

Minutes of the
NIU Board of Trustees of Northern Illinois University
Finance, Audit, Compliance, Facilities and Operations Committee
May 14, 2020

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 11:04 a.m. by Committee Chair Eric Wasowicz. This Finance, Audit, Compliance, Facilities and Operations Committee meeting is being conducted through video conferencing communications and is being conducted pursuant to Section 6 of Executive Order 2020-7 (Suspending OMA requirements of in person attendance by members of a public body). Recording Secretary Sandy McCartney conducted a roll call of the Trustees. Members present were Trustee Rita Athas (at beginning of meeting had audio only, fully joined meeting at 11:27 a.m.), Trustee John Butler (joined meeting at 11:10 a.m.), Trustee Montel Gayles, Trustee Veronica Herrero, Trustee Bob Pritchard, Trustee Madalynn Mershon, Board Chair Dennis Barsema, and Committee Chair Eric Wasowicz. There were no members absent. Also present were President Lisa Freeman, Committee Liaison Sarah Chinniah, 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 Montel Gayles; seconded by Trustee Veronica Herrero. 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 February 13, 2020 meeting was made by Board Chair Dennis Barsema; seconded by Trustee Bob Pritchard. All were in favor. None were opposed. The minutes were approved.

5. CHAIR'S COMMENTS/ANNOUNCEMENTS

Committee Chair Wasowicz commented about the change to the university and community due to the COVID-19 virus. He acknowledged President Freeman, VPCFO Chinniah, EVPP Ingram and their Leadership Team to prioritize the Northern Illinois Students and the University Community above all other concerns. Committee Chair Wasowicz discussed the unexpected expense and loss of revenue due to the COVID-19 Virus. He confirmed that though there would be money coming from the government it would not be enough and not arrive soon enough. He spoke about the longer-term uncertainty with Enrollment, State Appropriations and philanthropy and again acknowledged President Freeman, VPCFO Chinniah, and EVPP Ingram for working with the NIU leaders and shared governance through all these uncertainties. In closing, Committee Chair Wasowicz thanked Governor Pritzker for making an executive decision to alter the Open Meetings Act, making it possible to meet in this format and to meet in a safe format.

Committee Chair Wasowicz acknowledged the members of the University Advisory Committee. Jeffrey Royce spoke and stated he would save his comments for the special meeting and added Cathy Doederlein sent her regrets indicating she would not be able to attend today's meeting. No other comments provided.

6. PUBLIC COMMENT

There were no public comments. There was one request, but the requestor spoke at the prior meeting.

7. FINANCIAL UPDATE

Information Item 7.a. – FY19 Audit and Financial Results

VPCFO Sarah Chinniah presented Item 7.a. the FY19 Audit and Financial Results.

VPCFO Chinniah commended the Controller's Office, Internal Audit, Human Resources, Financial Aid, Sponsored Programs Administration, and both NIU Foundation and Research Foundation for their work in support of the audit.

Board Discussion followed.

Trustee Barsema inquired about the working capital ratio range and if there was a specific goal. VPCFO Chinniah recognized it was useful to use the full range of working capital throughout the year as these were acceptable boundaries.

The committee discussed there being no "material weakness" findings in our financial result and inquired if we had any findings in past fiscal years. AVP Shyree Sanan reported we did have material weaknesses in our financial reports for the last several years and Trustee Barsema recognized not having any audited material weaknesses in FY19 as a significant move forward and thanked AVP Sanan and her team for their work.

Information Item 7.b. – FY19 External Audit Corrective Action Plans Update

VPCFO Sarah Chinniah presented Item 7.b. the FY19 External Audit Corrective Action Plans Update.

Board Discussion followed.

The Committee discussed the Audit finding referencing the lack of annual performance reviews and noted it was critical that this finding be addressed. VPCFO Chinniah assured the Board policies were being set up as well as reminders and additional check points to stay aligned with processes already established.

Information Item 7.c. – Division of Administration & Finance Refinancing of Series 2010 & 2011 AFS Revenue Bonds

VPCFO Sarah Chinniah presented Item 7.c. – Division of Administration & Finance Refinancing of Series 2010 & 2011 AFS Revenue Bonds.

Board Discussion followed.

The committee discussed how the determination was made to use a 20-year window as the time period for taking the bonds' savings and if this was within the General Acceptable Accounting Principles (GAAP). Using the 20-year savings window will allow for the ability to structure plans

around balancing the budget and having the flexibility to front load savings during this extended period.

