BOARD OF TRUSTEES

Finance, Facilities and Operations Committee

May 19, 2016
No item in this report for release prior to 12:30 p.m. Thursday, May 19, 2016.

**AGENDA**

NIU Board of Trustees  
FINANCE, FACILITIES AND OPERATIONS COMMITTEE  
12:30 p.m. – Thursday – May 19, 2016  
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 February 18, 2016 .................................. Action....... 1
5. Chair’s Comments/Announcements
6. Public Comment*

7. University Report  
   a. Semi-Annual Progress Report of Active Capital Projects ............................... Information...... 21  
   b. Quarterly Summary Report of Transactions in Excess of $100,000 .................. Information...... 30  
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      (Capital Project Planning).......................................................................... Information...... 40

8. University Recommendations  
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i. Fiscal Year 2017 EMC Maintenance Renewal .......................................................... Action...... 49

j. Grant South Steam Vault Replacement (Capital Project Approval) .......................... Action...... 50

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o. Fiscal Year 2016 Internal Budget Amendment .......................................................... Action...... 55

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, 815-753-1273.

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.
CALL TO ORDER AND ROLL CALL

The meeting was called to order at 1:42 by Committee Chair John Butler in the Board of Trustees Room, 315 Altgeld Hall. Recording Secretary Vicky Rippberger conducted a roll call of the trustees. Members present were Trustee Robert Boey, Trustee Wheeler Coleman, Trustee Robert Marshall, Trustee Cherilyn Murer, Trustee Tim Struthers, Board Chair Marc Strauss, and Committee Chair John Butler. 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.

VERIFICATION OF QUORUM AND APPROPRIATE NOTICE OF PUBLIC MEETING

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

MEETING AGENDA APPROVAL

A motion to approve the agenda was made by Trustee Strauss; seconded by Trustee Marshall. All were in favor. None were opposed. The agenda was approved.

REVIEW AND APPROVAL OF MINUTES

A motion to approve the minutes of the November 12, 2015 meeting was made by Trustee Strauss; seconded by Trustee Marshall. All were in favor. None were opposed. The minutes were approved.

CHAIR’S COMMENTS/ANNOUNCEMENTS

Chair Butler began, this is an opportunity for us to invite the University Advisory Committee members to address the committee. You’re welcome to make such remarks in any order you wish.

Greg Long thanked the committee for the opportunity. I would just like to say first thank you for supporting the sabbatical requests. As a faculty member, that really was important. As another piece of good news, I’d like to offer thanks to the President’s and Provost’s Office. Within shared governance, one of the issues we faced is that, as Faculty Senate president, I get lots of support, release time, and clerical support, but my colleagues in the Operating Staff Council and SPS Council have historically not received any release time, clerical support, and so forth. So we did collaborate and put forth a proposal to the President’s and Provost’s Office, and we will be getting to have some release time available for the Operating Staff and SPS Council Presidents, as well as full-time clerical support, which for us will be very helpful to facilitate shared governance. I’m just mentioning that as a thank you to the University for allowing our respective councils to have the support and to be more equitable. In addition, I would say, and this comes as no surprise to you certainly, that faculty and staff morale is probably as low as I’ve ever seen it in my 26 years here on campus. It’s largely due to budget. It’s largely due to the uncertainty of things, and it does have an impact on our recruitment and retention of faculty members as well as students. It certainly has an impact for governance. We’re trying to deal with that with a lot more communication, transparency. I would again thank the administration with regard to the Resource, Space and Budget Committee. We’ve seen much more transparency and communication with them than we’ve had in the past. We’re going in good directions there, and that level of communication also helps us deal with rumor control because, right now, given the anxiety, the morale, the concerns that people have,
rumors are flying all the time. So for us to be able to have access to the facts and hopefully dispel those rumors has been very helpful. I would just ask that we continue working as collaboratively as we have and keep sharing.

Holly Nicholson greeted the committee. Good afternoon. I want to echo my thanks as well for the support for council presidents. I think it’s going to help us recruit high quality leaders in our councils, so I very much appreciate it. On behalf of the operating staff, I would also like to commend the leadership of Vice President Phillips, Provost Freeman, President Baker, and with your oversight as a Board of Trustees, which has allowed us to continue to operate with confidence while facing not only enrollment challenges, but also a state budget crisis. I want to commend also the extraordinary sacrifices made by NIU faculty and staff which include wages, travel, other types of limited expenditures, and taking on additional duties when their colleagues leave and are not replaced. Yet, despite these sacrifices, our students are still happy here. Retention rates are rising, and our mission is still being carried out. I’m very thankful to work with people who are so willing to put the greater good above their own personal working conditions, and for leadership determined to work transparently to preserve our jobs and services to students. While peer institutions are facing layoffs and even possible closure, the comfort of knowing that we will not be facing that in the near future is invaluable. The current state we’re in is not sustainable, however, I’m looking forward to returning to more sustainable maintenance, staffing, and compensations levels which will be informed by data and program prioritization recommendations when we’re finally given a budget. It is then that NIU will really flourish. Thank you.

Rebecca Shortridge addressed the committee. I don’t have any other comments other than to concur with what they have said. I think that faculty are anxious, and I agree with Greg that the transparency of Resource, Space and Budgets has been a big addition, comforting and allaying people’s fears in the various departments that I’m involved with. So, I appreciate the transparency coming from that committee and from Al in particular. Thank you for that.

Chair Butler thanked everyone for the substantive comments. I appreciate very much your presence here and your participation. I don’t wish to use much time on my own comments, so I won’t.

