

Minutes of the
NIU Board of Trustees of Northern Illinois University
Finance, Audit, Compliance, Facilities and Operations Committee
November 15, 2018

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 9:20 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 Bob Pritchard, Trustee Eric Wasowicz, Board Chair Wheeler Coleman, and Committee Chair Tim Struthers. Members absent were Trustee Veronica Herrero. Also present were President Lisa Freeman, Committee Liaison Sarah McGill, Acting General Counsel Greg Brady, and Board Liaison Matt Streb.

2. 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.

3. MEETING AGENDA APPROVAL

Chair Struthers noted that the agenda will look a bit different going forward. A section on Financial Reports will be presented prior to the Recommendations and Reports sections in order to provide a benchmark as University business is considered. A motion to approve the agenda was made by Trustee Eric Wasowicz; seconded by Trustee Wheeler Coleman. All were in favor. The motion carried.

4. REVIEW AND APPROVAL OF MINUTES OF AUGUST 16, 2018

A motion to approve the minutes of the August 16, 2018, meeting was made by Trustee Eric Wasowicz; seconded by Trustee Wheeler Coleman. All were in favor. None were opposed. The motion carried.

5. CHAIR'S COMMENTS/ANNOUNCEMENTS

Chair Struthers had no comments but recognized the members of the University Advisory Committee.

Holly Nicholson, Operating Staff Council President, began by recognizing the NIU employees affected by the proposed contract with Northwestern Medicine for Health Services affirming their deep student connection and commitment to serving NIU. Most employees were able to find positions on campus or begin to enjoy their retirement. Ms. Nicholson thanked the employees who will be leaving NIU. She further addressed the benefits of the contract with Northwestern Medicine for Health Services stating the expanded services, lower costs, longer hours, and the benefit of walk-in appointments. She also addressed employees concerns relating to differential tuition rates. This can be a deterrent for employees desiring to continue their education due to the financial burden.

Cathy Doederlein, Supportive Professional Staff Council President, also spoke about the proposed contract with Northwestern Medicine contract stating concerns about mental health care offerings, stressing that tending to the mental health needs of NIU students should continue to be a top priority. Ms. Doederlein also commented on administration's need to review outsourcing decisions with great caution and care, always considering the impact on human capital as much as the financial bottom line. Finally, she expressed thanks to the founders of the CHANCE Program as it celebrates its 50th anniversary. This program addressed points such as equity gaps and diversity and inclusion long before those terms were ever spoken on college campuses.

6. PUBLIC COMMENT

Acting General Counsel Greg Brady indicated there were five public comments

Dr. Joseph Baumgart, Staff Physician at NIU Health Services, expressed concern about Northwestern Medicine's having no position handling women's healthcare as well as cutting 31 current positions down to 11. He further expressed concern over the ratio of doctors to students and offered comparisons to other state universities stating they all have more than twice the amount of doctors that NIU will have once Northwestern Medicine is on site.

Kevin Poorten, President of the West Region for Northwestern Medicine, introduced his colleagues and thanked the Committee and the Board for the opportunity to speak. Mr. Poorten spoke about the efforts made to create a program that positions NIU to be a national leader in the quality and breadth of services provided to, and made available for, students and student athletes. He provided information about Northwestern Medicine stating it is the number one rated healthcare system in Chicago and the state of

Illinois for the past 13 years as well as being a nationally ranked leader in healthcare services. The clinic that will be opened on campus will be fully integrated into the Northwestern Medicine platform, clinically, operationally, and technologically.

Dr. Pat Towne, President of the Regional Medical Group for Northwestern Medicine and a practicing Internist, stated he would be the accountable executive charged with making sure the clinic is held to the highest standards. He explained that Northwestern Medicine makes three implicit promises to the students: they will create a safe environment with high quality care; they will work on wellness programs to keep them well and heal them; and, they will be kind, understanding, and express genuine interest in the students.

Jay Anderson, President of Kishwaukee and Valley West Hospitals, confirmed the commitment of Northwestern Medicine to the students; confirming they are advancing the care that they provide. Northwestern Medicine currently has a "Better" campaign, which means that they will continue to improve upon themselves, year after year. He explained that there may be many students who are currently patients of Northwestern Medicine and their records will be easily accessed at all clinics. Northwestern Medicine will allow students to be seen on a walk-in basis, which will be a true advantage to their services. Mr. Anderson also addressed the question of services for faculty and staff; that may come in the future, but they currently are focused on the student experience first.

Professor Virginia Naples addressed the Board regarding salary equity task force reports. The most recent study was conducted in 2017. These reports showed that there was a systemic pattern of sex-based salary discrimination and protected minority category-based discrimination. She asked the entire Board and the administrative team to commit to end this illegal pattern of discrimination within the next year.

