BOARD OF TRUSTEES

Finance, Audit, Compliance, Facilities and Operations Committee

February 15, 2018
AGENDA

NIU Board of Trustees
FINANCE, AUDIT, COMPLIANCE, FACILITIES AND OPERATIONS COMMITTEE
10:15 a.m. – Thursday – February 15, 2018
Board of Trustees Room
315 Altgeld Hall

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: November 16, 2017.............................. Action.......1
December 7, 2017 ................................................................. Action.......8

5. Chair’s Comments/Announcements

6. Public Comment*

7. University Recommendations
   a. FY19 Student Health Insurance........................................................................ Action.......11
   b. FY19 International Programs Division Expenditures ....................................... Action.......12
   c. FY19 DoIT – Integrated Media Technologies Campus Copier Program Contract Renewal................................................................. Action.......13
   d. FY19 DoIT – Integrated Media Technologies Printing Paper Open Order Contract Renewal......................................................................... Action.......14
   e. FY19 DoIT Infrastructure Applications Microsoft Enrollment Contract Renewal........................................................................ Action.......15
   f. Wi-Fi Network Expansion................................................................................... Action.......16
   g. Convocation Center-Update Nelson Suite (Capital Project Approval) ............ Action.......17
   h. Convocation Center–Replace Video Board/Scoreboard (Capital Project Approval) .... Action.......18
   i. FY19 Master Agreement Facility Contract Renewals.......................................... Action.......20
   j. FY19 Transportation Services Motor Fuels ......................................................... Action.......22
   k. FY19 Materials Management Commodities Open Orders .............................. Action.......23
   l. FY19 Campus Mail Services and Integrated Media Technologies-Postage........ Action.......24
   m. FY19-20 Solid Waste Removal and Recycling Services ................................. Action.......25
n. Appointment of Board Treasurer .......................................................... Action........26
o. Treasury Operations – Signatory Authorization ................................. Action........27
p. Commercial Card Services .................................................................. Action........28

8. University Report
   a. Quarterly Financial Summary ......................................................... Information........29
   b. Quarterly Summary Report of Transactions in Excess of $100,000 .......... Information........31
   c. Periodic Report on Investments ..................................................... Information........32
   d. Investment and Cash Management Policy ..................................... Information........35
   e. Clery Report ................................................................................. Information........43
   f. Facilities Update ............................................................................ Information........44

9. Other Matters

10. Next Meeting Date

11. 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 will be available in the Board Room the day of the meeting. For more information contact Kathleen Carey, (kjahns@niu.edu) Recording Secretary to the Board of Trustees, Altgeld Hall 300, DeKalb, IL 60115, 815-756-1273.

Anyone needing special accommodations to participate in the NIU Board of Trustees meetings should contact Kathleen Carey at (815)753-1273, as soon as possible.
Minutes of the
NIU Board of Trustees
FINANCE, AUDIT, COMPLIANCE, FACILITIES AND OPERATIONS
COMMITTEE MEETING
November 16, 2017

CALL TO ORDER AND ROLL CALL

The meeting was called to order at 11:25 a.m. by Committee Chair Tim Struthers in the Board of Trustees Room, 315 Altgeld Hall. Recording Secretary Vicky Rippberger conducted a roll call of the trustees. Members present were Trustee Dennis Barsema, Trustee Robert Boey, Trustee John Butler, Trustee Giuseppe LaGioia, Trustee Eric Wasowicz, Board Chair Wheeler Coleman, and Committee Chair Tim Struthers. Members absent were Trustee Veronica Herrero. Also present were Acting President Lisa Freeman, Committee Liaison Larry Pinkelton, Acting Executive Vice President and Provost Chris McCord, Deputy General Counsel Greg Brady, and Board Liaison Matt Streb.

VERIFICATION OF QUORUM AND APPROPRIATE NOTICE OF PUBLIC MEETING

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

MEETING AGENDA APPROVAL

A motion to approve the agenda was made by Trustee Eric Wasowicz; seconded by Trustee Dennis Barsema. All were in favor. The motion carried.

REVIEW AND APPROVAL OF MINUTES

A motion to approve the minutes of the August 17, 2017 meeting was made by Trustee Wheeler Coleman; seconded by Trustee Dennis Barsema. All were in favor. None were opposed. The motion carried.

CHAIR’S COMMENTS/ANNOUNCEMENTS

There were no comments.

PUBLIC COMMENT

There was one request for public comment.

Sharon May welcomed the new CFO and addressed issues in the Accounting Department and the Controller’s Department as well as the financial audit, pointing out the increase in exceptions.

UNIVERSITY RECOMMENDATIONS/REPORTS

The following items were discussed by the Committee:

Action Item 7.a. – Intercollegiate Athletics and Division of Administration & Finance IHSA State Football Championship Ticket Agreement

Larry Pinkelton explained that NIU, in partnership with DeKalb County Community Foundation, will be hosting the 2017 IHSA state football championship games and related events. This agreement covers the transfer of ticket revenues to IHSA, which is a pass-through. It also covers basic operating expenses.
Mr. Pinkelton read the following recommendation for consideration by the committee:
The University requests the Board of Trustees approval of expenditure authority for FY18 as follows: IHSA Association not to exceed $400,000.

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

A discussion ensued regarding the loss that NIU experienced in past years. That loss actually provides a soft benefit, or investment, as it is considered a promotional event for those who are not as familiar with the NIU campus as well as providing financial benefit to the community from these visitors. John Cheney explained, there are also volunteer groups involved as well as a community fund to offset NIU costs.

Greg Brady asked for clarification of the actual recommendation to read as a committee action, not a full Board of Trustees action.

A motion was made to approve the amended language in the recommendation by Trustee Eric Wasowicz; seconded by Trustee Robert Boey.

Further discussion occurred relating to the timing of the event and the approval of the recommendation. Simply stated, the item needs to be approved by the full Board of Trustees prior to payment, but not necessarily prior to the event.

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

A motion was made to approve the recommendation as amended by Trustee Eric Wasowicz; seconded by Trustee Wheeler Coleman.

A roll call vote was performed. Trustees Dennis Barsema, Robert Boey, John Butler, Giuseppe LaGioia, Eric Wasowicz, and Wheeler Coleman all voted yes. Committee Chair Tim Struthers abstained. The motion carried.

Action Item 7.b. – Fiscal Year 19-23 Intercollegiate Athletics Athletic Apparel Sponsorship Package

Larry Pinkelton indicated that NIU Intercollegiate Athletics requires team athletic apparel, footwear, and accessories for its 17 men’s and women’s sports programs, coaches, and administrative and support staff and wishes to enter into an agreement with a vendor who can offer the best quality merchandise with the most advantageous pricing and the best overall sponsorship package.

Mr. Pinkelton read the following recommendation for consideration by the committee:
The University requests the Board of Trustees approval of expenditure authority for FY19 through FY23 for $3,000,000.00 - vendor to be determined.

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

A brief discussion was held to clarify that the length of the contract would be five years, up to three million dollars, and would encompass all sports teams on campus. This contract was previously held by Adidas.

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

Action Item 7.c. – Fiscal Year 2018 Intercollegiate Athletics Athletic Apparel Amendment

Larry Pinkelton explained that an amendment is required to increase the approval amount for the purchase of team athletic apparel, footwear, and accessories for its men’s and women’s sports programs, coaches, and administrative and support staff in the amount of $1M.
Mr. Pinkelton read the following recommendation for consideration by the committee:
The recommendation is for the committee to send to the Board of Trustees approval of this expenditure for FY18 as follows: the original amount was for two million dollars; the amendment is one million dollars for a total amount of three million dollars.

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

A discussion ensued beginning with the question of how this happened. Debra Boughton explained that this amount if over the entire five-year period and is likely largely due to attending nine bowl games in a row with an athletic wear price tag of $50-75 thousand each that was not figured into the original recommendation. Compared to other schools, we are probably a little bit under in our spending than our competitors in the MAC. Trustee Coleman expressed concern as to why this was not brought forth two years ago. Comments followed regarding the issues that arise with multi-year commitments. Debra will provide data showing comparisons with others schools as well as which campus partners took advantage of this contract.

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

**Action Item 7.d. – Division of Research and Innovation Partnerships Multi-Disciplinary Scientific Instrumentation for "Simadzu Program for Academic Research and Quality of Life: (SPARQ)**

Larry Pinkelton explained that this request is to obtain a suite of modern analytical, scientific instruments to replace aging or non-existing instruments. This is to maintain NIU’s commitment to engaged learning, research and application of current technology and a commitment to public purpose that addresses regional, state, national, and global challenges and opportunities.

