

Minutes of the
NIU Board of Trustees
FINANCE, FACILITIES AND OPERATIONS
COMMITTEE MEETING
August 17, 2017

CALL TO ORDER AND ROLL CALL

The meeting was called to order at 12:58 p.m. by Committee Chair Tim Struthers in the Board of Trustees Room, 315 Altgeld Hall.

Chair Struthers began, before we formally open this committee meeting Chair Coleman would like to make an introductory comment.

Board Chair Wheeler Coleman addressed the room explaining that there was an error online indicating that this committee has five members, however, Coleman cited that he actually appointed all eight board members to this committee.

Recording Secretary Vicky Rippberger conducted a roll call of the trustees. Members present were Trustee Dennis Barsema, Trustee Bob Boey, Trustee John Butler, Trustee Veronica Herrero, Trustee Giuseppe LaGioia, Trustee Eric Wasowicz, Board Chair Wheeler Coleman, and Committee Chair Tim Struthers. Also present were Acting President Lisa Freeman, Acting Vice President and Provost Chris McCord, Committee Liaison Larry Pinkelton, Deputy General Counsel Greg Brady, and Board Liaison Matt Streb.

VERIFICATION OF QUORUM AND APPROPRIATE NOTICE OF PUBLIC MEETING

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

MEETING AGENDA APPROVAL

A motion to approve the agenda was made by Board Chair Coleman; seconded by Trustee Herrero. All were in favor. The motion passed.

REVIEW AND APPROVAL OF MINUTES

A motion to approve the minutes of the May 18, 2017 meeting was made by Trustee Barsema; seconded by Trustee Butler. All were in favor. None were opposed. The motion passed.

CHAIR'S COMMENTS/ANNOUNCEMENTS

Chair Struthers recognized members of the University Advisory Committee.

Linda Saborio mentioned she would like to see continued collaboration between the joint University Council, Faculty Advisory Senate, Resource, Space and Budget Committee, and the joint Executive Budget Committee as well as continued transparency during the fiscal hangover.

Barb Andre introduced herself as the Office Manager in the College of Education stating this was her first meeting and was just absorbing everything.

PUBLIC COMMENT

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

UNIVERSITY RECOMMENDATIONS/REPORTS

Chair Struthers mentioned that the board had a revised item 7c which replaces the one in the book.

Action Item 7.a. – Fiscal Year 2019 Budget Request Guidelines

Larry Pinkelton explained, this is the item that starts the communication with the IBHE regarding the annual state appropriation. We have established a base of \$91M, which is intended to reflect the starting point based on the FY15 budget. We are bringing forth four programs, totaling an additional \$2,535,900, bringing the total recommendation to the Board of \$93,628,600 for the FY19 budget.

A motion was made by Trustee Barsema; Seconded Trustee Wasowicz. All were in favor. None were opposed. The motion carried.

Action Item 7.b. – Fiscal Year 2019 IBHE Capital Budget Request

Mr. Pinkelton indicated that this report is broken down into multiple components which include regular capital projects, representing major investments for new construction, renovation, and repairs as well as capital renewal projects, representing repair and renovation projects, with an estimated budget in excess of \$100,000. Upon Board approval, this request is submitted to the IBHE for consideration and inclusion in the statewide FY19 Capital Budget Recommendation.

A motion was made by Trustee Butler; Seconded Trustee Herrero.

A conversation ensued where Mr. Pinkelton explained that this information is submitted by all state universities and is then scrutinized and prioritized. The ranking of projects and how long they've been on the request was also discussed.

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

Action Item 7.c. – Fiscal Year 2018 Internal Budget Amendment

Larry Pinkelton indicated the need for an amended FY18 Internal Budget, which was originally brought before the Board and approved in June.

Chair Struthers provided further insights. Specifically, citing expected adjustments between the internal reports and budgets and the final audit reports. With the expected adjustments (~\$12MM), the budget being presented would yield a loss even with the state appropriation at a pretty high level.

A motion was made by Trustee Barsema; Seconded Trustee Wasowicz. All were in favor. None were opposed. The motion carried.

Action Item 7.d. – Investment and Cash Management Policy

Mr. Pinkelton explained that the current investment and cash management policy was approved by the Board on September 17, 2015. This revised policy has been updated to include a table of contents, define

roles and responsibilities, summarize authorized investments, and identify specific reporting requirements. This policy mirrors the state statute.

A motion was made by Trustee Barsema; Seconded Trustee Butler.

A conversation ensued regarding the asset allocation portion, which is not defined in this policy. Mr. Pinkelton explained, there is an Investment Committee that meets quarterly which evaluates the composition of our current investment portfolio.

