

Minutes of the
NIU Board of Trustees
FINANCE, AUDIT, COMPLIANCE, FACILITIES AND OPERATIONS
COMMITTEE MEETING
August 16, 2018

CALL TO ORDER AND ROLL CALL

The meeting was called to order at 9:21 a.m. by Committee Chair Tim Struthers in the Board of Trustees Room, 315 Altgeld Hall. Recording Secretary Sandy McCartney conducted a roll call of the trustees. Members present were Trustee Dennis Barsema, Trustee John Butler, Trustee Nathan Hays, Trustee Veronica Herrero, Trustee Bob Pritchard, Trustee Eric Wasowicz, Board Chair Wheeler Coleman, and Committee Chair Tim Struthers. Also present were Acting President Lisa Freeman, Committee Liaison Sarah McGill, Acting Executive Vice President and Provost Chris McCord, Acting General Counsel Greg Brady, and Board Liaison Matt Streb.

VERIFICATION OF QUORUM AND APPROPRIATE NOTICE OF PUBLIC MEETING

Acting 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 Trustee Eric Wasowicz; seconded by Trustee Dennis Barsema. All were in favor. The motion carried.

REVIEW AND APPROVAL OF MINUTES

A motion to approve the minutes of the May 10, 2018 meeting was made by Trustee Dennis Barsema; seconded by Trustee Eric Wasowicz. All were in favor. None were opposed. The motion carried.

A motion to approve the minutes of the June 14, 2018 meeting was made by Trustee Eric Wasowicz; seconded by Trustee Bob Pritchard. All were in favor. None were opposed. The motion carried.

CHAIR'S COMMENTS/ANNOUNCEMENTS

Chair Struthers offered comments regarding the next committee meeting which should include a preliminary financial report for FY18 emphasizing the importance of keeping the fiscal results and future targets firmly in sight.

Holly Nicholson, Operating Staff Council President, commented on the FY20 Budget Request stating that NIU should build on the momentum generated by the 3% increase given in November, 2017. It is crucial that NIU ensure that civil service employees earn an equitable wage. She also stated the importance of making the NIU campus accessible to all students and urged support of the Disability Resource Center and upgrades to the campus associated with the Americans with Disabilities Act (ADA).

Cathy Doederlein, Supportive and Professional Staff Council President, also spoke about the importance of ADA upgrades.

PUBLIC COMMENT

Acting General Counsel Greg Brady indicated that there was one public comment.

Richard Escalante spoke supporting the selection process for the President as well supporting Dr. Freeman as President.

UNIVERSITY RECOMMENDATIONS/REPORTS

Action Item 7.a. – Fiscal Year 2020 Budget Request

Sarah McGill began by explaining that this item concerns the state funding requests that impact the fiscal year 2020 budget, and the name will be changed to *Fiscal Year XXXX Budget Request for State Funds* going forward to clarify that this recurring item refers only to the funding amount that is requested from the state. Ms. McGill noted that throughout the past several years, state general funds appropriations provided to NIU have varied greatly and declined significantly. The aggregate funding level during the past five years reflects a state funding deficit of \$81.4 million. The FY20 requested funding amount is \$93.5 million, which is similar to last year's request.

Ms. McGill read the following recommendation for consideration by the committee:

The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President's Report to the Board of Trustees for approval at its meeting on September 13, 2018.

A motion was made by Trustee Dennis Barsema; seconded by Trustee Veronica Herrero.

Comments were made recognizing Trustee Bob Pritchard for the work he did while he was in Springfield as State Representative to help get a budget approved for FY18 after going roughly 700 days without a budget. Trustee Pritchard added the need for more emphasis on capital needs as it is difficult to obtain maintenance dollars. New strategies and means to maintain NIU facilities will need to be developed.

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

Action Item 7.b. – Fiscal Year 2020 IBHE Capital Budget Request

Sarah McGill indicated this item is a state funding request for regular capital projects that represent major investments for new construction and major renovation and capital renewal projects that list major repairs and system improvement projects with estimated budgets in excess of \$100,000. In FY19, the University received authorization of \$3.09 million for the Health Informatics and Technology Center and authorization for \$6.8 million of capital renewal investments which supports phase one of the boiler replacement project.

Ms. McGill read the following recommendation for consideration by the committee:

The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President's Report to the Board of Trustees for approval at its meeting on September 13, 2018.

A motion was made by Trustee John Butler; seconded by Trustee Wheeler Coleman.

Comments were made focusing on the need to continually review the project list and reprioritize as necessary. However, it was pointed out that editing or modifying this list could cause a project to be shifted on the state's priority queue. Also, it was noted that capital funding rests on the sale of bonds.

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

Action Item 7.c. – Chicago-Based Office Leases for the Education Systems Center

Sarah McGill indicated the need for more space for NIU's Division of Outreach Education Systems Center at its current office location in Chicago. The NIU Alumni Association has space adjacent to the center that is underutilized and meets the needs of the Center and is willing to transfer the lease for the space. The expense obligation would increase from approximately \$244,000 to approximately \$370,000 annually and would provide an additional 1,895 square feet of space.

Ms. McGill read the following recommendation for consideration by the committee:

The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President's Report to the Board of Trustees for approval at its meeting on September 13, 2018.

A motion was made by Trustee Veronica Herrero; seconded by Trustee Eric Wasowicz.

A question was raised if the additional grant opportunities will cover the additional lease. Ms. McGill confirmed that was the expectation. She also confirmed that the lease extends through 2021. Trustee Butler requested to learn more about the Education Systems Center as it is an evolving project. Acting President Freeman suggested that this be accomplished through either the Academic Affairs, Student Affairs, and Personnel Committee or the Research and Innovation, Legal and Legislative Affairs Committee.

