Coryell explained, the decision to remove the student printing quota has already been made. That's done and finalized. That's not part of the request. The request here is to buy the paper for those printers that do remain on campus. Some of this is for personal printers and copiers in individual offices and some is paper that's actually used and stored by the high-speed document printing operation called Doc Services. They do things like printing the admissions guidebooks, and we need the paper for that as well. There's nothing in the motion that's on the table, or at least in my request, there's nothing that deals with whether students have a quota or not.

Trustee Zanayed corrected, well then I withdraw my motion, however I do stand by my comments that there is going to be some uproar from students when they get back and hear that they're going to have to pay per page.

Dr. Baker commented, that's been a dialog for the last two years. It's been much in the public. This isn't a surprise to anybody. It may be in Law School because you were really busy.

Trustee Zanayed added, and we have free printing in the law school.

Mr. Coryell added, Education has highly-subsidized printing as well. Most of the other colleges, I understand, do not.

Chair Butler noted, the motion before us is to approve this recommendation on the page. I opened the door to your motion. I was just curious as to how this was actually playing out on the ground. I didn't have any interest in stopping, it but thank you for your answers.

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

Action Item 8h – Waste Management and Utilities–Fiscal Year 2017 Solid Waste Removal and Recycling at NIU DeKalb Contract Renewal

Dr. Phillips indicated we are requesting permission to issue open orders for the removal of solid waste and recyclable materials for the upcoming year. This is the eighth year of nine renewable options for this agreement. It is consistent with the amount we requested last year, and we request the Board of Trustees approve an expenditure authority in the amount of \$420,000 for this purpose.

A motion was made by Trustee Coleman; seconded by Trustee Strauss.

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

Action Item 8i – Fiscal Year 2017 EMC Maintenance Renewal

Dr. Phillips explained that the Division of IT operates the core infrastructure; stores and provides backup for the University's core data. Our primary storage cabinets used for this purpose are nearing the end of their useful life. Our backup systems are already past their recommended life. This request is to fund the maintenance of our storage and backup systems, assuring that PeopleSoft, Blackboard, and other enterprise systems can stay available as they age. However, this expense does not negate the need to fund the capital expense of replacing this equipment, and we will bring that request back to the Board as soon as we have the funding available to support that. We are requesting approval of expenditure authority in the amount of \$397,000 to maintain our primary storage cabinets that are nearing the end of their useful life.

A motion was made by Trustee Strauss; seconded by Trustee Murer.

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

Action Item 8j – Grant South Steam Vault Replacement

Dr. Phillips explained that the existing underground concrete steam vault south of the Grant complex is at risk of collapse and requires replacement. During routine inspection, we observed the entire underside of the concrete roof slab had delaminated and fell to the vault floor exposing severely corroded steel reinforcing bars. The structural load capacity of the roof is significantly reduced and is a safety hazard. The area is now closed and barricaded as a safety precaution. The existing vault will be demolished and replaced with a reinforced cast-in-place concrete vault. This vault is expected to last 50 years under similar conditions. We are requesting the Board of Trustees approve the total project budget of \$750,000. We will then initiate design efforts to develop plans and specifications for this construction effort.

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

Trustee Struthers questioned, as a matter of protocol, I assume, while it doesn't necessarily say, the RFP process will be utilized to choose the engineer?

Dr. Phillips confirmed, absolutely.

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

Action Item 8k – Holmes Student Center Phase I Redevelopment

Chair Butler began, now we're going to slow down a little bit. Obviously we've heard quite a bit on this subject. We've received as a committee several, at least two presentations. I've asked a significant number of questions but I do want us to have the opportunity to continue that discussion if we need to. So let's begin with a description of the project.

