CALL TO ORDER AND ROLL CALL

The meeting was called to order at 11:07 a.m. by Committee Chair Tim Struthers in the Board of Trustees Room 315, Altgeld Hall. Recording Secretary Vicky Rippberger conducted a roll call of the trustees. Members present were Trustee Dennis Barsema, Trustee Wheeler Coleman, Trustee Matthew Holmes, Board Chair John Butler, and Committee Chair Tim Struthers. Also present were Trustee Bob Boey, Trustee Greg Wasowicz, President Douglas Baker, Committee Liaison Larry Pinkelton, Vice President and Provost Lisa Freeman, Deputy General Counsel Greg Brady, and Board Liaison Mike Mann.

VERIFICATION OF QUORUM AND APPROPRIATE NOTICE OF PUBLIC MEETING

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

MEETING AGENDA APPROVAL

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

REVIEW AND APPROVAL OF MINUTES

A motion to approve the minutes of the February 16, 2017 meeting was made by Trustee John Butler; seconded by Trustee Matthew Holmes. All were in favor. The motion carried.

CHAIR’S COMMENTS/ANNOUNCEMENTS

Chair Struthers recognized members of the University Advisory Committee.

Greg Long thanked the members of the Resource, Space and Budget Committee for their efforts this year and mentioned that they will continue to meet over the summer.

Holly Nicholson also expressed appreciation for the RSB committee and the partnership and transparency that’s been happening with shared governance.

PUBLIC COMMENT

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

UNIVERSITY RECOMMENDATIONS/REPORTS

Chair Struthers mentioned that items 7c, 7d, and 7f are standard reports and will not be discussed unless there are questions or concerns.
Information Item 7.a. – Quarterly Financial Summary

Chair Struthers commented that the format of this report has changed in the interest of trying to make it as meaningful as possible. You will note that the left column contains the 3rd quarter actual income with the 4th quarter projection. This 4th quarter revenue projection assumes a lifeline budget of $12 million by the state, which would result in a net loss of $17 million. We would expect a similar reduction in working capital, however, we have some nuances with longer term investments that could go “above the line” and provide some working capital, however, those options are limited. As we look at making decisions, the state budget is extraordinarily important. But, it is critical we understand the priority of focusing on long-term sustainability of revenue and expenses.

Larry Pinkelton added that University leadership has, over the last several months, gone through multiple discussions identifying areas of opportunity to increase our working capital that would buffer us as we navigate through these challenging times.

Information Item 7.b. – Fiscal Year 2018 Internal Budget

Mr. Pinkelton explained, we do have a planning assumption going into FY18 which includes a reduction in tuition and fees due to an estimated reduction in enrollment of 750 students. The retention rate is uncertain, and a stable level of last year has been used in the projection. The other key piece in our revenue is the governor’s recommended budget of $77.5 million. We are taking this number at face value and factoring that into our projection for FY18. In total operating revenues we’re bringing forth a budget request of $424.2 million. As new information is brought forth, we will look to revise the budget accordingly. This item will come before the Board for approval in June.

Information Item 7.c. – Periodic Report on Investments

Information Item 7.d. – Quarterly Summary Report of Transactions in Excess of $100,000

Information Item 7.e. – Facilities Update

John Heckmann presented an update to facilities activities focusing on maintenance and repair which now includes FY18 projection if state funding doesn’t come through and the impact the lack of general revenue funds could have on the campus buildings.

Chair Struthers emphasized the $25 million annual target spend for repair and maintenance, and the fact that the 2018 budget is roughly $13 million below the target. He also emphasized that on average, each of the last four years, we have underfunded the repair and maintenance by about the same amount. At a high level, it is reasonable to conclude that NIU has built up some $80 million in deferred costs over five years.

Mr. Heckmann also addressed the boiler investment that will need to be made in FY19. This item will be considered by the Board later in this meeting increasing Phase I funding from $5 million to $16 million. We do have reserves for this purpose and will not come out of operating funds. A concern was raised about consolidating the current two plants into one and the risk that may be involved. Mr. Heckmann explained that we currently only operate one plant at a time and we will have a sufficient amount of boilers to carry the load should one boiler be down for any reason.

Mr. Heckmann also provided updates on discretionary projects that are funded by Build America Bonds, including the Holmes Student Center and Neptune projects. The Holmes Student Center construction is
geared to start next May, at the end of the academic year, and will most likely take over a year to complete bringing the target completion date to Fall 2019. The Neptune project will be fast-tracked so it can be ready when Holmes is closed. The Stevens building may be ready for soft-occupancy at some point during this fall but full occupancy is anticipated to be January 2018, providing the state reauthorizes the project.