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

Action Item 7.d. – Out-Lease with City of Sycamore (NIU as Lessor)

Sarah McGill explained that the City of Sycamore currently leases 11 acres of land from NIU. The current lease expires November 2018 and the tenant desires to exercise an option for an additional 20-year term. The total revenue over the term would amount to approximately \$50,000 based on previously agreed terms.

Ms. McGill read the following recommendation for consideration by the committee:

The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President's Report to the Board of Trustees for approval at its meeting on September 13, 2018.

A motion was made by Trustee Eric Wasowicz; seconded by Trustee Veronica Herrero.

A lengthy discussion ensued regarding the length of the lease as well as the rates associated with the lease. This item came before the board because it was a 20-year lease. The Division of Administration & Finance reviewed the terms of the lease and, given the renewal clause, there was very little flexibility for NIU to renegotiate the terms. Trustee Butler suggested that a little more due diligence be done on the history of this agreement before it is discussed during September 13th Board meeting.

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

Action Item 7.e. – Bowl Game Participation

Sarah McGill explained that due to timing of decisions and the current board meeting schedule, there is a need to delegate to the President, or designee, approval for all necessary and proper expenses related to NIU's participation in a post season bowl game competition.

Ms. McGill read the following recommendation for consideration by the committee:

The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President's Report to the Board of Trustees for approval at its meeting on September 13, 2018.

A motion was made by Trustee Bob Pritchard; seconded by Trustee John Butler. All were in favor. None were opposed. The motion carried.

Information Item 8.a. – Fiscal Year 2018 Report of Tuition and Fee Waivers

Sarah McGill and Chair Struthers opened the floor for questions on information items 8a through 8d.

A question was raised as to how the number of waiver recipients compares to prior years. Both the mandatory and discretionary waiver categories are down from prior years due to the decrease in enrollment. As for the current year, this number should be consistent, however, changes in enrollment after the census may impact that number. Chair Struthers requested that these numbers should be charted historically in the future to make this report more meaningful. An additional question was raised as to what *teacher special education* means in the mandatory waiver category, and it was clarified that it is an ISAC (Illinois Student Assistance Commission) program that allows students who meet certain eligibility criteria to receive tuition waivers if they go to teach special education in the State of Illinois.

Information Item 8.b. – Fiscal Year 2018 Annual Report of Cash and Investments

Information Item 8.c. – Fiscal Year 2018 Annual Summary Report Obligation of Financial Resources

Information Item 8.d. – Fiscal Year 2018 Quarterly Summary Report of Transactions in Excess of \$100,000

Information Item 8.e. – Facilities Update

John Heckmann, Associate Vice President, Facilities Management and Campus Services, presented an update and fielded questions on NIU's partnership with Discover Campus Innovator Program that will be housed in the lower level of the library. The area will have an industrial look and will include a new entrance to the Discover space as well as the library and Caribou Coffee & Einstein's Bros. Bagels. The outside of the building is being looked at to make it more appealing by possibly adding tables and umbrella-type stands. Interior signage as well as external branding of Discover's logo was also discussed.

Mr. Heckmann also presented a final briefing on the Stevens Building. Both wings have been completed, and they are almost fully occupied. A formal ribbon cutting, coordinated by the Foundation, is set for October 12th. Positive comments were made about the current use of the building for summer camps as a recruiting tool for pre-college students. Also, Alex Gelman mentioned the School of Theatre and Dance has managed to hold their numbers flat during the five years without a theatre and is looking forward to showing even better numbers as time goes on.

Mr. Heckmann also provided an update on the Neptune Renovation. This project has been addressed incrementally throughout the past year. Air conditioning will be installed as an amenity to draw more students, in the east wing. Currently the wing is vacant, however has the capacity to house up to 350 students. Questions were raised as to the possibility of repurposing Neptune. Overall housing will need to be assessed to determine the need and evaluate a plan for going forward.

An update on the Holmes Student Center was also provided by Mr. Heckmann. Asbestos abatement took

place over the summer, and the acquisition process to solicit construction bids has begun. The bids came in a bit high. It is expected that rearranging and reprioritizing items will address the shortfall and allow the project to proceed.

Mr. Heckmann provided an update on phase one of the Boiler Replacement Project that includes putting an addition onto the Western Heating Plant to include two new boilers. Additional phases will follow. The scope of Phase One would be to have one generating plant on campus, instead of two, to reduce cost and be more efficient. The money from the state coupled with auxiliary reserves will fund the budget for this project. Further conversation took place about the difference between the heating plants and the chiller plants and how the two were originally configured on campus as well as the risk of going down to one heating/chiller plant.

Finally, Mr. Heckmann presented a multi-year perspective showing major repairs and large projects over \$250,000.

Chair Struthers concluded Mr. Heckmann's presentation by reminding the Board that the University is deferring approximately \$12 million a year in repairs and maintenance and these deferrals are "real" and must be considered as we evaluate our overall financial picture.

OTHER MATTERS

No other matters were discussed.

NEXT MEETING DATE

The next meeting of the Finance, Audit, Compliance, Facilities and Operations Committee will be November 15, 2018.

ADJOURNMENT

A motion was made to adjourn by Trustee Eric Wasowicz; seconded by Trustee Dennis Barsema. The motion carried.

Meeting adjourned at 10:35 a.m.

Respectfully submitted,

Vicky Rippberger/Sandy McCartney
Recording Secretaries

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.