PUBLIC COMMENT

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

UNIVERSITY RECOMMENDATIONS/REPORTS

Action Item 7.a. – Approval of Fermilab CRADA

Dr. Phillips presented Item 7a – Approval of Fermilab CRADA. The University has been exploring collaborative partnership with Fermi national accelerator facility to develop a joint program in accelerator science with emphasis on research, instruction, and student development. The program supported by this agreement will distinguish NIU as an international leader in accelerator physics and education. The recommendation is that the Board of Trustees provide approval to enter into a collaborative research and development agreement, or CRADA, with Fermi National Laboratory for the development of a joint program in accelerator science research and education.

A motion was made to approve the recommendation by Trustee Strauss; seconded by Trustee Marshall.

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

Action Item 7.b. – OMITTED

Dr. Phillips explained, Item 7b was addressed at the Ad Hoc Committee on Governance, and so we will move on to Item 7c.
**Action Item 7.c. – FY17 Architectural & Engineering and Physical Plant Open Orders Contract Renewals**

Dr. Phillips indicated that the item was a request to issue open orders for labor and materials required for FY17 for electrical contractors, a general contractor, and an excavation road parking lot contractor. Elliot & Wood has been added to the open order renewal request this year due to anticipated projects that required additional contracting ability. As a result, the amount approved for FY16 was $1.625 million. This year the request is for $2.025 million. I believe Elliot & Wood does excavating, road, and parking work. The University requests Board of Trustees approve the expenditure authority as listed in the amount of $2.025 million.

A motion was made to approve the recommendation by Trustee Boey; seconded by Trustee Marshall.

Chair Butler asked for discussion.

Trustee Strauss requested a roll call.

Chair Butler asked for other discussion. There was none. A roll call was performed: Trustees Boey, Coleman, Marshall, Murer, and Chair Butler all voted yes; Trustees Strauss and Struthers abstained. The motion passed.

**Action Item 7.d. – FY17 DOiT – Document Services Campus Copier Program Contract Renewal**

Dr. Phillips indicated that the item was a request 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. The program is provided under a rental agreement based on a flat rate per copy charge which includes all equipment, toner, and maintenance. This is the fourth year of nine, one-year renewal options. The recommendation is the that the Board of Trustees approve the expenditure authority for Gordon Flesch of Geneva, Illinois, in the amount of $1,000,000, which is the same amount that was approved last year.

A motion was made to approve the recommendation by Trustee Strauss; seconded by Trustee Marshall.

Chair Butler asked for discussion.

Trustee Coleman asked, so we did a nine-year agreement; are we replacing the equipment during this nine-year period or not?

Dr. Phillips deferred to Vice President Coryell.

Mr. Coryell responded, yes, we continually replace the equipment. The equipment is leased, and as it reaches the end of its life cycle it’s replaced by the vendor at no cost.

Trustee Coleman continued, okay. Every two, three, four years?

Mr. Coryell answered, it’s as needed. I’m not sure there’s a regular cycle.

Trustee Coleman wondered if we are running the equipment hot for nine years, but obviously we’re cycling it out.

Mr. Coryell clarified, yes we are.

Chair Butler asked for other discussion.

Trustee Marshall asked, are there repair services during the contract?
Dr. Phillips responded, I believe the lease includes repair and replacement of copy machines as they wear out or break down.

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

**Action Item 7.e. – FY17 Physical Plant Elevator Services and Maintenance Open Order Contract Renewal**

Dr. Phillips indicated that the item was a request to renew an open order for elevator service repair technicians on an “as required” basis for FY17. We have 107 lifts and elevators which require continual repair and maintenance in order to maintain university facility safety standards. Elevator repair technicians are very, very difficult to find and retain. I think, at one point in time, we had two on staff. We now have one on staff. Many of our elevators are in various levels of condition. We are asking that the Board approve the expenditure of $325,000 for a contracting service to help us maintain our elevators in operating condition.

A motion was made to approve the recommendation by Trustee Strauss; seconded by Trustee Murer.

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

**Action Item 7.f. – FY17 International Programs Division Expenditures**

Dr. Phillips indicated that the International Programs Division is given an annual authorization for expenditures for foreign study programs. All expenditures are made from payments received from approximately 600 students expected to enroll in these programs. Although the amount of authorization needed for specific programs is unpredictable, this number is based on past experience. The University requests the Board of Trustees approve the expenditure authority of $3 million for FY17 which is consistent with the amount that was requested in FY16.

A motion was made to approve the recommendation by Trustee Strauss; seconded by Trustee Marshall.

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

**Action Item 7.g. – FY17 Student Mass Transit Board Campus Busing System Contract Renewal**

Dr. Phillips referred to an update on this item passed out earlier. Earlier today we received actual contract numbers, and the numbers have changed for this item from $4.1 million to $4.15 million. The student mass transit board requests permission to issue an order. The student bus fee supports this contract. This is the third year of a four-year renewal option. This year the amount is increased by $50,000. We’re requesting approval of that amount.

A motion was made to approve the recommendation by Trustee Murer; seconded by Trustee Coleman.

Chair Butler asked for discussion.

Trustee Struthers began, obviously a fair amount of assessment has gone into leading up to the recommendations. This is a large number and surely captures our attention. So as you cite the fourth year in a five-year renewal option contract, we do have the option to get out -- obviously -- by the terms of renewal, it sounds. I’m curious as to the degree of evaluation we’ve done with alternative vendors at this point in the midst of four years in a five-year contract. Have we evaluated alternative options at this stage, in this fourth year in a five-year contract?
Dr. Phillips responded, we have evaluated, or we do evaluate options. This is largely a contract that is administered by the students who’ve entered into this agreement. We have been in discussions with them. As we go forward, we will look into other possibilities or options associated with this. We agree this is a large number. We feel that there may be opportunities to reduce this amount, and we’re working with the students to do so.

