Board of Trustees

Finance, Audit, Compliance, Facilities and Operations Committee

November 14, 2019
AGENDA

1. Call to Order and Roll Call

2. Verification of Quorum and Appropriate Notification of Public Meeting

3. Meeting Agenda Approval ................................................................. Action ....... i

4. Review and Approval of Minutes of August 15, 2019 .................................. Action ....... 1

5. Chair's Comments/Announcements

6. Public Comment*

7. Financial Update
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8. University Recommendations
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   b. Fiscal Year 2021 General Fee Pricing Recommendation .......................... Action ...... 18
   c. Fiscal Year 2021 Room and Board Pricing Recommendation ................... Action ...... 21
   d. Fiscal Year 2021 Graduate and Law Tuition Pricing Recommendation ........ Action ...... 23
   e. Student Success Collaborative and Academic Performance Solutions ....... Action ...... 29
   f. Holmes Student Center Tower Elevator Upgrades (Capital Project Approval). Action ...... 31
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   a. Quarterly Summary Report of Transactions in Excess of $100,000
      for the Period July 1, 2019 to September 30, 2019 ............................... Information ...... 38
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   c. Fiscal Year 2019 Annual Report of Transactions Involving
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10. Other Matters

11. Next Meeting Date

12. Adjournment

*Individuals wishing to make an appearance before the Board should consult the *Bylaws of the Board of Trustees of Northern Illinois University*, Article II, Section 4 – *Appearances before the Board*. Appearance request forms can be completed [online](#) in advance of the meeting or will be available in the Board Room the day of the meeting. For more information contact Karen Campbell, kcampbell5@niu.edu, Recording Secretary to the Board of Trustees, Altgeld Hall 300, DeKalb, IL 60115, 815-753-1273.

| Anyone needing special accommodations to participate in the NIU Board of Trustees meetings should contact Karen Campbell, kcampbell5@niu.edu or (815) 753-1273, as soon as possible. |
1. **CALL TO ORDER AND ROLL CALL**

   The meeting was called to order at 10:11 a.m. by Committee Chair Eric Wasowicz in the Board of Trustees Room, 315 Altgeld Hall. Recording Secretary Vicky Rippberger conducted a roll call of the Trustees. Members present were Trustee Rita Athas (arrived at 10:13), Trustee Montel Gayles, Trustee Veronica Herrero, Trustee Bob Pritchard, Trustee Madalynn Mershon, Board Chair Dennis Barsema, and Committee Chair Eric Wasowicz. Members absent were Trustee John Butler. Also present were President Lisa Freeman, Committee Liaison Sarah McGill, General Counsel Bryan Perry, and Board Liaison Matt Streb.

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

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

3. **MEETING AGENDA APPROVAL**

   A motion to approve the agenda was made by Trustee Bob Pritchard; seconded by Trustee Montel Gayles. All were in favor. None were opposed. The agenda was approved.

4. **REVIEW AND APPROVAL OF MINUTES**

   A motion to approve the minutes of the May 9, 2019 meeting was made by Trustee Montel Gayles; seconded by Trustee Bob Pritchard. All were in favor. None were opposed. The minutes were approved.

5. **CHAIR’S COMMENTS/ANNOUNCEMENTS**

   Chair Wasowicz welcomed Trustee Montel Gayles as the Vice Chair for the FACFO Committee. Chair Wasowicz also shared information about former Student Trustee Nathan Hayes.

   Members of the University Advisory Committee were present but did not speak.

6. **PUBLIC COMMENT**

   There were no public comments.

7. **UNIVERSITY RECOMMENDATIONS**

   **Action Item 7.a. – Fiscal Year 2021 Budget Request**

   Sarah McGill explained that typically the University provides financial updates to start the Committee meetings. Since the close of FY19 is still in process, financial updates including the FY19 year-end results as well as the first quarter of FY20 results will be presented during the November meeting.

   Ms. McGill presented the FY21 Budget Request indicating a funding level of $93,628,600. This amount included a base funding level of approximately $91.1M and $2.5M for academic program requests.

   Ms. McGill read the following recommendation for consideration by the committee:
The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse the budget request of $93,628,600 to ensure the timely preparation and submission of the University’s FY21 detailed budget request to the IBHE and subsequent reports to the General Assembly and asks that the President forward it by means of the President’s Report to the Board of Trustees for approval at its meeting on September 12, 2019.

A motion was made by Trustee Rita Athas; seconded by Trustee Montel Gayles.

Board Chair Dennis Barsema explained that Trustee Herrero has been appointed to the Illinois Board of Higher Education representing the public trustee boards in the state and indicated a roll call vote may be needed for this item.

Questions were raised as to whether this request is realistic and how it compares to last year. Ms. McGill explained that the operations base funding level is about 3.5% over what was received last year. The amount received for FY20 was 5% above the previous year, but the University is still below the $91.1M worth of funding that was received in FY15. The University is committed to asking for an increased amount to cover increased costs. It was also mentioned that the University is still recovering from the years of the budget impasse.

A roll call vote was held. Trustees Athas, Gayles, Mershon, and Pritchard, as well as Board Chair Barsema and Committee Chair Wasowicz all voted yes. Trustee Herrero abstained. The motion passed.

**Action Item 7.b. – Fiscal Year 2021 IBHE Capital Budget Request**

Sarah McGill indicated the capital budget request consists of two principal categories of projects and a third category that provides notification of anticipated, non-instructional projects. The request for FY21 includes 11 capital projects totaling approximately $326M and 20 capital renewal projects totaling approximately $57.2M. Ms. McGill noted the information in the materials quoted $63M for capital renewal projects, however, the correct amount is $57.2M.

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 asks that the President forward it by means of the President’s Report to the Board of Trustees for approval at its meeting on September 12, 2019.

A motion was made by Trustee Bob Pritchard; seconded by Trustee Monel Gayles.

Confirmation was provided that the new Health Informatics and Technology Center was included in this request. It is the second overall priority on the list compiled by the Board of Higher Education. Approval has been received for planning funds, however, those funds have not yet been received. Board Liaison, Matt Streb confirmed that project planning money and project construction money are two different line items. He further explained that there is very little money available from the State for capital at this time. Most of the money for capital is coming from gaming expansions and sports betting, but these will take time to materialize. Trustee Pritchard added that previous attempts to generate this type of revenue did not materialize due to the sources not generating the amount of revenue anticipated.

A roll call vote was held. Trustees Athas, Gayles, Mershon, and Pritchard, as well as Board Chair Barsema and Committee Chair Wasowicz all voted yes. Trustee Herrero abstained. The motion passed.

**Action Item 7.c. – Student Recreation Center Changing Room Remodel**

Sarah McGill explained that the student recreation center locker rooms have been largely unchanged since the original construction in 1983. An investment to make the locker room more inclusive and appealing as well as address ADA components is essential. The requested funding of $1.1M will be funded by auxiliary reserves.
Ms. McGill read the following recommendation for consideration by the committee:
Board of Trustees approval is requested to proceed with design development. Approval for construction will be requested at a subsequent meeting once additional details for the project can be developed. The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and asks that the President forward it by means of the President’s Report to the Board of Trustees for approval at its next meeting on September 12, 2019.

A motion was made by Trustee Montel Gayles; seconded by Trustee Veronica Herrero.

Kelly Wesener-Michael, Associate Vice President for Student Affairs, explained that this renovation would kick off an important initiative the University and will focus on health and well-being of students, faculty and staff. She pointed out that this has revenue-generating potential as an attractive membership option for the community, faculty, and staff.

A lengthy conversation ensued clarifying what changes are included in the $1.1M price tag. John Heckmann, Associate Vice President for Facilities Management and Campus Services, explained that a large amount of the cost is involved in the plumbing required as well as electrical expense. Mr. Heckmann further explained that designs costs are roughly 10% of the total, and the $1.1M is a macro-level estimate based on similar projects. Student input will be considered in the design, and gender inclusive options will be explored. Ms. McGill confirmed that the University will come back to the Committee and request approval before construction begins.

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

**Action Item 7.d. – Bowl Game Participation Expenses**

Sarah McGill explained that due to the quick timeline required in support of the bowl process, 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 asks that the President forward it by means of the President’s Report to the Board of Trustees for approval at its meeting on September 12, 2019.

A motion was made by Trustee Bob Pritchard; seconded by Trustee Veronica Herrero.

A request was made for more detail of the financial aspect of bowl games. Debra Boughton, Chief of Staff and Sr. Associate Athletics Director, explained that there is a shared cost model. All the institutions give into a shared cost. It does not matter if the team actually attends a bowl game. However, each institution that does attend a bowl receives resources to help fund the bowl game. If it is a trip that requires a charter flight, the MAC pays for that directly. Additionally, Athletics has a budget for bowl games, and the University is permitted to keep all the revenue from any ticket sales. The amounts that are reported include all expenses from an Athletics perspective including those that were paid for by the MAC.

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

**8. UNIVERSITY REPORTS**

**Information Item 8.a. – Fiscal Year 2019 Report of Tuition and Fee Waivers**

Sarah McGill stated that items 8.a. through 8.d. were provided as written updates with no formal discussion planned. There were no questions.

**Information Item 8.b. – Fiscal Year 2019 Annual Report of Cash and Investments**
Information Item 8.c. – Fiscal Year 2019 Annual Summary Report Obligation of Financial Resources

Information Item 8.d. – Quarterly Summary Report of Transactions in Excess of $100,000 for the Period April 1, 2019 to June 30, 2019

Information Item 8.e. – Campus Facility Project Updates

John Heckmann, Associate Vice President for Facilities Management and Campus Services, presented an update on several projects. He began with the Nutrition Center at the Yordon Center, which was completed in May. The project was funded by donation dollars from Northwestern Medicine and Phi Sigma Kappa Alumni. Other improvements, also based on donations, were the Anderson Hall Motor Development Lab and the Davis Hall Meteorology Lab. Both of which are in the final stages and will be completed by the start of the academic year.

Mr. Heckmann also provided an update on the multi-year effort on the Neptune project. Specific focus has been on the unoccupied east wing, including air conditioning and updated rooms and bathrooms. Other areas of Neptune have been updated, with work scheduled to take advantage of summer and winter breaks.

An update on the Holmes Student Center project was also presented. Among the highlights Mr. Heckmann detailed were a refreshed transportation area and south entrance, new food venues, new stairwell connecting the prior dining area to the Huskie Den, and introduction of the OASIS (Organizations and Student Involvement Suite). The ground floor is expected to be open in the fall. Mr. Heckmann mentioned other improvements that are being made on campus including a refreshed look in the Stevenson dining hall and refreshing the Three Son’s Café in Barsema Hall.

Several building systems improvements were also addressed by Mr. Heckmann. These included refurbishing roofs and improving steam line valves and expansion joints. The later made use of state funding received in FY19. The state is also contributing a significant amount of money to the boiler replacement project. This is currently in the design phase, with construction execution is slated for 2020-2021.

A question was raised as to how the vendors were selected and what employment opportunities might exist. Mr. Heckmann explained this was a partnered effort with Student Affairs and Holmes staff. Students and staff around campus were surveyed. Kelly Wesener-Michael added that the design consultants conducted a number of focus groups and extensive research with students, faculty, and staff. Also, there is a food advisory board that provides feedback about NIU dining facilities and suggests ideas for best practices. Ms. Wesener-Michael explained that NIU has purchased the franchises, and they will be staffed with NIU employees as well as student employees.

A conversation ensued about the replacement of the boilers. Given their size, will a building need to be deconstructed to move in a new boiler? Mr. Heckmann explained that boiler/steam production will need to be maintained while the new boilers are being installed so a new structure on the west side of campus will be necessary to house the new boilers. The east steam plant will likely be decommissioned. President Freeman acknowledged the heating plant employees, thanking them for keeping the 60-year-old boilers running despite the inability to obtain parts.

A concern was raised about the serving of alcohol in the Holmes Student Center and what training would be provided as well as whether there would be security. Kelly Wesener-Michael confirmed that procedures are in place. NIU currently serves alcohol on campus and has a license to do so; this is just an extension. TIPS (Training for Intervention ProcedureS) training and other safeguards are already in place. A partnership with NIU hospitality programs will be pursued to staff this and other venues on campus.
Additional conversation took place regarding how the legalization of cannabis will be handled when it becomes legal. President Freeman explained the University is smoke-free and will remain that way and will continue to adhere to the drug-free school act, so the change to campus will be minimal. Further, a group of campus representatives is working with the DeKalb Police and the surrounding community to determine the impacts of the legalization more broadly. NIU is communicating with other communities and universities in the states that have already worked through this issue and will report back any notable items to the Board at a later date.

**Information Item 8.f. – Ethics and Compliance Update**

Sarah Garner, Ethics and Compliance Officer & Title IX Coordinator, presented the background, portfolio, and FY20 plans of the Ethics and Compliance Office. The office launched about a year ago in alignment with Board of Trustees priorities as well as the 2018 Presidential Goals, both of which speak to building a culture of ethics, accountability, and transparency on the NIU campus.

It was noted that annual Ethics training for employees runs from October through November. A request was made by Chair Dennis Barsema that the Board receive an ADA compliance report at some point in time. Ms. McGill offered to work with Vernese Edghill-Walden, Sr. Associate Vice President, Academic Diversity, Equity and Inclusion & Chief Diversity Officer, to coordinate the update to the Board.

### 9. OTHER MATTERS

Trustee Montel Gayles thanked Ms. McGill and her staff getting the Board prepared for this meeting.

### 10. NEXT MEETING DATE

The next meeting of the Finance, Audit, Compliance, Facilities and Operations Committee will be November 14, 2019.

### 11. ADJOURNMENT

A motion was made to adjourn by Trustee Montel Gayles; seconded by Board Chair Dennis Barsema.

The meeting adjourned at 11:28 a.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.*
ANNUAL FINANCIAL SUMMARY AND BUDGET TO GAAP RECONCILIATION AS OF JUNE 30, 2019

Summary: The University has prepared the fourth quarter financial summary to the Board of Trustees. Tuition and fees were less than budget for Fiscal Year 2019. With the launch of the strategic enrollment management plan and thoughtful coordination across campus, strategies were deployed to align the University’s multi-year budget plan with expected enrollment targets. The expense results demonstrate management’s ongoing leadership on developing strategies that will effectively control expenses and contribute to long term financial sustainability. Prior year comparison shows a decline in net revenue contribution.

Revenues

1. Tuition and Fees: All tuition, including differential tuition, course and materials fees, athletics fees, bus fees, and health service fees.

2. Gifts, Grants, & Contracts: Includes on-campus scholarships, research grants and associated indirect cost pools, Pell grants, and sub-contract fees for research.

3. Other Fees and Fines: Includes parking, residential living-learning community fees, parking fines, and transcript and commencement fees.

4. Sales: Includes board plan and retail food sales, concessions sales, advertising/sponsorship, sales of services to off-campus entities (including, but not limited to catering, childcare, and conference services).

5. Rental & Room Income: Includes room fees for residential students, rental of on-campus and off-campus meeting and conference space, hotel revenues, and Northern View apartment revenues.

6. Gate Receipts & Commissions: Includes athletic ticket sales, performing arts ticket sales, commissions, and concert/event revenues from the Convocation Center.

7. Miscellaneous & Investment Income: Includes athletics’ game guarantees, NIU share of conference tournament revenues, rental of facilities, and interest income from investments, gains and losses on disposals of fixed assets, and year-end transfers to mandated reserves in the auxiliary facilities system.

8. State of Illinois: Represents the annual state appropriation to public universities.

Expenses

1. Cost of Sales: Includes the cost of all items purchased for resale on campus such as food for dining units, parts and supplies to be charged out through the campus work order system, as well as paper for pay-to-print copiers and printers.

2. Personnel Services: Includes all salaries paid to faculty, supportive professional staff, civil service, graduate assistants, extra help, and student employees. Also includes required payments for Medicare and employee health insurance.

3. Contractual Services: Includes annual software support, subscriptions, conference registrations, non-employee travel reimbursements, service contracts, repairs & maintenance, grounds, building service work charges, speaking fees, and other arrangements with outside contractors to perform services for the University.
4. **Travel:** Includes airfare, hotel rooms, mileage, meals (all up to limits set by the state and the University), and ancillary expenses for employees to travel to-and-from campus on official University business.

5. **Automotive:** Includes the cost to rent cars, vans, and busses from the University transportation department.

