BOARD OF TRUSTEES

Finance, Facilities and Operations Committee

February 16, 2017
AGENDA

NIU Board of Trustees
FINANCE, FACILITIES AND OPERATIONS COMMITTEE
11:00 a.m. – Thursday – February 16, 2017
Board of Trustees Room
315 Altgeld Hall

1. Call to Order and Roll Call
2. Verification of Appropriate Notification of Public Meeting
3. Meeting Agenda Approval................................................................. Action........i
4. Review and Approval of Minutes of November 17, 2016 ....................... Action........1
5. Chair’s Comments/Announcements
6. Public Comment*
7. University Report
   a. Quarterly Summary Report for Transactions in Excess of $100,000 .......... Information........11
   b. Periodic Report on Investments ................................................ Information........14
   c. Quarterly Financial Summary .................................................... Information........17
   d. Housing Master Planning .......................................................... Information........20
   e. Facilities Update......................................................................... Information........21
8. University Recommendations
   a. FY18 Architectural & Engineering and Physical Plant Open Orders Contract Renewals ................................................................. Action........22
   c. FY18 DoIT – Integrated Media Technologies Campus Copier Program Contract Renewal................................................................. Action........24
   d. FY18 Physical Plant Elevator Services and Maintenance Open Order Contract Renewal................................................................. Action........25
   e. FY18 International Programs Division Expenditures ............................. Action........26
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 Ellen Andersen, Director of Special Events, at (815)753-1999, as soon as possible.
The meeting was called to order at 12:49 p.m. by Committee Chair John Butler in the Board of Trustees Room, 315 Altgeld Hall. Recording Secretary Vicky Ripberger conducted a roll call of the trustees. Members present were Trustee Wheeler Coleman, Trustee Matthew Holmes, Trustee Robert Marshall, Trustee Cherilyn Murer, Trustee Tim Struthers, Board Chair Marc Strauss, and Committee Chair John Butler. Members absent were Trustee Robert Boey. Also present were President Douglas Baker, Committee Liaison Alan Phillips, Vice President and Provost Lisa Freeman, Deputy General Counsel Jerry Blakemore, and Board Liaison Mike Mann.

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

Chair Butler advised that Item 7.a. is being removed.

A motion to approve the amended agenda was made by Trustee Strauss; seconded by Trustee Struthers. All were in favor. The motion passed.

A motion to approve the minutes of the August 25, 2016 meeting was made by Trustee Strauss; seconded by Trustee Marshall. All were in favor. None were opposed. The motion passed.

Chair Butler began, this is the opportunity for me to make comments. I don’t have any this afternoon. I appreciate everyone’s presence and their continued commitment to these meetings. If I could, then I’ll ask if Dr. Long has any comments from the University Advisory Committee.

Greg Long addressed the Board, thank you. Just a very quick comment to say that within shared governance we’ve been working closely with the Resource, Space and Budget Committee and Al Phillips and Administration Finance to have at our monthly meetings both content as well as discussion. For example, we’ve already had some educational content on the use of cash reserves and how that works. John Heckmann presented a very nice presentation a week and a half ago on capital projects. We’re working to make sure that the members of the Resource, Space and Budget Committee have a broader overview of the number of the budgetary issues so we can hopefully provide more helpful advice. The Resource, Space and Budget Committee is currently working on an updated 2016/2017 budget guidance report. We’re trying to make that different than previous reports because previous reports have been fairly generic - we want salaries, we want a budget, the kinds of things that aren’t particularly directive. Within the committee we’re working to offer more specific suggestions related to the kinds of things that we think the University ought to prioritize and look at. That’s what we’re doing from a shared governance standpoint.
Chair Butler thanked Dr. Long. I would like to add that the Resource, Space and Budget Committee invited Trustee Strauss and I to a meeting not so long ago, and I think that it's an excellent body. They do some great work, and we were very pleased to learn that there's a very strong relationship between the administration and the committee. I just want to assure the committee that shared governance is working well in the area of finance and facilities.

**PUBLIC COMMENT**

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

**UNIVERSITY RECOMMENDATIONS/REPORTS**

**Action Item 7.a. – Bowl Game Participation Expense**

Item removed from agenda

**Action Item 7.b. – Grant South Steam Vault Replacement & DeKalb Campus Electrical Infrastructure Replacement Phase III**

Dr. Phillips explained that this item is simply to request a change in the funding source for the Grant South Steam Vault Replacement and DeKalb Campus Electrical Infrastructure Replacement Phase III. This is not a change to the actual projects. The Grant South steam vault project was originally approved June 16, 2016, and the electrical infrastructure project was approved March 27, 2014. Due to cash flow concerns, of which we're all aware, the phase III electrical infrastructure project was placed on hold at a logical breakpoint, and it's about 30% complete. Since Build America bond funds were used to fund a portion of that project, we would like to shift $750,000 of the Build American bond funding to a more critical active and eligible project, the Grant South steam vault replacement, to facilitate earlier expenditure. This also enables us to spend the Build America bonds which we're more concerned about spending as quickly as we can since those funds were borrowed for these purposes. Since the Grant South steam vault project originally identified the bond reserve funds, an identical amount of bond reserve funding will be allocated for future use by the phase III electrical project when resumed. We request the Board of Trustees authorize to amend the originally approved funding sources as indicated in the Board item.

A motion was made by Trustee Murer; seconded by Trustee Strauss.

Trustee Struthers questioned, regarding the Build America bonds, we refer to those quite a bit in various projects in the packet today as well as Holmes Student Center in the past. Can we get an accounting, just at a high level, down the road of just how much is still in escrow and such?

Dr. Phillips responded, we have currently set aside the remaining funds from the smaller projects. $20 million is slated for the Holmes project. Once that money is obligated, I believe we’ll have somewhere in the vicinity of about $5 million remaining, but we’ll be happy to give you a more detailed breakdown.

Trustee Murer added, as a follow-up to Trustee Struthers question, I would like reassurance that we’re timely on the disbursement of that money? It’s good for the record.

Dr. Phillips replied, absolutely. The purpose for borrowing the funds was to generate revenue to pay for the funds. We certainly would like to expend all those funds to get them working for us as quickly as possible, and that’s a priority.

Chair Butler asked for other questions or discussion. There was none. All were in favor. None were opposed. The motion passed.
Action Item 7.c. – Stevenson and Grant Towers Building Envelope Repairs

Dr. Phillips explained that this item and the next item both address critical roof issues. As you know, due to our budget challenges, we have largely restricted projects to those that are very critical in nature. One of those categories is roof repair. During major rain events, Stevenson and Grant Towers experience significant water infiltration. Repair of the building is necessary to curtail current and prevent future damage to the building interiors and HVAC infrastructure due to rainwater infiltration. Precast panel repair, joint repairs, and replacing caulk joints at the windows will restore the exterior envelope to a weather tight condition which will protect the interior space. The effort should extend the integrity of the building for 15 to 20 years. This request is to proceed with the design phase of this project based on an assessment design budget of $525,000. Design efforts will include contracting with an A&E firm for assessing extended repairs required as well as preparing design and specification. Once we have the cost estimate developed and the scope of the repairs required, a subsequent authorization will be requested of the Board to proceed with the construction phase.

A motion was made by Trustee Strauss; seconded by Trustee Marshall.

Trustee Struthers questioned, I want to make sure I’m reading this right. $525,000 for the design phase. Assuming the old rule of thumb of ten percent for engineering and design, is this truly a $5 million kind of project we may be looking at?

John Heckmann answered, yes sir that’s in a rough magnitude. That’s what it could be. Once we get through the assessment and design we’ll have a more precise number to really see, but when we’re thinking about Stevenson and Grant complexes, that’s a lot of building and a lot of surface area and a lot of high elevation to try to assess.

Trustee Struthers continued, I guess my next question would be as we look at our priorities with our buildings and that sort of thing, are we spending 5 million bucks on the right properties?

Dr. Phillips responded, we are looking at our future housing strategic plan. We are not currently looking at putting significant amounts of resources into facilities that we may be looking at not using in the future. These are buildings that we believe will remain in operation for the foreseeable future.

Chair Butler interjected, if I can follow-up with that. So you may then come to us in the future with the actual budget for the construction and repairs in stages; you might say Grant Tower or Stevenson Towers A and B and then subsequently C and D, etc, etc?

Dr. Phillips confirmed. What we’re trying to do with all of our capital projects is to phase them out over time so that we can do a better job of managing not only them but the resources that we have available. Associate Vice President John Heckmann will update shortly on our facilities projects and management and will talk to that point.

Chair Butler asked for other questions or discussion. There was none. All were in favor. None were opposed. The motion passed.

Action Item 7.d. – Holmes Student Center Hotel Envelope Repairs

Dr. Phillips indicated item is similar to the previous item. We are requesting the Board of Trustees authorize to proceed with the design phase of this project based on an assessment design budget of $250,000. Once again, once we have the cost estimate we will come back to the Board with a request to proceed with the construction phase.

A motion was made by Trustee Strauss; seconded by Trustee Coleman.