Mr. Pinkelton read the following recommendation for consideration by the committee:
The recommendation is to the committee to request approval for the expenditure authority during FY18 through FY22 as follows: Simadzu scientific instrument for $2.5 million over the five-year period.

A motion was made by Trustee Eric Wasowicz; seconded by Trustee Robert Boey.

A discussion ensued where Jerry Blazey explained the Simadzu program provides a 40% discount on all equipment purchased and includes maintenance. Other universities have SPARQ centers; University of Texas Arlington, University of Wisconsin Milwaukee. The only constraint put on us is that we open up the equipment for other members of SPARQ centers and they do the same for us, thus doubling our ability to acquire scientific instrumentation and really leverage our budget center in that respect. Further benefits were also mentioned.

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

**Action Item 7.e. – DoIT Voice Trunking Services and Local Domestic/Long Distance Service Contract Renewal**

Larry Pinkelton indicated that this contract renewal for Voice Trunking Services is for the period April 21, 2018 through March 21, 2019 and is to continue service while NIU goes through the RFP evaluation process for a new telephone solution.

Mr. Pinkelton read the following recommendation for consideration by the committee:
Our recommendation is for the committee to approve an expenditure authority for FY18 through FY19 for Frontier North for $305,000.
A motion was made by Trustee Dennis Barsema; seconded by Trustee Wheeler Coleman. All were in favor. None were opposed. The motion carried.

**Action Item 7.f. – NIU Outreach – Professional Services Subcontract Amendment**

Larry Pinkelton explained that NIU Outreach has subcontracted with Illinois Critical Access Hospital Network (ICAHN) who provides supplemental, direct assistance to Medicaid providers and extends coverage of support across the state of Illinois. NIU Outreach has subcontracted with ICAHN to work with on an Illinois Department of Healthcare and Family Services grant project. The original amount of this project was $240,000, but due to delays in review by the state, the amount needed has been increased to $260,000, thus requiring Board of Trustees approval.

Mr. Pinkelton read the following recommendation for consideration by the committee:

The recommendation is for the committee to approve expenditure authority for FY16 through FY18 as follows: $240,000 for the original amount amended by $20,000, net approval amount $260,000.

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

**Action Item 7.g. – Holmes Student Center – Phase I Renovation**

Larry Pinkelton indicated the Holmes Student Center project design phase is essentially complete. This request is to proceed with construction, advertising, contract awards, and subsequent construction activities.

Mr. Pinkelton read the following recommendation for consideration by the committee:

The recommendation is to request the committee’s approval to proceed with construction, advertising, contract awards and subsequent construction activities for the project. Updates will be provided with subsequent progress reports.

Additionally, John Heckmann gave a presentation indicating that construction documents are being prepared and the award process will begin to enable construction to begin in May/June, 2018. The goal is to conclude construction by August, 2019. There are photos on the HSC website showing the configuration of all the various areas. A timeline was also presented.

A discussion began around the funding for the renovations. All $20M is all Build America Bonds. Other projects that were originally envisioned for the Build America Bonds were reprioritized, and the bond document does provide the flexibility to move those dollars and priorities around. A concern relating to parking for the HSC was also discussed.

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

**Action Item 7.h. – Holmes Student Center – Renovation Retail Franchise Venues**

Larry Pinkelton indicated the need to enter into franchise agreements with selected firms to provide food offerings in the newly renovated Holmes Student Center, leveraging the popularity and attraction of national food and coffee brands.

Mr. Pinkelton read the following recommendation for consideration by the committee:

Our recommendation is for the committee to approve requested authority to enter into franchise agreements with selected firms for a term not to exceed ten years. While actual franchise royalty payments will depend on sales, the overall magnitude of this initiative over the agreement term is estimated to be $550,000 for the coffee shop and $315,00 for the food venue.
A motion was made by Trustee Wheeler Coleman; seconded by Trustee Eric Wasowicz.

A brief clarification was made that the numbers did not cover operating expenses. The expectation is that operating expenses would be covered by revenue generated from each venue. Also, it was reiterated that this estimate is over a ten-year period, and this will be tracked.

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

**Action Item 7.i. – Naperville Out-lease – American Institutes for Research**

Larry Pinkelton explained that the University would like to execute a temporary extension of existing lease terms with the American Institutes for Research, who leases space at our Naperville campus, until a new, multi-year lease agreement can be negotiated.

Mr. Pinkelton read the following recommendation for consideration by the committee:

The recommendation is for the committee to approve the extension of the current lease terms until a new lease can be negotiated and enter into a new multi-year lease agreement with the American Institute of Research accommodating their revised requirements. Lease term negotiated to be consistent with the current market conditions.

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

**Action Item 7.j. – Fiscal Year 2019 Pricing Recommendation**

Larry Pinkelton provided details regarding a complex but comprehensive pricing recommendation that will maintain fiscal responsibility and address affordability concerns for full time students by keeping the total cost of attendance as low as possible. The recommendations include no increase in tuition along with the guarantee of the same tuition rate for four continuous years, a minimal increase in room and board rates of 2%, and a 0.5% decrease in fees for undergraduate students. Overall, the recommendations result in an increase in the total cost of attendance of 0.9% for undergraduate students, 0.5% for graduate students, and 0.2% increase for law students. There are differential tuition rates being brought forth for the College of Engineering and Computer Sciences and a revised domestic rate strategy that applies to all undergraduate, graduate, and law students.

Mr. Pinkelton read the following recommendation for consideration by the committee:

Our recommendation for FY19, the committee requests the approval for the recommended 2019 tuition fee, room and board rates as described in this item detailing tables 1 through 3 and summarized in table 4. These figures reflect the average annual cost of a full time student at the undergraduate, graduate and law school level.

A motion was made by Trustee John Butler; seconded by Trustee Robert Boey.

A very lengthy discussion began by asking what process is followed in coming up with a recommendation such as this. Regarding the fee component, Administration and Finance works closely with Student Affairs. A representative from each of the fee constituents [fee managers] submit proposals that are discussed by a committee comprised of all the shared governance groups across campus. This committee, which is about half students and half professional staff, reviews each proposed increase or decrease, and a recommendation is then brought to the Executive Budget Committee and the President. Program Prioritization also was a determining factor in the increase or decrease of any fees. Specific details were provided by Kelly Wesener Michael relating to athletics fees and student activities and service charges as well as the Northern Star. Many of the fees have several components/charges rolled into one fee. Reassurance was provided that enrollment management, marketing and communications is very important, and any funding related to that was not actually reduced. The goal is to have the fee recommendations approved in December in order to be competitive with other institutions’ publications.
The Trustees requested further clarification and a meeting between a couple of the Trustees and the constituents whose fees were reduced in order to gain full understanding of the impact on those areas was suggested. It was recommended to pass on the item at this meeting and table it until more information can be presented to the Trustees adding that we want to be mindful of the recruitment and retention piece and getting our rates published in a timely manner with other universities.

Discussion continued around the actual increase in most areas including room and board and graduate tuition. Kelly Wesner Michael explained that the room and board increase, although held steady for the last two years, was increased due to operating costs. The Trustees would like to see a 0% increase to students and to see the money absorbed in other areas. Ultimately, it was decided that the item will be presented in more detail at a special meeting of the Finance, Audit, Compliance, Facilities, and Operations Committee on December 7, 2018.

A motion to table the item was made by Trustee Eric Wasowicz; seconded by Trustee John Butler. All were in favor. None were opposed. The motion to table was carried.

Information Item 8.a. – Fiscal Year 2017 Report on Capital Activities

Information Item 8.b. – Fiscal Year 2017 Annual Report of Transactions Involving Real Property

Information Item 8.c. – Periodic Report on Investments

Information Item 8.d. – Quarterly Summary Report of Transactions in excess of $100,000

Information Item 8.e. – Quarterly Financial Summary – FY17 Year End

Information Item 8.f. – Quarterly Financial Summary – FY18 First Quarter

Information Item 8.g. – FY17 Internal Audit Update

Danielle Schultz presented an update including a brief introduction to the Audit Department and its mission and requirements. Items covered included staffing, the FY17 audit plan, as well as an update of FY17 activity.