Chair Butler asked for questions or comments.

Trustee Strauss asked, two quick questions. First, since this is supported by the student fee, we’re confident that the student fee would produce the $4,150,000 instead of the $4,100,000?

Dr. Phillips answered, that is correct.

Trustee Strauss continued, and second, this is for FY17, so is this a contract that needs to be signed immediately or is this something where we can grant the authority but you’re going to delay the expenditure until you see whether or not it’s required?

Dr. Phillips replied, in this case I would say you grant the authority and the contract would be executed at the appropriate time.

Chair Butler asked for other questions or discussion.

Trustee Marshall questioned, do we have any student surveys that would indicate that perhaps the bus service is an aid to retention?

Dr. Phillips responded, we actually have conversations with the students on a regular basis. I believe we had conversations with them this week. We are consistently working with them to better integrate the Huskie Line with TransDev which is the DeKalb bus network. We’re looking at better ways to serve students. There are issues with some of the routes, so we are constantly in discussions with the student who oversees the Huskie line to find better ways to serve students, because this is supported by student fees, and also better connect it with the community, so that we get coordination and integration. In some cases there are underlaps or overlaps, and so we work with them on a continuing basis to improve the bus service to all our students.

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

**Action Item 7.h. – FY17 Transportation Services, Physical Plant & Finance, Facilities & Operations Motor Fuels**

Dr. Phillips indicated that the request was for permission to purchase 10% Ethanol blended regular, non-leaded gasoline; B2 2% soy ultra-low sulfur, biodiesel; and 11% soy ultra-low sulfur, biodiesel for use by the transportation services, physical plant, finance, facilities and operations departments, and grounds department. Under Illinois statute, universities are required to purchase ethanol blended gasoline. Therefore, we request the Board of Trustees approve the expenditure of $725,000 for FY17 to meet this state requirement.

A motion was made to approve the recommendation by Trustee Murer; seconded by Trustee Marshall.

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

**Action Item 7.i. – OMITTED**
**Action Item 7.j. – FY17 Multiple Departments – Non-Food, Food Service Related Commodities**

Dr. Phillips indicated that multiple departments on campus utilize open orders for the purchase of miscellaneous non-food, food services related commodities such as napkins, disposable plates, cups, tableware, etc. Due to the large volume required, an invitation for bid is being prepared and will be published, and therefore we request the Board of Trustees approve the expenditure of $450,000 for FY17 for this purpose. This is an increase of 50% from the amount spent last year. That is because this year our outreach centers will also be purchasing their products as well through this bid as will other departments. This will also now support Hoffman Estates, Naperville, and Rockford, where in the past it did not. That's the result for the increase in expenditure.

A motion was made to approve the recommendation by Trustee Boey; seconded by Trustee Coleman.

Chair Butler asked for discussion.

Trustee Murer asked, as you’re looking at structuring the bid for this, do you take into consideration the environmental impact issues related to this? So, as you’re looking at paper products, are they biodegradable paper products, and does that have any impact on the bid itself?

Dr. Phillips responded, I do not know. I do know we follow all state procurement and environmental regulations. Anything that we would procure would be in accordance with environmental statutes and requirements. I can find out.

Trustee Murer continued, would you? You can just tell me off-line. I think, even though we follow all of the state procurement regulations, NIU might want to continue to be very conscious of the environmental impact of things such as this, especially when we’re talking about a 50% increase. I understand why it went up, that was very clear, but the fact is, at least for me, I’m very interested to make sure that we’re taking that into consideration in the bid.

Dr. Phillips agreed to look into it and get back with Trustee Murer.

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

**Action Item 7.k. – FY17 Student Health Insurance**

Dr. Phillips indicated that the University provides group health insurance funded by student health insurance fees to students and their families. We anticipate the outcome of this RFP to reduce costs for both the students and the University. FY17 is the initial term for this insurance plan coverage. In addition to the initial term, there would be five, one-year renewal options to be determined annually at the discretion of the University and the awarded vendor. Renewal rates will change based on claims history for prior years and changes in policy terms. Last year the amount approved was $12.5 million, and we’re requesting the same amount be approved for this year.

A motion was made to approve the recommendation by Trustee Strauss; seconded by Trustee Marshall.

Chair Butler asked for discussion.

Trustee Strauss asked, as with the last large item, I also assume that this is not a contract that’s going to be awarded until it’s required to be awarded for FY17?

Dr. Phillips responded, that would be correct. This allows us to go out with an RFP, and then the contract would be based on the RFPs that we receive.
Chair Butler asked for other questions or discussion. There were none. All were in favor. None were opposed. The motion passed.

**Action Item 7.l. – Treasury Operations – Signatory Authorization**

Dr. Phillips indicated the request was for approval for the Associate VP for Finance and Budget, the University Controller, and the Director of Treasury Operations, to be authorized to sign for all Treasury Operations. This is consistent with prior authorizations and adds a fourth signer. This is a result of having Associate Vice President Pinkelton now in the position as AVP for Finance and Budget and gives him the authority also to sign for the treasury operations.

A motion was made to approve the recommendation by Trustee Strauss; seconded by Trustee Murer.