Trustee Barsema requested a way to code or index the deferred maintenance in order to understand where it stands relative to criticality.

Trustee Coleman also commented regarding the risk involved in deferring maintenance and how we’re prioritizing those risks.

**Information Item 7.f. – Semi Annual Progress Report of Active Capital Projects**

**Action Item 8.a. – Boiler Assessment and Phase I Design**

Mr. Pinkelton referenced the presentation and discussion provided earlier in the meeting, and requested the Board of Trustees approval to continue a multi-year project to implement a heating system replacement investment strategy. Amended approval is sought to increase the authorized amount to $16M.

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

There was discussion around the lack of physical redundancy of the boilers by deciding to operate only one location. Mr. Heckmann reassured the Board that he would monitor the boilers and adjust make changes if necessary.

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

**Action Item 8.b. – Fiscal Year 2018 Waste Management and Utilities – Solid Waste Removal and Recycling at NIU DeKalb Contract Renewal**

Mr. Pinkelton, on behalf of the University, requested Board of Trustees approval of expenditure authority in the amount of $420,000.

A motion was made by Trustee John Butler; Seconded Trustee Dennis Barsema.

A discussion ensued relating to the multi-year renewable options on this and other contracts. Trustee Coleman stated, we should be having discussions with the vendors on what they can give us a break on. Mr. Pinkelton will engage the Director of Procurement and the Office of General Counsel to put together a strategy to evaluate vendors.

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

**Action Item 8.c. – Fiscal Year 2018 Intercollegiate Athletics Secondary Student Health Insurance Contract Renewal**

Mr. Pinkelton, on behalf of the University, requested Board of Trustees approval of expenditure authority in the amount of $315,000.

A motion was made by Trustee John Butler; Seconded Trustee Dennis Barsema. Trustee Wheeler Coleman requested a roll call vote. Trustees Dennis Barsema, John Butler, Matthew Holmes, and Chair Tim Struthers all voted yes; Trustee Wheeler Coleman abstained. The motion carried.
Action Item 8.d. – Fiscal Year 2018 Intercollegiate Athletics Air Charter Services for Football Team

Mr. Pinkelton, on behalf of the University, requested Board of Trustees approval of expenditure authority in the amount of $500,000.

A motion was made by Trustee John Butler; Seconded Trustee Dennis Barsema.

A brief discussion took place regarding flying versus taking the bus.

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

Action Item 8.e. – DoIT – Voice Trunking Services and Local Domestic/Long Distance Service Amendment

Mr. Pinkelton indicated the need for an amendment to the existing contract with Frontier while DoIt conducts an RFP for new telephony service in the amount of $60,000.

A motion was made by Trustee Barsema; Seconded Trustee Butler.

A discussion ensued requesting clarity on the need for the amended amount. Brett Coryell explained, this is an extension of time on a pro rata rate. The language in the request is incorrect/misleading.

Trustee Barsema requested a presentation on the new proposed telephone system.

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

Action Item 8.f. – DoIT EMC Storage Lease

Larry Pinkelton indicated the need for the University to enter into a five-year lease to acquire storage equipment and software to replace all three types of enterprise storage currently being used within DoIT. It is anticipated that we will generate over $500,000 in revenue over the life of the lease by hosting other institution’s data. The University requests Board of Trustees approval of $2,800,000.

A motion was made by Trustee Dennis Barsema; Seconded Trustee Matthew Holmes.

A conversation took place regarding the use of the cloud relative to our need for storage equipment.

Trustee Coleman requested a presentation on our current and future use of the cloud.

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

Action Item 8.g. – School of Nursing and health Studies Study Materials

Mr. Pinkelton, on behalf of the University, requested Board of Trustees approval of expenditure authority in the amount of $450,000.

A motion was made by Trustee John Butler; Seconded Trustee Dennis Barsema. All were in favor. None were opposed. The motion carried.
Action Item 8.h. – Fiscal Year 2018 NIU Foundation Professional Services Contract

Mr. Pinkelton, on behalf of the University, requested Board of Trustees approval of expenditure authority in the amount of $630,052.

A motion was made by Trustee John Butler; Second Trustee Matthew Holmes. Trustee Dennis Barsema requested a roll call vote. Trustees John Butler, Wheeler Coleman, Matthew Holmes, and Chair Tim Struthers all voted yes; Trustee Dennis Barsema abstained. The motion carried.

OTHER MATTERS

Trustee Butler asked that the Board reconvene for the special meeting at 12:25.

NEXT MEETING DATE

The next meeting of the Finance, Facilities and Operations Committee will be August 17, 2017.

ADJOURNMENT

A motion was made to adjourn by Trustee Barsema; seconded by Trustee Coleman. The motion passed.

Meeting adjourned at 12:14 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.