Further comments were made by Chair Struthers stating that we need to be able to answer the question – How did we do? We are making progress toward that question and in the coming months will have internal documents to show that result. This will also incorporate a better way of reporting this information to the Trustees.

A brief conversation arose regarding the expertise of the audit team. Danielle explained that members of her team do have extensive experience in certain areas enabling them to perform successful audits. In areas that the auditors lack expertise, they use outside sources to perform the audits.

OTHER MATTERS

No other matters were discussed.
**NEXT MEETING DATE**

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

**ADJOURNMENT**

A motion was made to adjourn by Trustee Eric Wasowicz; seconded by Trustee Giuseppe LaGioia. The motion carried.

Meeting adjourned at 1:28 p.m.

Respectfully submitted,

Vicky Rippberger
Recording Secretary

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

The meeting was called to order at 7:37 a.m. by Committee Chair Tim Struthers in the Board of Trustees Room, 315 Altgeld Hall. Recording Secretary Vicky Rippberger conducted a roll call of the trustees. Members present were Trustee Dennis Barsema, Trustee Bob Boey, Trustee John Butler, Trustee Giuseppe LaGioia, Trustee Eric Wasowicz, Board Chair Wheeler Coleman, and Committee Chair Tim Struthers. Members absent were Trustee Veronica Herrero. Also present were Acting President Lisa Freeman, Committee Liaison Larry Pinkelton, Acting Executive Vice President and Provost Chris McCord, Deputy General Counsel Greg Brady, and Board Liaison Matt Streb.

VERIFICATION OF QUORUM AND APPROPRIATE NOTICE OF PUBLIC MEETING

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

MEETING AGENDA APPROVAL

A motion to approve the agenda was made by Trustee Wheeler Coleman; seconded by Trustee Bob Boey. All were in favor. The motion carried.

CHAIR’S COMMENTS/ANNOUNCEMENTS

Chair Struthers recognized members of the University Advisory Committee

There were no comments.

PUBLIC COMMENT

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

UNIVERSITY RECOMMENDATIONS/REPORTS

The following items were discussed by the Committee:

Action Item 6.a. – Fiscal Year 2019 Out-of-State College of Law Tuition Recommendation

Larry Pinkelton explained, the current rate for out-of-state law students is two times the in-state rate, the same differential as undergraduate and graduate rates prior to approval at the Board of Trustees meeting. Although the College of Law is different in some respects than the undergraduate and graduate programs, many of the same reasons for equalizing in-state and out-of-state rates for undergraduate and graduate students apply equally to the College of Law. Most importantly, elimination of the out-of-state rate will position the College of Law to continue to improve the quality and diversity of the incoming class while at the same time increasing the number of enrolled students at the college.

Mr. Pinkelton read the following motion for consideration by the Board:
The University requests the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President’s Report to the Board of Trustees for approval at its meeting on December 7, 2017.

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

**Action Item 6.b. – Fiscal Year 2019 Pricing Recommendation**

Greg Brady refreshed the Boards memory that this item was tabled at the last meeting of this committee. As such, a motion should be made to un-table the item and bring the item back for consideration by the committee.

Mr. Pinkelton read the following motion for consideration by the Board:
The University requests the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request for FY19 tuition, fees, and room and board as detailed in Tables 1 – 3, summarized in Table 4 and ask that the President forward it by means of the President’s Report to the Board of Trustees for approval at its meeting on December 7, 2017.

A motion was made to un-table the item by Trustee John Butler; second by Trustee Wheeler Coleman. All were in favor. None were opposed. The motion carried.

Greg Brady continued, the item before the committee today is amended from the original motion at the last meeting. As such Larry Pinkelton will provide a verbal recitation of the item today, and a vote will be required to seek an amendment to substitute today’s item for the previous item in totality so that we are voting on one item today.

Larry Pinkelton explained, this item presents a comprehensive pricing recommendation that addresses tuition, fees, and room and board rates for fiscal 2019. These recommendations were developed with the goals of maintaining fiscal responsibility and addressing affordability concerns by keeping the total cost of tuition for fulltime students as low as possible. The recommendations include a zero percent increase in undergraduate tuition, multiple occupancy room and board rates, and a .5 percent decrease in fees for undergraduate students. Overall, a decrease in the total cost of tuition for undergraduate students of .1 percent and 0 percent increase for graduate students and law students is recommended.

A motion to approve the amendment to substitute this recommendation was made by Trustee Wheeler Coleman; seconded by Trustee Dennis Barsema.

Wheeler Coleman commended the administration for taking a closer look at the cost of education and keeping the costs for our students and parents relatively flat stating this could possibly help as it relates to recruitment as well as retention.

Tim Struthers echoed those comments adding appreciation for the administration as well as the Board and the committee members for active engagement in this discussion. It was a great demonstration of not only the care but the real analysis and detailed rigor around the thought and overarching effort to keep tuition low and to make the institution as affordable as possible and will surely help in the goals of retention and recruitment.

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

One additional vote was necessary to approve the actual item. For clarity, Larry Pinkelton restated the recommendation based on the amendment.

A motion to approve amended item was made by Trustee Dennis Barsema; seconded by Trustee John Butler. All were in favor. None were opposed. The motion carried.
Information Item 7.a. – University Press Proposal

There were no questions or discussion.

OTHER MATTERS

No other matters were discussed.

NEXT MEETING DATE

The next meeting of the Finance, Audit, Compliance, Facilities and Operations Committee will be some time in February.

ADJOURNMENT

A motion was made to adjourn by Trustee Wheeler Coleman; seconded by Trustee John Butler. The motion carried.

Meeting adjourned at 7:51 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 proceeding. A motion was made by Trustee Bob Boey; seconded by Trustee Dennis Barsema. All were in favor. None were opposed. The motion passed.
FISCAL YEAR 2019 STUDENT HEALTH INSURANCE

Summary: The University provides group health insurance, funded solely by student health insurance fees, to students. Such fees are paid by students and submitted directly to the group health insurance carrier. Students may waive their participation in this plan if they have proof of other comparable health insurance. We will be utilizing renewal option two out of five on RFP # CAB11122015, which was originally awarded on April 29, 2016. The renewal award will be advertised in the Illinois Procurement Bulletin.

Background: Total premiums collected by NIU on behalf of students have decreased due to declining enrollment. This approval better aligns the anticipated distribution amount to the student health insurance provider with the anticipated student participation level. Following is summary information from previous years.

<table>
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<th>Original Purchase Order Requested Amount</th>
<th>Actual Amount Paid to Insurance Provider</th>
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</table>

*The information reported is for fall and winter; Spring and summer will be reported later in the year.
**In FY15, Blue Cross Blue Shield raised the premium by 29% which necessitated increasing the PO amount mid-year from $7.7M to $12.5M.

Funding: Agency Funds

Recommendation: The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President’s Report to the Board of Trustees for approval at its meeting on March 8, 2018.

Aetna Life Insurance Co. – Hartford, CT ........................................ $8,000,000

Amount Approved for FY18: $12,500,000
FISCAL YEAR 2019 INTERNATIONAL PROGRAMS DIVISION EXPENDITURES

**Summary:** Northern Illinois University's International Programs Division is given an annual authorization for expenditures for foreign study programs. All expenditures are made from payments received from the approximately 400 students expected to enroll in these programs. Costs include travel, overseas instructional and administrative services, room and board, and local tuition. Expenditures never exceed revenues. Once program enrollments are determined, payments are made immediately to secure and guarantee registration, accommodations, and other program-related costs.

**Background:** Due to the many variables, including actual number of enrollees in each program, program choices, and currency fluctuations, the amount of authorization needed for specific programs is unpredictable. Consequently, aggregate expenditure authority is requested within which the International Programs Division can secure specific program and group arrangements. Under this authority, specific transactions will be processed in accordance with the Procurement Code and internal approval procedures. Overall, the University does not expect the program level to fluctuate significantly from FY18. All funds and disbursements remain subject to University accounting controls and management.

**Funding:** Institutional – Local Funds

**Recommendation:** The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President’s Report to the Board of Trustees for approval at its meeting on March 8, 2018.