Acting Deputy Counsel Greg Brady mentioned that with the faculty union, faculty salaries are a term and condition of employment and by law need to be collectively bargained.

7. FINANCIAL UPDATE

Action Item 7.a. – Annual Financial Summary – FY18 Year End & Budget to GAAP Reconciliation

Action Item 7.b. – Quarterly Financial Summary – FY19 First Quarter

(Items 7.a. & 7.b. were combined in discussion)

Sarah McGill reviewed the two financial summaries, the annual financial summary for fiscal year end 2018 and the first quarter results for fiscal year 2019, with the committee. The University ended the year with a positive performance of approximately \$15 million relative to budget, which is down about \$12 million from the same time last year due to decline in enrollment. NIU did receive the full year of appropriations, approximately \$82 million, on time, contributing to an annual revenue of about \$410 million. On the expense side, the University ended the year approximately \$34 million better than the expected expense budget. Ms. McGill thanked NIU faculty and staff for their diligence and fiscal responsibility in fiscal year 2018.

Ms. McGill noted that in order to improve transparency and accountability, a year-to-date forecast column on the first quarter report has been added. At the end of the first quarter, the University had a net revenue of approximately \$69 million. NIU forecasts ending the year with a balanced budget; projecting to end the year \$2.6 million under the original revenue budget. Investments in campus facilities and vehicle purchases will now be phased over a longer time horizon, which will result in a forecasted expense of \$422 million, aligned with revenue projections.

Shyree Sanan presented information that showed reconciliation with the budget performance and the gap-based financial statements. This new reconciliation model shows two main reconciling items between budget and gap results and depreciation expense and debt principle. The net revenue per budget totals \$15.1 million, arriving at an increase per the draft financial statements of \$40.1 million. A new accounting standard related to post-employment benefits became effective for fiscal year 2018 which required the University to report a liability for its share, \$44.3 million, resulting in the change in net position from \$194 million to \$150 million and making the anticipated net position, as of June 30, 2018, \$190.6 million, an overall decrease of \$4 million. Although the first quarter of fiscal year 2019 is estimated, the second and third quarters are actual. Going forward, there will be actual depreciation expense and actual principle represented.

Chair Struthers further explained what the GAAP report represents. He pointed out that the University received 100% of the \$82 million appropriation in fiscal year 2018, which led to a \$15 million surplus. Chair Struthers noted that there was a \$12 million reduction in tuition and fees from 2017 to 2018, which was countered in 2018 largely due to reduction in capital repairs.

Comments were made applauding the efforts of the team that prepared these reports. Clarification was provided as to what a net position is – assets minus liabilities. Reserves was also further explained as a “cash” term, referencing funding available in the bank. The University is required to maintain a certain amount of money in the bank in cash and investments in order to be in compliance. There is an ebb and flow of cash on hand on any given day. Chair Struthers pointed out the need for a balance sheet that will indicate working capital and fixed assets. Further conversation took place relating to comparison of NIU to other colleges in the state. ISU is probably the most comparable in terms of student enrollment and the size of assets; however, they have more assets, less liabilities, and a stronger net position. NIU’s balance sheet is generally weaker than its peers.

8. UNIVERSITY RECOMMENDATIONS

Action Item 8.a. – Services and Lease in Support of Health and Student Athletic Care

Sarah McGill indicated the need for NIU to collaborate with an external service provider to operate the Health Services function and provide student athlete care. Northwestern Medicine has the resources, expertise, and capabilities required to provide excellent care for NIU students. This proposed, five-year agreement with Northwestern Medicine has an option to renew for an additional five-year term. NIU will pay Northwestern Medicine \$825,000 for the period of January 1 through June 30, 2019. In FY20, payment will be \$1.94 million for a total valuation of \$9.56 million. Student athlete care would be approximately \$450,000 payable over the five-year term. In addition to approving this partnership, the University is requesting that the Board of Trustees delegate to the president or designee authority to approve changes to the contract terms and pricing during the initial term of this agreement as well as future changes regarding service provision enhancements.