John Heckmann presented details for Action Item 8k. This has obviously been a very long process to go through, but it's a big investment, so we need to make sure we are making a good decision as we proceed on this. I want to walk everyone through where we're at in the stage of developing our plans for this project and request permission to proceed as I will summarize at the end here. Quickly, I'm going to go through a recap of what we've been through, just to refresh everyone's memory, and then we'll talk about the actual physical renovation plans and concept that we came up with, and then tie it in with the business strategy that we're envisioning to go forward with, because the two pieces really need to go together for this product to be appropriate. The timeline refresh again, this was a long process that we started way back in 2014. We went through a very elaborate and complex process of gathering information of what was needed, what was wanted, really soliciting the input of literally hundreds of people - students, faculty, and other employees - trying to get an idea so it's not just one person's opinion of what we want the Holmes Student Center to be. That was a very involved process to go through all that. Then, as you just mentioned, we had a couple sessions of briefing the Board last summer on where we were and going through the conceptual process. Since then we've been trying to get our arms around those products that are coming out of the concept development with our A&E firm and partners and also trying to get our arms around what is the business strategy that might be best going forward so we can really have a comprehensive plan going forward and what our options are with that. I want to remind everyone that we are just at the early stages of a very long process. We're finishing the concept design phase, looking for your approval to move into the design stage and that's where we're going to get into the details of really the nitty-gritty of what we want to do inside the building. What the concept has been able to do for us is really get our arms around the magnitude of what we would like to see happen at the Holmes Student Center. There's a large collection of identified deficiencies and desires and improvements that would like to be seen made to the structure. This represents over \$100 million worth of desires, improvements. We don't have \$100 million to invest in the building all at once, so we have to figure out some way of prioritizing what do we work on first. Everything from space improvements of outdated spaces to updating the décor to changing the layout; I'll walk through some floor areas that are very congested and compartmentalized. We are looking at even possibly new space with a new wing being added on to the building to general repairs that are very necessary for the building to remain functional; and then ancillary issues like parking. So adding all that up comes to over \$100 million worth of identified needs.

Mr. Heckmann continued, what do we do with all that requirements, and which ones do we tackle first? We stepped back and looked at ways we can compartmentalize or bucket these various requirements into various categories. I'll simply lay them out. There's a category that we have funds, that's the Build America bond category. We have a couple categories where we might be able to get funds from maybe leveraging industry in a partnership or going after donated money. Then there's the category of "we're just going to have to wait for money" - those are the subsequent priorities that we're going to have to realize just can't be done at this time. We went through a systematic process of trying to determine what belongs in each category, and stepping back, the priority for the Holmes Student Center seemed to be obvious to us. It's students. What we are proposing is that we focus the available money, the Build America bonds, on students predominately. The student reintroduction, bringing the student leadership back into the Holmes Student Center, reinvigorate those spaces that are really going to draw students back in; that's the food, that's the entertainment predominately that students want to have and are going to draw them into the

building. Then of course we have to do the general repairs to the building because we have to keep the building functional. So that's what we're proposing to be the core piece of the Build America bonds scope that we're going to tackle in that bucket. Other areas that we're going to look at to possibly leverage industry could be the retail operations where we might be able to draw in their capital investments in partnering with that business operation. Of course we have been doing some micro-food venues. Currently we're doing that with Subway, and we might be able to expand that with further micro-food venue companies out there. Lastly, if we can draw in donation money, and working with the Foundation we have opportunities that might be name worthy, we'll try to draw on that to possibly bring in some more money to build out something like the interface with the MLK commons area that we were envisioning or an entire new wing to the building that would support other student venues. And then the subsequent priorities, of course, we just have to realize there are going to be some things that we have to wait on and wait for an opportunity for other money to become available or other strategies to become available to knock these out. There's conferencing opportunities in the upper floors. Those floors are fairly well opened, they might be outdated, but they're functional right now, and maybe that's a logic to have those as a subsequent opportunity. With the hotel renovations and other kitchen renovations and the like, there might be a strategy to lay out a piecemeal approach to that, and of course the parking deck would be a nice thing to have, but obviously we need space and we need money to make things like that happen. So that's the logic that we went through to try to realize what it is that we can do at this time with the available funds that we have. We decided to focus on that ground floor. This is the floor that probably has the most challenges. It is the most compartmentalized floor. It's the floor where we have the food, the retail, and the entertainment connections that the students most want to see. This is the floor that has the most opportunity for a big impact because it's the worst of a mouse-maze sort of infrastructure laid out on this floor. This is where we will attempt to take this and turn it into something like this. This is very conceptual, very fuzzy. I don't want to lay out details because the details are going to be worked out in the design stage as we get into that next phase, but this conceptually is what we're looking at. It's opening up that previous picture of a very compartmentalized space, making it more inviting, more welcoming, being more of a mall-like or even airport-like atmosphere where there's big hallways and lounges and then having that retail interface and then of course the food interface, and more importantly tying in that food interface that is currently the Blackhawk and whatever we name it in the future, but tying it in with the Huskie Den entertainment in a more effective way. Right now they are very much separate and very hard to get between those spaces.