Various Vendors.......................................................................................................... NTE $3,000,000

Amount Requested in FY18: $3,000,000
FISCAL YEAR 2019 DOIT – INTEGRATED MEDIA TECHNOLOGIES
CAMPUS COPIER PROGRAM CONTRACT RENEWAL

Summary: The Division of Information Technology (DoIT) – Integrated Media Technologies program requests permission to issue an order for renewal of the campus copier program consisting of approximately 405 copiers of various configurations. The annual volume of copies is approximately 12 million. This program is provided under a rental agreement based on a flat rate per copy charge, which includes all equipment, toner, and maintenance. Machines are operated with a campus copier card controller system. Peripheral devices, such as fax boards and networking cards, are included in the contract. This is the sixth year of nine, one-year renewal options based on a proposal opened December 2, 2011. The renewal award will be advertised in the Illinois Procurement Bulletin.

Background: DoIT has outsourced the copier management program to avoid having a fixed staffing level and fixed asset base in an area of technology that has shifting use patterns. Leasing the copiers and expertise allows NIU to continue to enforce market pricing without regard to our declining use of print. As compared to FY16, DoIT has negotiated rates that are between 9% and 37% lower for monochrome printing and 50% lower for color printing. These savings, combined with removing over 1400 individual printers and the resulting 40% decrease in individual printing volume, have helped NIU reduce the total cost of printing by an estimated $1.05M per year. Savings in this contract reflect a portion of those total cost reductions.

Funding: Institutional – Local Funds

Recommendation: The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President’s Report to the Board of Trustees for approval at its meeting on March 8, 2018.

Gordon Flesch Co. – Geneva, IL ......................................................... $ 880,000

Amount Approved for FY18: $975,000
FISCAL YEAR 2019 DOIT – INTEGRATED MEDIA TECHNOLOGIES
PRINTING PAPER OPEN ORDER CONTRACT RENEWAL

Summary: The Division of Information Technology – Integrated Media Technologies requests permission to issue an open order for purchases of various printing papers, envelopes and supplies on an as-needed basis for the period July 1, 2018 - June 30, 2019, for campus resale. DoIT-IMT will purchase stocks of paper to support its own internal printing operations, the managed copier program on campus, and the thousands of individual printers in offices throughout the campus. Pricing will be based on industry market pricing for each quarter. This is the fourth of nine, one-year renewal options based on a bid opened on May 15, 2014. The renewal award will be advertised on the Illinois Procurement Bulletin.

Background: This open order contract provides pricing which is lower than the Illinois Public Higher Education Cooperative pricing we use as a benchmark and lower than bulk purchases of standard copier paper through other suppliers. The actual expenditure amounts shown below are decreasing due to large scale reductions in the amount of printing happening on campus. The trends influencing this decline are a general move toward electronic communication and a campus move away from individual printers.

Funding: Institutional – Local Funds

Recommendation: The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President’s Report to the Board of Trustees for approval at its meeting on March 8, 2018.

Lindenmeyr Munroe – Carol Stream, IL ........................................... $ 250,000

Amount Approved for FY18: $500,000
FISCAL YEAR 2019 DOIT INFRASTRUCTURE APPLICATIONS
MICROSOFT ENROLLMENT CONTRACT RENEWAL

Summary: The Division of Information Technology Infrastructure Applications requests permission to issue an order for the Fiscal Year 2019 Renewal of Microsoft Enrollment for Education Solutions software for resale during the license period July 1, 2018 – June 30, 2019. This is fifth of nine, one-year renewal options based on RFP #KMC138285, which was originally awarded on June 6, 2013. The renewal award will be advertised in the Illinois Procurement Bulletin.

Funding: Institutional – Local Funds, 41 UC34085

Recommendation: The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President’s Report to the Board of Trustees for approval at its meeting on March 8, 2018.

ScholarBuys – Carpentersville, IL ................................................................. $ 400,000

Amount requested in FY18: $400,000
**Agenda Item 7.f.**
**February 15, 2018**

**Action**

---

**WI-FI NETWORK EXPANSION**
**IT PROJECT APPROVAL**

**Summary:** Northern Illinois University provides data network connectivity to students, faculty and staff through both wired and wireless (Wi-Fi) access points on campus. In an on-going effort to improve the provision of internet access to the university community, an expansion of 310 Wi-Fi access points on campus is required to ensure complete coverage and data capacity for five buildings.

**Background:** In order to determine where these new Wi-Fi Access Points will be optimally installed on campus, a plan has been developed by the Division of Information Technology and reviewed by the IT Steering Committee and through consultations with College/Departmental IT managers. The five initial buildings for this expansion effort will include Barsema Hall, Engineering Building, Campus Life, Campus Child Care, and Psych-Math. A 7-year plan has been developed to systematically expand the WI-FI coverage and capacity to other areas on campus.

While the predominant cost for this project is the procurement of new Wi-Fi access point equipment for approximately $240,000, the installation of the devices may require a minor amount of electrical support estimated to be approximately $40,000.

**Funding:** Institutional – Local Funds $280,000

**Recommendation:** The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request to proceed with a project that includes work orders, all necessary contracts with consultants, contractors, and suppliers as necessary to complete the work and ask that the President forward it by means of the President’s Report to the Board of Trustees for approval at its special meeting on February 15, 2018.
CONVOCATION CENTER – UPDATE NELSON SUITE
CAPITAL PROJECT APPROVAL

Summary: Northern Illinois University Foundation received a significant donor gift directed to Intercollegiate Athletics for the update and renovation of the “Nelson Suite” located in the Convocation Center main arena. The renovation will include new lighting, seating, flooring material, and lounge/food service area. The Nelson Suite will be available for NIU fans to rent for various athletic games and events when not being used by the donor.

Funding: Foundation – Local Funds: $275,000

Recommendation: The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request to proceed with a project that includes work orders, all necessary contracts with consultants, contractors, and suppliers as necessary to complete the work and ask that the President forward it by means of the President’s Report to the Board of Trustees for approval at its meeting on March 8, 2018.
CONVOCATION CENTER – REPLACE VIDEO BOARD/SCOREBOARD 
CAPITAL PROJECT APPROVAL

Summary: The video display board and the scoreboard in the main arena of the Convocation Center are used during all events hosted in the facility. In total, the Convocation Center hosts approximately 215,000 visitors per year, who each spend an average of almost three hours per event at the Center. The video display board and the scoreboard are essential to provide a quality experience to hosts and visitors and serves as a critical element of enhancing the potential revenue generation from attendance and advertising sponsorships. The boards are original components from the construction of the Center in 2002 and have exceeded their expected life. The technology is obsolete resulting in poor video quality which lessens the experience of visitors to events. The age of the system creates a need for frequent repair and maintenance which is increasingly difficult since replacement parts are no longer in production and unavailable from the manufacturer. The system is at high risk of unexpected and prolonged failure.

Background: The video board/scoreboard system was previously scheduled for replacement when the Huskie Stadium video board and scoreboard were replaced in 2012. However, budget constraints at the time required a reduction of the scope, removing the Convocation Center system replacement from the project. A subsequent project for the Convocation system was introduced and approved by the Board in FY15 but not executed due to competing priorities and overall cash flow concerns.

As the system has become more obsolete and difficult to repair, the risk to events from a malfunctioning or non-functioning system has become more significant. In FY17, there were 31 community events including 19 high school graduation ceremonies, 23 NIU-centric events including current and prospective students, and 54 athletic events. These non-athletic events range from STEMfest, Destination Imagination, Career fairs, and local and state High School Competitions to University Commencement and Open Houses, and national caliber concerts and entertainment events.

The financial implications from a failed system could amount to $100K annually as events are lost to other venues and loss of advertising sponsorships. Additionally, there would be a reputation impact to the University should the Center not be able to provide expected audiovisual quality. A new system would likely drive the ability to increase revenue from events and advertising sponsorships by potentially $100K annually.

The proposed new system will include a replacement for the centerhung ring of video boards, endwall video boards, and exterior marquee boards. The system will be based on current LED and high definition technology that is expected to provide a 10+ year useful life. The new boards will be of 4MM resolution which is the current industry standard for quality as arena video systems are being updated. Compared to existing 16MM quality this upgrade will provide a significant improvement in the visual clarity and quality of images. The size of the video display of the boards would also more than double and allow for closed captioning. The corresponding sponsorship boards would be dynamic rather than the current static signage allowing for more sponsorship displays and improved options to attract more sponsors during events. System controls would also be updated to conform current industry standards.

The University will be entering into a five-year lease agreement with annual payments of approximately $254k.