Trustee Struthers began, I’m going to talk while I’m thinking. As I voted yes, I kind of closed my eyes and winced a little bit. I’ll just take the prior projects. I’m not debating the necessity; I realize they’re critical;
they may be on the A list for housing; and, we need capacity, but that will be $5 million, and this will be a couple million more, so just for ease of conversation, 8 to 10 million dollars of just no more capacity, no more value proposition other than water not seeping into rooms which I guess is value. But from a value proposition perspective, how we’re advancing the attractiveness of our University, that’s $10 million, and it’s going to do zero to bring in students. I realize this is defensive, and we can’t attract students when there’s water coming in the windows, but $10 million is a lot of money. You think of what you could do with that. To some degree I know when we’re voting on the design piece today we’re really starting the drain, and it will be really hard to say no to the next phase when you’ve just spent the 250 or 525 million dollars. We’re talking about $775,000 in the last two votes. I surely don’t want to lose that $775,000 either. I feel better getting it off my chest and talking a little bit about it.

Dr. Phillips responded, there’s two points of concern. The first one is that based on the University footprint we probably should be spending somewhere in the order of $40,000,000 a year just in maintaining the facilities where they are. We have pulled back on that to just the critical issues. The second issue is, if you walked around this building, if you don’t fix the roof, it then creates more damage that is much costlier in the future. So this is all part of our strategic plan where we are in fact trying to address, and what do they say, half a million dollars just doesn’t seem to go as far as it used to. We are very aware of the challenges associated with good stewardship of ever more scarce resources, but these are very critical items. These are certainly areas that serve our students. It’s where they live. As we move into our renovation of Holmes, I don’t want to put $20 million in the building and then have leaky roofs and water running down the sides of walls and those kinds of things. So to your point, we agree completely. We’re trying to be judicious. We should be spending somewhere in the vicinity of $40,000,000 a year. This is just a fraction of that, and it is only for what we view as the most critical projects.

Trustee Murer commented, you know one of the things I’ve been very concerned about over the 12 years that I’ve been on this Board is the amount of money that we have not put into deferred maintenance. Well we’ve had deferred maintenance that we haven’t put into, and I know it’s not’s glitzy or glamorous or whatever, but I am feeling much more encouraged to see that we’re going to be the caretakers of the buildings that we have as we look to building other things. I personally have been very concerned over many years that money to maintain our buildings has always taken a back seat obviously to crisis orientation, but it would appear that this is status quo for the next three to five years, and I think some allocation appropriately needs to be made. Even if you can’t see it, it’s very important that we maintain these buildings.

Dr. Phillips added, in addition to having a strategic plan for capital and repair and maintenance, as we push the budgeting process out multiple years, you can see how we’re building that into the budget process. It will become much more obvious what our priorities are and how we’re trying to address these issues.

Chair Butler asked for other questions or discussion. There was none. All were in favor. None were opposed. The motion passed.

**Information Item 8.a. – Semi-Annual Progress Report of Active Capital Projects**

Dr. Phillips explained, this report identifies projects previously approved by the Board of Trustees and are currently in process with a budget over $100,000. This is status of all the projects currently underway.

**Information Item 8.b. – Periodic Report on Investments**

Dr. Phillips introduced the quarterly report on the status of our investments for the period of July 1 through September 30. As you can see, not a lot of change. As I stated previously, it’s kind of disheartening when you have this much money invested but the return on the investment is not very high. This is very consistent with the reports that we’ve provided over the last several quarters. Not much has changed.

Trustee Struther questioned, we’ve talked in the past with respect to our policies in the respective categories, and it would be nice to have what the policy limit is and make sure that we’re in compliance with it. So that would be one, and secondly, can you confirm that we’re in compliance?
Dr. Phillips answered, we absolutely are. As a matter of fact, our investment committee meets on a monthly basis. We have recently added the chair of the Finance Department to the investment committee. We are currently reviewing our policies and procedures, and we plan to bring some changes to that policy to the Board in the near future.

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

Dr. Phillips explained the next item is the quarterly summary report of transactions in excess of $100,000. These do not reach the $250,000 threshold for presentation to the Board, but this is a list of the quarterly projects that have been approved.

**Information Item 8.d. – Quarterly Financial Summary – FY17 First Quarter**

Dr. Phillips presented the quarterly financial summary. This is the first quarter of fiscal year 2017. This does include the funding that we have received so far from the state. Even though the appropriation was provided at the last day, literally, that it could be used for fiscal year 2016, we had actually not received the money until this year. It was the 48.3 million that we had expected to receive. I believe to this point, we’ve received about 25 million of that, and we expect to receive the total amount by the end of the calendar year. We are hopeful when they come back, and there has been discussions over the last couple of days although not fruitful, that we will get some level of an appropriation for the second half of the year, but this reflects the first quarter’s funding for 2017.

Trustee Struthers commented, Al and I have had this conversation, but just for the record, a few things I desire on this is in the projection pieces we have revenue, and we’ve flat lined that. We all know when it’s expected to come in, so it would behoove us all to have a better budget or forecast when we have them in the appropriate quarters. Again, you can get fooled by looking at something that says boy we’re $88 million ahead of plan, we should all be excited. Unfortunately, we’d say no. If we know that, we should bring that information and knowledge into the forecast so it’s more meaningful. But this is great progress for sure so I’m respectful of that.

Dr. Phillips added, and as Trustee Struthers knows, we are working to do that. We’ve come a long way in a short period of time. We also understand that the revenue expenses are cyclical, and so the report needs to reflect projections based on actual inflows and outflows. We’re working to do that and certainly expect that we will get there.

**Information Item 8.e. – Annual Financial Summary – FY16 Year End**

Dr. Phillips introduced the fiscal year ‘16 end of year report. It’s very similar in format as the quarterly report, but this is the all fund comparison as of the end of the 2016 fiscal year. It reflects the fact that for 2016 as opposed to the $91 million funding request, we received $26.4 million. We did cover the shortfall with working capital we had available, but at the end of the year there was a shortfall due mostly to the lack of funding from the state level.

**Information Item 8.f. – Fiscal Year 2018 Pricing Item**

Dr. Phillips explained that the fiscal year pricing item would include tuition and fees, and room and board, and health insurance, and as we look to tuition and fees also differential tuition similar to what we brought to the Board last year. We are still in the process of pulling that information together, and that will be brought to the Board for approval in December.

Chair Butler asked, is this consistent with our timeline that we have used in the past two years?

Dr. Phillips answered, I know we did at least last year. We’ve tried to do this much earlier in the year. I think we’ve moved it up at least one Board meeting. That gives the enrollment management and the institutional aid folks more of an opportunity to market actually what our tuition and fees, room and board
will be. In the past, in many cases decisions had already been made where students were going to go to school before we had even decided on what our tuition and fees were going to be. So last year I believe we moved it up a quarter, and that’s our intent to do so again this year to better position the University for success.

Chair Butler suggested, I think I speak for the committee when I say as soon as the University has a recommendation that’s formed that we receive that information so we can have time to process.

Dr. Phillips explained, I expect to have the remaining information right after the Thanksgiving weekend, and we should have that pulled together shortly after that. I will get that out to the Board well in advance of the board meeting for review.

Trustee Coleman requested, it would be nice if you can give us a perspective on your thoughts about tuition and tuition fees and how we compare to maybe some of the other institutions that we’re competing against. Specifically, Illinois State who for some reason has found a way to either stabilize their enrollment and increase it be it a little bit. Can you share your thoughts on that?

Dr. Phillips shared, when you look at our tuition and fees, room and board, we are roughly in the middle. We’re certainly not as expensive as University of Illinois. Actually we’re slightly more expensive than Illinois State University. We are more expensive obviously than Eastern and Western. Our goal, as we look at how we position ourselves in the market, is to understand, this has been brought up before, what our value proposition is and the value that you get for coming to NIU relative to what it costs. Our preliminary analysis is that in all likelihood we will probably recommend no increase, at least for another year, to better position ourselves in the market. The other thing we’re looking at is tuition and fees relative to certainly the adjacent states and whether or not we would continue to charge out of state rates for those students because we are losing a lot of Illinois students to our competition. We’re looking at what the other institutions in the state are doing, how we are positioned relative to them, as well as the private institutions, and other peer institutions outside of the state.

Trustee Coleman continued, so cost and affordability becomes a major factor in whether or not someone selects an institution. Enrollment is our number one priority right, and so when we select to either maintain, increase, or even decrease our tuition and fees, we need to be aware of the potential impact, positive or negative, to enrollment. I know we’ve got a team of folks that are working to try to move the bar as it relates to enrollment. My fear is that we’re not going to have enough in place to have a positive impact on this coming class, so then tuition and fees become really, really critical. Do we increase? Do we decrease? I don’t know. Do we have peer institutions that have decreased their tuition and fees over the years, are you aware of?

Dr. Phillips replied, I think Eastern decreased theirs slightly, but it is not a common occurrence. It’s very unusual to have an institution actually decrease, especially at this point in time. Usually it’s the institutions that are really struggling, and their doing anything they can to get their enrollment numbers up.