Trustee Boey added, I always relate to my experience of watching the first days when the freshmen and their parents show up and we jam them into a sardine can, and I'm saying to myself when they walk out of here, they may never come back. Have we considered, in the phase of this, the main floor or the first floor whatever it is, how to make that better? Do you have it in there? I don't want to short-circuit your presentation, but I'm asking if you have it in there that is great, when we come to it, we'll take a look at it.

Mr. Heckmann responded, if I understand your question, I may have to double back with you and talk to you a little bit more to make sure I understand your question there, but we are right now we're focusing on this floor. Where we bring family and students for that orientation might be a combination of floors, but this will be one because this is where the food's going to be. This is one where we'll want to show the students and their parents.

Trustee Boey questioned, what we've been doing is on the same floor as where the registration desk is for the hotel?

Mr. Heckmann replied, that would be the next floor up.

Trustee Boey confirmed, that's the next floor up.

Mr. Heckmann answered, it is.

Trustee Boey commented, I thought this is a chance – because that's too cramped. This is a chance of opening it up. That's the reason I don't want to interrupt you in terms of your thought process, but I want to be sure we recognize there's some discussion that needs to be to address that subject.

Mr. Heckmann responded, I'll take that back. It's going to be a challenge obviously to fit the scope of what we want into the available dollars, but I get your point. Again, this is what we're going to try to do to what we think is the most challenged floor that we have. The upper floor is a little bit more opened up, but it's not as bad as this ground floor. This ground floor is very compartmentalized and hard to find your way around. This is where we want to focus the attention. And again the other feature I want to point out is that opening up of this floor to the MLK commons. Right now you can't get there. You've got to go in the formal doors that are on the upper level or on the side level. This is going to open up a nice patio atmosphere to the MLK commons, give something externally to see that's new and different for this building. And then I'm also going to try to make sure that we reserve enough money to do appropriate landscaping around the exterior, dress it up, the signage and everything, to let people know there's something new and different inside this building. I think those are the points I want to make on that.

Mr. Heckmann continued, the business strategy, very briefly I want to touch on this because it is important that we understand how we go forward because it plays into the strategy of what our approach is and our renovations. In the retail spaces we thought, "the industry is changing, particularly with the bookstore operations," and I think we have to face the fact that bookstores are evolving - more online book sales and the like. We're going to have to face the fact of how that is going to integrate into our operation here. We also realize from the surveys that were done previously that there is a desire for convenience retail items and not just spirit gear. Trying to integrate all of these things into a retail strategy, we thought we have an opportunity here to leverage industry and they could possibly bring in capital investments that would allow our dollars to go further and maybe address some other spaces throughout the building. This is one strategy that we'd like to pursue with the retail section in particular, and one possible angle might be to target local companies. Because we have a cyclical nature of our operations that are somewhat seasonal and the summer is low and the winter is low, maybe local companies can best adapt to that seasonal nature of our operations. The food section, this is one where we had an idea where we thought we could integrate the food operations with the overall campus-wide dining operations and consolidate into one unified strategy for delivering food services across the campus. This might be an opportunity to leverage overhead that we already have invested with our dining operations and the other residence halls and even integrate meal plans into our strategy so it will entice students to want to come to the Holmes Student Center if they know they can apply it to their meal plan for example. During downtimes, low weekend periods or holiday periods, we might very well close down some residential hall dining and draw the students into the Holmes Student Center that may be remaining here for the weekend. So there's a strategy there that we'd like to play with the food section and keep that operation in house right now and leverage that strategy. So in the end, that brings me to reiterate the request that we have in front of you and that is to proceed with a Phase I strategy for the Build America bonds that we have available which is roughly \$20 million and proceed with the design for those items I have outlined here; the Student Association reintroduction, the space for a possible outsourcing of micro-food and retail operations, the renovation and really the integration of the Blackhawk and the Huskie Den to make that more attractive to students, to open up the flow of that congested area of the ground floor and make it more attractive, the general building repairs that just have to be done to keep the building functional, and that MLK tie-in to the commons area which is going to be that outward visible exterior improvement, as well as the other landscaping and signage improvements, it's going to be the core of what we're asking for in this design effort. We would also pursue vendor involvement and of course the retail operation, as I mentioned. We'll find out who is interested in this market, who is interested in partnering with us and possibly bringing capital investment with them, and then finally the donor support, is someone going to be wanting to put their name on the MLK interface connection that we have with the commons or even bring more dollars to possibly invest into a whole new wing. But in the end, we want it to be a student-focused effort, at least in this initial phase, because it is the Holmes Student Center. We really want it to be an attractive, inviting space for not just the students but for all employees and maybe even the community, to draw them in for their interchange with the students and the atmosphere at the University. With that I'll end my presentation and see if there's any questions that I can address.