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

**Action Item 7.m. – Differential Tuition Results**

Dr. Lisa Freeman began, as the committee may remember, last fiscal year when we did graduate tuition pricing we asked the Board for latitude to introduce both differential and consolidated graduate tuition. Differential tuition meant that we would add a differential above our regular general program credit hour tuition for graduate programs in the form of additional tuition differential, but really to serve the function, in most cases, of an excellence fee to support the needs of that program specific to technology, faculty, and student experience. And that, in addition, we would consolidate tuition and fees for graduate programs such that existing excellence fees would be labeled as tuition to make it more attractive for employers to sponsor their employees with a tuition benefit. At that time we had a range of differentials from $30.00 to $400.00 based on our market analysis of what various programs could bear, and we promised that we would report to the Board in one year on our experience. We had a hypothesis at that time that market-appropriate differential tuition would not negatively impact enrollment but would continue to generate the revenue necessary to support programmatic excellence. Of the programs we brought to you last year, many were new programs. Some of those have not yet been launched, and some of those are in their initial offering. Those are in your table, but obviously it’s very hard to infer an effect in a program that’s been marketed for two months and has very few students and no basis for comparison. If you look on the slide, you can see the differentials for last year, the previous fees, and the enrollments over a three-year period for our established programs with tuition differentials. Many of these are in the College of Business: Accounting Science, Management Information Systems, Taxation, and the MBA programs. A couple are in Health and Human Sciences: Audiology and the MPH on-line. If you look at the data, look at the enrollment trends, look at the differentials that were either introduced or increased over the previous fee structure, I think you would agree with me that the conclusion is that, when we have market-appropriate differential tuition, there’s no negative impact on enrollment. I can tell you with referencing data that are not particularly on the slide, it does allow us to generate revenue to support programmatic excellence. In the Audiology program, where we introduced a $150.00 differential tuition, we are able this year for the first time to actually update the equipment in those laboratories so that our students have access to what’s state-of-the-art in clinical offices for the first time in a long time. Similar types of investments have been made in the software programs that are used in the Business programs. When you look at a differential of $400.00 for our MBA programs that seems like a lot of money, but then again I think you have to look at market appropriate. And, so this morning, I just did a little bit of my own market research, and the total cost for our executive MBA is $55,000. Again that sounds like a lot of money, but the total cost for the identical program at Northwestern is $93,645, and the total cost for the identical program at the University of Illinois Urbana Champaign is $97,000. Despite having a differential of $400.00, we’re still a very good value for that academic program, and that is our highest differential that was approved.

Dr. Freeman continued, among the lessons learned from our consolidation and our transition to differential tuition is one that I think we need to be mindful of, and that is that we be proactive in our communications. We did not have a lot of student complaints to be honest about this, but we did have a
few students who, during the implementation phase, were surprised because we didn't do a good enough job of getting the word out about that. We don't have “truth in tuition” for graduate students, so a student in the middle of a program cohort could be impacted this way. We will do that better in the future. We were able to allay all student concerns, and in fact, we found scholarship money to help students that were impacted in this way. Because of our desire as we go forward, if we want to use this mechanism to launch new programs, the request you have in front of you today has one new traffic safety certificate, and everything else is identical to last year. If we're thinking of using this to develop new programs, and I think as we try to continue to remodel our program portfolio that will be important, we may come to you off-cycle with a request for authorization so that we can start addressing student communications as we build a financial model to allow us to develop new programs. We're not doing anything today except asking you to approve the fees that are the same for this year as they were for last year. I think I’ll stop there, and see if there are any questions.

A motion was made to approve the recommendation by Trustee Strauss; seconded by Trustee Coleman.

Chair Butler asked for discussion.

Trustee Strauss commented, I appreciate your candor in talking about some of the challenges and lessons learned as well as getting the benefit of the report. We were obviously interested in this a year ago, and I’m glad that the results were successful. As we continue to have differential tuition, our knowledge of the competitive marketplace is very important. I was also happy to see that there’s some attention being paid to that, but I also believe that there is still opportunities, depending on the quality of the programs, to further adjust these. So, at least from my personal perspective, I’m not opposed to taking a look at whatever makes sense in this area, and I think having an annual check back is a good idea. I also have no personal problem with taking these on a case-by-case basis if the need arises sooner.

Chair Butler asked for other comments or questions.

Trustee Coleman asked, just a general question around the law school. Where is that? Are we doing anything special there?

Dr. Freeman responded, yes. The law school is a professional school and it had its established excellence fee for a long time. We don’t consider it a graduate program, but rather a professional program; so, forgive me for not including it. The enrollment in our law school last year was down, as it was in many law schools across the country, and we recognize that this is a challenge for the legal profession and for law schools everywhere. Earlier this month Vice President Teller met with Acting Dean Mark Cordes and his enrollment and marketing staff to really look at what we could do now to impact next year’s law class. There was a special dedicated study done by Lipman Hearne, using the funds previously authorized by this Board, looking at the legal enrollment, law school enrollment, and those measures are being implemented at this time.

Chair Butler clarified, Trustee Strauss indicated that “it would be good to check back with us.” I want to make sure that we’re clear. One of the issues I had with this a year ago was I didn’t want to abdicate the authority to set the rates. What we did instead was set a range with the understanding that you would come back to us, which you have, and that’s what we have in front of us. I want to make sure that we retain this process of setting the rates each year in this fashion. I’m very comfortable with the way this has been presented.