6. **Scholarships:** Includes scholarships awarded, including Pell Grant funds disbursed (which, when netted against Pell Grant funds received, results in zero effect on the University’s cash position).

7. **Telecommunications:** Includes the cost of providing phone, internet, and other digital services to the University.

8. **Equipment & Library Materials:** Includes the cost of all items over $100 with an estimated useful life of two years or more, as well as library books, journal subscriptions, manuscripts, films, music, and video materials.

9. **Capital Repairs, Debt Service & Other:** Includes the cost of centralized capital repair funds, debt service payment on bonds, certificates of participation, and performance contracts. Also includes refunds issued for on-campus external programming and other expenses not classified elsewhere.
Following is a financial summary of the University’s operations as of the end of June FY19 and a comparison perspective to the end of June FY18.

University All Funds Comparison
As of June 30, 2019

<table>
<thead>
<tr>
<th></th>
<th>Current Year FY19</th>
<th>Prior Year FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Twelve Months Ended</td>
<td>Twelve Months Ended</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>YTD Actuals</td>
<td>YTD Budget</td>
</tr>
<tr>
<td>Tuition &amp; Student Fees</td>
<td>$172,481</td>
<td>$178,307</td>
</tr>
<tr>
<td>Gifts, Grants, &amp; Contracts</td>
<td>57,580</td>
<td>70,321</td>
</tr>
<tr>
<td>Other Fees and Fines</td>
<td>8,009</td>
<td>8,564</td>
</tr>
<tr>
<td>Sales</td>
<td>32,218</td>
<td>32,654</td>
</tr>
<tr>
<td>Rental &amp; Room Income</td>
<td>31,198</td>
<td>32,541</td>
</tr>
<tr>
<td>Gate Receipts &amp; Commissions</td>
<td>4,392</td>
<td>5,494</td>
</tr>
<tr>
<td>Miscellaneous &amp; Investment Income</td>
<td>19,337</td>
<td>13,357</td>
</tr>
<tr>
<td>State of Illinois</td>
<td>83,647</td>
<td>83,659</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$408,862</td>
<td>$424,897</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>$5,012</td>
<td>$4,910</td>
</tr>
<tr>
<td>Personnel Services</td>
<td>217,088</td>
<td>215,685</td>
</tr>
<tr>
<td>Contractual Services</td>
<td>83,134</td>
<td>87,581</td>
</tr>
<tr>
<td>Commodities</td>
<td>6,251</td>
<td>7,468</td>
</tr>
<tr>
<td>Travel</td>
<td>4,622</td>
<td>5,555</td>
</tr>
<tr>
<td>Automotive</td>
<td>1,220</td>
<td>1,264</td>
</tr>
<tr>
<td>Scholarships</td>
<td>51,179</td>
<td>58,066</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>623</td>
<td>680</td>
</tr>
<tr>
<td>Equipment &amp; Library Materials</td>
<td>8,095</td>
<td>9,935</td>
</tr>
<tr>
<td>Capital Repairs, Debt Service &amp; All Other</td>
<td>30,996</td>
<td>33,753</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$408,218</td>
<td>$424,897</td>
</tr>
<tr>
<td><strong>Net Revenue (Budgetary Basis)</strong></td>
<td>$644</td>
<td>$(0)</td>
</tr>
</tbody>
</table>
To ensure that the amounts reported per the budget are in line with the University’s FY19 financial statement results, a reconciliation between Budget (Fund Accounting) and GAAP (Generally Accepted Accounting Principles) has been prepared.

An explanation of Generally Accepted Accounting Principles (GAAP) versus Fund Accounting (Budget):

- **GAAP** - a common set of accounting principles, standards, and procedures that companies must follow when compiling financial statements.
- **Budget** - based on fund accounting which is a method of accounting that emphasizes accountability rather than profitability. The focus is on “fund balances” that are set aside to achieve a specific goal with the organization.

The change in net position as of June 30, 2019 is a preliminary draft and will not be final until the FY19 audit has concluded and the audit report released around January 2020. Following is the reconciliation from the University’s Budget to GAAP financial statements as of June 30, 2019.

### Budget to GAAP Reconciliation

**As of June 30, 2019**

($ in thousands)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Revenue, per Budget</td>
<td>$ 644</td>
</tr>
<tr>
<td>Depreciation Expense</td>
<td>(28,232)</td>
</tr>
<tr>
<td>Debt principal</td>
<td>10,502</td>
</tr>
<tr>
<td><strong>Decrease in Net Position, before adjustments</strong></td>
<td>(17,086)</td>
</tr>
</tbody>
</table>

**One-time Adjustments:**

- **Student Accounts Receivable - change in allowance methodology** | (4,650) |
- **Construction in Progress - change in estimate** | (4,657) |

**Decrease in Net Position, one-time adjustments** | (9,307) |

**Total Decrease in Net Position, per draft Financial Statements*** | $ (26,393) |

*Unaudited

The decrease to net position for the year-ended June 30, 2019 is $26.3M. This decrease is based on the forecasted decline related to the budget-to-GAAP adjustments for depreciation expense and debt principal totaling $17.0M. In addition, one-time adjustments to the balance sheet related to a change in methodology for allowance for student bad debt and a change in estimate for assets held in construction-in-progress were required to ensure accurate financial reporting per GAAP. The ending net position for Fiscal Year 2019 is as follows:

### FY19 Change in Net Position

**For the Year-Ended June 30, 2019**

($ in thousands)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Position, June 30, 2018</td>
<td>$ 192,252</td>
</tr>
<tr>
<td>Decrease in net position</td>
<td>(26,393)</td>
</tr>
<tr>
<td>Net Position, June 30, 2019***</td>
<td>$ 165,859</td>
</tr>
</tbody>
</table>

*Unaudited
QUARTERLY FINANCIAL SUMMARY
FISCAL YEAR 2020 - FIRST QUARTER
AS OF SEPTEMBER 30, 2019

Background: The University has prepared a first quarter financial summary.

As of the end of the first quarter of FY20, the University recorded a positive performance of approximately $70M. Although this is a slight increase of approximately $600K over prior year, the University is ending first quarter $983K worse than budget.

University tuition and student fees revenues have decreased by approximately $2.9M from the prior year and is in line with the enrollment expectations of the University’s Strategic Enrollment Management Plan. Other revenues for first quarter FY20 are tracking in line with budgeted targets and are projected to end the year in line with budget. Expenses for the quarter lagged budget by approximately $3.2M, contributing to a full-year projection of below-budget spending by $8.7M. In total, the first quarter net results are $983K worse than budget.

Current projections suggest the University will end the year with negative net revenue of $5.9M, approximately $760K worse than budget if no additional actions are taken to align expenses with expected revenues.

With the rollout of a multi-year budget plan and the Strategic Enrollment Management Plan, management is demonstrating its ongoing leadership to monitor and develop strategies to effectively control expenses in order to keep in line with expected revenue. Efforts are underway to review planned expenses through the remainder of the year and make the necessary adjustments to align expenses with revenues.

Revenues

1. Tuition and Fees: All tuition, including differential tuition, course and materials fees, athletics fees, bus fees, and health service fees.

2. Gifts, Grants, & Contracts: Includes on-campus scholarships, research grants and associated indirect cost pools, Pell grants, and sub-contract fees for research.

3. Other Fees and Fines: Includes parking, residential living-learning community fees, parking fines, and transcript and commencement fees.

4. Sales: Includes board plan and retail food sales, concessions sales, advertising/sponsorship, sales of services to off-campus entities (including, but not limited to catering, childcare, and conference services).

5. Rental & Room Income: Includes room fees for residential students, rental of on-campus and off-campus meeting and conference space, hotel revenues, and Northern View apartment revenues.

6. Gate Receipts & Commissions: Includes athletic ticket sales, performing arts ticket sales, commissions, and concert/event revenues from the Convocation Center.

7. Miscellaneous & Investment Income: Includes athletics’ game guarantees, NIU share of conference tournament revenues, rental of facilities, and interest income from investments, gains and losses on disposals of fixed assets, and year-end transfers to mandated reserves in the auxiliary facilities system.

8. State of Illinois: Represents the annual state appropriation to public universities.
Expenses

1. **Cost of Sales:** Includes the cost of all items purchased for resale on campus such as food for dining units, parts and supplies to be charged out through the campus work order system, as well as paper for pay-to-print copiers and printers.

2. **Personnel Services:** Includes all salaries paid to faculty, supportive professional staff, civil service, graduate assistants, extra help, and student employees. Also includes required payments for Medicare and employee health insurance.

3. **Contractual Services:** Includes annual software support, subscriptions, conference registrations, non-employee travel reimbursements, service contracts, repairs & maintenance, grounds, building service work charges, speaking fees, and other arrangements with outside contractors to perform services for the University.

4. **Travel:** Includes airfare, hotel rooms, mileage, meals (all up to limits set by the state and the University), and ancillary expenses for employees to travel to-and-from campus on official University business.

5. **Automotive:** Includes the cost to rent cars, vans, and busses from the University transportation department.

6. **Scholarships:** Includes scholarships awarded, including Pell Grant funds disbursed (which, when netted against Pell Grant funds received, results in zero effect on the University’s cash position).

7. **Telecommunications:** Includes the cost of providing phone, internet, and other digital services to the University.

8. **Equipment & Library Materials:** Includes the cost of all items over $100 with an estimated useful life of two years or more, as well as library books, journal subscriptions, manuscripts, films, music, and video materials.

9. **Capital Repairs, Debt Service & Other:** Includes the cost of centralized capital repair funds, debt service payment on bonds, certificates of participation, and performance contracts. Also includes refunds issued for on-campus external programming and other expenses not classified elsewhere.

Following is a financial summary of the University’s operations as of the end of September FY20 and a comparison perspective to September FY19.
# Fourth Quarter YTD Actuals

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Current Year FY20</th>
<th>Prior Year FY19</th>
<th>Current Year FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>YTD Actuals</td>
<td>YTD Budget</td>
<td>Variance</td>
</tr>
<tr>
<td>Tuition &amp; Student Fees</td>
<td>$85,769</td>
<td>$90,567</td>
<td>$(4,798)</td>
</tr>
<tr>
<td>Gifts, Grants, &amp; Contracts</td>
<td>16,240</td>
<td>17,929</td>
<td>$(1,689)</td>
</tr>
<tr>
<td>Other Fees and Fines</td>
<td>2,874</td>
<td>2,584</td>
<td>291</td>
</tr>
<tr>
<td>Sales</td>
<td>11,416</td>
<td>11,057</td>
<td>359</td>
</tr>
<tr>
<td>Rental &amp; Room Income</td>
<td>16,199</td>
<td>16,375</td>
<td>(176)</td>
</tr>
<tr>
<td>Gate Receipts &amp; Commissions</td>
<td>575</td>
<td>2,199</td>
<td>(1,623)</td>
</tr>
<tr>
<td>Miscellaneous &amp; Investment Income</td>
<td>4,749</td>
<td>672</td>
<td>4,077</td>
</tr>
<tr>
<td>State of Illinois</td>
<td>35,187</td>
<td>35,872</td>
<td>(685)</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$173,009</td>
<td>$177,254</td>
<td>$(4,245)</td>
</tr>
</tbody>
</table>

## Expenses

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Current Year FY20</th>
<th>Prior Year FY19</th>
<th>Current Year FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>YTD Actuals</td>
<td>YTD Budget</td>
<td>Variance</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>$944</td>
<td>$756</td>
<td>$188</td>
</tr>
<tr>
<td>Personnel Services</td>
<td>49,652</td>
<td>46,865</td>
<td>2,787</td>
</tr>
<tr>
<td>Contractual Services</td>
<td>15,968</td>
<td>19,791</td>
<td>$(3,823)</td>
</tr>
<tr>
<td>Commodities</td>
<td>1,284</td>
<td>1,254</td>
<td>30</td>
</tr>
<tr>
<td>Travel</td>
<td>1,135</td>
<td>1,016</td>
<td>119</td>
</tr>
<tr>
<td>Automotive</td>
<td>264</td>
<td>245</td>
<td>19</td>
</tr>
<tr>
<td>Scholarships</td>
<td>26,758</td>
<td>28,482</td>
<td>$(1,724)</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>52</td>
<td>44</td>
<td>8</td>
</tr>
<tr>
<td>Equipment &amp; Library Materials</td>
<td>1,653</td>
<td>2,702</td>
<td>$(1,049)</td>
</tr>
<tr>
<td>Capital Repairs</td>
<td>280</td>
<td>3,295</td>
<td>$(3,016)</td>
</tr>
<tr>
<td>Debt Service</td>
<td>3,258</td>
<td>1,846</td>
<td>1,413</td>
</tr>
<tr>
<td>Miscellaneous Expense</td>
<td>1,810</td>
<td>23</td>
<td>1,787</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$103,057</td>
<td>$106,318</td>
<td>$(3,262)</td>
</tr>
</tbody>
</table>

## Net Revenue

<table>
<thead>
<tr>
<th>Net Revenue</th>
<th>Current Year FY20</th>
<th>Prior Year FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>YTD Actuals</td>
<td>YTD Budget</td>
</tr>
<tr>
<td>Tuition &amp; Student Fees</td>
<td>$69,952</td>
<td>$70,935</td>
</tr>
</tbody>
</table>

Northern Illinois University
as of September 30, 2019
($ in thousands)
To ensure that the amounts reported per the budget are in line with the University’s anticipated financial statement results, a reconciliation between Budget (Fund Accounting) and GAAP (Generally Accepted Accounting Principles) has been prepared.

An explanation of Generally Accepted Accounting Principles (GAAP) versus Fund Accounting (Budget):

- **GAAP** - a common set of accounting principles, standards, and procedures that companies must follow when compiling financial statements.

- **Budget** - based on fund accounting which is a method of accounting that emphasizes accountability rather than profitability. The focus is on “fund balances” that are set aside to achieve a specific goal with the organization.

The change in annual net position is a projection for FY20 and was calculated using the FY19 annual GAAP figures. Following is the reconciliation from the University’s Budget to GAAP financial statements based on year-to-date projections.

### Budget to GAAP Reconciliation

**Year End Projection**

(\$ in thousands)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Revenue, per Budget</td>
<td>$ (5,158)</td>
</tr>
<tr>
<td>Depreciation Expense</td>
<td>(28,232)</td>
</tr>
<tr>
<td>Debt - Principal</td>
<td>10,504</td>
</tr>
<tr>
<td>Total Decrease in Net Position, per draft Financial Statements*</td>
<td>$ (22,886)</td>
</tr>
</tbody>
</table>

*Unaudited
SERIES 2010-2011 BOND REISSUANCE UPDATE

Overview of Opportunity

Northern Illinois University has $175.5M in outstanding Series 2010, 2011 Auxiliary Facilities System (AFS) bonds. The average rate on that current debt outstanding is approximately 5.25%. Both issues will be re-financeable with tax-exempt bonds beginning on January 1, 2020. NIU can issue both fixed and variable rate bonds, or both. NIU’s financial management team is considering the use of variable rate, tax-exempt bank debt for a portion of the refinancing, likely $20-$50M of the total. This would facilitate easy prepayment of a portion of its AFS debt should NIU receive a significant upfront payment in exchange for the sale or use of an existing building or portion of campus. The refinancing offers opportunity for both short and long-term savings depending on the structure of the new debt and based on market conditions as of September 4, 2019. The minimum total savings is expected to be $28M. Refinancing also provides a chance to modernize the University’s AFS documents which includes: lowering covenant thresholds for additional debt; reconfiguring the AFS to take out non-producing buildings; making it easier to add buildings into or take them out of the AFS; and, allowing excess funds to be taken out of the AFS and used for general University purposes, once certain conservative thresholds of System health are met. Currently the University’s AFS system is a “closed” one, which does not allow excess funds to be taken out of the system. The refinancing can close as early as February 2020.

Financing Climate

Northern Illinois University’s Moody’s rating outlook was upgraded from “Ba2” negative to “Ba2” stable in May 2019. In the past year, overall tax-exempt rates have dropped by 1%, and the rate differential between higher and lower-rated credits has narrowed. NIU can issue either on the basis of its own rating (unenhanced) or with bond insurance. The University’s current bond insurer AGM, insurer of the 2010/2011 bonds, has indicated interest in insuring the refinancing. This would provide any fixed rate bonds in the Refinancing with an AA (S & P) rating.