Information Item 7.d. – Quarterly Financial Summary – FY20 Third Quarter

VPCFO Sarah Chinniah presented Item 7.d. the Quarterly Financial Summary – FY20 Third Quarter.

Board Discussion followed.

The Committee acknowledged all the hard work that goes into these summaries. The CARES Act was discussed and considered good news for the students. Discussion followed regarding personnel services. Explanations ensued regarding student payouts, and increased costs due to COVID-19. Board Chair Barsema inquired if this was a permanent increase or temporary and VPCFO Chinniah confirmed it was a combination of factors. CARES Act funding and decisions as to how to distribute money received was discussed. President Freeman provided a high-level overview of fund distribution. To ensure transparency relative to the distribution of funds to students, Board Chair Barsema requested keeping this matter on the Board’s agenda for further reporting as money is distributed.

Board members requested, for future reporting, the continuation of defining the categories of revenue and expenses as this was helpful in understanding what each line item represented. Continuing to detail personnel services was also requested. It was also explained the University as a whole was working diligently to specifically track expenses and report information on COVID-19 impacts.

Information Item 7.e. – FY21 University Budget – Preliminary Summary

VPCFO Sarah Chinniah presented an update on Item 7.e. the FY21 University Budget – Preliminary Summary.

Board Discussion followed.

Board members expressed concerned with so many unknowns due to COVID-19. Trustees inquired as to how the FY21 preliminary budget would be presented during the June meeting. Board members asked if there might be different scenarios laid out in preparation of a final budget. Discussion continued regarding how scenarios were changing daily and once the General Assembly came back to work on the budget there may be more clarity.

8. UNIVERSITY RECOMMENDATIONS

Action Item 8.a. – FY21 Cisco Hardware Maintenance Contract

VPCFO Sarah Chinniah presented Item 8.a. FY21 Cisco Hardware Maintenance Contract.

Committee Chair Wasowicz asked for motion to approve.

Motion was made by Board Chair Dennis Barsema and seconded by Trustee Rita Athas.

VPCFO Chinniah acknowledged CIO Matt Parks and his team for their work on moving this contract forward. There was no further board discussion.

The motion carried.

Action Item 8.b. – FY21 Division of Informational Technology Campus Printer/Copier Program Contract Renewal

VPCFO Sarah Chinniah presented Item 8.b. the FY21 Division of Information Technology Campus Printer/Copier Program Contract Renewal.

Committee Chair Wasowicz asked for a motion to approve.

Motion was made by Trustee Montel Gayles and seconded by Trustee Bob Pritchard.

Short board discussion followed.

The committee discussed the length of time for these contracts. Members who commented shared they were not against long term contracts as long as there were appropriate clauses for early contract termination with no penalty. Staff indicated that pricing is sometimes better with longer term contracts.

Committee Chair Wasowicz acknowledged the savings of \$3.1M due to the copier program currently set up and congratulated Administration and Finance and Information Technology.

All in favor.

None opposed.

The motion carried.

Action Item 8.c. – FY21 NIU Foundation Professional Services Contract

VPCFO Sarah Chinniah presented Item 8.c. FY21 NIU Foundation Professional Services Contract.

Committee Chair Wasowicz asked for a motion to approve.

Motion made by Trustee Veronica Herrero and seconded by Trustee John Butler.

Board discussion followed.

Trustee Gayles requested a short presentation from the Foundation at a later Board of Trustee's meeting to understand the goals for philanthropy. It was discussed the Foundation routinely gives a report at the full Board of Trustee's meeting in June and VP Squires acknowledged she would add this request to her June report.

All in favor.

None opposed.

The motion carried.

Action Item 8.d. – FY21 Intercollegiate Athletics Secondary Student Health Insurance Contract Renewal

VPCFO Sarah Chinniah Presented Item 8.d. the FY21 Intercollegiate Athletics Secondary Student Health Insurance Contract Renewal.

Committee Chair Wasowicz asked for a motion to approve.

Motion was made by Trustee Bob Pritchard and seconded by Trustee Rita Athas.

There was no further discussion.

All in favor.

None opposed.

The motion carried.

Action Item 8.e. – Naperville Out-Lease with American Institutes for Research (AIR)

VPCFO Sarah Chinniah presented Item 8.e. with Naperville Out-Lease with American Institutes for Research (AIR).