Chair Butler asked for other discussion. There was none. All were in favor. None were opposed. The motion passed.
Action Item 7.n. – East and West Heating Plant – Boiler Assessment and Phase I Design

Dr. Phillips indicated that the next few items were projects. As we’ve discussed, in the current environment we have pulled back on much of our spending on projects, and until our budget situation improves, we are only bringing to the Board those projects that are the most critical, that will prevent much greater expenditures in the future, or that may have funding sources other than our operating funds. This is the first one, the East and West Heating Plant Boiler Assessment and Phase I Design Capital Project Approval. As we’ve discussed, our boilers have an average age of 51 years, which is roughly double the 24-year life expectancy. Due to the age of the overall steam generation system, components and boilers are experiencing significant and frequent breakdowns, and many are in constant need of repair. To avoid replacing them one at a time when there may be other ways and better ways to approach this, we’re recommending that a multi-year strategy be proposed, which will be initiated with an overall heating system assessment that will help confirm, investigate, and prioritize system deficiencies and evaluate engineering investment options to address these demands for the long term. A major objective of the assessment would be to determine the priority and sequence of renovation, replacement, and investments to insure the most cost energy efficient and reliable heating system is put in place for the long term. The strategy to begin a multi-year phased project is to first undertake an engineering assessment of the existing heating plants, boilers, piping valves, and all associated equipment. That’s what this request is for, and then based on the recommendations, come back to the Board for approval before we proceed to Phase II, which would actually be the work required to bring our heating plant and system up to the operational level that we feel it needs to be. The request is that the Board approve a multi-year project to implement a heating systems restoration replacement investment strategy. The approval is sought to engage a qualifications-based selected architectural/engineering firm to conduct an overall engineering assessment of the existing heating system infrastructure, and the preparation of designs and specifications for the Phase I boiler replacement. We will separately request approval for the construction, which we estimate to be approximately $5 million once the system assessment is completed to show how this aligns with the overall strategy for innovation investments.

Chair Butler asked, are we approving $700,000?

Dr. Phillips replied, you’re approving $700,000 today, correct. And before we proceed with the construction project we will bring this back to the Board.

A motion was made to approve the recommendation by Trustee Strauss; seconded by Trustee Boey.

Chair Butler asked for discussion or questions.

Trustee Murer questioned, let me understand this a little bit better. So this is an outside engineering firm and this Phase I is a feasibility analysis or a situational audit of where we are?

Dr. Phillips replied, that is correct.

Trustee Murer continued, and then subsequently there would be the implementation of that plan. Have you vetted anyone yet or will this come later?

Dr. Phillips responded, that would come later. This is merely the approval to proceed.

Trustee Murer asked, are you going to anticipate that it would be cost efficient to have the same firm do both the implementation and the assessment, or do you see this as two separate types of activities?

Dr. Phillips answered, while that’s a possibility, I do not see that as a requirement. Once we have the initial work done, it would depend on the bids as to who would do the $5 million part of the project, at least cost maintaining all standards and requirements. While that may be a possibility, I don’t see it as a requirement.
Trustee Murer questioned, and I guess my next question as it relates to this analysis; do we have any in-house capabilities to be able to do a baseline and then a verification from another party?

Dr. Phillips deferred to John Heckmann to talk more in detail about this.

Trustee Murer continued, I guess the tone of my question relates more to being able to look at the cost efficiencies of the analysis part because we’re certainly going to have to put hard dollars into the implementation. Is there any way that we can help to mitigate it either through negotiation with a firm by sort of a design-and-build kind of thing or do we have any internal expertise to mitigate some of that front end Phase I cost?

Mr. Heckmann answered, let me address it from this perspective. I think we have a lot of internal expertise on knowing our system. What we may be lacking is ‘what is the art of the possible’ of what other institutions may be doing within a centralized heating system. ‘What is the art of the possible’ in the industry? We have an antiquated system right now. We know that very well, and we’re keeping it running, for a very long time. So I think the combination of bringing in that third party for that other expertise that we’re lacking and combining with what we do have in expertise should be sufficient to get us what we want. I hope that answers your question.

Trustee Murer responded, thank you for your comments, not necessarily on point, but not to belabor it. I would leave it in the hands of leadership to try and be as judicious as possible on the Phase I analysis portion but also understanding that if we can identify ways in which to be more cost efficient on Phase II, then that’s money well spent. So I leave it more in greater expert hands than mine for sure, but it does concern me as we look to this, and it would seem to me that we would have some negotiation opportunities; the project is large enough to be able to have some discussions.

Dr. Phillips replied, absolutely. We’re looking at every opportunity to reduce costs and save resources. So we agree with you completely.

Trustee Struthers asked, so this request here is the first of several capital items we’re going to look at here in a few minutes. And, I’m striving again for some context in the idea that this is $700,000, and the next one is a million or whatever; what should we expect from capital projects in this fiscal year? Is this a third of it, a half of it, and then maybe a little bit of context as to where those capital dollar expenditures were in prior years and maybe even where you think they might be in the future.

Dr. Phillips responded, as I said before, we are only doing those projects that are the most critical or for which we have other sources of funding. As a part of this effort, while we have reduced our spending we’ve also initiated a process whereby we are developing a capital project program. We are creating a methodology to evaluate every project that we’re made aware of. We’re developing a criteria to prioritize those projects. We are developing a multi-year project list. Then we will identify funding available that we would associate with each of those projects. Our intent as we move to a longer term budget would be to bring a multi-year project list to the Board with associated funding for those projects for those particular years. We’re being much more deliberate about how we identify what projects we’re going to do and insure that they are appropriately prioritized and budgeted for. As we’re made aware of new projects, they would also be evaluated and put into the list at the appropriate level. We are holding back now for obvious budgetary reasons. While we’re doing that, we are well in the process of putting together a capital project plan so we can do this in a much more deliberate way and make the best use of every resource dollar.

Trustee Struthers continued, I’m grateful for the fact that you are embarking on the process but you still didn’t answer the question of how many dollars are we going to spend in the fiscal ‘16 budget and how much of – is this all of it?

Dr. Phillips replied, I would say as little as I possibly can until I get a budget. I can’t really answer that question.
Trustee Struthers further questioned, how about this, how much did we spend last year in capital? Give me some perspective.

Dr. Phillips answered, I want to say somewhere in the vicinity of $20 million.

Trustee Struthers asked, okay and these would be the first projects for FY ’16...