A motion was made by Trustee Zanayed; seconded by Trustee Boey.

Trustee Murer asked, I just want a clarification on the funding which is your first point. This \$20 million is through the Build America fund, and that's one of those use it or lose as well right?

Dr. Phillips responded, yes. This is the last portion of the Build America bonds that we have not yet spent. It is important that we spend them. This will allow us to go ahead and obligate those funds. I have to be clear this also requires – we've encumbered \$1.7 million for parking lot repair, the request also includes that we unencumber those funds. We have \$18.6 million in the Build America bonds, we unencumber those funds, that gives us the \$20 million. We've not yet started that work, and we can take care of it other ways.

Trustee Murer continued, but again just briefly, clarity, the funding for this the \$20 million is in the bonds?

Dr. Phillips confirmed, correct, it does exist.

Chair Butler pointed out that the funds are not really "use it or lose it," that we could "use it" in some other way, but there is, we've been advised, a time sensitivity to it. It's been on the books for a while.

Trustee Zanayed commented, I just want to commend the work and leadership that has been done in this redevelopment of the student center. I think I speak for many or all students that this is long overdue but also much appreciated. It's going to make NIU very competitive and attractive to students. Thank you very much.

Trustee Marshall asked, the phase that you're talking about deals with the physical structure of the current Holmes Center. I'm referencing the area outside called the commons. Is there any impact, construction of any type that impacts that green space in this phase?

Mr. Heckmann responded, let me back up a couple slides here. Where we indicate on the right hand slide here where this is that interface opening that we would be envision building that doesn't exist right now. The current doors on this south side are up here, this ground floor we would have to dig out some area here, so there would be some construction to insert this patio atmosphere, but I think it would be a nice complement to the MLK commons area already.

Trustee Marshall continued, okay, is that the only thing it would impact in this phase?

Mr. Heckmann answered, to any significant point, yes.

Trustee Strauss commented, when we get to that point, I would like to request a roll call vote on this and the next two agenda items please.

Trustee Coleman asked, pertaining to one of the future phases around the hotel, and I'm a little naive about how we running the hotel, do we have a partnership that's running the hotel? I didn't see anything in terms of possibly looking for a partner to build out the hotel and use their capital for the hotel.

Mr. Heckmann replied, right now we run the hotel. What we do in the future is the art of the possible and we just need some more time to evaluate our options and see what might be possible. Would a partnership be a viable option or do we do something else? I think we just need more time to evaluate that.

Trustee Struthers, added, I've come a long way on this. I was not very much in favor of this. I think we have a limited amount of money, and if you put it on a table right now, and you say, "boy, given the headwinds we have today, this is super critical that we deploy these dollars in the most effective and productive way that we can within the limits of what the bond allows us to," I get it. I commend the staff on the kind of conclusions you're coming to. I also respect the fact that a huge amount of input came into this from all facets of the University, and we have to regard that. A few pieces of that, I love the language

that is off on the right, and I think if we can keep that spirit and scope, with student-focused improvements, attractive, inviting atmosphere of student, staff, and community. I think it's very, very, very important that the outside is transformed in this process within some constraints, and John you mentioned that, but with architecture and signage and lighting and parking. I think is critical, even though it's not in this scope. I think, in some way, shape, or form, for this to be when a prospective student or a student of the university is on campus, they feel a good vibe when they see this from the outside and on the inside that you have the most attractive and inviting place on the inside, but without the outside we would lose a lot. So I think that that's critical. I just want to be on record of that. My final comment would be with respect to the RFP for architecture and engineering work on this, this area has come under a lot of scrutiny, and I just want to be certain on record that we go about this with no crafty language at all, that this is opened up to the general public, and it's a fair and open process for the bidding of the architecture and engineering work.

Chair Butler asked for other comments or questions. I think this is a great project. Thank you for all the hard work. We truly appreciate the fact that you continue to go back, and Dr. Phillips as well, and answer a lot of questions and rethink the concept, and you didn't just take what was handed to you when you came on board, but you really worked it. I think on behalf of the committee we very much appreciate that. So thank you.

Trustee Strauss requested a roll call vote. Trustees Boey, Coleman, Marshall, Murer, Struthers, Zanyed, and Chair Butler all voted yes; Trustee Strauss abstained. The motion passed.

Chair Butler thanked the committee. That was a long and developing project. I appreciate your patience and time.