President Baker interjected, when we think about enrollment and enrollment management, we’re thinking about kind of a Pareto optimal curve and headcount is one thing. We’re also looking at quality of students. We’re looking at net revenue, which is one of my biases, and we’re looking at the diversity of our student body in all aspects of diversity. So you’re really trying to maximize all four of those at the same time and making trade-offs across them. When we think of the price to students, we often think of tuition and fees, but that’s not the net price to students. Net price is the charged rate minus PELL, MAP, and institutional aide. So when we think about these issues, we need to think about net price relative to peers and then how do you communicate that proposition to everybody. When we come in December to think about setting the price, I encourage us to think about all those variables and not just a number for tuition and fees. It’s more complex than that. And then we need to break it down, and we’re working on this, to look not just at the total price as one number, but also is there any differential elasticity across areas where we might be able to have special tuition or fees to maximize our revenue. It looks like, at least in the past decade or so, there’s been any elastic demand. So as tuition went up, even though our enrollments went down, our
net revenue went up. If that’s an experiment, I don’t know if it’s a good experiment or not. We need to think about all those factors and have some sense of elasticity and how it may be across all of our students, then how it may be different across particular segments. We’ll be back to you with a little more complex analysis.

Trustee Coleman commented, I’m looking forward to seeing that in December Dr. Baker. In our last ad hoc meeting, we had people from the community that raised concerns about the enrollment decline and what impact it was having on the community. I think, from an institution perspective, we’re a little concerned, and so knowing that cost is only one variable in the whole mix of things, I welcome a good comprehensive game plan that says, ‘this is how we’re gonna try to have an impact as it relates to the fall class of 2017’.

Trustee Murer added, I agree this is a much more complex matrix than just the cost of tuition, whatever the retail price is, because it is what’s the net, and when parents and students are looking at the package, what’s the package that’s being offered. But also on a long range plan for our University I think of the issue of the caliber of our students, the state of excellence of our students, and the disbursement of the students into what programs, which goes back to the program prioritization, what are we known for, who are we. If we have five centers of excellence, let’s just say theoretically, and of those five centers of excellence we have full enrollment at a higher entering ACT, I think all those factors are important on a long-range strategic plan. I think as we move into December and into next year these are the variables that all have to be intertwined.

Trustee Struthers also commented, I know in our last ad hoc committee on enrollment Marc’s kind of concluding piece of that was ‘is the focus on the value proposition’, which is all these things, and it’s the market we’re going after, the price proposition, the student living experience, product, place, and promotion; but the promotion piece is every bit as important and it’s an intriguing question that you ask about price decline. A little bit of my mind goes to, ‘could that be a splash?’ ‘Could that be a story that gets attention?’ On the other hand, I realize that when you do put yourself on sale, you look like you are a little bit desperate, but all of that needs to be put in the blender for sure, but the promotion of it is critical. We can put our housing on sale because we have excess capacity, but all of that needs to be packaged in a marketing message that hits the right people effectively and in a hurry. In concluding, I think about Marc’s message in our last committee meeting that it’s the whole thing and it’s delivered in one concise, in-full, message is critical.

Trustee Coleman requested, at our December 15th meeting, I’d like to recommend that we allocate the right amount of time to have this discussion and to see and hear about the package itself, and I would also recommend that we have this first on the agenda versus last on the agenda. Mr. Chair, do we need a motion or is this comment good enough?

Trustee Strauss confirmed, it’s good enough.

**Information Item 8.g. – Facilities Update**

Dr. Phillips introduced Associate Vice President, John Heckmann to provide a facilities update.

Mr. Heckmann thanked the Board for the opportunity. I want to come back on a routine basis and bring you up to date on various key projects, hot projects. I have a few items that I’ve prepared that I’d like to walk through. The agenda, you already have that in front of you, but let me go onto the first one, the Holmes Student Center design status. Since the last time the Board talked about this item we were requesting approval to go into the design stage of this major renovation. We had started down the path of soliciting a new A&E firm to come on board to finish the complete design. We had only done a concept design up to this point. We had also gotten IBHE’s approval because of the size of the project. We are now in the final stages of making that selection for the A&E firm. In the very near future and the coming weeks we’ll be getting into actual price negotiations and starting the design, I expect in December. At the next FFOC update, I hope to provide you with details on when the milestones for the designs are established and hopefully give you progress updates as we go through each step of that way. I’m being cautiously
optimistic about the overall schedule of the project. I wish it was going a lot faster. We're going to try to push it along as quickly as we can, but we also want to do it right. At the bottom here I'm showing construction bidding in the fall. I actually have, in the back of my mind, some hope that we might be able to fast track something out of the project and maybe squeeze it into the summer time frame but yet to be seen. I don't want to promise too much at this point. If there's no questions I'll keep pressing forward. The next project is the Stevens construction. After being kind of in hold for over a year, the state has re-appropriated the required funds to not only finish the project but also address all the issues that restarting a project after being on hold for a year would cause. I give examples of some of the issues that the capital development board and our prime contractor have had to work through, very laboriously over the past few months, uncompensated issues that the contractor never got paid for previously - the deterioration and other damages caused after a year's worth of being on-hold, and then of course the whole environment changing after a year of price changes from labor and materials and the like. They've been working very hard to get all that sorted out, and we're working closely with the capital development board to insure that there is the required funding to sort through all that. I hope to give you future updates on how that progresses. Right now the prime contractor is on site and is progressing with the work. We are very hopeful that things will continue to progress smartly throughout the winter. One of the things that, just to give you an example, they're busily trying to address is, and there's an illustration to remind you of what the final building is going to look like, there's a portion of the building, a very significant portion of the building, that hasn't yet been started. It's the new black box theater area; the portion off to the left of the diagram. The contractor wants to get in and break ground literally before the frost sets in. So we're busy trying to make that happen and facilitate all the things they need so they can progress on that work. Again, I wanted to give you a little bit of a refresher on what the project entailed. On the lower right was a completely new wing. The shell of that wing was already constructed as of last July, but the interior was really not completed at all. There's still a lot of significant work left to be done there. On the lower left, again that was not completed at all, so all of that needs to be completed. On the upper right side is the original Stevens Building that had been gutted previously, and a lot of utilities and other amenities had been roughed in, but a lot of finish work is still yet to be done. And then of course in the original portion of the theater, in the center of the building, the only work that was included in this project was to redo the roof, and that still needs to be done as well. My point is there's a lot of significant work left to be done, and we're going into a season where a lot of construction work is really hard to do in the winter but we're going to make the best of it. As I get a better idea of what the contractor's schedule is going to look like, I'll be able to come back with a realistic projection of when we think we'll have this project done. Right now I'm very cautious to throw out any date. Again, if no questions I'll keep pressing forward onto the next item I'd like to share with you. At the past FFOC and board meetings we talked about the boiler and steam assessment and asked for authorization to proceed with a very significant investment strategy. Our boilers, being 50+ years old and at the end of their life, needed to be replaced. We needed to develop a strategy of how do we do that. This is a huge, significant investment for our entire campus. We've found the right consultant with the expertise to come in and advise us on this. They did a complete assessment of our steam generation capacity plus our steam distribution plus our satellite boilers that we have at various sites including our satellite campuses as well. We got a very good overall assessment of our steam system. With that, they were able to walk us through a very logical process of assessing our options, and we are in the midst of going through that. One of the options for our centralized steam generation being considered is whether or not we just do a boiler by boiler replacement. That's a very simplistic way, and maybe the initial cheapest way to do it, but I'm also trying to push for what's the life cycle cost and what's the long term perspective we need to keep in mind. One angle that I'm trying to explore very carefully is, is there an opportunity for co-generation, and by that I mean the ability not only to produce steam but with the residual heat that gets commonly produced out of a boiler, can you use that for other purposes, thinking electrical generation. We could possibly reduce our electrical costs if we could do both at the same time. That is being examined as we go through this process. What's being envisioned so far? Just to give you a little glimpse into how things are developing is that the final solution is more likely going to end up with a combination of boiler replacement, straight forward boiler replacements, and then a few, maybe one or two, units that maybe have the capability of doing dual purpose; steam generation and electrical generation. What that final mix will be will really come down to the economic analysis we do and see if there really is a payback for a higher cost, co-generation capability like that. So we're going to be looking very closely at that. Another conclusion that we think we're going to end up with is not having two plants.
We’re going to probably come down to one plant. It’s probably more logical and cost effective to centralize our steam production. The sites are being put on the west plant as opposed to the east plant because of site constrictions and things like that. But the good news is we’re coming down in overall size of boilers. Instead of nine boilers in our current makeup, on projection we should have somewhere between four and five boiler capabilities. That’s going to be a tremendous savings right there. I mentioned the co-generation capability. That will depend a lot on what our electrical load is and how we can push electricity around the campus. There’s also the potential for a long-term shift to how we distribute heat across the campus. Right now we do it by steam. There may be potential that we do that instead by hot water and being more cost effective in the long run with that sort of distribution. The other benefit that I think we’re getting out of this assessment is that we’re figuring out how we can do this incrementally. We’re not going to have to take a big 50 or 60 or larger investment all at once. We can probably do this in bite size chunks of maybe 15 million initially with the first chunk and after that maybe 5 million chunks. I’m just throwing some numbers out there to give you an idea. I laid out a potential conceptual timeline down there based on what we know so far. We’re hoping that within the first three years we can get that first phase of the first segment of boilers replaced, and then after that we can bring in one more and then another one and then consider down the road if we convert over from a steam distribution to a hot water distribution. The one big footprint change is going to be at the west plant. We are realizing that the capacity of the west plant just does not exist to be able to have all those boilers inside and be able to configure all the equipment. It means that we’re probably going to need to add on to that west plant to accommodate everything we need. This is coming together quite nicely. I’m feeling very comfortable that we have a plan of how we need to make investments smartly as we go forward with this major investment. More to come as this develops further. I also wanted to give a quick review of where we are with the bigger picture of the projects. As we reviewed earlier, the envelope projects that we talked about with the Holmes and Grant and Stevenson Towers, I highlighted those in orange on here. Just to give you an idea, we are going after this design right now. Because of the cash flow issues and lack of funding from the state in this particular year, we’re shifting our focus and trying to put as much money as we can into preparing for a lot of projects even though we may have to delay the actual repairs to a subsequent year. But because of the similarity of all those projects, they’re all envelope issues, we’re going to try to package and get some efficiencies out of our design effort by doing all those envelope issues on very tall buildings all at once. We’re going to be doing strategies like that as much as we can. As for other projects we have identified for FY17, we’re thinking very hard at what we can do. Some of these are going to slip to FY18 because of the cash flow concerns with the state, but we’re going to try to at least prepare for those projects and get as much design work done so that when the money does come, hopefully, from the state, we’ll be able to spend it and execute the project as timely as we can. As I mentioned just now with the boiler projects, on the next slide we’re going to rework the whole time frame and strategy for the steam generation change. Right now I laid out a very simplistic boiler every year for the foreseeable future, but now that we have a more feasible way being planned out, I’ll revise that with the next update. Lastly, I wanted to touch on just a point I guess brag a little or at least highlight success that we’ve had. We’ve recently started implementing a new process for systematically reviewing our leases. We’re getting to the point that all of our leases are going to go through an annual review to validate and revalidate if they’re needed. Are they at the right price? Are we getting what we want out of that lease? This is for both an in-lease situation we need property or even an out-lease situation where we have property that can be used by others. One example that we’ve successfully been able to revalidate and then find an opportunity to save money has been with our law clinic in Rockford. As we looked at the current property that we’re leasing, we realized it was too large. It was more than what we needed. We were probably paying too much for the size of property that we really needed. So we took that opportunity to go back and look at what other properties were available. We found another piece of property that was in the right location, the right size, and as we even build out that property to meet our specific needs inside that building, we found it’s going to give us somewhere on the magnitude of about 53% savings over what we’re currently doing with the existing property. I wanted to at least highlight that we’re trying to do a lot of good things with our programs all across the board. With that I hope you appreciate these little updates. Again, I’ll keep trying to do these from FFOC to FFOC. If there’s more you want or something different, I will adjust. Thank you very much.