Guiding Principles

The management team has adopted the following guiding principles for this refinancing:

- The bond issue will not include any monies for new projects;
- The new debt payments will not extend beyond the April 1, 2041 maturity date of the Series 2010 bonds;
- The refinancing will close in first quarter CY20 to fully benefit from anticipated low interest rates and associated savings;
- The refinancing will be structured to maximize savings in FY20-FY23 to mitigate budgetary impact of closing the structural budget gap; and
- The AFS documents will be modernized.

Bond Underwriting “Request for Proposal” Process

To refinance AFS bonds, the University and its long-time financial advisor, Longhouse Capital Advisors, have drafted an RFP for an underwriter that was distributed on October 4th, with responses due October 28, 2019. The University received several proposals in response to the RFP, all of which included a Business Enterprise Program (BEP) commitment.

The RFP will establish a pool of bond underwriting firms. A subset of firms from the pool will be selected to work on the initial refinancing issue. The bond underwriter pool is to be selected in November 2019, subject to Board approval of the pool and approval of a parameters resolution at
its December 5th meeting. The bond underwriting pool will last up to five years and could be called on to cover future needs.

**Potential Savings from Refinancing**

Final savings will be subject to changes in rates; to the final insurance premium from the bond insurer, if an enhanced issue is chosen; or to the Bonds’ underlying rating, if not; and to the mix of fixed and variable rate debt in the refinancing issuance, among other factors.

The savings numbers conservatively reflect an all-fixed-rate financing using rates as of September 4, 2019. Refinancing rates could rise 1.25% vs. the rates used in the initial analysis and still provide a “Present Value Savings” metric above 3%, the minimum efficiency percentage typically deemed acceptable for a refinancing, based on current financing assumptions.

**General Financing Assumptions:**

- Assured Guaranty bond insurance with a bond insurance premium of 2.25% X total principal and interest on the refunding bonds.
- Underwriter's discount of 0.35% X par amount.
- Estimated other costs of issuance of $650,000 for the financing.
- The Series 2010 BABs subsidy payment due 4/1/2020 is assumed to be received and paid at the current subsidy rate of 32.935% ($1,666,770).
- Interest rate scale with Assured Guaranty insurance provided by RBC Capital Markets based on markets as of September 4, 2019. Scale assumes an optional call date of 4/1/2030 at par.
- In estimating savings, analysis conservatively assumes future subsidy payments on the Series 2010 BABs at the full 35% even though it is currently at the lower subsidy rate of 32.935%.
- New issue does not include a debt service reserve fund.
FISCAL YEAR 2021
UNDERGRADUATE TUITION PRICING RECOMMENDATION

Summary: The following item presents the pricing recommendation that addresses Northern Illinois University’s tuition rates for Fiscal Year 2021. These recommendations were developed with the goals of addressing affordability concerns and maintaining fiscal responsibility by keeping the total cost of attendance for full-time students as low as possible. The recommendation is to hold base tuition flat in FY21 for the fifth year in a row. There will be no change to differential tuition rates.

Background: NIU has developed a refined set of tuition rates to reflect the multiple student populations. To bring clarity to this array of rates, first described is the rate structure and then the rates for FY20 and the rates proposed for FY21.

NIU sets tuition on a per-credit-hour basis. However, undergraduate students who enroll in 12 or more semester credit hours are charged at a flat tuition rate. Rates are set subject to the following considerations:

- Illinois “Truth-in-Tuition” law for undergraduates
- Differential tuition for select programs
- Residency considerations (e.g., out-of-state and international students)

Truth in Tuition

Tuition rates for Illinois residents seeking an undergraduate degree are subject to Illinois’ Truth-in-Tuition law. Under the law, entering degree-seeking undergraduate students are guaranteed the same base tuition rate for four continuous years. NIU policy adds one additional semester to this four-year guarantee. After nine continuous semesters of enrollment, the guaranteed undergraduate tuition rate adjusts to the tuition rate paid by students who entered the University one fiscal year after the date of original entry for an additional three semesters.

In the event of a decrease in undergraduate tuition, we anticipate that all continuing students will be charged the new rate if that rate is more favorable to them than the rate guaranteed to them by Truth-in-Tuition.

Hence, when NIU sets undergraduate tuition rates for FY21, those rates apply only to:

- incoming or re-entering students;
- non-degree-seeking students, including visiting students and post-baccalaureate students;
- and
- students whose continuous enrollment has exceeded the period outlined above.

Out-of-State and International Rates

NIU currently sets tuition for domestic, out-of-state at the same rate as Illinois residents. The rate for international students is set at twice the in-state rate. The University may enter into agreements with international partners for cohort or pipeline programs. For such programs, the University may agree to lower tuition to no less than 1.5 times the FY21 domestic rate.
Fiscal Year 2020 Tuition Recommendations

<table>
<thead>
<tr>
<th>Base Domestic Tuition</th>
<th>Per Credit Hour Rate</th>
<th>Capped Tuition at</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1 – 11</td>
</tr>
<tr>
<td>Undergraduate Tuition</td>
<td>$348.84</td>
<td>$4,732.80</td>
</tr>
</tbody>
</table>

Fiscal Year 2021 Tuition Recommendations

<table>
<thead>
<tr>
<th>Base Domestic Tuition</th>
<th>Per Credit Hour Rate</th>
<th>Capped Tuition at</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1 – 11</td>
</tr>
<tr>
<td>Undergraduate Tuition</td>
<td>$348.84</td>
<td>$4,732.80</td>
</tr>
</tbody>
</table>

Differential Tuition

For select programs, NIU charges a differential tuition. These differentials reflect the added value and added costs associated with those programs. The differential rate is added to the base and becomes the tuition rate charged for that program, subject to the policies previously listed. Differential rates are stated on a per-credit-hour basis. The maximum differential rate is capped at 12 times the per-credit-hour rate. Differential rates are re-validated annually.

Undergraduate Differential Tuition per Credit Hour Rates

<table>
<thead>
<tr>
<th>Program</th>
<th>FY20 Differential</th>
<th>FY21 Differential</th>
</tr>
</thead>
<tbody>
<tr>
<td>College of Engineering &amp; Engineering Technology</td>
<td>$50</td>
<td>$50</td>
</tr>
<tr>
<td>All programs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>College of Health &amp; Human Sciences</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nursing (pre-licensure, not including pre-majors nor RN to BSN)</td>
<td>$15</td>
<td>$15</td>
</tr>
<tr>
<td>College of Liberal Arts &amp; Sciences</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer Science (including pre-majors)</td>
<td>$40</td>
<td>$40</td>
</tr>
</tbody>
</table>

The Rationale for Differential Tuition

Differential tuition rates are reviewed annually to ensure that the rates are competitive and are not adversely impacting enrollments. This year, College of Engineering & Engineering Technology, Nursing, and Computer Science are maintaining their existing rates.

Recommendation: The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and asks that the President forward it by means of the President’s Report to the Board of Trustees for approval at its meeting on December 5, 2019.
FISCAL YEAR 2021
GENERAL FEE PRICING RECOMMENDATION

Summary: The following item presents a pricing recommendation that addresses Northern Illinois University’s general fees for Fiscal Year 2021. These recommendations were developed with the goals addressing affordability concerns and maintaining fiscal responsibility by keeping the total cost of attendance for full-time students as low as possible. The recommendations include the introduction of an Arts and Culture Fee, though the overall fees are decreasing from FY20 to FY21.

Background: The University has numerous student activities, programs, services, and operations that are supported to various degrees by the assessment of dedicated-use student charges. These charges are aggregated into a more manageable number of fees. This item describes the purpose of each charge, then provides a summary of the fee rates for FY20 and recommendations for FY21.

Fee Categories

Student Support Services Fee is comprised of the following charges:

Student Activities and Services Charge supports the student government, student programming, campus wide programming initiatives (Welcome Days, Homecoming, Open Houses, etc.) and the activities of student recognized organizations. These charges are also allocated to departments to maintain and improve student services.

Decrease of $0.03 from FY20 ($5.13) to FY21 ($5.10)

Holmes Student Center Charge supports the operational costs of Holmes Student Center and student programs provided in the facility.

Decrease of $0.03 from FY20 ($11.83) to FY21 ($11.80)

Health and Wellness Charge allows students to use Health Services with little to no direct cost to students and helps fund programming that promotes wellness and healthy lifestyle choices and related state and federally mandated education and awareness campaigns.

Decrease of $1.08 from FY20 ($8.98) to FY21 ($7.90)

Grants-in-Aid Charge supports needs-based and special initiative Financial Aid grants to students.

Remains flat at $1.40

Campus Recreation Charge is used for financing, constructing, maintaining, and improving new and existing recreational sports facilities and programs, including the sport club operations.

Decrease of $0.13 from FY20 ($8.13) to FY21 ($8.00)

Northern Star is the student-run newspaper and provides free access to the campus community.

Decrease of $0.02 from FY20 ($0.29) to FY21 ($0.27)
Arts and Culture Fee enhances the University’s arts culture and provides students with a means to enjoy the School of Music and School of Theater and Dance productions without direct cost to the student.

*New* $0.80 for inaugural year

**University Advancement Fee** is comprised of the following charges:

*Capital Improvement Charge* provides funding for educational and support facilities for students, faculty, and staff in a manner that maximizes the effectiveness of the capital investments, maximizes the use of existing facilities, and promotes orderly, planned campus development. Support for debt service of previously approved projects including west campus improvements, and the living and learning initiatives are also included in this charge.

*Decrease of $0.15 from FY20 ($15.05) to FY21 ($14.90)*

*Transportation Access Charge* funds the Huskie Bus System, the Huskie Line, parking lot lights, security and maintenance, and the creation of additional parking and transportation services. This charge also supports the University’s Huskie Line bus and Freedom Mobile paratransit services. All fee-paying students are eligible to utilize Huskie buses without being charged fares.

*Decrease of $3.03 from FY20 ($11.53) to FY21 ($8.50)*

**Athletic Fee** is comprised of the following charges:

*Athletic Program Charge* supplements the University’s diverse athletic programs and provides students with a means to enjoy the athletic events without direct cost to the student.

*Remains flat at $22.29*

*Convocation Center Charge* helps fund the operational costs of the Convocation Center and supports student events held in the athletic space utilized by students.

*Decrease of $0.02 from FY20 ($8.22) to FY21 ($8.20)*

*Huskie Stadium Charge* helps fund the operational costs of Huskie Stadium and provides support for student activities and programs that are held in the stadium.

*Remains flat at $2.40*

**Regional Delivery Fee** is assessed to support the delivery of off-campus courses by the Division of Academic Affairs (e.g. development of online courses).

*Remains flat at $50.00*

**Outreach Fee** is assessed to support infrastructure provided by the Division of Outreach, Engagement & Regional Development that is needed to deliver regional courses (e.g., operations of NIU regional centers, rental of non-NIU facilities).

*Remains flat at $56.00*

**Academic Program Enhancement and Instructional Surcharge** is assessed in order to meet the ever-emerging demands for cutting edge academic programs and services for NIU students. Critical areas for funding include technology upgrades as well as support for identified academic strategic planning initiatives designed to strengthen, direct, and further improve academic programs, research, and the academic experience of students.

*Remains flat at $125 per semester for students enrolled in 6 or fewer credit hours and $250 for 7 or more credit hours*
FY20 Rates and Recommendations for FY21 Rates

<table>
<thead>
<tr>
<th>General Fees</th>
<th>Per Credit Hour Rate (12 Hours Max. Rate)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY20</td>
</tr>
<tr>
<td>Athletic</td>
<td>$32.91</td>
</tr>
<tr>
<td>Student Support Services</td>
<td>35.74</td>
</tr>
<tr>
<td>University Advancement</td>
<td>26.58</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$95.23</td>
</tr>
<tr>
<td>Academic Program Enhancement Support*</td>
<td>250.00</td>
</tr>
<tr>
<td>Regional Delivery**</td>
<td>50.00</td>
</tr>
<tr>
<td>Outreach***</td>
<td>56.00</td>
</tr>
</tbody>
</table>

* Charged as a flat fee of $125 per semester for students enrolled for six or fewer credit hours; and a flat fee of $250 for students enrolled for seven or more credit hours.

** Undergraduate off campus delivery fees. Regional Delivery fee for courses in the School of Nursing is $100.

*** Assessed for undergraduate students in off-campus courses.

**Recommendation:** The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and asks that the President forward it by means of the President’s Report to the Board of Trustees for approval at its meeting on December 5, 2019.
FISCAL YEAR 2021
ROOM AND BOARD FEE RECOMMENDATION

Summary: The following item presents a pricing recommendation that addresses Northern Illinois University’s room and board fees for Fiscal Year 2021. The collection of room and board from students living in University residence halls supports Housing and Residential Services as well as Campus Dining Services operations and related Revenue Bond obligations. These recommendations were developed to address the goal of student affordability. The University is recommending that room and board rates remain consistent to FY20 with the following exceptions: an increase to Neptune Complex rates, a reduction to Stevenson Complex rates, and a change in dining’s meal plan structure.

Recent improvements to the Neptune Complex have increased the popularity of this facility with students. Amenities have been improved, and students are requesting additional enhancements demonstrating this is a destination home for students. The recommendation is a 1.3% increase to the room and board rate in this complex.

Conversely, more campus services have departed the Stevenson Complex in recent years, and student demand for the location has decreased. For these reasons, a 1% rate reduction for all room types, except suites, is recommended.

The latest phase of the Dining strategy welcomes a fully renovated Holmes Student Center that will include several new retail dining options for campus, including Starbucks and Qdoba Grill. These options will complement the improved offerings in Stevenson Complex. Campus Dining is recommending a robust change to the residential meal plan offerings that shifts the default meal plan included in Room and Board pricing to the Block 12 meals per week, which provides 12 meals per week + $100 dining dollars to be used at any location on campus. This change to weekly meal plans will provide more dining flexibility for all residential students, with optional meal exchanges all day in the Stevenson food court and evenings in the HSC venues. The rate for the default plan will not change for FY21. Student consultations have also led to the recommendation of three voluntary upgrade plans.

Background: Room rate recommendations typically address increased student wage and service contract costs, software support, indirect costs, contractual services, general operating expenses, and debt service payments related to renovations to the residence halls and dining locations. This item describes the proposed room and board rates, then provides a summary of the fee rates for FY20 and recommendations for FY21. (NOTE: Rates for New Hall (and Northern View), the Collegiate Housing Foundation II Project, are considered separately and are not included in this recommendation but are provided for informational purposes only.)
Recommendation: The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and asks that the President forward it by means of the President’s Report to the Board of Trustees for approval at its meeting on December 5, 2019.
**FISCAL YEAR 2021**

**GRADUATE AND LAW TUITION PRICING RECOMMENDATION**

**Summary:** The following item presents the pricing recommendation that addresses Northern Illinois University’s tuition rates for Fiscal Year 2021. These recommendations were developed with the goals of addressing affordability concerns and maintaining fiscal responsibility by keeping the total cost of attendance for full-time students as low as possible. The recommendations hold base tuition flat in FY21 for the fifth year in a row, while making modest adjustments to differential tuition rates.

**Background:** NIU has developed a refined set of tuition rates to reflect the multiple student populations. To bring clarity to this array of rates, first described is the rate structure and then the rates for FY20 and the rates proposed for FY21.

NIU sets tuition on a per-credit-hour basis. For the JD program and most graduate programs, students who enroll in 12 or more hours are billed at a rate that is 12 times the per-credit-hour rate. The FY21 rates indicated below apply to both new and returning graduate students and law students. Rates are set separately for graduate students and law students, subject to the following considerations:

- Bundling tuition and fees for graduate and law students
- Differential tuition for select programs
- Residency considerations (e.g., out-of-state and international students)

**Graduate and Law Charge**

The University presents graduate students with a single charge that includes an instructional charge and an institutional charge. The two components are analogous to undergraduate tuition and fees. These are presented as a single charge to assist graduate and law students with employer reimbursement.

**Out-of-State and International Rates**

NIU currently sets tuition for domestic, out-of-state students at the same rate as Illinois residents. The rate for international students is set at twice the domestic rate, subject to the following considerations:

- Within the integrated charge for graduate students, the instructional charge is doubled for international students, but the institutional charge is not.
- International Students appointed as graduate assistants or fellows are billed at the domestic law or graduate student rate.
- The University may enter into agreements with international partners for cohort or pipeline programs. For such programs, the University may agree to lower tuition (for undergraduates) or the instructional component (for graduate students) to no less than 1.5 times the FY21 domestic rate.