Funding: Institutional – Auxiliary Reserves and Department Funds: $1,270,000
**Recommendation:** The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request to proceed with a project that includes work orders, all necessary contracts with consultants, contractors, and suppliers as necessary to complete the work and ask that the President forward it by means of the President’s Report to the Board of Trustees for approval at its meeting on March 8, 2018.
FISCAL YEAR 2019 MASTER AGREEMENT FACILITY CONTRACT RENEWALS

Summary: Master agreements for labor and materials supporting facility repairs/improvements are required to be established or renewed for Fiscal Year 2019 for various contractors. These agreements provide an important streamlined contractual mechanism to engage companies effectively and efficiently as facility requirements emerge. The amounts listed below are not to exceed (NTE) limits for FY19. The amounts below are not an obligation, but service as an upper limit for the amount of work to be requested under these agreements. Services will be requested on an as-needed basis throughout the FY19 period. The renewal awards will be advertised on the Illinois Procurement Bulletin.

Background: In past practices, multiple open order agreements were established with the same company when there were common services required by various departments/cost centers. In FY18, an initiative was begun to consolidate open order agreements and create one master agreement for an individual company. The resulting master agreements eliminated confusion and paperwork associated with managing multiple agreements for one company. The NTE limits were increased to ensure sufficient capacity existed to accomplish requirements previously handled by the multiple agreements.

For FY18, approval was granted for 13 agreements with a NTE limit >$250K for a total of $6.97M. Additionally, other agreements were executed for <$250K each with the companies annotated with an asterisk below for a total authority of $2.3M. For FY19, open order agreements are planned to be consolidated into master agreements for the below listed companies with NTE limits determined through an evaluation of past use and assessment of potential future requirements. The total NTE authority for these agreements is desired to be raised from the FY18 level of $9.27M to the requested $13.175M to allow sufficient capacity and flexibility in selecting contractors for appropriate types of work. While the option renewals are at various stages of a nine-year total term, these agreements are used to solicit cost proposals for specific work tasks and compete with cost proposals from other interested companies to establish price reasonableness for each facility task/project.

Funding: Institutional – Local Funds

Recommendation: The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President’s Report to the Board of Trustees for approval at its meeting on March 8, 2018.
New award:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>New mechanical services agreement</td>
<td>$550,000</td>
</tr>
</tbody>
</table>

Renewals:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advanced Boiler Control Services – Crown Point, IL</td>
<td>$450,000</td>
</tr>
<tr>
<td>Ballard Companies, Inc. – Rockford, IL</td>
<td>$800,000</td>
</tr>
<tr>
<td>Carnow Conibear &amp; Associates, LTD – Chicago, IL</td>
<td>$600,000</td>
</tr>
<tr>
<td>Cooling Land Concepts, LLC – Cherry Valley, IL</td>
<td>$700,000</td>
</tr>
<tr>
<td>Curran Contracting, Inc. – DeKalb, IL</td>
<td>$450,000</td>
</tr>
<tr>
<td>EDE Corp – Chicago, IL</td>
<td>$700,000</td>
</tr>
<tr>
<td>Elliott &amp; Wood, Inc. – DeKalb, IL</td>
<td>$750,000</td>
</tr>
<tr>
<td>G.D. Barri &amp; Assoc. Inc. – Peoria, AZ</td>
<td>$325,000</td>
</tr>
<tr>
<td>Hygieneering, Inc. – Willowbrook, IL</td>
<td>$600,000</td>
</tr>
<tr>
<td>Independent Mechanical Ind, Inc. – Chicago, IL</td>
<td>$400,000</td>
</tr>
<tr>
<td>Kelso Burnett Co. – Rockford, IL</td>
<td>$300,000</td>
</tr>
<tr>
<td>Mid Valley Concrete Co. – Sandwich, IL</td>
<td>$300,000</td>
</tr>
<tr>
<td>Ringland Johnson, Inc. – Cherry Valley, IL</td>
<td>$550,000</td>
</tr>
<tr>
<td>Rush Power Systems, LLC – Kirkland, IL</td>
<td>$450,000</td>
</tr>
<tr>
<td>Schoening Painting &amp; Decorating, Inc. – Rockford, IL</td>
<td>$550,000</td>
</tr>
<tr>
<td>Sprinkmann Sons Corp. – Milwaukee, WI</td>
<td>$700,000</td>
</tr>
<tr>
<td>Sterling Commercial Roofing, Inc. – Sterling, IL</td>
<td>$500,000</td>
</tr>
<tr>
<td>Swedberg Electric – Sycamore, IL</td>
<td>$800,000</td>
</tr>
<tr>
<td>Tecnica Environmental Services, Inc. – Lemont, IL</td>
<td>$725,000</td>
</tr>
<tr>
<td>True North Consultants, Inc. – Naperville, IL</td>
<td>$600,000</td>
</tr>
<tr>
<td>Virgil Cook – DeKalb, IL</td>
<td>$800,000</td>
</tr>
<tr>
<td>Weaver Construction – Sycamore, IL</td>
<td>$600,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$13,175,000</strong></td>
</tr>
</tbody>
</table>

*Agreements that were <$250K in value for FY18.*

Amount Approved for FY18: $9,265,000

- $6,965,000 for agreements >$250K each
- $2,300,000 for agreements <$250K each
FISCAL YEAR 2019 TRANSPORTATION SERVICES MOTOR FUELS

**Summary:** Various fuel types including 10% ethanol blended regular non-leaded gasoline, 2% soy ultra-low sulfur biodiesel, and 11% soy ultra-low sulfur biodiesel are required to support vehicle and equipment operations for FY19. Under Illinois Compiled Statute, 110 ILCS 65/5, universities are required to purchase ethanol blended gasoline. The ethanol and soy blends increase the demand for Illinois grown farm products and these fuels use renewable energy components. An invitation for bid is being prepared and will be published to the *Illinois Procurement Bulletin*.

**Funding:** Institutional – Local Funds

**Recommendation:** The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President’s Report to the Board of Trustees for approval at its meeting on March 8, 2018.

*Vendor(s) to be determined* ................................................................. $ 370,000

Amount Approved for FY18: $500,000
FISCAL YEAR 2019 MATERIALS MANAGEMENT
COMMODITIES OPEN ORDERS

Summary: Commodity purchases are required to support the operations of various campus departments for FY19 that commonly include materials for janitorial, office, computer, and printer supplies. These open order agreements are exempt from advertising on the Illinois Procurement Bulletin because the vendors are pre-approved IPHEC vendors.

Funding: Institutional – Local Funds

Recommendation: The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President’s Report to the Board of Trustees for approval at its meeting on March 8, 2018.

Office Depot Max, Inc. – Itasca, IL ................................................................. $ 500,000
Supplyworks – Rockford, IL ................................................................. $ 300,000

Total ............................................................................................................. $ 800,000

Amount Approved for FY18: $850,000
FISCAL YEAR 2019 CAMPUS MAIL SERVICES AND INTEGRATED MEDIA TECHNOLOGIES – POSTAGE

**Summary:** The departments of Campus Mail Services and Integrated Media Technologies request approval to purchase postage for campus mailing needs for the period July 1, 2018 through June 30, 2019. Postage will be used for standard and bulk mailing requirements. These orders are exempt from the Illinois Procurement Code according to 30 ILCS 500/1-10 (b) (1).

**Funding:** Institutional - Local Funds

**Recommendation:** The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President’s Report to the Board of Trustees for approval at its meeting on March 8, 2018.

- **U.S. Postal Service – Pittsburgh, PA** ............................................................ $ 350,000
- **Postmaster – DeKalb, IL** ............................................................... $ 450,000

**Total** ........................................................................................................... $ 800,000

Amount Approved for FY18: $900,000
FISCAL YEAR 2019-2020
SOLID WASTE REMOVAL AND RECYCLING SERVICES

Summary: The existing contract for refuse and recycling expires June 30, 2018. A new contract solicitation will be advertised on the Illinois Procurement Bulletin and will be requesting proposals from interested companies to provide services beginning July 1, 2018.

Background: The solicitation is structured with an initial two-year performance period followed by three, one-year optional renewals. Due to the requirement to provide approximately 175 refuse and recycling containers for the various campus collection points, the initial term was set at two years to provide potential contractors with a reasonable opportunity to spread this start-up cost. The contract is also being structured with fixed services for known requirements and the option for ordering additional services at set rates for irregular support. The estimate for the entire contract with optional periods is $2,500,000, based on an annual not to exceed (NTE) amount of $500,000. The final NTE amount will be determined after proposals are evaluated. Approval is sought for award of the potential five-year contract and the commitment for the initial two-year term. Subsequent board approval will be requested when ready to exercise option period extensions.