Dr. Phillips interjected, we’ve had other projects that have been approved. In some cases, even though they’ve been approved, we’re holding off on those projects pending the receipt of a budget. We’re being very careful as to which projects we take forward. This year is kind of an anomaly because it’s not really based on a budget. We literally are evaluating every single project, and if it’s not critical, then it goes on the list to be deferred.

Trustee Struthers responded, I think you get where I’m getting to. I respect the fact that we’re being careful, but if someone were to ask me how careful are we being, I couldn’t begin to put that in any, “well we spent $20 million last year and we’re on pace to spend...” – me or the other trustees, would not have any idea. Is that $6 million is it $20 million?

Dr. Phillips replied, I would say probably 25% of that.

Trustee Struthers replied, that’s what I’m searching for.

Trustee Boey commented, the problem that we have too is that we’re dealing with 50-year-old equipment. So the maintenance part of it is a guessing game, and the replacement part of it is a guessing game. I understand that problem.

Dr. Phillips explained, one of the challenges, because we haven’t had any capital funding from the state for a number of years, is that many of our projects are done out of necessity with operational funds because those are the most critical funds. Currently we are trying to avoid spending those funds unless it’s absolutely necessary. I’ll be happy to get with you and give you a more detailed analysis of our past spends and where we are and where we’re going.

Trustee Struthers thanked Dr. Phillips. The 25% gave me some real – that’s what I was searching for. Thank you.

Trustee Strauss questioned, I’d like to go back to Trustee Murer’s question for a moment. I’m not an expert on the procurement regulations, but if you wanted to take a look at doing a combined contract that has some sort of right-to-proceed to a Phase II after the design, and we only approve the $700,000 limit today, are we precluding ourselves from having you at least explore the other options that might be on the table. If that’s the case, because this isn’t coming for full board action today, is that something that you could explore between now and when we have our regularly scheduled board meeting and this comes to us; so that if it turns out that there’s additional expenditure authority needed we would have the opportunity to consider it?

Dr. Phillips replied, we would be happy to do that.

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

**Action Item 7.o. – DuSable Hall Steam Vault Replacement**

Dr. Phillips explained that the existing underground concrete vault near DuSable Hall is at risk of collapse and requires replacement. The vault provides space and critical protection for valves, condensation piping, and main steam distribution piping which connects and provides essential heating for four major classroom buildings to include DuSable, Reavis, Watson and Cole Hall, as well as faculty offices and
Zulauf Hall. The old vault will be demolished and replaced with a reinforced precast concrete vault. The
dness and steam piping will be replaced with new and properly reconnected anchored insulated piping.
Our recommendation is for the Board to approve a project budget of $400,000 to contract for the QSB
selected architectural/engineering firm for preparation of plans and for approval to proceed with work
orders and necessary contracts to complete the reconstruction work.

A motion was made to approve the recommendation by Trustee Strauss; seconded by Trustee Struthers.

Trustee Strauss asked, the $400,000 amount here, is that designed to only cover the amount of the
preparation of plans to specifications for bidding, or that’s what you anticipate the entire project will cost?

Dr. Phillips responded, that’s what we anticipate the entire project will cost.

Trustee Marshall questioned, for some of the projects and replacements could we possibly in the future
get some idea of the life span on some of these replacements?

Dr. Phillips replied, sure. We would be happy to do that.

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

**Action Item 7.p – New Residence Hall and Northern View Apartments**

Dr. Phillips indicated that the Housing and Dining staff has operated New Residence Hall facility since
2012. Currently the facility is serving more than double the meals it was designed to serve. This
experience has provided the staff insight to several changes that would improve overall operations and
safety for the staff as well as improving service and dining experience for students. Housing and Dining is
requesting several improvements to the kitchen, dish wash room, and dining facility at New Residence
Hall and improvements for disability access at Northern View Apartments are also part of this request. We
currently have excess funds from the Series 2011 bonds that financed the initial project, and we would
use these funds for this project. The total amount of the project is $1.9 million. This project does include
a previously Board approved capital budget project which was the New Hall dish room upgrade in the
amount of $210,000. We request the Board approve the establishment of a budget not to exceed $1.9
million to complete this work.

A motion was made to approve the recommendation by Trustee Marshall; seconded by Trustee Coleman.

Chair Butler asked for questions or comments.

Trustee Struthers asked, just curious on the fact that we’re serving twice the number of meals as
designed to serve originally? I’m curious as to what drove that change?

Dr. Phillips replied, I think we have more students actually using the dining facility from other residence
halls than we anticipated.

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

**Action Item 7.q – Gabel Hall – Roof Repair**

Dr. Phillips explained that the roof on Gabel Hall has experienced numerous significant leaks and has
been identified as a priority for replacement. Let me add, roofs are a priority. We are very concerned
about the envelope of the facilities that we have. We believe that repairing roofs will help to preclude
other more significant damage conducted by leaks and water that gets into the building. The roof is
beyond the industry-accepted 20-year life expectancy. It is in very poor condition due to age and UV
deterioration. The work will be phased-in and completed as funding is available. It will only be initiated as
the academic schedule allows, and most of the work will be completed in the summer months to minimize disruption. It will encompass three smaller areas of the roof, and the estimated budget for Phase I is $250,000; Phase II would be approximately $1 million. We are requesting the Board of Trustees approve a project budget of $1.25 million for the preparation of plans and also to conduct the work which would be conducted over approximately three fiscal years.

A motion was made to approve the recommendation by Trustee Boey; seconded by Trustee Strauss.

Chair Butler asked for discussion.

Trustee Murer questioned, you said this work would be done over a three-year period. I take it the payment would be made over a three-year period.

Dr. Phillips responded, that is correct also.