**Differential Tuition**

For select programs, NIU charges a differential tuition. These differentials reflect the added value and added costs associated with those programs. The differential rate is added to the base and becomes the tuition rate charged for that program, subject to the policies previously listed. Differential rates are stated on a per-credit-hour basis. The maximum differential rate is capped at 12 times the per-credit-hour rate. Differential rates are re-validated annually.
Fiscal Year 2021 Tuition Recommendations

<table>
<thead>
<tr>
<th>Graduate Base Domestic Tuition</th>
<th>FY20</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Per Credit Hour 1-11</td>
<td>12 or more Credit Hours</td>
</tr>
<tr>
<td>Instructional Charge</td>
<td>$357.00</td>
<td>$4,284.00</td>
</tr>
<tr>
<td>Institutional Charge</td>
<td>$138.72</td>
<td>$1,664.64</td>
</tr>
<tr>
<td>Total</td>
<td>$495.72</td>
<td>$5,948.64</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>College of Law Domestic Tuition</th>
<th>FY20</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Per Credit Hour 1-11</td>
<td>12 or more Credit Hours</td>
</tr>
<tr>
<td>Instructional Charge</td>
<td>$677.29</td>
<td>$8,127.48</td>
</tr>
<tr>
<td>Institutional Charge</td>
<td>$238.13</td>
<td>$2,857.56</td>
</tr>
<tr>
<td>Total</td>
<td>$915.42</td>
<td>$10,985.04</td>
</tr>
</tbody>
</table>

Institutional Charge Components

The graduate and law institutional charges are the sum of component fees. The fees are very similar in structure to undergraduate fees, and many of the assessed values are identical to the rates for undergraduates. The components of the institutional charge are:

Student Support Services Fee contains the following charges:

Student Activities and Services Charge supports the student government, student programming, campus wide programming initiatives (Welcome Days, Homecoming, Open Houses, etc.) and the activities of student recognized organizations. These charges are also allocated to departments to maintain and improve student services.

Grad - Decrease of $0.02 from FY20 ($2.62) to FY21 ($2.60)

Law – Decrease of $0.03 from FY20 ($3.68) to FY21 ($3.65)

Holmes Student Center Charge supports the operational costs of Holmes Student Center and student programs provided in the facility.

Decrease of $0.03 from FY20 ($11.83) to FY21 ($11.80)

Health and Wellness Charge allows students to use Health Services with little to no direct cost to students and helps fund programing that promotes wellness and healthy lifestyle choices, as well as related state and federally mandated education and awareness campaigns.

Decrease of $1.08 from FY20 ($8.98) to FY21 ($7.90)

Grants-in-Aid Charge supports needs-based and special initiative Financial Aid grants to students.

Remains flat at $1.40

Campus Recreation Charge is used for financing, constructing, maintaining, and improving new and existing recreational sports facilities and programs, including the sport club operations.

Decrease of $0.13 from FY20 ($8.13) to FY21 ($8.00)
Northern Star is the student-run newspaper and provides free access to the campus community.

*Decrease of $0.02 from FY20 ($0.29) to FY21 ($0.27)*

Arts and Culture Fee is used to support student and guest performances on campus and allows students to attend these events at reduced or no cost.

*New* $0.80 for inaugural year

**University Advancement Fee** contains the following charges:

Capital Improvement Charge provides funding for educational and support facilities for students, faculty, and staff in a manner that maximizes the effectiveness of the capital investments, maximizes the use of existing facilities, and promotes orderly, planned campus development. Support for debt service of previously approved projects, including west campus improvements and the living and learning initiatives, are also included in this charge.

*Decrease of $0.15 from FY20 ($15.05) to FY21 ($14.90)*

Transportation Access Charge funds the Huskie Bus System, the Huskie Line, parking lot lights, security and maintenance, and the creation of additional parking and transportation services. This charge also supports the University’s Huskie Line bus and Freedom Mobile paratransit services. All fee-paying students are eligible to utilize Huskie buses without being charged fares.

*Decrease of $3.03 from FY20 ($11.53) to FY21 ($8.50)*

**Athletic Fee** contains the following charges:

Athletic Program Charge supplements the University’s diverse athletic programs and provides students with a means to enjoy the athletic events without direct cost to the student.

*Remains flat at $22.29*

Convocation Center Charge helps fund the operational costs of the Convocation Center and supports student events held in the athletic space utilized by students.

*Decrease of $0.02 from FY20 ($8.22) to FY21 ($8.20)*

Huskie Stadium Charge helps fund the operational costs of Huskie Stadium and provides support for student activities and programs that are held in the stadium.

*Remains flat at $2.40*

**Academic Program Enhancement and Instructional Surcharge (Technology Surcharge)** is assessed in order to meet the ever-emerging demands for cutting edge academic programs and services for NIU students. Critical areas for funding include technology upgrades, as well as support for identified academic strategic planning initiatives designed to strengthen, direct and further improve academic programs, research, and the academic experience of students.

*Remains flat at $22.00 per credit hour for Graduate and Law students*

**Graduate Program Support** contains the following charges:

Graduate Colloquium Charge supports the Graduate Colloquium program, which brings scholars, artists, professionals, and public figures to lecture or perform at NIU.

*Remains flat at $2.00*
Career/Professional Development Charge supports career/professional development workshops, seminars, and coursework for graduate students.

*Remains flat at $4.00*

Graduate Outreach Charge is assessed to support infrastructure provided by the Division of Outreach, Engagement & Regional Development that is needed to deliver regional courses (e.g., operations of NIU regional centers, rental of non-NIU facilities).

*Remains flat at $18.00*

**Law Program Support** contains the following charges:

- **Law Student Bar Charge** supports the Student Bar Association and student organization activities at the College of Law.
  
  *Remains flat at $2.35*

- **Law Excellence Charge** provides enhancements to College of Law course offerings and experiential learning opportunities such as clinics, mock trials, and moot court.
  
  *Remains flat at $120.00*

The rates for FY20 and the proposed rates for FY21 are:

<table>
<thead>
<tr>
<th>Graduate and College of Law Fees</th>
<th>Per Credit Hour Rate (12 Hours Max. Rate)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Graduate</td>
</tr>
<tr>
<td></td>
<td>FY20</td>
</tr>
<tr>
<td>Athletic</td>
<td>$32.91</td>
</tr>
<tr>
<td>Student Support Services</td>
<td>33.23</td>
</tr>
<tr>
<td>University Advancement</td>
<td>26.58</td>
</tr>
<tr>
<td>Graduate Program Support</td>
<td>24.00</td>
</tr>
<tr>
<td>Law Program Support</td>
<td>-</td>
</tr>
<tr>
<td>Technology Surcharge</td>
<td>22.00</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$138.72</td>
</tr>
</tbody>
</table>
Graduate Differential Tuition

The per credit hour rates for FY20 and the proposed rates for FY21 are detailed below:

<table>
<thead>
<tr>
<th>Program</th>
<th>FY20 Differential</th>
<th>FY21 Differential</th>
<th>Increase / (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>College of Business</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduate Certificate in Accountancy</td>
<td>$325</td>
<td>$325</td>
<td>$0</td>
</tr>
<tr>
<td>Master of Accounting</td>
<td>$325</td>
<td>$325</td>
<td>$0</td>
</tr>
<tr>
<td>Master of Accounting Science</td>
<td>$325</td>
<td>$325</td>
<td>$0</td>
</tr>
<tr>
<td>Master of Science in Taxation</td>
<td>$325</td>
<td>$325</td>
<td>$0</td>
</tr>
<tr>
<td>Graduate Study in Enterprise Management Using SAP Analytics</td>
<td>$200</td>
<td>$200</td>
<td>$0</td>
</tr>
<tr>
<td>Graduate Certificate in Data Analytics</td>
<td>$200</td>
<td>$200</td>
<td>$0</td>
</tr>
<tr>
<td>Master of Science in Finance</td>
<td>$400</td>
<td>$400</td>
<td>$0</td>
</tr>
<tr>
<td>Evening MBA</td>
<td>$400</td>
<td>$400</td>
<td>$0</td>
</tr>
<tr>
<td>Global MBA</td>
<td>$400</td>
<td>$400</td>
<td>$0</td>
</tr>
<tr>
<td>Graduate Certificate in Management Information Systems</td>
<td>$200</td>
<td>$200</td>
<td>$0</td>
</tr>
<tr>
<td>Masters of Management Information Systems</td>
<td>$200</td>
<td>$200</td>
<td>$0</td>
</tr>
<tr>
<td>Master of Science in Digital Marketing</td>
<td>$400</td>
<td>$400</td>
<td>$0</td>
</tr>
<tr>
<td>Foundations of Accountancy Certificate</td>
<td>$325</td>
<td>$325</td>
<td>$0</td>
</tr>
<tr>
<td>Certificate of Graduate Study – Advanced Study in Accounting Analytics</td>
<td>$325</td>
<td>$325</td>
<td>$0</td>
</tr>
<tr>
<td><strong>College of Education</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EdD in Curriculum &amp; Instruction</td>
<td>$65</td>
<td>$65</td>
<td>$0</td>
</tr>
<tr>
<td>EdD in Education Administration</td>
<td>$65</td>
<td>$65</td>
<td>$0</td>
</tr>
<tr>
<td>PhD/EdD in Instructional Technology (face-to-face)</td>
<td>$40</td>
<td>$40</td>
<td>$0</td>
</tr>
<tr>
<td>PhD/EdD in Instructional Technology (online)</td>
<td>$40</td>
<td>$40</td>
<td>$0</td>
</tr>
<tr>
<td>MSED in Instructional Technology (face-to-face)</td>
<td>$20</td>
<td>$20</td>
<td>$0</td>
</tr>
<tr>
<td>MSED in Instructional Technology (online)</td>
<td>$25</td>
<td>$25</td>
<td>$0</td>
</tr>
<tr>
<td>Graduate Certificate in Trauma-Informed Counseling (online)</td>
<td>$35</td>
<td>$35</td>
<td>$0</td>
</tr>
<tr>
<td>EdD in Community College Leadership</td>
<td>$55</td>
<td>$70</td>
<td>$15</td>
</tr>
<tr>
<td>MSED in Kinesiology &amp; Physical Education</td>
<td>$35</td>
<td>$35</td>
<td>$0</td>
</tr>
<tr>
<td>MS in Athletic Training</td>
<td>-</td>
<td>$35</td>
<td>$35</td>
</tr>
<tr>
<td>MS in Sports Management</td>
<td>$35</td>
<td>$35</td>
<td>$0</td>
</tr>
<tr>
<td>Executive EdD in Adult &amp; Higher Ed Weekend Cohort (online)</td>
<td>$55</td>
<td>$70</td>
<td>$15</td>
</tr>
<tr>
<td><strong>College of Engineering &amp; Engineering Technology</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All programs</td>
<td>$50</td>
<td>$50</td>
<td>$0</td>
</tr>
<tr>
<td><strong>College of Health &amp; Human Sciences</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Master of Speech-Language Pathology</td>
<td>$160</td>
<td>$160</td>
<td>$0</td>
</tr>
<tr>
<td>Doctor of Audiology</td>
<td>$185</td>
<td>$185</td>
<td>$0</td>
</tr>
<tr>
<td>Doctor of Physical Therapy</td>
<td>$225</td>
<td>$225</td>
<td>$0</td>
</tr>
<tr>
<td>Doctor of Health Sciences (online)</td>
<td>$513</td>
<td>$553</td>
<td>$40</td>
</tr>
<tr>
<td>Graduate Certificate in Eating Disorders (online)</td>
<td>$180</td>
<td>$180</td>
<td>$0</td>
</tr>
<tr>
<td>Doctor of Nursing Practice</td>
<td>$240</td>
<td>$240</td>
<td>$0</td>
</tr>
<tr>
<td>Master of Public Health (online)</td>
<td>$180</td>
<td>$200</td>
<td>$20</td>
</tr>
<tr>
<td>Master of Family Nurse Practitioner (online)</td>
<td>$240</td>
<td>$240</td>
<td>$0</td>
</tr>
<tr>
<td>Nursing Education (online)</td>
<td>$180</td>
<td>$180</td>
<td>$0</td>
</tr>
<tr>
<td>Nursing Post-Masters Certificate (online)</td>
<td>$180</td>
<td>$180</td>
<td>$0</td>
</tr>
</tbody>
</table>

1 New program in Summer 2020.
Rationale for Differential Tuition Rate Changes

Differential tuition rates are reviewed annually to ensure that the rates are competitive and are not adversely affecting enrollments. This year, most programs are maintaining their existing rates. A few adjustments are being made, and a new program is introducing a differential:

- In the *College of Health and Human Sciences*, the differential for the online Doctor in Health Sciences is increasing by $40, and the differential for the online Master of Public Health is increasing by $20. The increase in the Health Sciences program will be used to support scholarships and graduate student research. The additional Public Health funds will be used to support program quality, interactive classes, reduce class size, accreditation costs, and practicum experiences.

- In the *College of Education*, the differential for the EdD in Community College Leadership and for the Executive EdD in Adult & Higher Education Weekend Cohort will each increase $15; these additional funds will continue to support the hiring of qualified instructors, graduate students as they complete their dissertations, and administrative costs. The differential for the Master’s in Athletic Training, a new program for summer 2020, will support equipment needs and engaged learning spaces.

**Recommendation:** The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and asks that the President forward it by means of the President’s Report to the Board of Trustees for approval at its meeting on December 5, 2019.
STUDENT SUCCESS COLLABORATIVE AND ACADEMIC PERFORMANCE SOLUTIONS

Summary: The University is requesting approval to purchase membership in the Educational Advisory Board’s (EAB) Student Success Collaborative (SSC) and Academic Performance Solutions (APS). These programs provide access to best-practice research, data analytics, and technology platforms that support student retention efforts and resource allocation decisions.

Background: Membership provides the University access to two separate but complementary programs that will enhance its efforts in serving students.

The Student Success Collaborative provides the University with access to a comprehensive student management technology platform (Navigate), best practice research and networking, and ongoing technical support. This program brings together universities to conduct research on predictors and drivers of student success. Unlike vendors providing student tracking and communication software, the Navigate platform is an active research collaboration involving many universities, all sharing a common technology platform. The program also enables the sharing of best practices and benchmarking data across the group of member institutions.

NIU has been a member of the SSC since 2011 and has been a Beta build partner with EAB for the Navigate platform. This has enabled NIU to contribute significantly to the development of the platform, while ensuring the platform includes customizations that align with NIU’s institution-specific retention needs. Additionally, as part of the University’s comprehensive retention and enrollment management strategy, the use of the SSC and Navigate platform is currently being expanded more fully across campus. This will enable academic advisors and others on campus to leverage predictive analytics to better identify academically at-risk students, enabling proactive student support interventions. Academic administrators gain insights into systemic and correctable challenges impeding student progress. Utilizing SSC more robustly across campus may facilitate improved individual student success both inside and outside of the classroom, while maintaining progress toward graduation. This purchase will enable NIU to continue participation in the collaborative and continue use of the Navigate platform through December 11, 2024.

The University is also requesting approval to purchase membership in EAB’s Academic Performance Solutions. APS includes a decision-support platform, utilizing data and best practice research to help academic leaders make more data-informed, effective, and timely decisions. Through the APS program, EAB extracts, validates, and consolidates NIU data and constructs a series of custom analytical reports and visualizations for assessing key performance indicators. APS includes benchmarking with other member institutions, enabling comparisons against both internal and external benchmarks. For example, APS will identify both over-enrolled (bottleneck) and under-enrolled (potentially consolidated) courses. The APS platform will enhance NIU’s ability to make data-informed decisions to align resources with the NIU mission, vision, and goals.
Funding: Provost’s Office, Non-Appropriated Funds

The anticipated costs for membership in SSC are $136,962 annually during the proposed five-year membership term from December 12, 2019 through December 11, 2024, for a total of $684,810. The anticipated costs for membership in APS for December 12, 2019 through December 11, 2020 is $119,000, and $99,000 annually from December 12, 2020 – December 11, 2024, for a total of $515,000. The total anticipated cost for both memberships over the five-year term is $1,199,810.