Funding: Institutional – Local Funds

Recommendation: The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President’s Report to the Board of Trustees for approval at its meeting on March 8, 2018.

Vendor to be determined - Term FY19-20........................................ $ 1,000,000

Amount Approved for FY18: $420,000
APPOINTMENT OF BOARD TREASURER

Summary: The Northern Illinois University Law ("NIU Law") provides that “The Board [of Trustees] shall designate a member of the staff of Northern Illinois University as Treasurer to serve the Board, but not as a member, and shall furnish a bond in such amount and with such security as is satisfactory to the Board.” (100 ILCS 685/30-30).

In furtherance of this provision of the NIU Law, the Board of Trustees Bylaws, Article V, Section 2, provides:

The appointed officers of the Board shall consist of Treasurer, Assistant Secretary/Assistant Treasurer, Second Assistant Secretary, and General Counsel/Parliamentarian. The appointed officers shall be University staff members appointed by the Board on the recommendation of the President to serve as ex-officio corporate officers and not as Members of the Board. These officers shall have a fiduciary duty to faithfully discharge their responsibilities to the Board of Trustees. Where the board determines it is necessary or appropriate, the appointed officers may be directed to serve the Board of Trustees in special roles and may have occasional responsibilities or duties that relate exclusively to the Board of Trustees and be separate from their roles and reporting relationships as employees of the University.

Once appointed, these officers shall hold office until removal, resignation or termination of employment with the University.

Recommendation: The University recommends, in accordance with the Northern Illinois University Law and the Board of Trustees Bylaws, that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request to appoint Sarah McGill as Treasurer for the Board of Trustees, effective February 15, 2018, provided that Ms. McGill furnishes a fidelity bond to the Board in the amount of $500,000 to be secured by the State of Illinois Department of Central Management Services and ask that the President forward it by means of the President’s Report to the Board of Trustees for approval at its special meeting on February 15, 2018.
TREASURY OPERATIONS – SIGNATORY AUTHORIZATION

**Summary:** The Treasurer of the Board of Trustees (the Vice President of Administration and Finance), the Associate Vice President of Finance and Budget, the University Controller, and the Director of Treasury Operations are being submitted as authorized signatories for all Treasury Operations. This designation is consistent with prior authorizations.

**Background:** On March 9, 2017, the Board of Trustees designated three positions with signatory authorization over all Treasury Operations to ensure uninterrupted business continuity while the Associate Vice President of Finance and Budget assumed the role of Acting Treasurer of the Board of Trustees. Since that role will transfer to the new Vice President of Administration and Finance, the University’s signatory authorization needs to be updated.

**Recommendation:** The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President’s Report to the Board of Trustees for approval at its special meeting on February 15, 2018.
DIVISION OF ADMINISTRATION AND FINANCE
COMMERCIAL CARD SERVICES

Summary: The Division of Administration and Finance requests permission to enter into an agreement to utilize a commercial card program administered by JP Morgan Chase and Company to support the University’s P-Card program. This payment mechanism complements the process of creating a purchase order and is a more efficient option to pay for specific purchases as outlined in university policy. Because no purchase order is issued, approval to utilize the IPHEC (Illinois Public Higher Education Cooperative) vendor is requested for the period April 1, 2018 – December 31, 2022, with an option to renew for an additional five-year period. This agreement is exempt from advertising on the Illinois Procurement Bulletin because the vendor is a pre-approved IPHEC vendor (IPHEC RFP #R087176).

Background: Current analysis of P-card purchase volume suggests an increase to the rebate paid to NIU by approximately $20k on a full year basis. Historically, total rebates paid have ranged from $100k to $125k.

Recommendation: The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President’s Report to the Board of Trustees for approval at its meeting on March 8, 2018.

JP Morgan Chase and Company – New York, NY
QUARTERLY FINANCIAL SUMMARY – FY18 SECOND QUARTER
AS OF DECEMBER 31, 2017

Background Information: To provide more frequent information regarding the University's financial position, the University has prepared the second quarter financial summary to the Board of Trustees.

Year-To-Date Financial Results:

Revenue Components – The $11.7M unfavorable variance to Budget in Tuition & Fees is primarily caused by the mix and level of student enrollment. There is also an $8.0M favorable variance in the State of Illinois Appropriation that is completely driven by the timing of reimbursements received from the State. The full year 2018 State Appropriation of $82M is expected to be received over the course of the fiscal year.

Expense Components – The University continues to maintain an aggressive stance on expense control in FY18. Tighter controls and evaluation of purchases through a mission critical filter has led to favorable variances in Personnel Services of $3.9M and Contractual Services of $4.5M. Capitals Repairs are also favorable with a variance of $10.8M, however, this is attributable to timing and should normalize over a twelve-month period.

Net Revenue – Year to Date results suggest a favorable variance to Budget.

Prior Year Financial Results:

Revenue Components – A decline in enrollment continues to impact Tuition & Fees, in addition to Rental and Room Income resulting in an unfavorable variance of ($11.7M) and ($4.2M) respectively. The State of Illinois appropriation is favorable $818k. This could be an early indicator that the State’s cash flow position is improving.

Expense Components – Current projections suggest improvement in year over year operating expenses by approximately $1.4M. Favorable variances are noted in Personnel Services $2.3M and Capital Repairs $2.7M. These results demonstrate management’s ongoing leadership in developing strategies that will effectively control expenses and contribute to long term financial sustainability.

Net Revenue – Comparison to the prior year shows an unfavorable variance of $18.1M, which reinforces the need to enhance university revenue streams through student enrollment growth and continue efforts to manage operating expenses.

Future Outlook (FY18):

NIU has developed strategies that will effectively mitigate against revenue shortfalls and known variances to operating expense planning assumptions. Collectively these actions have contributed to a revised FY18 spending plan that maintains the university’s commitment to be academically responsive and ensures fiscal responsibility through a balanced operating budget. In the aggregate, NIU's financial projections suggest sufficient cash flow to manage through FY18 and modest growth in unrestricted operating cash is projected, which is crucial to managing the volatility of reimbursements from the State of Illinois.

Following is a financial summary of the University’s operations as of the end of December FY18 and a comparison perspective to December FY17.
University All Funds Comparison  
As of December 31, 2017

Northern Illinois University  
as of December 31, 2017

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Second Quarter</th>
<th>Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition &amp; Student Fees</td>
<td>$161,357</td>
<td>$171,058</td>
</tr>
<tr>
<td>Gifts, Grants, &amp; Contracts</td>
<td>$27,520</td>
<td>$30,753</td>
</tr>
<tr>
<td>Other Fees and Fines</td>
<td>$4,958</td>
<td>$5,054</td>
</tr>
<tr>
<td>Sales</td>
<td>$18,840</td>
<td>$15,229</td>
</tr>
<tr>
<td>Rental &amp; Room Income</td>
<td>$33,701</td>
<td>$30,753</td>
</tr>
<tr>
<td>Gate Receipts &amp; Commissions</td>
<td>$1,535</td>
<td>$2,238</td>
</tr>
<tr>
<td>Miscellaneous &amp; Investment Income</td>
<td>$5,470</td>
<td>$4,435</td>
</tr>
<tr>
<td>State of Illinois</td>
<td>$49,031</td>
<td>$48,213</td>
</tr>
<tr>
<td>Capital Reserve Contributions &amp; Other Transfers</td>
<td>$(4,122)</td>
<td>$959</td>
</tr>
<tr>
<td>Total Revenue &amp; Transfers</td>
<td>$298,291</td>
<td>$317,831</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Second Quarter</th>
<th>Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Goods Sold</td>
<td>$4,046</td>
<td>$4,729</td>
</tr>
<tr>
<td>Personnel Services</td>
<td>$106,949</td>
<td>$109,271</td>
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<tr>
<td>Contractual Services</td>
<td>$36,344</td>
<td>$31,466</td>
</tr>
<tr>
<td>Commodities</td>
<td>$2,739</td>
<td>$3,187</td>
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<tr>
<td>Travel</td>
<td>$2,080</td>
<td>$1,967</td>
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<tr>
<td>Automotive</td>
<td>$637</td>
<td>$679</td>
</tr>
<tr>
<td>Scholarships</td>
<td>$25,658</td>
<td>$25,443</td>
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<tr>
<td>Telecommunications</td>
<td>$113</td>
<td>$126</td>
</tr>
<tr>
<td>Equipment &amp; Library Materials</td>
<td>$3,606</td>
<td>$4,022</td>
</tr>
<tr>
<td>Capital Repairs, Debt Service &amp; All Other</td>
<td>$5,639</td>
<td>$8,327</td>
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<tr>
<td>Total Expenses</td>
<td>$187,812</td>
<td>$189,216</td>
</tr>
<tr>
<td>Net Revenue</td>
<td>$110,479</td>
<td>$128,615</td>
</tr>
</tbody>
</table>
QUARTERLY SUMMARY REPORT OF TRANSACTIONS IN EXCESS OF $100,000
FOR THE PERIOD OCTOBER 1, 2017 TO DECEMBER 31, 2017