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

**Action Item 7.r. – Stevenson Towers A & D – Roof Replacement**

Dr. Phillips indicated that this is a roof replacement of Stevenson Towers A & D. These roofs have experienced numerous, significant leaks and have been identified as a priority for replacement. The Board previously approved roof repairs for Tower A as part of the 2015 non-appropriated capital budget, and conditions on Tower D have deteriorated faster than anticipated, driving the need to address both towers during the 2016 summer academic break. The roofs on both of these facilities are also well beyond the 20-year life expectancy and are currently in very poor condition. We will be using bond reserve funds for these projects and request the Board approve a project budget of $625,000 to prepare for the design work as well as to complete the actual construction work required to replace the roofs.

A motion was made to approve the recommendation by Trustee Boey; seconded by Trustee Coleman.

Chair Butler asked for discussion or questions.

Trustee Murer questioned, one of the things that strikes me is that we're approving each of these capital expenditures as an individual line item. Each has a budget for Phase I, or feasibility analysis, and then move forward. Is there any merit to look at these in bulk, in volume, and extend these contracts or ask for RFPs based on multiple projects? I'm wondering if we could have a reduction in the expenditure by bundling these projects together.

Dr. Phillips replied, I believe that’s certainly something we can take a look at. In the past we've done individual projects, but for similar projects we might be able to look at them collectively to where if it's a similar type of project that we might be able to do them at the same time.

Trustee Murer continued, I don't take issue that we're voting on these individually, but there's such similarity, especially when you go one after another of roof repair. If you've got the roof people here they might as well do three buildings instead of two buildings. I would take it that we could get some reduction in pricing if we were able to bundle these projects.

Trustee Boey commented, the challenge sometimes is some need repair and some need replacement.

Trustee Murer replied, right but either way Bob.

Trustee Boey continued, but either way the point is that you can have one that covers three buildings rather than just one building at a time.
Dr. Phillips responded, we would certainly be happy to look into that. I agree that if it makes sense and will reduce our costs, it would be something we would pursue.

Trustee Strauss commented, this is another good observation, but again I don’t know the procurement legal implications of this. If you could check into this, and it turns out that we need to have this slightly recast so that it’s fully compliant and affords you the option to do bundled bidding, you have some time between now and when it comes to the full board for consideration.

Dr. Phillips replied, we will do that.

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

**Action Item 7.s. – Lucinda Avenue Realignment**

Dr. Phillips reminded the committee that we recently opened Lucinda Avenue. As a part of that project, we were in receipt of a federal highway grant of $8.3 million. The far west road projects are now complete, and we have a remaining balance of $233,861 in the grant fund. Because of the nature of the grant, we are very limited as to what we can use it for. We actually explored two options which included the project to align the new Lucinda extension, or the second was to repave Recreation Drive. They were submitted to the Federal Department of Transportation, and approval was granted for the Lucinda Avenue extension. The scope of the work is to provide the reconstruction of approximately a 485-foot section of existing road extending west from Stadium Drive. The proposed new road work will provide a transition between the newly completed Lucinda Avenue extension and the existing Recreation Drive north of the Convocation Center. The total project costs are $550,000. Of that, a little less than half would be funded by the Federal Highway Grant funds. This would cost the university $316,000. However, if we did not use the federal money for this project, in all likelihood we will not be able to use the money. Therefore, we are requesting that the Board of Trustees approve a project budget of $550,000 for planning, design, and preparation of construction documents and fund the phased construction project over two or more fiscal years to implement the project as the funds become available.

A motion was made to approve the recommendation by Trustee Struthers; seconded by Trustee Boey.

Chair Butler asked for comments.

Trustee Strauss commented, I’m all for avoiding roofs leak and having vaults be demolished through old age. This sounds to me more like making sure that we’re able to spend the federal money than it is something that we actually have to have. I can’t believe that on the list of all the things that we could spend $316,000 for, straightening that crick in this road is at the top of the list. So I’m not going to vote for this one and that’s the reason why.

Trustee Struthers questioned, I’m just trying to understand the motion a little bit. The first piece I got, the second piece, that “the University requests approval to establish funds for construction, sequenced over two or more fiscal periods as funding becomes available;” I didn’t get that piece. Is $550,000 sufficient to do the entire job, and if so, then why is the statement in there as funds become available?

Dr. Phillips answered, those would be our operating funds. Once we get through the design work then we would find the appropriate funding to complete the project.

Trustee Struthers continued, so you’re suggesting that the total cost of the project will exceed $550,000?

Dr. Phillips confirmed, the total cost of the project is $550,000.

Trustee Struthers questioned, it looks like we have just about $550,000 here right?
Dr. Phillips answered, we have $233,000 that we currently have on hand from the federal grant. The University would have to provide $316,000 to finish the project. So that would be our piece of the project.

Trustee Struthers asked, so that’s not available now? The statement says “as funding becomes available.” That’s the piece I’m missing.

Dr. Phillips explained, these are bond funds. The funds are available.

Trustee Struthers asked, so we could strike that?

Dr. Phillips confirmed, that’s correct.

Dr. Baker commented, I want to put on my fake highway engineering hat for a second. When that road was built, the Lucinda extension, it comes to a point out there that’s offset from the road that goes the rest of the way out to the Convocation Center, so it creates a couple problems. If you get two busses at the same time, it’s a tight corner there. And then if you’ve driven out there, there’s dips and base issues with the road itself, so it needs repair because of that reason. This would make it a safer chicane that would go through there for large vehicles trying to get around that corner. I think there is some real highway engineering reason or safety reason to do it, but I understand Marc’s point as well. I guess the nice thing is we get a 40% payment or discount so to speak in the work to be done, and if we don’t, we would have to come back at a later date and have to spend that money out of our own funds.