FY20: $255,962
FY21: $235,962
FY22: $235,962
FY23: $235,962
FY24: $235,962
TOTAL: $1,199,810

Recommendation: Board of Trustees approval is requested to enter into a five-year contract for membership in EAB’s Student Success Collaborative and Academic Performance Solutions. The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and asks that the President forward it by means of the President’s Report to the Board of Trustees for approval at its meeting on December 5, 2019.
Summary: The Holmes Student Center has three elevators on the west side of the building that service all levels of the 16-story tower portion of the building. These elevators are heavily used for hotel and conference room access. They have been in service for 52 years since this addition to the building opened in 1967 and require significant component upgrades to improve overall reliability.

Background: The majority of the existing elevator equipment is original and beyond its useful life. In recent years, the elevators have been experiencing component failures more frequently and repairs are more challenging due to the age and availability of replacement system components. The scope of the project includes replacing and upgrading control equipment, motors, and leveling equipment, as well as upgrading the elevator cab components.

Funding: Institutional – Auxiliary Reserves $1,500,000

Recommendation: Board of Trustees approval is requested to proceed with this project that will include all necessary in-house efforts and contracts with external contractors/suppliers to complete the work. The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and asks that the President forward it by means of the President’s Report to the Board of Trustees for approval at its meeting on December 5, 2019.
BURMA ART COLLECTION COMPACT STORAGE CAPITAL PROJECT APPROVAL

Summary: The Center for Burma Studies curates, archives, and displays a unique collection of 2,870 art objects donated over the past three decades. A grant from the Department of Education Institute of Museums and Library Sciences (IMLS) has been awarded to the Center to improve the storage accommodations for this collection. This project will relocate the collection from Swen Parson to a space in the Founders Memorial Library housing a compact storage shelving system. This project will utilize grant funding for the purchase of the storage system and will be augmented with NIU funds to accommodate the installation and related space accommodations.

Background: The most significant conservation and preservation challenge facing the Burma art collection is the sub-optimal storage environment in the basement of Swen Parson. This project will not only address the need for better storage for collections care but also provide undergraduate and graduate students the opportunity to be trained in museum methodologies for reporting, photographing, transporting, conservation, and preservation of a collection.

In a sequenced process, the space will be prepared to receive the compact storage system including painting, lighting modifications, and climate accommodation adjustments as required. Staff and students will learn proper documentation requirements, condition reporting, and proper handling for packing techniques. Subsequently, custom mounts will be created to move items to their permanent storage locations. A portion of the grant will provide funding for eminent museum scholars to direct workshops for teaching best practice methods during this process.

The overall effort will not only better accommodate the storage for preservation requirements but will also improve the accessibility for students, faculty, and international scholars to utilize the collection.

Funding: IMLS Grant Funding $250,000
Institutional – Local Funds $100,000
Total $350,000

Recommendation: Board of Trustees approval is requested to proceed with this project that includes all necessary in-house efforts and contracts with external contractors/suppliers to complete the work. The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and asks that the President forward it by means of the President’s Report to the Board of Trustees for approval at its meeting on December 5, 2019.
FISCAL YEAR 2020 – 2024
FIRE SERVICES AGREEMENT WITH THE CITY OF DEKALB

Summary: The current agreements for unplanned fire protection/ambulance services and planned ambulance event support with the City of DeKalb expires on December 31, 2019. In June 2019, the Board approved a six-month extension on the five-year general fire services agreement to allow additional time for both the City and NIU to determine a reasonable cost-share strategy for this important emergency services support. After a series of discussions with the City and researching other municipal-university arrangements, a five-year agreement for approximately $4.9M is considered a reasonable cost share. The agreement will include a maximum $50K provision for the University’s proportional share of possible major equipment purchases and a $125K annual allowance for planned ambulance support at University events.

Background: Cost-share funding arrangements at other locations have been found to vary widely and no predominant standard had been found for cost-sharing rationale. In some states, statutes require municipalities to provide fire services support at no additional cost to universities and, in other cases, states separately fund municipalities for this university support. Some examples have been found where arrangements have been based on emergency response calls as a reasonable representative model for cost-sharing. This approach seems to best apply to the DeKalb-NIU situation and provides a reasonable logic for determining the cost-share rationale.

The University’s current share of the emergency responses represents approximately 7.5% of the total community responses, and the current agreement provides annual funding of $831,714 which is approximately 7.5% of the fire department budget. Recognizing that this methodology relies on the reasonableness of the City fire department budget, the City has committed to keeping growth of their budget in check and, as a sign of this commitment, has agreed to limit inflationary increases on this agreement to 0% for the first two years and only 1% for the final three years.

This initial annual cost baseline of $831,714 forms the basis for the overall cost of the five-year agreement and is combined with a one-time $50K allowance for equipment replacements and a $125K annual allowance for planned ambulance event support. Planned ambulance support for University events will be charged by an hourly rate based on the type and number of vehicles/staff required for the specific events.

Funding: Institutional – Local Funds $4,900,000

Recommendation: Board of Trustee approval is requested to enter into a five-year agreement for a total value not to exceed $4.9M. The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and asks that the President forward it by means of the President’s Report to the Board of Trustees for approval at its meeting on December 5, 2019.

Current comparable contract cost: $4.3M
- Figures include $125K/yr allowance for ambulance event support for appropriate comparison with projected costs noted above.
  - FY19: $956,714
  - FY18: $805,523
  - FY17: $779,349
  - FY16: $754,182
  - FY15: $1,004,983 (included $275K for equipment purchase)
INTERNAL AUDIT DEPARTMENT CHARTER

Summary: The Chief Audit Executive must periodically review the Internal Audit Charter and present it to senior management and the board for approval.

The Internal Audit Charter was last reviewed and approved by the Board of Trustees in 2016. After this year’s comprehensive review of the current Internal Audit Charter, the Internal Audit Director has made changes which include formatting and minor content revisions.

Background: The Internal Audit Department is required to comply with the Institute of Internal Auditors’ International Standards for the Professional Practice of Internal Auditing, the Code of Ethics, and the Fiscal Control and Internal Auditing Act of the State of Illinois. The Standards require that “the purpose, authority, and responsibility of the internal audit activity be formally defined in an internal audit charter.”

Recommendation: The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee approve the Internal Audit Charter and asks that the President forward it by means of the President’s Report to the Board of Trustees for approval at its meeting on December 5, 2019.
Northern Illinois University
Internal Audit Department Charter

Mission
The mission of the Internal Audit Department is to provide independent and objective assurance and consulting services to assist the Board of Trustees and University administration in the effective discharge of their oversight, management, and operating responsibilities.

Purpose
Internal auditing is defined as an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objective by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Based on an objective assessment of evidence, the Internal Audit Department is to determine whether the University’s internal control, risk management, and governance processes, as designed and implemented by management, are adequate and functioning as intended.

Responsibilities
Internal audit provides assurance services, consulting services, follow-up reviews, and assists with investigations. The nature and scope of an assurance engagement are determined by the Internal Audit Director. An assurance audit provides an opinion or conclusion regarding the activity under review and, depending on the engagement, includes:

- Determining that risks are appropriately identified and managed.
- Reviewing and appraising the adequacy and effectiveness of accounting, financial, and operating controls.
- Determining the extent of compliance with established policies, plans, and procedures, and with applicable laws and regulations.
- Evaluating the accuracy, reliability, and timeliness of accounting and operational information developed within the organization.
- Identifying areas of cost savings and/or operational improvement.
- Evaluating the extent to which University assets are accounted for and safeguarded from losses of all kinds.
- Reviewing the design of or modifications to major electronic data processing systems prior to their implementation.
- Assessing the potential for the occurrence of fraud and how the institution manages the fraud risk.

Opportunities to improve internal control may be identified during assurance audits. They will be communicated to the appropriate level of management and follow-up actions by management will be reviewed to determine whether appropriate actions have been taken. The Internal Audit Director will advise the President when internal audit recommendations are not implemented. If corrective action is required, the President shall notify the chair of the Board of Trustees and the Chair and Vice Chair of the Finance, Audit, Compliance, Facilities and Operations (FACFO) Committee of the Board of Trustees.

In addition to performing assurance audits, the Internal Audit Department provides consulting services that are advisory in nature and are generally performed at the specific request of an engagement client. Consulting may range from formal engagements with defined scope and objective, to advisory activities, such as participating in standing or ad hoc committees or project teams. Consulting may also include formal guidance provided on an as-needed basis. Consulting services are conducted in accordance with applicable standards.
As the Chief Audit Executive, the Director of Internal Audit is generally responsible for the administration of this policy and for effectively directing and managing internal audit activities at Northern Illinois University. The Director is specifically responsible for:

- Communicating all material results of internal audit activity to senior management and the FACFO Committee.
- Developing a flexible, two-year audit plan, using an appropriate risk-based methodology and submitting the plan to the President for approval by June 30 each year. The plan should include risks and control concerns identified by senior leadership through the annual risk assessment process and address compliance requirements established by the Fiscal Control and Internal Auditing Act (FCIAA).
- Implementing the audit plan, as approved by the President, by performing operational, compliance, technology, financial, and fraud prevention and detection audits, as well as any special projects requested by management or the FACFO Committee.
- Issuing periodic reports to the President, senior leadership, and/or the FACFO Committee summarizing the results and status of audit activities.
- Reporting annually to the President and FACFO Committee regarding audit plans, activities, staffing, accomplishments, and the organizational structure of the Internal Audit Department. The annual report is due by September 30 each year and should also include a summarization of the scope and results of internal audits and status of management’s corrective action plans.
- Establishing a follow-up process to monitor and identify whether management corrective action plans have been implemented or senior management has accepted the risk of not taking action. This includes proper disclosure to the FACFO Committee when risks have been accepted.
- Assisting management in the coordination of the annual FCIAA certification of internal controls for the University.
- Reviewing the authority, responsibility, and performance related to the internal audit plan on a periodic basis and providing the Internal Audit Charter to the President and FACFO Committee for review and approval.
- Considering the scope of work of external auditors and regulatory agencies as appropriate, to reduce duplication and optimize audit coverage.
- Assisting in the investigation of significant suspected fraudulent activities within the institution and notify management of the results.
- Ensuring all internal auditors maintain sufficient knowledge, skills, and experience to meet the requirements of state statutes and the requirements of this charter.

**Authority**

The Internal Audit Department reports functionally and administratively to the President of the University and The Board of Trustees (BOT) through its Finance, Audit, Compliance, Facilities and Operations Committee (FACFO). This reporting relationship permits independent and unbiased judgments essential to the proper conduct of audits. Internal Audit staff have free and unrestricted communication with management and members of the FACFO Committee.

With the concurrence of the President and the Board of Trustees and in accordance with the Fiscal Control and Internal Auditing Act (Illinois Compiled Statutes, 30 ILCS 10/1001), the Internal Audit Department is authorized to review and evaluate policies, procedures, and practices of any University activity, program, or function. This authority provides for full access to all records, properties, and personnel relevant to the subject under review. Persons requesting an audit, special project, or investigation to be performed by the Internal Audit Department should direct their request to the Office of the President. In performing the audit engagements, the Internal Audit
Department has no direct responsibility for or authority over any of the activities reviewed. Therefore, the internal audit review and appraisal process does not in any way substitute or relieve other University personnel from their assigned responsibilities.

Internal audit records are not public documents. Internal Audit reports are made available to University administration, the FACFO Committee and to others as mandated by legal, statutory, or regulatory requirements. Requests for an internal audit report should be directed to the Internal Audit Director and when approved by the President will be distributed within established parameters.

**Professional Standards**

The Internal Audit Department must carry out its duties in accordance with the Fiscal Control and Internal Auditing Act enacted by the State of Illinois (Illinois Compiled Statutes, 30 ILCS 10). This includes performing audits in accordance with the Institute of Internal Auditor’s *International Professional Practices Framework (IPPF)* which were adopted by the State of Illinois Internal Audit Advisory Board as the standard of performance for all state internal auditors. The IPPF requires mandatory adherence to the Core Principles of the Professional Practice of Internal Auditing, Definition of Internal Auditing, the Code of Ethics, and the Standards. Other professional accounting and auditing standards will be followed as applicable, including the government auditing standards published by the U.S. General Accounting Office.
QUARTERLY SUMMARY REPORT OF TRANSACTIONS IN EXCESS OF $100,000 FOR THE PERIOD JULY 1, 2019 TO SEPTEMBER 30, 2019

<table>
<thead>
<tr>
<th>Purchase Amount</th>
<th>No. of Transactions</th>
<th>Appropriated</th>
<th>Non-Appropriated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over $100,000</td>
<td>15</td>
<td>$573,089</td>
<td>$1,726,671</td>
<td>$2,299,760</td>
</tr>
</tbody>
</table>

TRANSACTIONS DETAIL:

Purchases:

1. Intercollegiate Athletics requested permission to issue an order for athletic officials funding for FY20 sports. This order was advertised on the Illinois Procurement Bulletin as an exemption according to 30 ILCS 500 / 1-13(b)(4). (Refpay LLC, Salt Lake City, UT) $140,000

2. The Division of Information Technology requested permission to utilize the renewal option of Bid #CAB156820 for the period 7/1/19-6/30/20 for 10 Gig ISP link for ISP services to DeKalb Wellness and Literacy Center, located at 3100 Sycamore Road. This was the fourth of nine renewal options based on a bid opened September 29, 2015. The renewal award was advertised in the Illinois Procurement Bulletin. (Syndeo Networks, Inc., St. Charles, IL) $162,000

3. The department of Continuing Professional Education requested permission to issue an FY20 open order to the following host site to offer OSHA courses to be taught during the period 7/1/19-6/30/20. This order was exempt from advertising in the Illinois Procurement Bulletin because it was below the bid threshold. (National Safety Council, Itasca, IL) $100,000

4. Renewal was required of the contract for the Illinois Century Network for 10 Gig NIU Internet connectivity during the period 7/1/19-6/30/20. This contract provides increased bandwidth of internet services by 10Gig through the State of Illinois Central Management System using the Illinois Century Network's existing IGA that NIU has with CMS. This order was exempt from advertisement on the Illinois Procurement Bulletin because the vendor was a governmental agency. (Dept. of Innovation & Technology, Sterling, IL) $180,300

5. The Information Technology Services Department requested permission to purchase software maintenance and service for the OneCard Program and point of sale system for the period 7/1/19-6/30/20. An RFP failed to provide a timely award. An emergency purchase was advertised on the Illinois Procurement Bulletin. (Transact Inc., Phoenix, AZ) $159,921

6. Renewal was required of the contract for Identify Management Software that is used to programmatically manage computing accounts for the entire University involving students and staff. The period of coverage is August 1, 2019 – July 31, 2020. This purchase was exempt from posting on the Illinois Procurement Bulletin as it was covered by an MHEC contract. (Micro Focus Software Inc., Provo, UT) $107,139*
7. RIPS requested permission to purchase an electronic research administration system. This system has the ability to cover all facets of research administration and compliance within one software package from one vendor. FY20 is the initial term with nine, one-year renewal options to follow. This item was advertised on the Illinois Procurement Bulletin – RFP #KMC21544 on 4/4/19. (InfoEd International Inc., Albany, NY) 130,000

8. An open order was requested for the Trevor Noah performance at the Convocation Center on October 12, 2019. This purchase was exempt from advertising as follows: athletic, artistic or musical services, performances, events, or productions by or for a public institution of higher education. (30 ILCS 500 / 1-13(b)(4)). (Hamba Baba Productions Inc., Sherman Oaks, CA) 110,500

9. Renewal was required of the contract with Apogee for campus-wide cable services for Fiscal Year 2020. This is the sixth year of nine renewal options based on a Request for Proposal opened on November 15, 2012 (#BML110112). The renewal notice was advertised in the Illinois Procurement Bulletin and was waived by the PPB. (Apogee Telecom Inc., Austin, TX) 204,000

10. The Office of the Executive Vice President and Provost requested permission to issue an FY20 order for executive search firm services for the Dean of College of Law. This Procurement was processed under the authority of IPHEC RFP #1243. (Greenwood/Asher & Associates, Miramar Beach, FL) 115,000*

11. Athletics requested permission to issue payment for the Student Athlete Book Program for Summer 2018, Fall 2018, and Spring 2019. This procurement was processed under the authority of IFP # of JMT05012018 (Follett Bookstore Management) award and was previously advertised in the Illinois Procurement Bulletin. (Follett Higher Education Group Inc., Westchester, IL) 196,000

12. Renewal was required of the contract for Chicagoland public relations representation. This engagement provides for promotion of Northern Illinois University specific to the greater Chicagoland area in an effort to bolster name brand recognition and drive increased enrollment and alumni awareness. The proposed contract is the result of RFP #JLT152459, which opened October 29, 2014. This is the fourth of nine, one-year renewal options. The renewal award was advertised in the Illinois Procurement Bulletin and has been waived by the PPB. (ASGK Public Strategies LLC, Chicago, IL) 186,000*

13. The Convocation Center requested permission to issue payment to Harlem Globetrotters International Inc. for a performance on January 30, 2020. This item was exempt from advertising according to exemption code (30 ILCS 500-1-1-13(b)(4)). (Harlem Globetrotters Intl. Inc, Peachtree Corners, GA) 145,000
Capital Improvement Projects:

1. The existing roof on the Broadcast Center was installed in 1990. The roof system is 29 years old, and beyond its performance life, and has shown signs of failure including moisture intrusion, seam and flashing failure, and other roof issues. Numerous repairs have been made on the roof system. Full roof replacement is the appropriate course of action to ensure that moisture intrusion does not continue that will over time cause damage to the integrity of the roof deck and supports below.