Committee Chair Wasowicz asked for a motion to approve.

Motion was made by Trustee Bob Pritchard and seconded by Board Chair Dennis Barsema

All in favor.

None opposed.

The motion carried.

Action Item 8.f. – Out-Lease with Illinois Department of Agriculture

VPCFO Sarah Chinniah presented Item 8.f. – Out-Lease with Illinois Department of Agriculture.

Committee Chair Wasowicz asked for a motion to approve.

Motion was made by Trustee Montel Gayles and seconded by Trustee Rita Athas.

Discussion followed.

Questions were asked and answered as to how much of the facility was being leased and if the NIU Press was still located in this space. President Freeman added NIU press is no longer in the physical building however, they continue to handle acquisitions while production is managed by Cornell University Press. There was further discussion as to other leases at risk for possibly non-renewal or if any current lessees had requested waivers or forgiveness during this COVID-19 period. AVP Heckmann confirmed no other lessees had requested waivers or payment forgiveness.

All were in favor.

None were opposed.

The motion carried.

9. UNIVERSITY REPORTS

Information Item 9.a. – Periodic Report on Investments for Period Ending March 31, 2020

Information Item 9.b. – Quarterly Summary Report for Transactions in Excess of \$100,000 for the Period January 1, 2020 to March 31, 2020

Information Item 9.c. – Semi-Annual Progress Report of Active Capital Projects with a Budget over \$100,000

VPCFO Sarah Chinniah informed the Board the University is providing three informational items which included comprehensive write ups for the committee's reference. Included were the reports in support of 9.a. the Periodic Report on Investments for Period Ending March 31, 2020, 9.b. the Quarterly Summary Report for Transactions in Excess of \$100,000 for the Period January 1, 2020 to March 31, 2020, and 9.c. the Semi-Annual Progress Report of Active Capital Projects with a Budget over \$100,000.

VPCFO Chinniah stated completed write ups were provided in support of these reports, therefore remarks or discussion were not planned for each item, unless someone had a question or comment.

VPCFO Chinniah brought to the attention of the committee the Periodic Report on Investments materials, given the earlier discussion and comment about ratios and cash position. Due to the expenditure of the remaining proceeds from the Build America Bonds there would be an intentional reduction in the total holdings balance as of March 31, 2020. Part of the decrease was a result of NIU's planned spending of Build American Bond funds in support of the Holmes Student Center renovation project and the remaining difference a result of lower cash receipts and higher cash distributions over the same time period from the previous fiscal year. NIU is working with the state to receive the remainder of its state appropriation. Until those funds are received a lower balance will be reflected than had been previously reported.

There were no questions.

Committee Chair Eric Wasowicz shared closing comments by stating in part, that although focused on looking ahead, let us take a moment and celebrate the successful refinancing of our AFS Bonds, which we need greatly right now and will benefit us in the years to come. Additionally, Committee Chair Wasowicz acknowledged the efforts of President Freeman, VPCFO Chinniah, and AVP Sanan in addressing the long-standing audit findings on Internal Control and Financial Reporting as we challenge the university leadership to put in place controls that demonstrate accountability and transparency. The Leadership team continues to make good progress to address these challenges. The Board has confidence President Freeman will continue the path to move NIU forward and we appreciate the continued effort to prioritize the needs of students and align resources to make this happen. We do not take for granted the effort needed to navigate in this unprecedented time and commend our divisional leaders, deans, faculty and staff for their engagement in this process.

We appreciate your effort and we are here as a board to advise and be available to you at any point or any time.

10. OTHER MATTERS

There were no other matters.

11. NEXT MEETING DATE

The next meeting of the Finance, Audit, Compliance, Facilities and Operations Committee will be August 20, 2020.

12. ADJOURNMENT

Committee Chair Wasowicz asked for a motion to adjourn meeting.
Motion was made by Board Chair Dennis Barsema and seconded by Trustee Bob Pritchard.
No discussion.

All were in favor.
None were opposed.
The meeting adjourned at 12:42 p.m.

Respectfully submitted,

Sandy McCartney
Recording Secretary

In compliance with Illinois Open Meetings Act 5 ILCS 120/1, et seq, a verbatim record of all Northern Illinois University Board of Trustees meetings is maintained by the Board Recording Secretary and is available for review upon request. The minutes contained herein represent a true and accurate summary of the Board proceedings