A request was made to have a line item on the investment holdings report that would cite that we are in compliance with the investment policy.

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

Action Item 7.e. – Student Internship Partnership/Lease or License Proposal

Mr. Pinkelton indicated that this item is to enter into an on-campus internship with Discover Financial Services and was originally proposed to the Board at the March 2017 meeting. The start of the program is now being extended to the January 2018 timeframe as opposed to the August 2017 originally envisioned. This partnership will provide NIU students valuable internships that will contribute to student career success. It was noted that if the terms and conditions of the proposed arrangement deviate substantially from the program goals and framework, this matter will return to the Board for further approval.

A motion was made by Trustee Herrero; Seconded Trustee Wasowicz.

It was brought to the attention of the Board by Trustee Butler that the wording in the recommendation was confusing in regards to when the execution of the agreement can commence. An amendment to the recommendation was enacted to change the wording in the third sentence to read 'If a final agreement is not executed within the above contemplated parameters by the meeting of the Board scheduled for December 2017, the Board shall re-assess the matter.' Mr. Brady clarified that this item was going to be voted on at the Special Meeting this afternoon, and if passed, the University would have authority to enter into the contract until the December full Board meeting.

A motion to approve the amendment to the wording was made by Trustee Wasowicz; seconded by Board Chair Coleman. All were in favor. None were opposed. The motion carried.

A motion to approved the amended item was made by Trustee Wasowicz; seconded by Board Chair Coleman. All were in favor. None were opposed. The motion carried.

Action Item 7.f. – Bowl Game Participation Expenses

Mr. Pinkelton, on behalf of the University, requested Board of Trustees approval for expenditure authority for a post-season Bowl Game competition and delegation of approval authority to the President, or designee, for all related necessary transactions.

A motion was made by Trustee Butler; Seconded Trustee Wasowicz.

A conversation ensued regarding the financial responsibility involved when accepting a bowl bid. Matt Streb explained that although we often lose money, the Athletics Department has what they call a guaranteed game fund which offsets some of the cost, and we'll receive a payout from the MAC. 02 funds are never used. It presents an opportunity to be on national television to get our name out. President Freeman added that this is also a philanthropic opportunity as it's a donor/alumni engagement event that has a positive return as well.

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

Information Item 8.a. – Fiscal Year 2017 Report of Tuition and Fee Waivers

Larry Pinkelton began the University Report portion by asking if there were any questions on items 8a through 8d.

A question was raised by Trustee Barsema regarding whether we have an ESG policy or any ESG language relative to cash investments (i.e. environmental, social, etc), and what's customary in Higher Ed. The direction the University takes in terms of acceptable investments was discussed citing nearly all investments are in domestic bonds and bank deposits.

Chair Struthers commented that the report on Tuition and Fee Waivers indicates \$25.7M in the total amount of waivers, which has been very consistent over the last four years. Also, in the context of disclosure, on the Report of Depositories, I'm pleased to see that our trend over the years is to do less business with First National Bank, which I am a Director of.

Information Item 8.b. – Fiscal Year 2017 Annual Report of Cash and Investments

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

Information Item 8.d. – Annual Summary Report Obligation of Financial Resources

Information Item 8.e. – Facilities Update

John Heckmann presented an update on facilities activities which included maintenance/repair investments and major discretionary investments. An in-depth update on the Holmes and Neptune projects as well as the Stevens Building were provided. Mr. Heckmann offered to meet individually with the trustees to provide more details on Holmes and view a 3D virtual reality sort of walk-through of the facility. He also mentioned that he will be providing a more strategic look at the overall condition of the campus at the November committee meeting, as previously requested by the Board.

A brief conversation ensued regarding the curve in Lucinda and whether that is the best use of the limited funding we have. Mr. Heckmann agreed to come back at a future meeting with more detail but it was clear there was waning support of this project. Discussion continued regarding the level of deferred maintenance issue and a desire to quantify such. John Heckman is working on a report to provide relative context.

Information Item 8.f. – NIU Telephone System Update

Brett Coryell gave a presentation on the NIU telephone system as requested by the Board in a previous committee meeting. The presentation included information on the current system and the issues relating to the age of the system as well as the search for a new phone system and what that might look like.

Mr. Coryell was encouraged to continue down the path to where the least amount of phones are installed on campus as well as the use of soft phones in the future.

OTHER MATTERS

There were no other matters.

NEXT MEETING DATE

The next meeting of the Finance, Facilities and Operations Committee will be November 16, 2017.

ADJOURNMENT

A motion was made to adjourn by Trustee LaGioia; seconded by Trustee Barsema. The motion passed.

Meeting adjourned at 2:05 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.