   Work will be completed by outside contractors and in-house workforce under the coordination of an NIU project manager.

   164,950*  

2. The Holmes Student Center has a small passenger elevator located inside the original south entrance of the building. It is the primary means of ADA access between Ground level, Main level, and Second floor in this quadrant of the building. This elevator has not been functioning consistently for several years and needs a controls overhaul. It is most important to have functioning to serve the many meeting rooms on the second floor directly adjacent. Work will consist of upgrading controls, drive motor, wiring, ropes, rollers, hall buttons, door and cab operators, and fire service recall.

   Work will be completed by a combination of outside contractors and in-house workforce under the coordination of an NIU project manager.

   198,950

*Appropriated/Income Funds
PERIODIC REPORT ON INVESTMENTS
FOR PERIOD ENDING SEPTEMBER 30, 2019

In accordance with the approved University Investment and Cash Management policy, this report on cash and investments is submitted at the end of each calendar quarter to the Board of Trustees. This report is required by Board of Trustees Regulations (Section V, Subsection D). The following schedules are included:

- Cash and Investment Holdings Summary as of September 30, 2019
- Investment Earnings for the quarter ended September 30, 2019

The Cash and Investment Holdings Summary at September 30, 2019 shows NIU’s total holdings at $163.5 million. This balance is $9.5 million lower than the balance at September 30, 2018 which is largely due to NIU spending Build America Bond proceeds on the Holmes Student Center renovation. Approximately 74% of these assets are allocated between money market funds and investment savings accounts. This strategy remained in place because cash and cash equivalents were earning higher yields than long term investment instruments during the first quarter of Fiscal Year 2020.

The Investment Earnings report shows the interest earnings for the 1st quarter at $928,068 and an overall annualized rate of return of 2.23%. The decrease in return this quarter over last quarter can be explained by the Federal Open Market Committee’s decision to reduce the federal funds interest rate.

The Federal Reserve reduced the federal funds interest rate twice this year, once in July and again in September. As expected, investment yields also declined. The Treasury yield curve remains inverted, meaning investors earn higher rates on short-term notes than they would by purchasing long term notes. A strong labor market and an inflation rate below 2% is evidence the US economy is in a period of moderate growth. This economic position along with a steady inflow of State appropriations provides a positive outlook for Northern Illinois University’s financial team.
### NORTHERN ILLINOIS UNIVERSITY

**CASH and INVESTMENT HOLDINGS SUMMARY**  
September 30, 2019  
For Fiscal Year 2020

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Purch Price/Ending Bal *</th>
<th>Book Value **</th>
<th>Market Value ***</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CD's:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Funds</td>
<td>$ 1,504,275</td>
<td>$ 1,504,275</td>
<td>$ 1,504,275</td>
</tr>
<tr>
<td><strong>Federal Agency Notes:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Funds</td>
<td>$ 23,852,133</td>
<td>$ 20,944,487</td>
<td>$ 24,112,848</td>
</tr>
<tr>
<td><strong>Interest Bearing Cash Accounts:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Funds</td>
<td>$ 54,111,196</td>
<td>$ 54,111,196</td>
<td>$ 54,111,196</td>
</tr>
<tr>
<td>Project Funds</td>
<td>713</td>
<td>713</td>
<td>713</td>
</tr>
<tr>
<td></td>
<td>$ 54,111,909</td>
<td>$ 54,111,909</td>
<td>$ 54,111,909</td>
</tr>
<tr>
<td><strong>Money Markets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Funds</td>
<td>$ 69,802,158</td>
<td>$ 69,802,158</td>
<td>$ 69,802,158</td>
</tr>
<tr>
<td>Project Funds</td>
<td>8,265,719</td>
<td>8,265,719</td>
<td>8,265,719</td>
</tr>
<tr>
<td></td>
<td>$ 78,067,877</td>
<td>$ 78,067,877</td>
<td>$ 78,067,877</td>
</tr>
<tr>
<td><strong>US Treasury Notes/Bills:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Funds</td>
<td>$ 5,527,960</td>
<td>$ 5,493,439</td>
<td>$ 5,492,075</td>
</tr>
<tr>
<td><strong>TOTAL INVESTMENT HOLDINGS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 163,064,154</td>
<td>$ 163,271,987</td>
<td>$ 163,288,984</td>
</tr>
<tr>
<td><strong>Non-interest Bearing Cash</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 386,957</td>
<td>$ 386,957</td>
<td>$ 386,957</td>
</tr>
<tr>
<td><strong>TOTAL CASH &amp; INVESTMENT HOLDINGS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 163,451,111</td>
<td>$ 163,658,944</td>
<td>$ 163,675,941</td>
</tr>
<tr>
<td><strong>TOTAL REPORTED FOR 09/30/2018</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 172,958,594</td>
<td>$ 173,066,068</td>
<td>$ 172,825,026</td>
</tr>
</tbody>
</table>

* Amounts per Bank and Investment Statements  
** Purchase price, net of accumulated amortization of premiums and discounts  
*** Estimated price for which an investment would sell in the marketplace

Assets reported in the CASH and INVESTMENT HOLDINGS SUMMARY comply with the Illinois Public Funds Investment Act (30 ILCS 235) and the NIU Investment and Cash Management Policy
### Short-Term Investment Accounts

<table>
<thead>
<tr>
<th>Description</th>
<th>September 30 Ending Balance</th>
<th>Average Daily Investment Balance</th>
<th>Percent of Portfolio</th>
<th>Income Earned</th>
<th>FY 2020</th>
<th>FY 2019</th>
<th>FY 19 Rates of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois Funds</td>
<td>$69,802,158</td>
<td>$63,564,527</td>
<td>38.40%</td>
<td>$358,763</td>
<td>2.239%</td>
<td>2.435%</td>
<td>2.448% 2.444%</td>
</tr>
<tr>
<td>Investment Accounts - Financial Institutions</td>
<td>$54,111,196</td>
<td>$59,008,042</td>
<td>35.65%</td>
<td>$348,283</td>
<td>2.342%</td>
<td>2.477%</td>
<td>2.424% 2.279%</td>
</tr>
<tr>
<td>Investment Accounts - Project Funds</td>
<td>$8,266,432</td>
<td>$10,166,219</td>
<td>6.14%</td>
<td>$55,800</td>
<td>2.178%</td>
<td>2.245%</td>
<td>2.052% 1.735%</td>
</tr>
<tr>
<td>CD’s</td>
<td>$1,504,275</td>
<td>$1,065,868</td>
<td>0.64%</td>
<td>$4,403</td>
<td>1.639%</td>
<td>1.710%</td>
<td>- -</td>
</tr>
<tr>
<td>ST Investment Accounts Total</td>
<td>$133,684,061</td>
<td>$133,804,656</td>
<td>80.84%</td>
<td>$767,249</td>
<td>2.275%</td>
<td>2.414%</td>
<td>2.371% 2.138%</td>
</tr>
</tbody>
</table>

### Fixed Income Securities

<table>
<thead>
<tr>
<th>Description</th>
<th>September 30 Ending Balance</th>
<th>Average Daily Investment Balance</th>
<th>Percent of Portfolio</th>
<th>Income Earned</th>
<th>FY 2020</th>
<th>FY 2019</th>
<th>FY 19 Rates of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Funds</td>
<td>$29,380,093</td>
<td>$31,709,772</td>
<td>19.17%</td>
<td>$160,819</td>
<td>2.029%</td>
<td>1.883%</td>
<td>1.475% 1.643%</td>
</tr>
<tr>
<td>Fixed Income Securities Total</td>
<td>$29,380,093</td>
<td>$31,709,772</td>
<td>19.17%</td>
<td>$160,819</td>
<td>2.029%</td>
<td>1.883%</td>
<td>1.475% 1.643%</td>
</tr>
</tbody>
</table>

Non-interest Bearing Cash

<table>
<thead>
<tr>
<th>Description</th>
<th>September 30 Ending Balance</th>
<th>Average Daily Investment Balance</th>
<th>Percent of Portfolio</th>
<th>Income Earned</th>
<th>FY 2020</th>
<th>FY 2019</th>
<th>FY 19 Rates of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-interest Bearing Cash</td>
<td>$386,957</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>COMBINED TOTAL</strong></td>
<td><strong>$163,451,111</strong></td>
<td><strong>$165,514,428</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>$928,068</strong></td>
<td><strong>2.23%</strong></td>
<td><strong>2.27%</strong></td>
<td><strong>2.03% 1.90%</strong></td>
</tr>
</tbody>
</table>

Assets reported in INVESTMENT EARNINGS BY TYPE AND DURATION comply with the Illinois Public Funds Investment Act (30 ILCS 235) and the NIU Investment and Cash Management Policy
FISCAL YEAR 2019  
ANNUAL REPORT OF TRANSACTIONS INVOLVING REAL PROPERTY

Three categories of real property transactions are included in this annual report. In-leases, where NIU acts as the lessee, serve to provide support when either there is insufficient or inadequate space for a mission requirement within University-owned property. Annual reviews are conducted to verify the continuing need for the in-lease arrangement before renewals/extensions are executed.

Out-leases, where NIU acts as the lessor, serve to effectively leverage under-utilized property either financially and/or through compatible support to the University mission. Annual reviews are conducted to evaluate the out-lease value to the University prior to renewal.

Facility capital leases are long-term payment agreements with interim leases where the final objective is University ownership of the property.

<table>
<thead>
<tr>
<th>Type</th>
<th>Number of Transactions</th>
<th>Transaction Percentage</th>
<th>Dollar Volume</th>
<th>Dollar Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In-leases (NIU as lessee):</strong> Includes support for academic activities (e.g. steel drum workshop, art studios), law clinic, outreach activities (e.g. NPR operations), and research (e.g. robotic submarine).</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under $100,000</td>
<td>10</td>
<td>100%</td>
<td>$381,995</td>
<td>100%</td>
</tr>
<tr>
<td>$100,000-$250,000</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Over $250,000</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>100%</td>
<td>$381,995</td>
<td>100%</td>
</tr>
</tbody>
</table>

| **Out-leases (NIU as lessor):** Includes support for government organizations (e.g. IL Board of Examiners, IL Dept of Agriculture, State University Retirement System), commercial operations (e.g. ATM machines, farmland rental), and research (e.g. American Institute for Research in the Biological Sciences*). |
| Under $100,000        | 10                     | 91%                    | $376,184      | 62%              |
| $100,000-$250,000     | 1*                     | 9%                     | $232,837      | 38%              |
| Over $250,000         | --                     | --                     | --            | --               |
| Total                 | 11                     | 100%                   | $609,021      | 100%             |
**Facility capital leases:** Includes the annual payments for the Illinois Association of School Business Officials Building, the New Hall and Northern View Residential Complexes, and the Chessick/Yordon Practice Centers.

**IASBO Building**
- Payments made in FY19 $69,926
- Payments to date $1,404,358
- Remaining debt $343,805
- Ending date of term May 2024

**New Residence Hall Complex/Northern View Residential Complex**
- Payments made in FY19 $10,325,963
- Payments to date $76,269,502
- Remaining debt $262,623,510
- Ending date of term April 2043

**Chessick/Yordon**
- Payments made in FY19 $319,000
- Payments to date $8,719,269
- Remaining debt $638,000
- Ending date of term February 2021
Overview

This report reviews and summarizes a holistic capital investment perspective based on the layered investment strategy of maintenance, major repairs, and mission enhancement capital improvement projects. A historical view is presented from information collected from Fiscal Year 2000 through Fiscal Year 2019. This view is also categorized by the two major classifications of campus buildings as noted below. This differentiation is critical to understanding the source of funds required to support each type of building and the supported University operation.

- **General Revenue**: Consists predominantly of academic and administrative operations, associated buildings and proportional supporting infrastructure. This conservatively represents about $1.2B of Plant Replacement Value (PRV) which serves as a common denominator for comparing buildings.

- **Auxiliary Revenue**: Consists predominantly of athletics, housing/dining, recreation, and Holmes Student Center operations, associated buildings, and proportional supporting infrastructure. This also conservatively represents about $1.2B of PRV.

The format of this report is consistent with previous capital investment reports with the intent to (1) provide a strategic view of all investments made in facility assets, (2) present an indication of the level of investment required, and (3) continue to illustrate the overall health of the campus physical plant. A traditional reporting description of capital projects is provided in appendix A showing highlights of significant actions approved between FY12 and FY19. Appendix B is the semi-annual accounting of all current active projects >$100,000. These appendices do not provide strategic perspective with the information provided but help illustrate examples for the types of work supported by the various investment categories.

Information presented represents a best effort at collecting and interpreting historical financial data into a meaningful format and developing an investment strategy/model to guide future focus. Improvements and refinements are anticipated for subsequent reports as data is better characterized with future investments. The facility sustainment investment model, initially described in the FY17 report, continues to be utilized as a method of comparison to industry standards and a required investment level. The basis of this model is built on the premise that about 2% of a plant’s replacement value (PRV) is the required maintenance and repair investment to keep up with a facility’s expected rate of deterioration. This sustainment investment model has been the inspiration for the financial modeling being done by the Illinois Board of Higher Education (IBHE) and had gained recognition in the Governor’s Office of Management and Budget (GOMB) and the State legislature as a reasonable approach for guiding renewed interest in infrastructure investments.

**Maintenance Investments**

Maintenance is fundamental investment required to keep facilities operational and functional. The actions represented in this investment category include (1) preventive maintenance (PM) which helps ensure building systems function for the intended life, and (2) corrective repairs which allow for smaller critical (and sometimes interim) repair actions to keep the building functioning on a daily basis. A key strategy being implemented to help ensure available funding is utilized in the most effective manner is the development of a formal PM program. The effort that began in FY17 to document and track PM requirements for about 7,760 individual items represents the steady progress planned to continue through FY21, as shown in Figure 1 below.
Figure 1

Preventive Maint. Implementation Planning

Control valves
Exterior painting
Interior painting
Steam stations
Condensate pumps
Domestic water pumps
Chilled water pumps
Heating water pumps
Variable Speed Drives
Exterior lighting
Tuck-pointing
Motor control centers
Building Inspections
Bldg. Control Air compressors
Sump pumps
Sidewalk/Curb Repairs
Inlet Struc ters
Emergency Call Boxes
Stormwater basins
Plaster/Tile Repairs
Exhaust Fans
Aerial Lifts
Exterior building doors
Electrical Panels
Building Automation Panels
Bottle filling Stations
Sewer/Grease Trap Cleaning
Outdoor Water Systems
Fall Protection Equipment
Water Testing Requirements
HF-Zoned Maintenance
Refrigerant Leak Detection
Refrigeration Kitchen Equip.
Electronic locks
Sub-stations
Smoke Eaters
Kitchen Hood Exhaust
HVAC System Humidifiers
Greenhouse Coolers
Card/FOB Readers
Emergency lighting
Housing Summer Sweeps
Emergency Fire Pumps
Key control boxes
Central Chillers
Fire Protection Standpipe
Elevators
Refrigeration
Fume hoods
HVAC/Air Handlers
Boiler/steam
Security alarms
Fire Hydrant Maintenance
Emergency generators
Roofs
Backflow prevention
Fire sprinklers
Fire alarms

Planned for FY21
Planned for FY20
Completed in FY19
Completed in FY18
Completed in FY17
To be clear, the chart represents PM requirements that should be accomplished to best maintain building systems; how much PM work can be accomplished depends on the available maintenance funding. As more data fidelity is added to this critical maintenance function, more definitive work plans are being developed to clearly understand the staffing and material support required to accomplish these work requirements. Once fully implemented, future annual reports can begin to demonstrate the extent available resources will be able to support PM actions. A properly supported PM program will reduce the chances of unplanned failures and minimize disruptions on the campus.