Ms. McGill provided a presentation about the partnership with Northwestern Medicine. Northwestern Medicine has been providing services to NIU student athletes since July 1, 2018 and currently staffs the medical director position in the Student Health Clinic. She assured the Board that all services currently being provided will continue to be offered – everything covered under the student fee will remain. Ms. McGill pointed out that there will be a flexible schedule during the week, and the clinic will remain open during lunch hours. In addition, the new clinic will see students on a walk-in basis. This clinic will be part of Northwestern Medicines network, meaning their records will be available at other Northwestern Medicine locations. Payment of the student fee will allow students to access the Naperville and Chicago location under the terms of their student fee. At the minimum, quarterly meetings will be held between NIU and Northwestern Medicine to discuss operations issues, review benchmarks, and generally stay up to date with how the partnership is progressing. Ms. McGill also provided information about the financial aspect of this partnership noting that this partnership will enable NIU to lower the student health fee from \$7.88 to \$7.49 per credit hour; roughly an \$11-\$12 annual savings. She further explained that it currently costs NIU approximately \$2.7 million to fund the Health Services Clinic. Going forward, that cost would drop to roughly \$2.3 million. \$1.9 million would go to Northwestern Medicine in support of the clinic and NIU would retain about \$400,000 for operations costs.

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 for approval of the agreement, annual reporting commitments to the Board and associated delegated authority as described before and ask that the President forward it by means of the President’s Report to the Board of Trustees for approval at its special meeting on November 15, 2018.

A motion was made by Trustee Dennis Barsema; seconded by Trustee Eric Wasowicz.

A lengthy discussion took place. Women’s healthcare was the first topic and the point was made that there will no longer be an OB-GYN at the clinic. Northwestern Medicine explained that this type of care falls under the scope of a highly trained family medicine physician. In the future, there may come a time when it is necessary to expand these services, and the contract allows for needed expansion. It was pointed out that all but two of the state universities in Illinois utilize a family medicine practitioner and/or nursing staff model, comparable to the model provided by Northwestern Medicine. The second topic centered on the students-per-doctor ratio. When compared to others universities, the ratio presented seemed high. Assurance was provided that this number will be reviewed. Also mentioned was the increase in cost if the

original ratio is inaccurate and more staff needs to be hired. The request was made that the metrics and measurements that have been agreed to are posted so the public and students can see NIU and Northwestern Medicine have lived up to their agreement. It was also mentioned that the current student athlete contract will be combined into the new contract. A third concern was raised about what happens if this partnership turns out to be not at all what it was thought to be. Confirmation was provided that there are "out" provisions in the contract for both sides for different conditions within 180 days following the first year of the contract.

Further discussion took place about the actual student health insurance that each student is automatically enrolled in if they have 9 credit hours or above. This does not apply to online students. If a student has other insurance, they can opt out with proof of coverage. The concern was raised about when something happens to a student beyond the scope of what the clinic can accommodate. Northwestern Medicine assured that they would help a student navigate further care whether it be with Northwestern Medicine or some other provider. Because Northwestern Medicine already accepts most insurance providers, a great majority of NIU students use insurance providers that Northwestern Medicine currently honors. The request was made to track any fall-through-the-crack situations for NIU students. Briefly mentioned was the issue of mental healthcare and the opportunity to expand services to better meet student needs.

In response to a question, confirmation was offered regarding a procurement exemption that allowed NIU to work directly with Northwestern Medicine without engaging in an RFP. The process started with Student Affairs. Prior year's student surveys were used and Northwestern Medicine provided information on best practices and outcomes.

Final clarification was provided that at the end of the first year, compensation for services will be negotiated based on need and utilization. There is a risk that the cost of the contract could change.

A roll call vote was performed. Trustees Dennis Barsema, John Butler, Nathan Hays, Bob Pritchard, Eric Wasowicz and Board Chair Wheeler Coleman voted yes. Chair Struthers abstained. The motion carried.

Action Item 8.b. – Fiscal Year 2020 Undergraduate Tuition Pricing Recommendation

Sarah McGill explained that this recommendation holds the base tuition flat, at \$9,466, in FY20 for the fourth year in a row while making modest adjustments, both up and down, to differential tuition rates.

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 December 6, 2018.

A motion was made by Trustee Dennis Barsema; seconded by Trustee Bob Pritchard.

Some brief comments were made stating that this pricing puts NIU in the middle of the list of peer institutions in Illinois.

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

Action Item 8.c. – Fiscal Year 2020 General Fee Pricing Recommendation

Sarah McGill explained that the University has numerous student activities, programs, services, and operations that are supported to various degrees by the assessment of dedicated use student charges. This recommendation includes a reduction to the total fees paid by students reducing the Health and Wellness charge through the agreement with Northwestern Medicine Health Care. The total of all other fees remains constant while making very modest adjustments for the distribution of fees.

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 December 6, 2018.

A motion was made by Trustee Eric Wasowicz; seconded by Trustee Dennis Barsema.

Ms. McGill, in answer to an inquiry, confirmed that the overall health fee is going from FY19 to FY20. She also confirmed there were a couple of reallocations of student support fees, but those are not expected to change in FY21. Further conversation took place around the room and board that NIU charges versus ISU, NIU's biggest competitor. NIU reports their most popular cost, while other universities may report their

lowest cost. When totaling the cost of room and board and student fees, NIU is actually lower than ISU or U of I Chicago.