Trustee Marshall asked, do you see anything on solar power in the NIU future?
Mr. Heckmann responded, it’s an element that I look hard at. It’s a difficult issue because it takes a large, upfront capital investment, and it really depends on what the payback is for an investment like that. I have seen examples where institutions have done that. In fact, I was just listening in on a webinar this morning where a university in New Jersey happened to do a solar field. They had significant funding support from the state to be able to make that project viable. It’s going to be something we have to keep in mind, but weighing it in the priorities of where we should spend the scarce resources we have right now is what I struggle with frankly.

Chair Butler asked for comments or questions from the committee? Thank you for the report. Appreciate it. These meetings are usually preceded by significant amount of activity between the committee chair and the liaison and those working with the liaison. Mr. Heckmann has met with myself and the committee’s vice chair Marc Strauss on these issues, so we always hear this report before the committee does, but even hearing it a second time there’s a lot there. On behalf of the committee we appreciate your work.

OTHER MATTERS

Chair Butler reiterated that we want to discuss the issue of pricing in more detail at the December meeting. No other matters were discussed.

NEXT MEETING DATE

The next meeting of the Finance, Facilities and Operations Committee will be Thursday, February 16, 2017.

ADJOURNMENT

A motion was made to adjourn by Trustee Strauss; seconded by Trustee Murer. The motion passed.

Meeting adjourned at 1:41 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.
QUARTERLY SUMMARY REPORT OF TRANSACTIONS IN EXCESS OF $100,000
FOR THE PERIOD OCTOBER 1, 2016 TO DECEMBER 31, 2016

<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>8</td>
<td>$236,609</td>
<td>$1,016,088</td>
<td>$1,252,697</td>
</tr>
</tbody>
</table>

TRANSACTIONS DETAIL:

Purchases:

1. The Division Administration & Finance--requests permission to pay the University's portion of the federal share of the Single Audit of NIU for the period ending June 30, 2016. This purchase is exempt from the bid process as the engagement is with a state agency and is not subject to the rules of the Procurement Code and applicable laws. FY17 (Office of the Auditor General, Springfield, IL)

2. Transportation Services--requests permission to purchase a pickup truck with eight-foot Western Wide Out plow to replace NIU vehicle #5502 due to severe frame damage. The approval amount includes trade-in allowances for two pickup trucks, NIU #4503 and #5502. This order is exempt from the Illinois Procurement Code, because it is below the bid threshold. FY17 (Central Illinois Health Information Exchange, Peoria, IL) Original amount $37,500; amendment amount $68,750, $106,250

3. The Office of the Controller--The Office of the Controller requests permission to pay the University's portion of the audit of the University Income Fund for the period ending June 30, 2016. This purchase is exempt from the bid process as the engagement is with a state agency and is not subject to the rules of the Procurement Code and applicable laws. FY17 (State of Illinois-Office of the Auditor General, Springfield, IL) $175,838

4. The Division of Information Technology--requests the purchase of LogRhythm monitoring appliance, including licenses, training and support. The purpose of this purchase is to replace end-of-life Qradar equipment (which no longer meets the regulatory compliance requirements) with a similar capability that meets regulatory requirements. The LogRhythm solution will replace existing infrastructure and provides a more robust capability while saving NIU roughly $188,000 over a three-year period. The intent to award this contract as a sole source was advertised in the Illinois Procurement Bulletin and has been waived by the PPB. FY17 (LogRhythm, Inc, Boulder, CO) $130,000
5. Northern Public Radio—requests permission to establish an open order for programming and affiliation fees required for the operation of Northern Public Radio for the period through September 30, 2017. The intent to award this contract as a sole source was advertised in the Illinois Procurement Bulletin. No PPB waiver was received, nor required, since 30 days had elapsed from the date of the original sole source posting. FY17 (National Public Radio, Washington, DC) $245,000

6. Northern Public Radio—requests permission to establish orders for programming and affiliation fees required for the operation of Northern Public Radio. The intent to award these orders were advertised as sole sources in the Illinois Procurement Bulletin. No PPB waiver was received, nor required, since 30 days had elapsed from the date of the original sole source postings. FY17 (Public Radio International, Minneapolis, MN) $110,000

7. The Office of the President—The President requests permission to enter into a contract with this vendor in order to conduct a search for the position of Vice President of Enrollment Management, Marketing and Communication. Services include, but are not limited to, travel expenses, advertising, committee interviews, candidate travel and miscellaneous office expenses. Approval to hire a search firm to fill this position is anticipated at the December 15, 2016, meeting of the Board of Trustees. This vendor is exempt from the Illinois Procurement Code because the selected vendor is an IPHEC pre-approved vendor. FY17 (Witt/Kieffer, Oak Brook, IL) $100,000*
Capital Improvement Projects:

1. Neptune Residential Complex-Water Main-- The underground water main that supplies all fresh water to the Neptune residential complex ruptured suddenly on November 20. The 6-inch water main rupture occurred within the building near the point where the pipe enters through the concrete foundation wall. Water damage to the interior of Neptune Central is extensive including the concrete floor slab and terrazzo finish in the entry lobby, carpet, wall base, plaster and drywall partitions, wood trim, and fire alarm equipment. A substantial amount of water and mud also ended up in the basement area adjacent to the entry lobby.

   Initial emergency responses to the incident were immediately performed to arrest the water release and mitigate further damages from the water. Permanent repairs are required via a combination of in-house and contracted efforts to replace the water line segment and restore damages to the excavated floor and water damages throughout the immediate area.

   A claim has been reported to the University’s insurance carrier and coordination with the insurance adjusters have been ongoing to ensure all applicable insurance coverage is obtained. The University’s liability for covered expenses is limited to $100K. All covered expenses above this amount are expected to be reimbursed by the insurer.

   A budget not to exceed $249,000 is requested to complete this restoration with the understanding that the University’s liability is expected to be only about $100,000 of this amount after reimbursement from the insurer.

**TOTAL** $1,252,697

* Appropriated/Income Funds
PERIODIC REPORT ON INVESTMENTS
FOR PERIOD JULY 1, 2016 THROUGH DECEMBER 31, 2016

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, 2016
Investment Earnings by Investment Type and Duration for the six months ending December 31, 2016.