<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>3</td>
<td>$125,000</td>
<td>$320,000</td>
<td>$445,000</td>
</tr>
</tbody>
</table>

TRANSACTIONS DETAIL:

**Purchases:**

1. The College of Engineering and Engineering Technology’s Outreach program requested permission to contract with this vendor as part of a consortium that makes up the National Safety Education Center. The services include the planning and presentation of OSHA courses to be taught during the period October 1, 2017 - September 30, 2018. This order is exempt from the Illinois Procurement Code, according to Section 30 ILCS 500 / 1-13(b)(2) [events or activities paid for exclusively by revenues generated by the event or activity]. (Construction Safety Council, Hillside, IL) 175,000

2. The Office of General Counsel requested permission to enter into a contract for legal services specific to litigation related to open meetings act and NIU law. The vendor was selected as the result of an RFP and the award has been published to the Illinois Procurement Bulletin. (Franczek Radel et PC, Chicago, IL) 125,000*

3. The Division of Information Technology requested permission to issue an order for Cisco Smartnet software, next-business-day maintenance, and premium maintenance for the period November 18, 2017 – June 30, 2018. This contract will provide Cisco maintenance that includes technical support, software upgrades and hardware replacement for NIU’s Enterprise Network. The order is exempt from advertising on the Illinois Procurement Bulletin because the order will be issued to a pre-approved IPHEC vendor. (CDW, Vernon Hills, IL) 145,000

*Appropriated/Income Funds
PERIODIC REPORT ON INVESTMENTS
FOR PERIOD JULY 1, 2017 THROUGH DECEMBER 31, 2017

In accordance with the approved University Investment and Cash Management policy, this report on investments is submitted at the end of each calendar quarter to the Board of Trustees. The following schedules are included with this report:

- Investment Holdings Summary as of December 31, 2017
- Investment Earnings by Type and Duration for the quarter ending December 31, 2017.

The Investment Holdings Summary is a snapshot of invested funds at a specific point in time. At December 31, 2017 investment holdings total $173 million, which is up $24 million from September 30, 2017 and $16 million from the same time last year. This increase is largely due to the receipt of State appropriations this fiscal year and the reduction in University spending over the past two years.

The Investment Earnings by Type and Duration report shows interest income for the second quarter and rates of return for the current and prior three quarters. This report includes the University’s invested cash, cash equivalents, and fixed income securities. The annualized rates of return are calculated using interest earnings and average daily balances. The University’s combined average annualized rates of return at December 31, 2017 was 1.06%. As previously anticipated, the portfolio return has steadily increased over the past year.

In December, the Federal Reserve raised interest rates for the third time in 2017. Increased market returns and the current cash position will allow the University Investment Committee to adjust asset allocation strategies and increase the fixed income portfolio during the upcoming quarter. The Committee will continue to monitor external and internal environments, applying cash management strategies that maximize return while meeting cash flow demands.
**Investment Type** | **Purch Price/Ending Bal** | **Book Value** | **Market Value**
--- | --- | --- | ---
Federal Agency Notes:  
Local Funds | $31,033,560 | $31,034,305 | $30,949,448
Interest Bearing Cash Accounts:  
Local Funds | $47,007,245 | 116,556 | $47,007,245
Project Funds | $47,123,801 | 116,556 | $47,123,801
Money Markets:  
Local Funds | $61,361,792 | 14,502,119 | $61,361,792
Project Funds | $75,863,911 | 14,502,119 | $75,863,911
US Treasury Notes/Bills:  
Local Funds | $10,051,987 | 9,497,764 | $9,969,556
Project Funds | $19,549,751 | 9,499,469 | $19,463,612

**TOTAL INVESTMENT HOLDINGS**  
$173,571,023 | $173,555,946 | $173,400,772

Non-interest Bearing Cash  
$302,255 | $302,255 | $302,255

**TOTAL CASH & INVESTMENT HOLDINGS**  
$173,873,278 | $173,858,201 | $173,703,027

**TOTAL CASH & INVESTMENT HOLDINGS @ 12/31/16**  
$157,735,767 | $157,714,652 | $157,624,547

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* 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 INVESTMENT HOLDINGS SUMMARY comply with the Illinois Public Funds Investment Act (30 ILCS 235) 
and the NIU Investment and Cash Management Policy
### NORTHERN ILLINOIS UNIVERSITY

**INVESTMENT EARNINGS BY TYPE AND DURATION**

*For Fiscal Year 2018*

**October 1, 2017 - December 31, 2017**

<table>
<thead>
<tr>
<th>December 31 Ending Balance</th>
<th>Average Daily Investment Balance</th>
<th>Percent of Portfolio Earned</th>
<th>Annualized Rates of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Fiscal Year 2018</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2nd Qtr</td>
</tr>
</tbody>
</table>

| **Short-Term Investment Accounts** | | | | |
| Illinois Funds | $61,361,792 | $47,666,007 | 30.84% | $134,528 | 1.120% | 1.020% | 0.803% | 0.636% |
| Investment Accounts - Financial Institutions | $47,007,245 | $40,257,229 | 26.04% | $117,599 | 1.159% | 1.072% | 0.870% | 0.712% |
| Investment Accounts - Project Funds | $14,618,675 | $11,165,029 | 7.22% | $12,707 | 0.452% | 0.571% | 0.293% | 0.113% |
| ST Investment Accounts Total | $122,987,711 | $99,088,265 | 64.10% | $264,834 | 1.060% | 0.996% | 0.765% | 0.591% |

| **Fixed Income Securities** | | | | |
| Local Funds | $41,085,547 | $42,089,791 | 27.22% | $111,267 | 1.057% | 0.945% | 0.912% | 0.838% |
| Project Funds | $9,497,764 | $13,426,694 | 8.68% | $34,649 | 1.024% | 1.007% | 0.974% | 1.049% |
| Fixed Income Securities Total | $50,583,311 | $55,516,485 | 35.91% | $145,916 | 1.051% | 0.965% | 0.928% | 0.873% |

| **COMBINED TOTAL** | | | | |
| $173,571,022 | $154,604,750 | 100.00% | $410,750 | 1.06% | 0.98% | 0.85% | 0.71% |
INVESTMENT AND CASH MANAGEMENT POLICY

The current Investment and Cash Management Policy was approved by the Board of Trustees on September 14, 2017. The University Investment Committee has updated this policy as follows:

- Added hyperlinks
- Corrected grammatical errors
- Changed all references of the Finance, Facilities, and Operations Committee to the committee’s new name, Finance, Audit, Compliance, Facilities and Operations Committee

The updated policy is attached. No changes to content have been made. This version will be posted on the University’s website and forwarded to the appropriate financial partners.
NORTHERN ILLINOIS UNIVERSITY
Investment and Cash Management Policy

Submitted by: NIU Investment Committee
Board Approval: September 14, 2017
# TABLE OF CONTENTS

I. Philosophy ................................................................. 2

II. Guidelines ............................................................... 2

III. Authorized Investments ............................................. 3

IV. Diversification and Allocation ....................................... 3

V. Collateralization .......................................................... 3

VI. Risk ........................................................................... 4

VII. Roles and Responsibilities ........................................... 4

VIII. Reporting ................................................................. 6

IX. Advisors .................................................................. 6

X. Ethics ........................................................................ 6
I. Philosophy

The University shall manage its cash and investments in a manner that will preserve principal, meet operating cash flow needs, and produce a yield which would be described in the current marketplace as acceptable by conservative investment managers. Investment strategies will evolve over time as market conditions, interest rates, and operational needs change. Such strategies must comply with applicable State and Federal statutes and bond indentures.