Action Item 8l – Zeke Giorgi Law Clinic Lease Renewal

Dr. Phillips indicated that we have a legal clinic located in downtown Rockford that provides legal services primarily to individuals who may not otherwise be able to secure legal advice. This is staffed by third-year law students from the College of Law who assist with legal representation under the supervision of staff who are licensed attorneys. This is the second of two, three-year renewal options in the amount of \$319,464, and we request approval of expenditure authority to renew the lease.

Chair Butler questioned, that's a fairly specific number, are you sure?

Dr. Phillips confirmed, I'm absolutely sure.

A motion was made by Trustee Boey; seconded by Trustee Zanyed.

Trustee Strauss requested a roll call vote. Trustees Boey, Coleman, Marshall, Murer, Struthers, Zanyed, and Chair Butler all voted yes; Trustee Strauss abstained. The motion passed.

Action Item 8m – Real Property—Lease for School of Art

Dr. Phillips explained that the University is currently leasing an art studio space to support 3D graduate art programs. The lease payments will be funded through existing allocations to academic and administrative units. The lease amount is for one, five-year renewal option which would begin on July 1st. The renewal amount is \$479,940, and we request approval to enter into a lease for that amount.

A motion was made by Trustee Murer; seconded by Trustee Boey.

Trustee Struthers stated, I'm familiar with this property, I've never been inside it, but I understand it's very functional, and it's been utilized effectively by the department for a long time. It's just in a very odd place, and I think about trying to engage the University with the community, did we explore other options. I realize the price looks very, very reasonable as well, but did we explore other options like the new library

and that sort of thing downtown? It would be great to have the art students mingling in right with those folks. I'm curious.

Dr. Phillips replied, we are looking at all our leasing, leased properties. We're looking at opportunities to reduce our costs and just as you say, better position the University within the community. This is one of those areas, and we're looking at this as we enter into this lease going forward to determine if there are better ways to address this same requirement. It is very much something that we talk about on a daily basis.

Trustee Struthers commented, there are some significant vacancies downtown and such for future thought.

Dr. Phillips agreed, absolutely.

Trustee Strauss requested a roll call vote. Trustees Boey, Coleman, Marshall, Murer, Zanayed, and Chair Butler all voted yes; Trustees Strauss and Struthers abstained. The motion passed.

Action Item 8n – Fiscal 2017 Material Management Commodities Open Orders

Dr. Phillips explained that this is a request to purchase commodities for the campus departments such as janitorial supplies, non-stock office, and computer and print supplies. These are IPEC vendors through the state IPEC contract. Last year the expenditure was \$1.45 million. This year we're requesting that the trustees approve expenditure level of \$900,000 which is roughly a half a million dollars less than we requested last year.

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

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

Action Item 8o – Fiscal Year 2016 Internal Budget Amendment

Dr. Phillips indicated that the last item is the fiscal year 2016 internal budget amendment. As you recall we brought a provisional budget to the Board last September with the expectation that we would have received state funding by this point in time. That budget was based on state revenue of \$63 million. We have only received funding of \$26.4 million, and while we have reduced our expenditures to the extent that we possibly can, unless we receive additional funding by the end of the year, our expenditures will exceed our revenue. We are requesting authority to spend up to the level of \$419 million, which is the expected amount of our expenditures if we continue forward as projected. This shortfall will be covered by our working cash funds, working capital. Once we start to receive tuition and fee funds in the fall, we will make up that shortfall, but we are still hopeful at this point in time that in the next couple of weeks we would in fact receive additional funding from the state. We are certainly eagerly anticipating an appropriation for fiscal year 2017 as well. What we are requesting is spending authority up to the \$419 million level, which equates to what we expect to have in expenses for the remainder of the year.

Chair Butler asked, just a technical question as to whether or not you're asking for this specific amount or \$419 million?

Dr. Phillips responded, we're asking for \$419 million. Based on our current projections, that is the expectation for the amount that we will actually spend for this year, which is above the level that was approved by the Board in September.

A motion was made by Trustee Strauss; seconded by Trustee Coleman.

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

OTHER MATTERS

There were no other matters discussed.

NEXT MEETING DATE

The next meeting of the Finance, Facilities and Operations Committee will be Thursday, August 25, 2016 at 12:30 p.m.

ADJOURNMENT

A motion was made to adjourn by Trustee Murer; seconded by Trustee Coleman.

All were in favor. None were opposed. The meeting adjourned at 3:26 p.m.

Respectfully submitted,

Vicky Rippberger
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.