Invested funds at December 31, 2016 total $157mm which is lower than last quarter but almost $9mm higher than invested funds last year at this time. The increase in holdings over last year relates to the timing of State funding. The overall rate of return is .56% which is consistent with last quarter and current market conditions.
## NORTHERN ILLINOIS UNIVERSITY
### INVESTMENT HOLDINGS SUMMARY

**December 31, 2016**

For Fiscal Year 2017

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Purch Price/Ending Bal</th>
<th>Book Value</th>
<th>Market Value</th>
<th>Percent of Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Federal Agency Notes:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Funds</td>
<td>$37,742,135</td>
<td>$37,743,961</td>
<td>$37,686,485</td>
<td>23.95%</td>
</tr>
<tr>
<td><strong>Interest Bearing Cash Accounts:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Funds</td>
<td>$22,987,094</td>
<td>$22,987,094</td>
<td>$22,987,094</td>
<td></td>
</tr>
<tr>
<td>Project Funds</td>
<td>876,310</td>
<td>876,310</td>
<td>876,310</td>
<td></td>
</tr>
<tr>
<td><strong>Money Markets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Funds</td>
<td>$47,989,482</td>
<td>$47,989,482</td>
<td>$47,989,482</td>
<td></td>
</tr>
<tr>
<td>Project Funds</td>
<td>15,768,077</td>
<td>15,768,077</td>
<td>15,768,077</td>
<td></td>
</tr>
<tr>
<td><strong>US Treasury Notes/Bills:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Funds</td>
<td>$21,064,349</td>
<td>$21,053,611</td>
<td>$21,017,756</td>
<td></td>
</tr>
<tr>
<td>Project Funds</td>
<td>11,048,320</td>
<td>11,036,117</td>
<td>11,039,343</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL INVESTMENT HOLDINGS**

**DECEMBER 31, 2016**

$157,475,767 $157,454,652 $157,364,547 100.00%

**PREVIOUS YEAR HOLDINGS**

**DECEMBER 31, 2015**

$148,538,422 $148,614,838 $148,336,981

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### Market Value by Investment Type

- **Federal Agency Notes**: 23.95%
- **Interest Bearing Cash**: 15.16%
- **Money Markets**: 40.52%
- **US Treasury Notes/Bills**: 20.37%
NORTHERN ILLINOIS UNIVERSITY
INVESTMENT EARNINGS BY TYPE AND DURATION
For Fiscal Year 2017
July 1, 2016 - December 31, 2016

<table>
<thead>
<tr>
<th>Short-Term Investment Accounts</th>
<th>December 31 Ending Balance</th>
<th>Average Daily Investment Balance</th>
<th>Percent of Portfolio</th>
<th>Income Earned</th>
<th>Annualized Rate of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois Funds</td>
<td>$ 47,989,482</td>
<td>$ 54,970,297</td>
<td>33.57%</td>
<td>$ 115,271</td>
<td>0.416%</td>
</tr>
<tr>
<td>Investment Accounts - Financial Institutions</td>
<td>$ 22,987,094</td>
<td>$ 29,144,353</td>
<td>17.80%</td>
<td>$ 71,607</td>
<td>0.487%</td>
</tr>
<tr>
<td>Investment Accounts - Project Funds</td>
<td>$ 16,644,387</td>
<td>$ 16,101,210</td>
<td>9.84%</td>
<td>$ 448</td>
<td>0.006%</td>
</tr>
<tr>
<td>ST Investment Accounts Total</td>
<td>$ 87,620,963</td>
<td>$ 100,215,860</td>
<td>61.21%</td>
<td>$ 187,326</td>
<td></td>
</tr>
</tbody>
</table>

ST Investment Accounts Average Yield 0.371%

<table>
<thead>
<tr>
<th>Fixed Income Securities</th>
<th>December 31 Ending Balance</th>
<th>Average Daily Investment Balance</th>
<th>Percent of Portfolio</th>
<th>Income Earned</th>
<th>Annualized Rate of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Funds</td>
<td>$ 58,806,484</td>
<td>$ 51,893,749</td>
<td>31.70%</td>
<td>$ 231,561</td>
<td>0.892%</td>
</tr>
<tr>
<td>Project Funds</td>
<td>$ 11,048,320</td>
<td>$ 11,601,163</td>
<td>7.09%</td>
<td>$ 41,524</td>
<td>0.710%</td>
</tr>
<tr>
<td>Fixed Income Securities Total</td>
<td>$ 69,854,804</td>
<td>$ 63,494,912</td>
<td>38.79%</td>
<td>$ 273,085</td>
<td></td>
</tr>
</tbody>
</table>

Fixed Income Securities Average Yield 0.860%

<table>
<thead>
<tr>
<th>COMBINED TOTAL</th>
<th>December 31 Ending Balance</th>
<th>Average Daily Investment Balance</th>
<th>Percent of Portfolio</th>
<th>Income Earned</th>
<th>Annualized Rate of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 157,475,767</td>
<td>$ 163,710,772</td>
<td>100.00%</td>
<td>$ 460,411</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

AVERAGE ANNUALIZED RATE OF RETURN 0.56%
QUARTERLY FINANCIAL SUMMARY
AS OF DECEMBER 31, 2016

Background Information: In an effort 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.

EXECUTIVE SUMMARY

Year-To-Date Financial Results:

Revenue Components – Our current Budget process incorporates a straight line amortization of all revenue categories. This explains the major variances observed in Tuition & Fees, Rental & Room Income and our State of Illinois appropriation. The State of Illinois appropriation ($48.2M) received to date represents the Stop Gap funding that was approved last June for the first half of FY17. At this point we remain cautiously optimistic that an agreement will be reached in Springfield that makes provision for the remaining budgeted amount of $24.7M.

Expense Components – Results to date demonstrate the University’s focus on expense management. There are favorable variances in Personnel Services, Contractual Services and Other Expenses, which capture capital repairs and debt service.

Net Revenue – YTD results indicate a positive net revenue contribution.

Prior Year Financial Results:

Revenue Components – A decline in enrollment has impacted our results in Tuition & Fees and the Sales category. The State of Illinois appropriation is actually favorable to prior year, however, this is based entirely on the timing of the FY16 State appropriation. We received $26.4M in April 2016, the beginning of the 4th quarter.

Expense Components – The University has incurred approximately $13M less in expense compared to this period in the prior fiscal year. This reflects management’s ongoing leadership on developing strategies that will effectively control expenses and contribute to long term financial sustainability.

Net Revenue – Prior year comparison suggest an improvement in net revenue contribution.

Future Outlook (Second Half FY17):

University leadership remains optimistic that the State Legislature will enact an additional appropriation for FY17. The University will continue efforts to drive brand awareness, develop strategies to enhance revenue and will continue efforts aimed at effectively managing the expense base. In the aggregate, our financial projections suggest sufficient cash flow to manage through FY17.

Following is a financial summary of the University’s operations as of the end of December FY17 and a comparison perspective to December of FY16.
## Northern Illinois University
### as of December 31, 2016

#### University All Funds Comparison

<table>
<thead>
<tr>
<th></th>
<th>Second Quarter</th>
<th>Third Quarter</th>
<th>Fourth Quarter</th>
<th>Prior Year</th>
<th>Second Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>YTD Actuals</td>
<td>YTD Budget</td>
<td>Variance</td>
<td>Projection</td>
<td>Projection</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition &amp; Student Fees</td>
<td>$173,058</td>
<td>$93,929</td>
<td>$79,129</td>
<td>$46,965</td>
<td>$46,965</td>
</tr>
<tr>
<td>Gifts, Grants, &amp; Contracts</td>
<td>$30,753</td>
<td>$29,000</td>
<td>$1,753</td>
<td>$14,500</td>
<td>$14,500</td>
</tr>
<tr>
<td>Other Fees and Fines</td>
<td>$5,054</td>
<td>$4,176</td>
<td>$878</td>
<td>$2,088</td>
<td>$2,088</td>
</tr>
<tr>
<td>Rental &amp; Room Income</td>
<td>$37,893</td>
<td>$17,589</td>
<td>$20,304</td>
<td>$8,794</td>
<td>$8,794</td>
</tr>
<tr>
<td>Gate Receipts &amp; Commissions</td>
<td>$2,238</td>
<td>$2,447</td>
<td>($209)</td>
<td>$1,223</td>
<td>$1,223</td>
</tr>
<tr>
<td>Miscellaneous &amp; Investment Income</td>
<td>$4,255</td>
<td>$5,414</td>
<td>($959)</td>
<td>$2,880</td>
<td>$2,880</td>
</tr>
<tr>
<td>State of Illinois</td>
<td>$48,213</td>
<td>$36,455</td>
<td>$11,758</td>
<td>$18,228</td>
<td>$18,228</td>
</tr>
<tr>
<td>Transfers</td>
<td>$959</td>
<td>-</td>
<td>$959</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Revenue &amp; Transfers</strong></td>
<td>$317,651</td>
<td>$208,769</td>
<td>$108,882</td>
<td>$104,385</td>
<td>$104,385</td>
</tr>
</tbody>
</table>