University cash and investments shall be managed with prudent judgment and care. The investment portfolio shall be managed with the intention of obtaining the highest possible net return, balancing reasonable growth and yield with acceptable risk. In addition, the portfolio shall exhibit diversity with respect to instrument type and duration.

II. Guidelines

A. Board of Trustees Regulations
Regulations of the Board of Trustees (Section V.D.) allow the combining of funds of the same category or classification in a single account with an authorized depository as long as the University’s books and records reflect the amount deposited in each fund and the charges against each fund. Any amount of such deposits in excess of the amount reasonably necessary to meet the anticipated expenses of such funds may be invested in any investment permitted by the laws of the State of Illinois for the investment of public funds unless otherwise restricted by a bond or other legal covenant.

B. Bond Funds and Other Debt Instruments
The Resolutions authorizing the issuance of revenue bonds and other debt instruments may place restrictions on the investment of these funds. The maturity of investments purchased should be aligned with drawdown and/or use of funds schedules. The investments are limited to those permitted by resolution or meeting the requirements of this investment policy. In the event of a conflict between the regulations and the requirements of specific bond resolutions, the latter shall govern.

C. Depositories
All funds not required to be paid into the State Treasury shall be deposited in banks authorized by the Board of Trustees to serve as depositories. University depositories must be insured with the Federal Deposit Insurance Corporation. University accounts shall be held in the name of Northern Illinois University. Banking activities will be conducted in a manner that is compliant with State statute and Board of Trustees regulations.
III. Authorized Investments

Funds should be invested in accordance with the State of Illinois Public Funds Investment Act (30 ILCS 235). Acceptable investments include but are not limited to:

- Instruments guaranteed by the full faith and credit of the United States of America
- Bonds, notes, debentures, or other similar obligations of the United States of America or its agencies
- Interest-bearing savings accounts, certificates of deposit or time deposits, or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act (205 ILCS 5)
- Commercial paper, as outlined in the Public Funds Investment Act
- Money market mutual funds, as outlined in the Public Funds Investment Act
- Public Treasurers' Investment Pool, commonly known as the Illinois Funds

Foreign investments are prohibited. Additionally, the Investment Committee may specify criteria more restrictive than those of the Illinois Public Funds Investment Act.

IV. Diversification and Allocation

The investment portfolio should be reasonably diversified among instrument types and maturities. With the exception of US Treasuries, no single instrument type should comprise more than 50% of the portfolio. Maturities should be laddered to coincide with operational needs. The weighted average duration of the portfolio will be determined by the Investment Committee and will be adjusted as appropriate.

The Investment Committee will determine target asset allocation strategies that allow for the maximum rates of return while providing a stable income stream.

V. Collateralization

Funds on deposit which exceed the amount of federal deposit insurance coverage must be collateralized with bonds or pledged securities. The State Finance Act (30 ILCS 105/6a-1a) limits the types of pledged securities to those which the State Treasurer may accept for amounts not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. The market value of the bonds or pledged securities shall at all times be equal to or greater than the uninsured portion of the deposit.
VI. Risk

**Custodial Credit Risk** is the risk of loss due to a financial institution or counterparty failing. This would result in the University not receiving the full value of its deposits held by such party. In accordance with the Illinois Public Funds Investment Act (30 ILCS 235), public funds on deposit not covered by FDIC insurance require pledged securities to be placed by financial institutions or counterparty. Collateral agreements are to provide for a third party custodian to hold such pledged securities. To mitigate custodial credit risk, all pledged securities on behalf of the University are held in an account in the name of Northern Illinois University.

**Credit Risk** represents a loss due to the failure of a security issuer to fulfill its obligation to make interest and/or principal payments in accordance with required dates. By limiting investments to only those authorized by the Illinois Public Funds Investment Act (30 ILCS 235), the University’s exposure to credit risk is mitigated.

**Interest Rate Risk** is the risk that a change in interest rate will adversely affect the fair value of an investment. The University mitigates interest rate risk by maintaining adequate cash or cash equivalent balances that are consistent with expected cash flows of the University, thus minimizing risk associated with changes in market value and/or interest rate fluctuation.

**Concentration of Credit Risk** is managed with diversification of investments held at any one time in the University’s portfolio. The risk of loss due to having a significant portion of University resources invested in a single issuer is minimized and controlled by limitations as set forth in this policy.

**Foreign Currency Risk** or investments exposed to currency rate fluctuations are controlled by adherence to the Illinois Public Funds Investment Act (30 ILCS 235).

VII. Roles and Responsibilities

A. Board of Trustees
Northern Illinois University Board of Trustees shall approve the Investment and Cash Management Policy and revisions, new depository relationships, changes/additions to signatory authority, and the quarterly written reports of investments status and activity.

B. Finance, Audit, Compliance, Facilities and Operations Committee
The Finance, Audit, Compliance, Facilities and Operations Committee (FACFO) has oversight responsibilities for the Investment Committee. FACFO submits investment reports to the Board of Trustees on a quarterly basis.
C. Investment Committee
The Investment Committee is comprised of the Board Treasurer and Vice President of Administration and Finance, the Associate Vice President for Finance and Budget, the Controller, and the Director of Treasury Operations (non-voting). To ensure shared governance, a faculty representative may be appointed by the Vice President of Administration and Finance.

The Investment Committee was established to assist the University in fulfilling its fiduciary investment responsibilities. The Investment Committee shall:

- Meet at least once per quarter in advance of the FACFO meeting.
- Review and revise investment goals, objectives, and policy as needed.
- Determine target asset allocation strategies.
- Establish performance measures.
- Select external investment advisors, managers, and/or brokers.
- Report quarterly to the President and Board of Trustees, through the FACFO, the results of investment activity.
- Review and approve changes in report content and/or format.
- Periodically review the investment portfolio for its effectiveness in meeting University needs regarding safety, liquidity, return, and diversification.
- Recommend new committee members.

D. Board Treasurer and Vice President of Administration and Finance
The Board Treasurer is authorized to designate depositories at such locations that require local banking services away from the Northern Illinois University main campus. Consistent with Board of Trustees regulations all new depository relationships require specific Board approval.

The Board Treasurer is authorized to delegate signature authority for a single specific purpose, bank, and/or investment account. The delegation involves University departments and/or agency relationships within the University.

The Board Treasurer acts as the Investment Committee Chair.

E. Director of Treasury Operations
The Director of Treasury Operations serves as the University’s Chief Investment Officer. The Director of Treasury Operations shall:

- Establish a system of internal controls and written procedures designed to prevent fraud, misrepresentation, and employee error.
- Draft and distribute reports as required by Illinois statutes, Board of Trustees Regulations, and University policy.
- Execute investment trades.
VIII. Reporting

Investment reports should demonstrate the status and performance of cash and investments.

The Accountability for the Investment of Public Funds Act (30 ILCS 237) requires the University to provide the following information online by the 15th of each month:

- the amount of funds held by that agency on the last day of the preceding month or the average daily balance for the preceding month;
- the total monthly investment income and yield for all funds invested by that agency;
- the asset allocation of the investments made by that agency; and
- a complete listing of all approved depository institutions, commercial paper issuers, and broker-dealers approved to do business with that agency.

The Illinois Public Funds Investment Act (30 ILCS 235) requires quarterly reporting to the Board of Trustees and the University President. At a minimum, the reports shall include securities by class or type, income earned, book value, and market value as of the report date.

Regulations of the Board of Trustees (Section V.D.) require the University to submit an annual Report of Depositories as of June 30th. The report consists of beginning balances, withdrawals, and ending balances for all bank accounts. In addition, a statement of investment policy shall be submitted with the Report of Depositories.

IX. Advisors

The University may utilize the services of external advisors to assist in trade executions and the management of investments. The Investment Committee will develop a selection process to research and analyze prospective vendors for inclusion in the pool of investment advisors.

X. Ethics

All employees are responsible for compliance with this policy and applicable State and federal laws, including the State Officials and Employees Ethics Act (5 ILCS 430).

University employees involved in the investment process shall refrain from any actions and/or activity that would be in conflict with the proper execution of the investment program.
CLERY REPORT

Briefing presented at the meeting.

The Clery Report can be found at http://www.niu.edu/clery/annual_security_report.pdf
FACILITIES UPDATE

Briefing presented at the meeting.