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

Action Item 8.d. – Fiscal Year 2020 Graduate and Law Tuition Pricing Recommendation

Sarah McGill explained this recommendation holds base tuition flat in FY20 for the fourth year resulting in an annual cost of \$11,897 for graduate tuition and \$21,970 for law tuition while making modest adjustments, both up and down, to the differential tuition rates. Ms. McGill proposed an amendment to this item stating that Public Administration is seeking a differential tuition of \$90 per credit hour for the graduate certificate in Public Administration. The amount matches the differential tuition request for the MPA, which is part of this item.

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 December 6, 2018, noting the addition of a \$90 per credit hour differential tuition amount for the graduate certificate in Public Administration.

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

Action Item 8.e. – Fiscal Year 2020 Room and Board Fee Recommendation

Sarah McGill explained these fees support housing and residential services as well as campus dining services, operations, and related revenue bond obligations. The room and board will remain consistent in FY20 to the rates for FY19, noting that there is also a proposal of the addition of flexible meal plan options in anticipation of new dining venues expected to open in the remodeled Holmes Student Center and under consideration in Stevenson.

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 December 6, 2018.

A motion was made by Trustee Eric Wasowicz; seconded by Trustee Wheeler Coleman.

A conversation arose regarding the idea of changing the room pricing to attract more students. Ms. McGill explained this type of analysis is reviewed frequently; however, it seems to be less about pricing and more about amenities. Efforts have been made to look at housing supplements or scholarship for key groups (i.e. band students) as well as some housing waivers.

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

Action Item 8.f. – Launch of Jobs for America's Graduates (JAG) Program in Illinois

Sarah McGill indicated the need for a purchase order to Iowa Jobs for America's Graduates for \$667,500 over the next two fiscal years. This is a new program to Illinois, however already exists in 34 states including Iowa. Iowa JAG will assist NIU in launching Illinois JAG. Iowa JAG is named in the agreement with the IDES, and the IDES will pay NIU \$800,000 over the period of two years. The Iowa JAG subcontract is for \$667,500. Over the term of the contract, NIU will retain \$132,500.

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 December 6, 2018.

A motion was made by Trustee Eric Wasowicz; seconded by Trustee Dennis Barsema.

Jon Furr, Director in the Education Systems Center, explained this is a program primarily for high school students mainly that are most at risk for not completing high school. There is a classroom component as well as a student association that support the students to identify their goals and move forward. Mr. Furr noted that Iowa JAG currently operates sites in Illinois so they have some experience with Illinois context.

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

Action Item 8.g. – College of Health & Human Sciences – Cameras/Recording Systems

Sarah McGill indicated the necessity to purchase a new camera and recording system for the College of Health & Human Sciences clinics to record, review, and manage audio, video from client/patient appointments, therapy sessions, simulations and research studies.

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 December 6, 2018.

A motion was made by Trustee Bob Pritchard; seconded by Trustee Eric Wasowicz.

Clarification was made regarding the cameras are being used for instructional purposes and confirming that the people know they are being filmed.

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

Action Item 8.h. – Steam Isolation Valve and Expansion Joint Replacement

Sarah McGill explained, as part of an Illinois Board of Higher Education’s mid-year inquiry on critical and urgent repair requirements that demonstrate the potential for a campus-wide impact, the replacement of the steam isolation valve and expansion joint were identified. Although the project is being managed by the Capital Development Board, there is a likelihood that funds would be advanced by the University before the funds are received, which is why this is coming before this committee.

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 December 6, 2018.

A motion was made by Trustee Eric Wasowicz; seconded by Trustee Wheeler Coleman. All were in favor. None were opposed. The motion carried.

9. UNIVERSITY REPORTS

Information Item 9.a. – Quarterly Summary Report of Transactions in excess of \$100,000

Sarah McGill stated that items 9a through 9d would not be addressed unless there were any questions. There were no questions.

Information Item 9.b. – Periodic Report on Investments

Information Item 9.c. – FY18 Annual Report of Transactions Involving Real Property

Information Item 9.d. – FY18 Report on Facilities and Infrastructure Capital Investment Activities

10. OTHER MATTERS

No other matters were discussed.

11. NEXT MEETING DATE

The next meeting of the Finance, Audit, Compliance, Facilities and Operations Committee will be February 7, 2019.

12. ADJOURNMENT

A motion was made to adjourn by Trustee Wheeler Coleman; seconded by Trustee Eric Wasowicz. The motion passed.

Meeting adjourned 11:51 a.m.

Respectfully submitted,

Vicky Rippberger/Sandy McCartney
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.