How much should be invested in maintenance depends on the necessary PM actions and historic levels required to address smaller corrective repairs. Presented in Figure 2 below is a historical view of maintenance investment made on general revenue facilities/infrastructure between FY00 through FY19. Utilizing a percentage of a plant’s replacement value (PRV) as a basis for comparison and considering the effort underway for improving overall PM efforts, 0.5% approximates the target investment for the General Revenue portion of the University’s campus. This is an investment area that can be affected by the amount of State appropriations targeted for capital investments. As addressed later in this report, under investment in major repairs creates more demand and reliance on daily maintenance and corrective repair actions to keep building systems functioning while larger repair actions may be deferred.

![General Revenue Maintenance Investments](image)

**Figure 2**

In general, the University has expended a significant effort to increase General Revenue maintenance investments over the past 19 years. From a low point in FY03 of just under $1M, this investment has increased nearly four times to create a respectable investment level for this fundamental layer of facility sustainment. In FY17, this funding level dipped to $3.1M due to the need to weather the uncertainty of State funding between FY16 and continuing into FY17. For FY20, the budgeted level for maintenance remains the same as FY19, at $3.7M.

In a similar manner, the facility maintenance investment supporting Auxiliary Operations is plotted in Figure 3. This shows an overall improved level of investment over this same period as compared to General Revenue investments which may be due to less volatility in funding support as the typical bond-based financing terms require more attention to protecting these facility assets. Similarly, as shown for the General Revenue maintenance, the rough target for Auxiliary maintenance is 0.5% of PRV. While this level of maintenance investment had been reached in
FY09 and FY13-15, recent maintenance investment levels have fallen due to overall budgetary pressures.

Figure 3

Major Repair Investments

Major repairs are the next critical investment priority after maintenance. Major repairs commonly include significant restoration/replacement of building components to return the system to near original operating capability. The combined investment of both maintenance and repair is key to maximizing a facility’s service life. The investment model utilized for this report is a simple algorithm which measures the maintenance and repair investment as a percentage of overall Plant Replacement Value. In this model, 2% is viewed as a reasonable investment level to sustain facilities for their intended life span and keep pace with the rate of deterioration. Industry facility management experts have concluded that investment levels of between 2% and 4% are generally required depending on the type of facility, level of use, and current state of deferred deficiencies. If investments levels are too low, the backlog of deferred requirements continues to build as deficiencies accumulate, and overall repairs become more costly to restore to acceptable conditions as deficiencies worsen.

Viewing the campus under the General Revenue and Auxiliary portions as shown previously, each portion of the campus represents about $1.2B of PRV for a conservative total of $2.4B. Like with any valuation criteria, this PRV calculation will vary by time. The conservative $2B total is considered a reasonable representation of average value for this nearly 20-year time span. A 2% investment in maintenance and repair would amount to a total of $40M, or $20M for each portion. In Figure 4, the complete maintenance and repair General Revenue investment history is presented since FY00, and, on average, the investment level has been only 0.4% despite the inclusion of sporadic support of State repair funding. The void between the investment levels made over the years and this 2% of PRV target represents over $320M in under-investment in this 20-year period alone.

Framing the University’s facility investment requirements in this clear manner has helped to bring recognition to the plight faced by Illinois’ public universities and started to generate additional funding support. In FY19, approximately $6.8M of State funds were identified to support critical boiler replacements and steam line distribution repairs. Entering FY20, NIU had been authorized $77M for constructing a new Health Informatics and Technology Center and $52.9M for miscellaneous capital improvements under the Rebuild Illinois Capital Plan. While these funds were expected to cover a six-year period, it represents a significant funding improvement over past
years. This anticipated future investment has been averaged and projected in the Figure 4 chart to approximate how this might compare to the 2% target investment level.

While the level of historic and current investments has not been sufficient to keep up with the constant accumulation of facility deficiencies, the anticipated improved investment level for FY20-FY25 should reach approximately 1.5% of PRV which is a respectable investment level compared to the past. Sustaining this investment level combined with periodic capital/mission enhancement investments (as noted later in this report) and the demolition/sale of surplus structures, may actually stop the backlog of deferred deficiencies from growing and possibly start to reduce the backlog.

![Figure 4](image-url)

In a similar manner, the total facility maintenance/repair investment supporting Auxiliary operations is plotted in Figure 5. On average, particularly with an investment spike in FY13-FY14 supported by Build America Bond financing, this investment level comes to 0.6% as opposed to the General Revenue investment level of 0.4%. As previously addressed under the construct of the 2% of PRV investment model, FY19 Auxiliary investments fell short of the 2% industry standard by $15.8M. When considered cumulatively over this 20-year period, the under-investment from the 2% of PRV objective represents over $288M.

The investment surge in FY13-FY14 period supporting Auxiliary/Bond structures included repair efforts such as electrical infrastructure improvements, parking lot patching/repaving, steam line/tunnel repairs, and painting and roof replacement at the Recreation Center and Holmes Student Center.
Mission Enhancement Investments

Mission enhancement investments in facilities are defined as improvements that are new or add to an existing capability. As such, these investments may or may not have a direct impact on sustaining a building for its intended life span. This could include modernization updates to a building’s appearance, reconfiguring spaces to better accommodate the supported mission, or adding other capabilities not previously present in the structure. While still important investments for enhancing a building’s appeal and general functionality, this category is differentiated from the maintenance/repair investments which are meant to sustain facilities.

Mission enhancement investments in General Revenue buildings are plotted in Figure 6 below. The 2% of PRV investment model is shown as a reference for the magnitude for this investment, but the entirety of the mission enhancement investment should not be construed as contributing towards achieving this investment target.

Assuming for a moment that the entirety of mission enhancement investments did contribute towards a building’s sustainment, the combination of maintenance, repairs, and mission enhancement investments over this 20-year period averaged to only 0.8% of the PRV. This cumulative gap of over $230M from reaching the 2% investment target further illustrates the magnitude of under-investment for the General Revenue facilities and infrastructure. Mission enhancement investments for FY19 consisted mostly of smaller NIU-funded projects which totaled about $1M.

The Figure 6 chart also forecasts the authorizations received in the Rebuild Illinois Capital Plan, specifically pertaining to the construction of the Health Informatics & Technology Center project. While the specific timing of this project is not yet known, the combination of this capital funding and other improvements noted under the maintenance and repair section of this report demonstrate that the next six years have the potential to be a significant improvement for facility investments compared to the last two decades.
Mission enhancement investments in Auxiliary/Bond Revenue buildings are plotted in Figure 7 below\(^2\). Again, the percent of PRV investment model is shown as a reference only to illustrate the magnitude for this investment. Assuming for a moment that the entirety of maintenance, repair, and mission enhancement investments would contribute towards sustaining a building/infrastructure, the total investments over this 20-year period average to 1% of PRV. While slightly better than the General Revenue side, this cumulative gap of over $180M from reaching the 2% investment target also further illustrates the magnitude of under-investment in Auxiliary buildings/infrastructure. The largest period of investment in the Auxiliary portion of the campus occurred during the FY11-FY16 period and was spurred by the financing from the Build America Bonds. This supported projects such as the Gilbert Hall renovation, Grant North towers renovation, Outdoor Recreation Center construction, fire sprinkler installation for Stevenson Hall, and the Lucinda Avenue extension following the Douglas Hall demolition. The remaining Build America Bond availability is planned to be expended mostly in FY19 and FY20 for the Holmes Student Center ground floor renovation.

\(^2\) The financed construction investment of the New Residential Hall was not able to be incorporated into this historical assessment at this time and will be evaluated in future assessment reports as more information is gathered.
Conclusion

While this report continues to highlight the extended period of past systematic underinvestment which has created a dire need for repair and modernization investments, the anticipated increase in State funding support is demonstrating a positive change to help stop and reverse the trend of deferred facility improvements. The challenge going forward in this improved environment will be ensuring these future investments are focused and prioritized to best address the needs for the University mission.

Efforts to convince political leaders to continue this improved investment beyond the current Rebuild Illinois initiative will be critical. Buildings and infrastructure have been stressed literally to the breaking point and repeated cycles of underinvestment in the future will not be as tolerable and will likely lead to more failures impacting the University mission to a greater degree than experienced in the past.

In the meantime, the University continues to systematically prioritize both repair and modernization needs. For FY19, as shown in Figure 8, this has focused more General Revenue funding towards maintenance/repair requirements. For Auxiliary operations, FY19 investments were skewed significantly by the major Holmes Student Center renovation project. As this project completes in FY20, the Auxiliary operation balance between repairs and mission enhancement will begin to shift.
Figure 8
Appendix A

Historical Highlights of Approved Projects

In Fiscal Year 2011, the Board approved seven projects in excess of $1.0 million: $85.76 million for projects related to Campus Non-Instructional Modernization and Capacity Improvement; $7.0 million for the renovation of parking facilities; $5.24 million for a new Outdoor Recreation Facility; $3.0 million for Grant Tower Renovation Phase I; $2.88 million for Electrical Infrastructure upgrades; $2.69 million for Stevenson Fire Sprinkler System; and $1.74 million approval of CDB Funds for Roof Replacement on seven General Revenue buildings. There was one project between $500,000 and $1,000,000: $970,000 was approved for the roof replacement at Holmes Student Center. There were two project approvals between $250,000 and $500,000 that totaled $692,000: $365,000 for Campus Alert Phase II; and $327,000 to repair the building envelope at Lincoln Hall. There were three project approvals between $100,000 and $250,000 that totaled $601,932, and twenty-seven projects under $100,000 were approved. There were ten repair and remodeling projects approved for research, learning, classroom, and support spaces.

In Fiscal Year 2012, the Board approved two projects in excess of $1.0 million: $3.3 million for Huskie Stadium scoreboard; and $1.8 million for campus 100% wireless coverage. In addition, the Capital Development Board approved a budget increase of $2.9 million for Stevens Building Renovation. There was one project between $500,000 and $1,000,000: the CDB approved a budget increase of $572,600 for roof replacements on seven campus buildings. There was one project approval between $250,000 and $500,000: $385,000 for Campus Alert Phase III. There were ten project approvals between $100,000 and $250,000 that totaled $1,799,048, there were twenty-seven projects under $100,000 approved, fourteen of which were under $25,000. There were eight repair and remodeling projects approved for research, learning, classroom, and support spaces. Notable projects include the new DOD supercomputer for Computer Science, 100% wireless coverage for campus, three smart classrooms, and a new laboratory for Computer Science.

In Fiscal Year 2013, the Board approved two projects in excess of $1.0 million: $2.58 million for Electrical Infrastructure; and $1.25 million for Campus Alert Systems. In addition, Campus maintenance projects totaled $1.65 million for general campus improvements. There was one item between $500,000 and $1,000,000 approved by the Board: $650,000 for new electronic advertising fascia boards at Huskie Stadium. There was one project between $250,000 and $500,000: $270,985 for emergency repairs of the entry plaza/mechanical room deck at Montgomery Hall. There were fifteen project approvals between $100,000 and $250,000 that totaled $2,430,729, and there were twenty-three projects under $100,000 approved, nine of which were under $25,000. There were ten repair and remodeling projects approved for research, learning, smart classroom, and support spaces. Notable projects include the new entry door system for Founders Library, four smart classrooms, and a renovated temporary Anthropology lab space for use during the renovation of Stevens Building.

In Fiscal Year 2014, the Board approved two projects in excess of $1.0 million: $2.25 million for a new Public Safety radio system; and $1.38 million for Electrical Infrastructure. In addition, Campus maintenance projects totaled $1.59 million for general campus improvements. There was one project between $250,000 and $500,000: $450,000 for new “beta version” small bus transit system for central campus. There were ten project approvals between $100,000 and $250,000 that totaled $1,685,620, and there were fifty projects under $100,000 approved, thirty of which were under $25,000. There were twenty repair and remodeling projects approved for research, learning, smart classroom, and support spaces. Notable projects include three smart classrooms, the new walk-in cooler for Geology research in Davis Hall, and a new computerized video message board system for the College of Education.
In Fiscal Year 2015, the Board approved one project in excess of $1.0 million: $1.5 million for planning the renovation of Holmes Student Center and Neptune Residential Complex. There were two projects over $500,000: Grant Central Roof Replacement at $812,000; and renovation of the Animal Research Facilities located in Psychology/Computer Science and Montgomery Hall at $850,000. Maintenance project approvals totaled $3.03 million for general campus improvements with an additional $373,071 approved for two emergency repairs. There were five projects between $250,000 and $500,000, most notably two projects at Huskie Stadium: $460,000 for a new turf field; and $300,000 for additional LED advertising ribbon boards. There were twenty-one project approvals between $100,000 and $250,000 that totaled $4,760,342 and there were forty-nine project approvals under $100,000, thirty were under $25,000. There were seventeen repair and remodeling projects approved for academics, research, smart classrooms, and support spaces. Notable projects include the renovation of the Animal Research Facilities for Psychology and Biology, nine smart classrooms and classroom upgrades, additional compact storage for the Anthropology Museum, the first electric car charging station on campus, and this year one new facility was added, a new salt shed for Grounds Department to help manage purchasing and storing of winter de-icing salt.

In Fiscal Year 2016, the Board approved three projects in excess of $1.0 million: the reallocation of $20 million in Build America Bonds for the renovation of Holmes Student Center; $1.9 million for renovation of New Hall Dining and Residence; and $1.25 million for a phased roof replacement of Gabel Hall. There were five projects over $400,000: $750,000 for Grant Steam Vault, $700,000 for the Boiler Assessment and Phase I Design; $625,000 for Stevenson Towers (A & D) Roof Replacement; $440,000 for Lucinda Avenue Realignment; and $400,000 for DuSable Steam Vault Repairs. There were four projects between $200,000 and $400,000. Most notable was the repair of the heating system for the Child Development Lab for $246,300. There were twenty-three project approvals between $25,000 and $200,000 that totaled $1,446,620, and there were twenty-eight projects under $25,000 approved. There were twelve projects approved for General Revenue buildings. The majority of these projects were major repairs to critical building systems such as heating, ventilating, air conditioning, leaking roofs, and deteriorated walls.

In Fiscal Year 2017, the State Budget impasse and the University’s budget constraints played a major role in the number and dollar value of capital projects approved in Fiscal Year 2017. The Board approved only one project over $1.0 million: the reallocation of $5.4 million in Build America Bonds to begin remodeling, maintenance, repairs, and updates to Neptune Residential Complex. There were three projects over $250,000: $750,000 for Grant South Steam Vault replacement; $625,000 for Stevenson Towers (B & C) Roof Replacement; and $500,000 to facilitate and complete the move-in to Stevens Building. The anticipated completion of Stevens by the State of Illinois Capital Development Board is spring 2018. There were six projects between $100,000 and $250,000 that totaled $1,073,400 and six projects between $50,000 and $100,000 that totaled $424,200. There were fifty-two projects between $1,200 and $50,000 totaling $850,275. Total investment in Fiscal 2017 was sixty-seven projects totaling $8,997,875 in approvals. There were nine boiler, heating plant, steam tunnel, steam piping, and valve related repairs. Five other projects also related to mechanical systems and equipment on campus were completed. There was one major emergency repair to the water main at Neptune Residential Complex.

In Fiscal Year 2018, continuing enrollment and budget uncertainties played a role in the number and dollar value of capital projects approved in FY18. The Board reconfirmed approval of the budget and use of Build America Bond funds for Holmes Student Center renovation at $20 million. The Board approved only one additional project over $1.0 million: $1.27 million to replace the video boards and scoreboards at the Convocation Center. There were only two projects approved over $250,000: $468,000 for the renovation of Founders Café; and $275,000 for the renovation of
the Nelson Suite at Convocation Center. There were eight projects between $100,000 and $250,000 that totaled $1,262,600 and six projects between $50,000 and $100,000 that totaled $449,000. In addition, there were approximately seventy-five other projects totaling $1,719,000. There was one major emergency repair to the steam tunnel on Normal Road at LaTourette Hall.