#### Expenses

<table>
<thead>
<tr>
<th></th>
<th>Second Quarter</th>
<th>Third Quarter</th>
<th>Fourth Quarter</th>
<th>Prior Year</th>
<th>Second Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Goods Sold</td>
<td>$4,729</td>
<td>$5,424</td>
<td>($695)</td>
<td>$2,712</td>
<td>$2,712</td>
</tr>
<tr>
<td>Personnel Services</td>
<td>$109,271</td>
<td>$113,526</td>
<td>($4,255)</td>
<td>$56,763</td>
<td>$56,763</td>
</tr>
<tr>
<td>Contractual Services</td>
<td>$31,466</td>
<td>$41,122</td>
<td>($9,656)</td>
<td>$20,561</td>
<td>$20,561</td>
</tr>
<tr>
<td>Commodities</td>
<td>$3,187</td>
<td>$3,844</td>
<td>($657)</td>
<td>$1,922</td>
<td>$1,922</td>
</tr>
<tr>
<td>Travel</td>
<td>$1,967</td>
<td>$2,378</td>
<td>($411)</td>
<td>$1,189</td>
<td>$1,189</td>
</tr>
<tr>
<td>Automotive</td>
<td>$679</td>
<td>$611</td>
<td>$68</td>
<td>$305</td>
<td>$305</td>
</tr>
<tr>
<td>Scholarships</td>
<td>$25,443</td>
<td>$20,481</td>
<td>$4,962</td>
<td>$10,240</td>
<td>$10,240</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>$126</td>
<td>$936</td>
<td>($810)</td>
<td>$468</td>
<td>$468</td>
</tr>
<tr>
<td>Equipment &amp; Library Materials</td>
<td>$4,022</td>
<td>$4,737</td>
<td>($716)</td>
<td>$2,369</td>
<td>$2,369</td>
</tr>
<tr>
<td>Other</td>
<td>$8,327</td>
<td>$20,731</td>
<td>($12,404)</td>
<td>$10,365</td>
<td>$10,365</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$189,216</td>
<td>$213,788</td>
<td>($24,572)</td>
<td>$106,894</td>
<td>$106,894</td>
</tr>
<tr>
<td><strong>Net Revenue</strong></td>
<td>$128,435</td>
<td>($5,019)</td>
<td>$133,454</td>
<td>($2,509)</td>
<td>($2,509)</td>
</tr>
</tbody>
</table>
Fund Codes and Definitions

1. 02 Funds
   a. Consists of:
      1) General Revenue Funds – Fiscal year state appropriation
      2) University Income Funds – Tuition and fees (i.e. academic program enhancement surcharge, campus improvement fee, financial guidelines program fees, application fee, graduation fee)
   b. To be used to support the academic mission of the University as well as for student career success both directly and indirectly.

2. 04 Funds (Restricted)
   a. Consists of: University Income Funds – Class Fees for materials/laboratory/field trips.
   b. To be used in support of the class that the fee was approved and in the manner for which the fee was approved.

3. 29-33 Funds (Restricted)
   a. Consists of: Revenue Bond Operations/Replacement/Reserve Funds – Funds derived from entities whose facilities were paid for via the sale of bonds such as: student fees plus revenues from the operations of residence halls/apartments (food, board, laundry), HSC/Campus Life (bookstore, food service, hotel), Field House/Recreation Center (fees and rental), Parking (usage fees and fines), Stadium/Convocation Center/BAVC (rental, events, food sales)
   b. To be used in support of the auxiliary system facilities and operations. This includes general University operations to the extent that they support the auxiliary system.

4. 41 Funds
   a. Consists of:
      1. Auxiliary Enterprises Funds – Generated and supported through the activities of the enterprise or student fees dedicated to those enterprises such as: Health Service, Intercollegiate Athletics, Student Contract Busing, and University Press
      2. Local Funds – Activities that are considered more public service in nature such as: Non-credit programs, Student activity fees (clubs (fencing)/organizations (CAB)), Regional Centers (Rockford, Naperville, Hoffman Estates), Conferences/Workshops, Indirect Cost, SSRI/Governmental Studies, Camps, Study Abroad Programs
   b. To be used to support student career success through activities that broaden the student experience and provide opportunities beyond the traditional classroom environment.

5. 44 Funds (Restricted)
   a. Consists of: Gifts, Grants & Contracts – Funds managed for specific purposes as defined by the granting agency including federal, state, and private entities
   b. To be used for the specific purpose that the grant was awarded and within the guidelines of the grant.

6. 55 Funds (Restricted)
   a. Consists of: Local Funds – Foundation Support
   b. To be used for payroll costs in support of the academic mission of the University.
HOUSING MASTER PLANNING

Briefing presented at the meeting.
Agenda Item 7.e.
February 16, 2017

FACILITIES UPDATE

Briefing presented at the meeting.
Agenda Item 8.a.  
February 16, 2017

FISCAL YEAR 2018 ARCHITECTURAL & ENGINEERING AND PHYSICAL PLANT MASTER AGREEMENT CONTRACT RENEWALS

Summary: Architectural & Engineering Services and the Physical Plant request permission to issue master agreements for labor and materials required for Fiscal Year 2018 for electrical contractors, a general contractor, and an excavation/road/parking lot contractor. Services will be requested on an as-needed basis throughout the period July 1, 2017 - June 30, 2018. These are option renewals at various stages of a nine-year total term. The renewal awards will be advertised on the Illinois Procurement Bulletin.

Funding: Institutional – Local Funds, 41 OP58049, OP58045

Recommendation: The University requests Board of Trustees approval to renew the following agreements with the designated cumulative upper limits for FY18:

<table>
<thead>
<tr>
<th>Company Name</th>
<th>City, State</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ballard Companies, Inc. – Rockford, IL</td>
<td>Rockford, IL</td>
<td>$725,000</td>
</tr>
<tr>
<td>Swedberg Electric – Sycamore, IL</td>
<td>Sycamore, IL</td>
<td>$725,000</td>
</tr>
<tr>
<td>Virgil Cook – DeKalb, IL</td>
<td>DeKalb, IL</td>
<td>$725,000</td>
</tr>
<tr>
<td>Weaver Construction – Sycamore, IL</td>
<td>Sycamore, IL</td>
<td>$525,000</td>
</tr>
<tr>
<td>Elliot &amp; Wood, Inc. – DeKalb, IL</td>
<td>DeKalb, IL</td>
<td>$700,000</td>
</tr>
<tr>
<td>Curran Contracting, Inc. – DeKalb, IL</td>
<td>DeKalb, IL</td>
<td>$390,000</td>
</tr>
<tr>
<td>Hygieneering, Inc. – Willowbrook, IL</td>
<td>Willowbrook, IL</td>
<td>$575,000</td>
</tr>
<tr>
<td>Mechanical, Inc. – Freeport, IL</td>
<td>Freeport, IL</td>
<td>$500,000</td>
</tr>
<tr>
<td>Mid Valley Concrete Co. – Sandwich, IL</td>
<td>Sandwich, IL</td>
<td>$275,000</td>
</tr>
<tr>
<td>Rush Power Systems, LLC – Kirkland, IL</td>
<td>Kirkland, IL</td>
<td>$400,000</td>
</tr>
<tr>
<td>Sterling Commercial Roofing, Inc. – Sterling, IL</td>
<td>Sterling, IL</td>
<td>$400,000</td>
</tr>
<tr>
<td>Tecnica Environmental Services, Inc. – Lemont, IL</td>
<td>Lemont, IL</td>
<td>$700,000</td>
</tr>
</tbody>
</table>

Total ................................................................................. $6,640,000

Amount Approved for FY17: $2,025,000
FISCAL YEAR 2018 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, 2017 - June 30, 2018, 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 third 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.

Funding: Institutional – Local Funds, 41 UD58070

Recommendation: The University requests Board of Trustees approval of expenditure authority for FY18 as follows:

   Lindenmeyr Munroe – Carol Stream, IL .......................................................... $ 500,000

Amount Approved for FY17: $500,000
FISCAL YEAR 2018 DOIT – INTEGRATED MEDIA TECHNOLOGIES CAMPUS COPIER PROGRAM CONTRACT RENEWAL

**Summary:** The Division of Information Technology – Integrated Media Technologies program requests permission to issue an order for renewal of the campus copier program consisting of approximately 325 copiers of various configurations. The annual volume of copies is approximately 20 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 located in the libraries and other public areas 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 fifth 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.*

**Funding:** Institutional – Local Funds, 41 UD58070, UD34019, UD34021

**Recommendation:** The University requests Board of Trustees approval of expenditure authority for FY18 as follows:

*Gordon Flesch Co. – Geneva, IL* .................................................. $ 975,000

Amount Approved for FY17: $1,000,000
FISCAL YEAR 2018 PHYSICAL PLANT ELEVATOR SERVICES AND MAINTENANCE OPEN ORDER CONTRACT RENEWAL

Summary: The Physical Plant requests permission to renew an open order for elevator service repair technicians on an as-required basis for Fiscal Year 2018. There are 107 lifts/elevators which require continual repair and maintenance in order to maintain University facilities safety standards. Due to staffing changes, the University determined that the most expeditious approach to maintaining service standards is to establish an open order with an outside vendor. Pricing and specifications are based on a Request for Proposal opened August 1, 2014. The intent to award this contract was advertised in the Illinois Procurement Bulletin. The award was waived by the Procurement Policy Board.

Funding: Institutional – Local Funds, 41 OP58045

Recommendation: The University requests Board of Trustees approval of expenditure authority for FY18 as follows:

G. D. Barri & Assoc. Inc. – Peoria, AZ........................................... $ 325,000

Amount Requested in FY17: $325,000
FISCAL YEAR 2018 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 600 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.

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 FY17. All funds and disbursements remain subject to University accounting controls and management.

Funding: Institutional – Local Funds

Recommendation: The University requests Board of Trustees approval of expenditure authority for FY18 as follows:

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

Amount Requested in FY17: $3,000,000
FISCAL YEAR 2018 STUDENT MASS TRANSIT BOARD
CAMPUS BUSING SYSTEM CONTRACT RENEWAL

Summary: The Student Mass Transit Board requests permission to issue an order for continued operation of the campus busing system that provides services on campus and to residential and business areas of DeKalb and Sycamore. The Student Bus Fee supports this contract. The terms and conditions are based upon pricing specified for the last year of a four-year renewal option from the sealed bid opened July 31, 2012. The renewal award will be advertised in the Illinois Procurement Bulletin.

Funding: Institutional – Local Funds

Recommendation: The University requests Board of Trustees approval of expenditure authority for FY18 as follows:

Transdev Services, Inc. – Lombard, IL ........................................... $4,185,000
(formerly Veolia Transportation Services Inc.)

Amount Approved for FY17: $4,150,000
FISCAL YEAR 2018 TRANSPORTATION SERVICES, PHYSICAL PLANT & FINANCE FACILITIES AND OPERATIONS MOTOR FUELS

**Summary:** Transportation Services, Physical Plant and Finance, Facilities and Operations request permission to purchase 10 percent ethanol blended regular non-leaded gasoline, B2 2% soy ultra-low sulfur biodiesel and 11 percent soy ultra-low sulfur biodiesel for use by these departments as well as the Grounds Department. Under Illinois Complied 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, will be published to the bulletin shortly, and bids will be opened as soon as possible.

**Funding:** Institutional – Local Funds

**Recommendation:** The University requests Board of Trustees approval of expenditure authority for FY18 as follows:

*Vendor(s) to be determined* ................................................................. $ 500,000

Amount Approved for FY17: $725,000
FISCAL YEAR 2018 MULTIPLE DEPARTMENTS - NON-FOOD, FOOD SERVICE-RELATED COMMODITIES CONTRACT RENEWALS

Summary: Multiple departments on campus utilize open orders for the purchase of miscellaneous non-food, food service-related commodities such as napkins, disposable plates, cups, tableware, and carry-out containers for the period July 1, 2017 – June 30, 2018. For Edward Don & Company, this is the first year of nine one-year renewal options based on a sealed bid opened April 4, 2016. For Warehouse Direct, this is the only renewal year at the vendor's request. The renewal awards will be advertised on the Illinois Procurement Bulletin.

Funding: Institutional – Local Funds

Recommendation: The University requests Board of Trustees approval of expenditure authority for FY18 as follows:

Edward Don & Co. – Woodridge, IL............................................................... $ 300,000
Warehouse Direct Office Prod. – Des Plaines, IL ............................... $ 110,000

Total................................................................................................................. $ 410,000

Amount Approved for FY17: $450,000
FISCAL YEAR 2018 STUDENT HEALTH INSURANCE

Summary: The University provides group health insurance, funded by student health insurance fees, to students and their families. Students may waive their participation in this plan if they have proof of other comparable health insurance. We will be utilizing renewal option one 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.

Funding: Agency Funds

Recommendation: The University requests Board of Trustees approval of expenditure authority for FY18 as follows:

Aetna Life Insurance Co. – Hartford, CT ..............................................$12,500,000

Amount Approved for FY17: $12,500,000
FISCAL YEAR 2018 MATERIALS MANAGEMENT
COMMODITIES OPEN ORDERS

Summary: NIU Department of Materials Management requests permission to purchase commodities for campus departments for the period July 1, 2017 – June 30, 2018. The vendors will provide commodities for resale such as janitorial supplies, non-stock office, computer, and printer supplies. These orders are exempt from advertising on the Illinois Procurement Bulletin because the vendors are pre-approved IPHEC vendors.

Funding: Institutional – Revenue Bond, 29 PD50530

Recommendation: The University requests Board of Trustees approval of expenditure authority for FY18 as follows:

Supplyworks – Rockford, IL .............................................................. $ 300,000
Office Depot Max, Inc. – Itasca, IL .................................................. $ 550,000

Total ................................................................................................................. $ 850,000

Amount Approved for FY17: $900,000
DIVISION OF ENROLLMENT MANAGEMENT, MARKETING AND COMMUNICATIONS
MEDIA BUYING SERVICES

Summary: The Division of Enrollment Management, Marketing & Communications (EMMC) requests approval to establish a master contract with a vendor for media buying services. EMMC is responsible for developing and deploying strategies to attract a diverse mix of undergraduate students - including high school students, transfer students and nontraditional learners - to attend NIU. The division's marketing and communications activities ensure that institutional and brand-building work is aligned with recruitment. The staff develops strategic, highly-targeted campaigns to have the greatest impact on prospective students in order to increase enrollment.

Currently, the division places advertising directly with multiple media outlets. Contracting with a single vendor for most media purchases will enable the University to achieve cost savings through a lower purchase price on a cohesive media purchasing plan, as well as benefiting from the cost savings achieved through the vendor's larger-scale purchasing ability. The vendor will be an intermediary for most media purchases, eliminating the need for many individual purchase orders and associated contracts. Additionally, the use of a single vendor for media buying will amplify cost savings through a significant reduction in administrative time and effort, as well as enabling the department to respond more rapidly to changing requirements.

A Request for Proposal is being prepared and will be advertised on the Illinois Procurement Bulletin as soon as possible. Following the opening of the proposals, an award will be made and published. It is expected that the award will be made for Fiscal Year 2018, with five one-year renewal options.

Funding: Appropriated/Income Funds 02-RG34118

Recommendation: The University requests Board of Trustees approval of expenditure authority for FY18 - FY23 as follows:

Vendor to be determined........................................................................... NTE $2,400,000
FISCAL YEAR 2018 TRANSPORTATION SERVICES - CHARTER BUS SERVICES

**Summary:** Transportation Services requests permission to contract with multiple vendors for charter bus services for the period July 1, 2017 – June 30, 2018. Transportation has augmented the on-campus resources at their disposal by utilizing a number of different vendors in the past and intends to continue with this model. An Invitation for Bid will be issued in Q3 for the required services, which include charter bus services used for class field trips, musical performances, athletic competitions, and other events. The Invitation for Bid will be advertised on the *Illinois Procurement Bulletin*.

**Funding:** Institutional – Local Funds, 41 OA58210

**Recommendation:** The University requests Board of Trustees approval of expenditure authority for FY18 as follows:

- *Vendors to be determined* ................................................................. NTE $500,000

FY17 Open Orders Estimated Total: $455,500
DIVISION OF INFORMATION TECHNOLOGY INTERNET SECURITY SERVICES

**Summary:** The Division of Information Technology requests the purchase of Internet Security Services for a three-year term (3/31/2017 – 3/30/2020). As part of Northern Illinois University's regulatory requirements for handling payment card transactions and security best practices, it has been deemed vital for Northern Illinois University to implement, maintain and monitor security measures that identify, analyze, and aid in the remediation of network attacks on a 24/7/365 schedule. This purchase provides NIU a security operations monitoring service whose software parses through 3.5M system logs a day, engages in machine and user learning/profiling to alert on suspicious behavior. Analysts then weed through and discard with false positives and focus on the valid alerts to find the malicious behavior (the needle in the haystack) and provide the recommended remediation steps. These services will enhance our security posture and reduce our risk of a security breach by shortening the timeline to identify, investigate, and mitigate network attacks substantially. Additionally, it helps NIU stays in compliance with various regulatory requirements such as PCI, HIPAA, & CJI. This was a competitive procurement under Request for Proposal # CAB159535 that opened on July 6, 2016. The award has been advertised on the *Illinois Procurement Bulletin* and has been waived by the Procurement Policy Board.