In Fiscal Year 2019, increased attention for state capital renewal funding began to produce additional investments for the University. The first phase of the boiler replacement project had been authorized with about $6.2 million of State funding which was augmented with about $9.8 million of funds from the University Auxiliary Reserves. Additionally, about $5.5 million of State funding authorization was provided for steam line repairs. To compensate for higher than expected construction bids responding to the Holmes Student Center renovation project, the Board approved an increase of the budget from $20.0 million to $20.9 million. The Board also approved moving forward with design of the Northern Illinois Center for Community Sustainability (NICCS) a $22.9 million partially State/grant funded project of which $7.9M is to be provided by NIU. There were no other projects approved over $1.0 million approved by the Board. There were four projects approved over $250,000: Convocation Nelson Suite remodel for $300,000; steam isolation valve and expansion joint replacement project for $501,000 of which $476,00 is funded through CDB; Yordon Performance Center remodel for $275,000; and Stevenson Dining Area remodel for $450,000. There were twelve projects between $100,000 and $250,000, totaling $2,130,100. There were eleven projects approved between $50,000 and $100,000 totaling $734,750. In addition, there were 101 other smaller projects approved totaling $1,222,225.
Appendix B
Semi-Annual Progress Report of Active Capital Projects
with a Budget over $100,000

All projects listed herein were previously approved by the Board of Trustees or the President and are currently in process. The Authorization Date is identified for all NIU-funded projects; the fiscal year is identified for all CDB-funded projects. Status reports are provided on any project, regardless of initiation date, until all work has been completed and all payments have been made.

A. CAPITAL DEVELOPMENT BOARD PROJECTS

I. Projects in the Planning Phase

1. DeKalb Campus – Repair Steam Tunnel Distribution
   Total Project Budget: $5,024,000
   Funding Source: FY2019 – CDB State Appropriated
   Authorization Date: September 2018
   Status: The University was notified by Capital Development Board in May 2019 that funds were pending release from the Comptrollers’ office for this project. CDB will be contracting with a firm to develop design and construction documents for the project. Selection is anticipated by December 2019; schedule for construction to be determined at that time.

II. Projects in the Design Phase

1. DeKalb Campus – West Heating Plant and Boiler Replacement Phase I
   Total Project Budget: $16,000,000
   Funding Sources: Institutional Auxiliary Reserves & FY2019 – CDB State Appropriated
   Authorization Date: August 2017
   Status: The University entered into an inter-governmental agreement with Capital Development Board to manage the project using a “design/build” project delivery method. CDB contracted with a firm to develop bridging documents that will be used to select a design/build contractor team. The design/build contract is anticipated to be awarded in Spring 2020.

III. Projects in the Construction Phase

1. Critical Steam Isolation Valve and Expansion Joint Replacement
   Total Project Budget: $501,000 ($476,000 CDB + $25,000 NIU)
   Funding Sources: FY2019 – CDB State Appropriated & NIU local funds
   Authorization Date: December 2018
   Status: The University entered into an inter-governmental agreement with Capital Development Board whereby NIU would execute the work and be reimbursed once work has been completed. Work is 80% complete and is anticipated to be completed by June 2020.
2. Stevens Building – Addition & Renovation
   Total Project Budget: $37,300,135
   Funding Sources: FY2010 – CDB Amended FY2017 & FY2017 – NIU Appropriated Funds
   Status: Construction work was completed in May 2018, and building commissioning was completed during the Summer 2018. School of Theatre and Dance and Department of Anthropology moved back into the facility in mid-May 2018, and the building was back in use for fall semester 2018 academic classes. Remaining punchlist and other work items are being reviewed and addressed. Final completion of project is anticipated Summer 2020.

B. NORTHERN ILLINOIS UNIVERSITY PROJECTS

I. Projects in the Planning Phase

   1. Recreation Center – Changing Room Remodel
      Total Project Budget: $1,100,000
      Funding Source: Institutional Auxiliary Reserves
      Authorization Date: September 2019
      Status: Following Board approval to proceed with design, facilities worked with Recreation and Wellness staff to select a consultant a/e firm to provide design services. Following contract negotiations, design development is anticipated to be completed by Spring 2020. Request for approval to proceed with construction is anticipated for March Board meeting.

II. Projects in the Design Phase

   1. Stevenson and Grant Residence Halls – Building Envelope Repairs
      Total Project Budget: $525,000
      Funding Source: Institutional Auxiliary Reserves
      Authorization Date: December 2016
      Status: Progress was previously limited by resource availability and other priorities. An assessment of the existing exterior building envelope (walls) is to be completed Fall 2019, to provide a refined cost estimate and confirm scope of work. Design work is anticipated to be completed by Spring 2020. Construction work will be planned and scheduled to take advantage of semester breaks and summer schedules.

   2. Holmes Student Center Hotel Tower – Building Envelope Repairs
      Total Project Budget: $250,000
      Funding Source: Institutional Auxiliary Reserves
      Authorization Date: December 2016
      Status: Progress was previously limited by resource availability and other priorities. An assessment of the existing exterior building envelope (walls) is to be completed Fall 2019, to provide a refined cost estimate and confirm scope of work. Design work is anticipated to be completed by Spring 2020. Construction work will be planned and scheduled to take advantage of semester breaks and summer schedules.

      Total Project Budget: $1,250,000
      Funding Source: Institutional Auxiliary Reserves
      Authorization Dates: March 2016 (A & D) & September 2016 (B & C)
      Status: This combination project was previously delayed by other priorities and is now being scheduled for completion in FY20. Bidding will occur October 2019. Construction work will be planned and scheduled to take advantage of semester breaks and summer schedules.
4. Naperville Parking Lot Reconstruction – Phase II
   Total Project Budget: $1,215,000
   Funding Source: Local Funds – NIU Naperville Operations
   Authorization Date: September 2015
   Status: Phase II Design Work was delayed due to cash flow concerns. The project was closed in December 2018 per OERD. Alternative scope options are being considered based on available funding which will be resubmitted for approvals as necessary moving forward. This will be the last report on this project.

III. Projects in the Construction Phase

1. DeKalb Campus – Electrical Infrastructure Replacement Phase II
   Total Project Budget: $2,580,000 (estimated)
   Funding Sources: NIU Appropriated Funds & Bond Series 2010 Project
   Authorization Date: March 2013
   Status: Construction started in Fall 2013, and all work is now complete. Final payments have been made. This will be the last report on this project.

2. DeKalb Campus – Campus Alerting System Phase IV
   Total Project Budget: $1,250,000
   Funding Source: Appropriated Funds
   Authorization Date: March 2013
   Status: This project encompasses the final phase of the campus alert system. The work is approximately 26% complete and had been delayed due to previous funding concerns. Due to the project’s overall age and other competing priorities, this project is to be closed and future campus alert system improvements will be addressed under separate projects, as necessary.

3. DeKalb Campus – Electrical Infrastructure Replacement Phase III
   Total Project Budget: $2,550,000
   Funding Sources: NIU Appropriated Funds, Bond Series 2010 Project & Institutional Auxiliary Reserves
   Authorization Date: March 2014
   Status: Construction work began in late 2014 and had been periodically delayed due to funding concerns. It is approximately 60% complete. Work is anticipated to be completed in FY20 as semester breaks and summer schedules allow.

4. Holmes Student Center – Phase I Redevelopment
   Total Project Budget: $20,900,000
   Funding Sources: Bond Series 2010 Project & Institutional Auxiliary Reserves
   Authorization Date: February 2019 Amended
   Status: Construction work began in October 2018 and is ongoing. Work is currently approximately 80% complete. Construction work was substantially complete by October, with most operations resuming in November and December. Project completion is anticipated by Spring 2020.
5. Neptune Complex Upgrade
   Total Project Budget: $5,400,000
   Funding Source: Bond Series 2010 Project
   Authorization Date: March 2017
   Status: Additional work in Neptune West was completed during the summer break of 2018. Work to renovate Neptune East was completed during the summer break of 2019 and completed by the fall semester of 2019. Contractors are completing remaining punchlist items and final work items are being reviewed for execution. Project completion is anticipated by Spring 2020.

6. Residence Halls – FY19 Rotation Painting
   Total Project Budget: $249,000
   Funding Source: Institutional Auxiliary Reserves
   Authorization Date: July 2018
   Status: Work was completed by the end of the fiscal year and final payments have been made. This will be the last report on this project.

7. Grant Tower A – Art Studios Relocation from Art Annex
   Total Project Budget: $213,700 (Amended)
   Funding Source: NIU Appropriated Funds
   Authorization Date: July 2019
   Status: Majority of work was completed by August 2019 to support fall semester art program. Ventilation modification work was completed by September. Contractor is addressing punchlist items and final payment are in process. This will be the last report on this project.

8. Chessick Practice Center – Renovate for NW Medical Performance Center
   Total Project Budget: $275,000
   Funding Source: Foundation – Donor Funds
   Authorization Date: December 2018
   Status: Work was completed, and the renovated space was operational by June of 2019. Final payments have been made. This will be the last report for this project.

9. Stevenson Complex – Security Camera Upgrade
   Total Project Budget: $130,000
   Funding Source: Bond Series 2010 Project
   Authorization Date: December 2018
   Status: Work is in progress and currently approximately 60% complete with completion anticipated by Fall/Winter 2019.

10. Stevenson Complex – Renovate Dining Area
    Total Project Budget: $450,000
    Funding Source: Institutional Auxiliary Reserves
    Authorization Date: February 2019
    Status: Work was completed Spring through Summer of 2019, scheduled to avoid conflicts with dining operations and summer camps. The renovated space was operational by August 2019 ready for operations to resume for the fall semester. Final payment applications are in process. This will be the last report for this project.
11. Barsema Hall – Remodel 3 Sons Café
   Total Project Budget: $241,700
   Funding Source: Institutional Auxiliary Reserves
   Authorization Date: March 2019
   Status: Work was completed Summer 2019. The renovated space was operational by August 2019 ready for operations to resume for the fall semester. Final payment applications are in process. This will be the last report for this project.

12. Convocation Center – Cooling Towers Repairs
   Total Project Budget: $239,250
   Funding Source: Institutional Auxiliary Reserves
   Authorization Date: March 2019
   Status: Work originally anticipated to be completed before the summer cooling season was delayed until fall and is 50% complete. Scheduling of work was coordinated with facility operations. Work is anticipated to be complete by October 2019.

13. Parking Lot A – Extension
   Total Project Budget: $217,850
   Funding Source: NIU Local Funds
   Authorization Date: May 2019
   Status: Permitting application for work within the floodplain is in process and specifications are being finalized in order to be able to solicit contractor pricing. Work is anticipated for fall 2019 as soon as permitting is attained.

14. DeKalb Campus – FY19 East Heating Plant Summer Repairs
   Total Project Budget: $127,650
   Funding Sources: NIU Appropriated Funds & Institutional Auxiliary Reserves
   Authorization Date: May 2019
   Status: Annual maintenance and repairs work was performed during the summer shutdown of the plant. Work is 75% complete and anticipated to be completed by October 2019.

15. DeKalb Campus – DuSable Hall, Grant South, Stevenson Central Core Skylight Roof Repairs
   Total Project Budget: $115,000
   Funding Sources: NIU Appropriated Funds & Institutional Auxiliary Reserves
   Authorization Date: June 2019
   Status: Work was completed over the summer 2019. Final payment has been made. This will be the last report on this project.

16. Soccer Field Complex – Press Box Replacement
   Total Project Budget: $129,000
   Funding Source: NIU Local Funds
   Authorization Date: June 2019
   Status: Press Box purchase order is in place and anticipated to be available for installation by November 2019. Box will be installed as weather allows in advance of the spring 2020 soccer season.
17. Holmes Student Center South Entrance Elevator – Controls Upgrade

- Total Project Budget: $198,950
- Funding Source: Institutional Auxiliary Reserves
- Authorization Date: August 2019
- Status: Contractor final pricing is being confirmed; work to be scheduled as soon as possible. Schedule of work to be coordinated with building operations and is intended to be completed by June 2020.
FISCAL YEAR 2019
INTERNAL AUDIT UPDATE

Director of Internal Audit Danielle Schultz provided the following overview of Internal Audit Department operations, communications plan, staffing, and the annual report for FY19.

The Internal Audit Department’s mission statement is “to provide independent and objective assurance and consulting services to assist the Board of Trustees and University management in the effective discharge of their oversight, management, and operating responsibilities.”

The International Standards for the Professional Practice of Internal Auditing require confirmation, on at least an annual basis, that the Internal Audit Department is independent. Additionally, the US Government Accountability Office considers internal auditors independent if the head of the audit department is accountable to the head of the government entity or to those charged with governance; if they report the audit results both to the head of the government entity or those charged with governance; if they are organizationally located outside area under audit; if they have access to those charged with governance; and if they are sufficiently removed from pressures to conduct and report findings, opinions, and conclusions objectively without fear of reprisal. The Director of Internal Audit confirms that she and all internal auditors remain independent.

The planned internal audit communications with senior leadership and the Board of Trustees has been discussed with the President, the Vice President for Administration & Finance and CFO and liaison to the Finance, Audit, Compliance, Facilities and Operations (FACFO) Committee, the President’s Chief of Staff, the chair of the Board of Trustees, and the chair of the FACFO Committee. Communications can be summarized as follows:

- Members of the Board of Trustees FACFO Committee will continue to receive all internal audit reports one week after issuance to the President, Executive Vice President and Provost (EVP/P), Vice President and Chief Financial Officer (VP/CFO), Chief-of-Staff, General Counsel, and relative University management.
- Members of the Board of Trustees will be notified immediately by the President or the VP/CFO & FACFO Committee liaison whenever there are internal audit findings that indicate the University’s finances, effectiveness, or reputation may be at serious risk.
- The Internal Audit Director will continue to meet with the FACFO Committee chair during the annual risk assessment process and in preparation of the annual two-year audit plan. Members of the Board of Trustees FACFO Committee will continue to receive a copy of the University’s annual two-year internal audit plan after it has been approved by the President.
- The Internal Audit Director will provide a report summarizing findings and recommendations from internal audit reports. This report will be in a spreadsheet format according to level of identified concern/risk and will identify recommendations not yet implemented but past the corrective action due date. The Internal Audit Director will provide this report to the FACFO Committee liaison and FACFO Committee biannually.
- The Internal Audit Director’s annual presentation of internal audit activities to the Board of Trustees FACFO Committee will transition to be included in the annual written Internal Audit Report provided by September 30, consistent with practices at peer institutions.
The heat map and quarterly audit plan progress reports previously developed will transition to management tools used to support collaboration between internal audit and the functional areas of the senior roundtable. The progress reports will continue to be shared on a quarterly basis with the President, EVP/P, VP/CFO, and Chief-of-Staff. The heat map will be shared with members of the senior roundtable at the same time as the annual internal audit plan.

The Internal Audit Director will continue to meet with the President regularly and to update members of senior leadership whenever there is a lack of expected progress addressing an internal audit finding.

The Internal Audit Department is currently staffed with one full-time director, three full-time internal auditors, and two part-time graduate assistant auditors. To address staffing vacancies and difficulties in refilling full-time positions, one full-time position has been inactivated and a second graduate assistant was added to support completion of the annual internal audit plan. Currently, three staff are Certified Internal Auditors, two are Certified Public Accountants, one is a Certified Fraud Examiner, and one is a Certified Information Systems Auditor.

According to the Illinois Fiscal Control and Internal Auditing Act (30 ILCS 10), key guidance for the department, internal audit is to report directly to Chief Executive Officer (University President) and have direct communication with the President and Board of Trustees; to remain free of all operational duties; and to deliver the Internal Audit Department annual report to the President by September 30.

The 2019 Internal Audit Annual Report contained detailed information about each audit performed during the fiscal year. It was delivered to President Freeman on September 30, 2019 and was subsequently provided to the Finance, Audit, Compliance, Facilities and Operations Committee members.

The Internal Audit Department completed eighteen FY19 internal audits. The type of audits can be seen on the graph below.

**FY19 Audits Completed**