**Funding:** Institutional – Local Funds, 41 UF58052

**Recommendation:** The University requests Board of Trustees approval of expenditure authority for FY17-FY20 as follows:

*Rapid7, Inc. – Boston, MA* ............................................................... $546,000
FISCAL YEAR 2017 DIVISION OF INFORMATION TECHNOLOGY
MICROSOFT LICENSES AMENDMENT

Summary: The Division of Information Technology requests permission to add on additional Microsoft licenses utilizing the award on RFP # KMC138285. This contract supports multiple areas across the University. The current additional licenses are in support of two main areas. 1) These licenses are to allow the University the ability to run Microsoft’s Server operating system and their SQL Server database software, both standard requirements for many applications, across the DoIT managed virtual infrastructure. The Project licenses are for a class that teaches Microsoft Project in the Educational Technology, Research, and Assessment (ETRA) Department. 2) The second part support Northern Illinois University's information security program, the specific purpose of this service is to fulfill the regulatory requirements that requires remote access to utilize two-factor authentication (PCI: DSS 8.3 & HIPAA 164.308(a)(4)(i)). Additionally, the implementation of this technology should mitigate unauthorized access to PeopleSoft (including PeopleSoft Service) to reduce the amount of tax fraud against employees ($170,000 attempted in CY15). Finally, the implementation of the password reset functionality would save roughly $150,000+/- a year based upon call volume and time to manually reset passwords while improving the user experience and increasing the brand image. These services will enhance our security posture and reduce our risk of a security breach by significantly reducing the threat landscape from which attackers can gain unauthorized access to NIU’s network. Original approval for this order was received in the February 5, 2016, President’s Report. This amendment will be advertised on the Illinois Procurement Bulletin.

Funding: Institutional – Local Funds, 41 UC58092

Recommendation: The University requests Board of Trustees approval of expenditure authority for FY17 as follows:

ScholarBuys – Carpentersville, IL

Original Approval Amount.......................................................... $ 240,000
Amendment Amount ................................................................. $ 110,000
New Approval Amount............................................................ $ 350,000
FISCAL YEAR 2018 DIVISION OF INFORMATION TECHNOLOGY INFRASTRUCTURE APPLICATIONS MICROSOFT ENROLLMENT CONTRACT RENEWAL

**Summary:** The Division of Information Technology Infrastructure Applications requests permission to issue an order for the Fiscal Year 2018 Renewal of Microsoft Enrollment for Education Solutions software for resale during the license period July 1, 2017 – June 30, 2018. This is the fourth 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 requests Board of Trustees approval of expenditure authority for FY18 as follows:

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

Amount originally approved for FY17: $240,000
FISCAL YEAR 2018 UNIVERSITY OUTREACH EDUCATION CENTERS - CATERING SERVICES CONTRACT RENEWALS

Summary: NIU Naperville requests permission to purchase catering services for clients renting the Education Centers (Naperville, Hoffman Estates, and Rockford) for the period July 1, 2017 – June 30, 2018. The vendors will provide meals for breakfast and lunch for clients renting the education centers for events, seminars, meetings, etc. Clients renting the education centers charge a fee for events (and meals, if provided). A portion of that fee allows the University to recover the full cost of that catering. This is the last year of five one-year renewal options based on a proposal opened March 20, 2012. The renewal awards will be advertised in the Illinois Procurement Bulletin.

Funding: Institutional – Local Funds

Recommendation: The University requests Board of Trustees approval of expenditure authority for FY18 as follows:

Mary’s Market – Rockford, IL ................................................................. $ 60,000
Sodexo – Lisle, IL ................................................................. $ 250,000
My Chef – Naperville, IL ................................................................. $ 150,000

Total ................................................................. $ 460,000

Amount Approved for FY17: $705,000
FISCAL YEAR 2018 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, 2017 through June 30, 2018. 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, 41 OM58105* and 41 UD34022**

Recommendation: The University requests Board of Trustees approval of expenditure authority for FY18 as follows:

- U.S. Postal Service – Pittsburgh, PA ......................................................... $ 450,000 *
- Postmaster – DeKalb, IL ................................................................. $ 450,000 **
TREASURY OPERATIONS – SIGNATORY AUTHORIZATION

**Summary**: The University requests Board of Trustees approval for the designation of the Treasurer of the Board of Trustees (the Associate Vice President of Finance and Budget), the Assistant Secretary/Assistant Treasurer of the Board of Trustees, and the Director of Treasury Operations to be the authorized signatories for all Treasury Operations. This designation is consistent with prior authorizations, but provides an update with current administrative titles and designations.

**Recommendation**: The University requests approval of the signatory authorization designation for Treasury Operations as detailed above.
APPPOINTMENT OF AN ACTING CHIEF FINANCIAL OFFICER

Lawrence Pinkelton has been the Associate Vice President for Finance & Budget since October 16, 2015, when he joined NIU. He is responsible for the Office of Budget and Financial Analysis, Office of Procurement and Contract Management, Office of the Bursar, and Office of the Controller, which includes accounting, accounts payable, and treasury operations.

Mr. Pinkelton has over 30 years of experience in strategic planning, business development, financial analysis and reporting, operating and capital budgeting, as well as accounting compliance and audit controls. Prior to joining NIU, he was Vice President, Administration and Finance at Chicago State University.

Mr. Pinkelton earned a B.B.A. in Finance from the University of Cincinnati and an M.B.A. in Applied Business Economics from Xavier University, also in Cincinnati.

Recommendation: The University recommends that Lawrence Pinkelton, Associate Vice President for Finance & Budget be appointed as acting Chief Financial Officer effective March 1, 2017.
APPOINTMENT OF AN ACTING TREASURER

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 Board designate and appoint Lawrence Pinkelton to serve as Acting Treasurer for the Board of Trustees, effective March 1, 2017, provided that Mr. Pinkelton 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.
Agenda Item 8.u.  
February 16, 2017

**STEVENS BUILDING PROJECT AUTHORIZATION**

**Summary:** In February 2010, the Board approved a combined budget of $35 million for the Cole Hall and Stevens Building construction projects. In November 2015, the Board authorized an additional $300,000 to support winterization protection of the unfinished Stevens Building during the FY16 re-appropriation delay.

In July 2016, the Stevens construction project was re-appropriated after a year delay. After extensive estimating efforts and negotiations, the costs to remedy the impacts caused by the delay are reasonably known. Actual costs for the Cole Hall project and projected costs to complete the Stevens construction are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cole Hall renovation project (actual)</td>
<td>$5,881,800</td>
</tr>
<tr>
<td>Stevens Building construction project</td>
<td></td>
</tr>
<tr>
<td>State funded:</td>
<td></td>
</tr>
<tr>
<td>Work in place prior to re-appropriation (actual)</td>
<td>$13,618,335</td>
</tr>
<tr>
<td>(includes design and construction costs)</td>
<td></td>
</tr>
<tr>
<td>Work to be completed post re-appropriation (estimated)</td>
<td>$15,000,000</td>
</tr>
<tr>
<td>(includes design, construction, and other efforts)</td>
<td></td>
</tr>
<tr>
<td>Delay impacts (estimated)</td>
<td>$2,300,000</td>
</tr>
<tr>
<td>NIU-funded:</td>
<td></td>
</tr>
<tr>
<td>Move-in and other necessary costs not addressed in state-funded project scope (estimated)</td>
<td>$500,000</td>
</tr>
<tr>
<td>Total anticipated project costs for Cole Hall and Stevens Building</td>
<td>$37,300,135</td>
</tr>
<tr>
<td>Current Board of Trustee Approval</td>
<td>$35,300,000</td>
</tr>
</tbody>
</table>

The anticipated project costs to complete Stevens exceeds the original authorization of $35.3M.

**Funding:** FY17 State Appropriated – CDB Funds  
NIU – Appropriated/Income Funds

**Recommendation:** The University requests Board of Trustee approval to increase the overall combined project budget to $37,300,135 and authorization, specifically, for $500,000 of NIU funding to address occupancy-related costs.
NEPTUNE RESIDENTIAL COMPLEX - UPGRADE
CAPITAL PROJECT DESIGN APPROVAL

Summary: Analysis of residential hall vacancies from fall semester 2016 showed Neptune with the highest vacancy despite having the lowest room/board price. This is considered a strong indication that this residential hall, located at one of the most convenient locations in the campus core, requires a renovation investment to make it a more attractive housing option for students. Major renovation ideas for Neptune Hall were studied previously from January 2015 to May 2015. While the resulting full renovation concepts, estimated at $47M, would not be financially viable at this time, ideas developed would inform how a limited investment might be accomplished to update key areas of the complex and make it more attractive.

Leveraging the remaining Build America Bond funding, the University recommends moving forward with design and construction based on an objective of reinvigorating student interest in Neptune Residential complex and informed by ideas developed under the previous renovation concept study. While details of the scope will be fully developed during the design process, the intent will be for maximizing the available funds to impact the most students. This will include addressing the common areas of the entrances, lounges, and dining spaces through a combination of floor/wall treatments and furniture improvements. Some individual floor and/or room improvements may be made as funds might be available. This would include specific improvements to bathroom and common area kitchenettes to address international student recruiting and bonding.

To take full advantage of the 2017 summer construction window, authorization is requested for both design and construction allowing the best chance for completing all or major portions of this effort prior to the 2017 fall semester. More specific details of the intended scope will be reported at the May 2017 FFOC.

Funding: Bond Series 2010 – Bond Revenue Funds

Recommendation: The University requests Board of Trustees authorization to proceed with design and construction of this project based on a total budget of $5.4 million. BAB funds will be unencumbered from the following projects to supplement available funding for Neptune Complex Upgrade: Parking Lot 18, Parking Lot D, and Watson Creek Bridge. A parallel request will be submitted for IBHE approval since this effort exceeds the $2M threshold established for non-instructional facility improvements. Updates will be provided during the design and construction efforts.