Chair Butler asked, is what’s there now functioning as a road?

Mr. Wroblewski responded, the offset in the road is approximately 30 feet, and there’s stop signs now at the intersection. So all the traffic comes to a stop. In order to negotiate or go through the intersection then a person would jog that 30 feet to connect with the street that’s called Convocation or Recreation Drive. The alignment of the new road was kept with the alignment of Lucinda through the rest of the campus. So as Lucinda comes across Annie Glidden it’s straight and goes straight out to the west side of campus, but Recreation Drive is offset to the north by about 30 to 35 feet.

Trustee Murer questioned, I just want to be clear about something, and it’s not the merits of this. It’s not for me to know what the merits of this are one way or the other. I’m understanding that $233,000 is federal highway grant funds. That’s what you’ve said, and that’s available for this purpose only I would take it or similar type.

Dr. Phillips confirmed, correct.

Trustee Murer continued, but what’s confusing me is the bond series 2010 funds. Is that money that can be used only for this type of activity? Or is this money that could be used for other types of activities within our operation?

Dr. Phillips answered, it can only be used for this type of activity.

Trustee Murer asked, it can only be used for roads?

Dr. Phillips confirmed, roads, parking lots, those kinds of projects.

Trustee Murer continued, okay. So obviously when you’ve made this recommendation to the Board, you’ve judiciously looked at how else to use these two funds of money, the bonds and the highway grant, and you’re saying that this is the priority that you’ve come up with?
Dr. Phillips explained, part of the rationale, as President Baker said, is this allows us to do a project at 60% of what it would normally have cost. It may not be the number one project that we have next on the list, but otherwise we will lose the federal funds because we cannot use them for anything else.

Trustee Murer continued, I get all that. I want to be more specific with my question. I understand use it or lose it, and all of this. Are you saying to us that as you looked at any like projects, any parking lots or parking decks or anything else for which this money would be suitable to use, that your recommendation to this Board is that this is the project that you recommend?

Dr. Phillips replied, yes.

Trustee Boey questioned, is there a safety issue involved?

Mr. Wroblewski answered, we created an intersection where there was none before so in order to mitigate and improve safety, we put in stop signs. So it’s a four way stop right now. As far as I know we’ve had no accidents since we’ve opened. We opened just a few months ago in November. It has become very popular. It’s very popular with the students. It gets them right out to the Convocation Center where they want to go, and it is actually very popular as they walk. There’s a lot of people that walk out to Stevenson and walk onto campus as well.

Trustee Marshall questioned, is there a runner-up project behind this one?

Dr. Phillips responded, I don’t believe we’ve established another project at this point in time that we would use those funds for. I think there may be a time limit on the funds, I’m not sure.

Mr. Wroblewski clarified, the only indication from IDOT was that these funds have been sitting for approximately five years now since the far west roads were completed. Usually if they sit that long and are not used, the federal government looks to bring them back into their budget. Eventually they would be swept back if we don’t use them.

Chair Butler commented, I want to push a little harder on this one regarding the 2010 bond funds. My understanding is this has been represented to us as being a source of funds that are available for projects related to the improvement of the residence halls. That’s what the bond series was taken out for. So this could technically be used for the Holmes Student Center. It could be used for Neptune Hall. Isn’t that correct? Because I don’t think Trustee Murer’s question was precisely answered.

Dr. Phillips answered, I believe that’s correct.

Chair Butler questioned, so it can be used for other things. Other things that are...

Dr. Phillips clarified, other capital projects.

Trustee Murer commented, I don’t think that was the answer that I thought I had received. So my question was on the bonds. My question was, are the bonds dedicated to this type of a capital project which relates to roads. I thought your answer was yes.

Dr. Phillips replied, it is.

Trustee Murer clarified, and then you said parking lots, you also said parking lots.

Dr. Phillips explained, in general when we borrow the money for the bonds, they have to go to some entity that allows us to raise revenue to pay off the bonds. Some of the funds went to parking lots and other things associated with our ability to charge revenue or projects that were closely associated to the auxiliary services, which is basically what those bonds fall into. We can use these funds for those purposes. They can be used for this as I believe this was associated with the Stevenson project and the
development of the road which facilitates students and others moving to and from the Convo Center. We hope to open that up and provide more access there as well, and to the residence hall, but you do have some flexibility. They cannot however be used for operating funds or payroll or all those kinds of things. But they can be used typically for capital types of project associated with auxiliary services.

Trustee Murer asked, then I think my follow up question was consistently the same. In your best estimate as the Chief Financial Officer in concert with the President, you’ve identified in presenting to this Board that the best use of these funds that are available to this University is on this project.

Dr. Phillips replied, yes. We would be able to do a project at 60% of the cost. If not, we would lose roughly a quarter of a million dollars that we would no longer have available, in which case this project would probably not be completed for a considerable period of time.

Trustee Coleman questioned, when we raised Douglas Hall, we used the bond fund to create the original street or the original road or did the federal highway fund?

Dr. Phillips confirmed, I believe we did.

Trustee Coleman clarified, we used a bond fund. And so really what we did is we created a new road and now we’ve got somewhat of a bottleneck or an S curve or potential hazard. We’ve got a lot of people, volumes, or thousands of people that are coming to and from. It sounds like we need to make sure it’s a clear, open, easy access so we don’t create problems in that area.

Dr. Phillips explained, the truth is this probably should have been done as part of the original project. This was kind of left off the list. If we had to go back and do it all over again it would have been included in the first place.

Dr. Baker confirmed, one other safety concern is that episodically this is an extraordinarily high density area. At the end of a football game or basketball game you’ve got streams of traffic coming out and then you’ve got this off-set road where people are jockeying around, so it does create some safety concerns in those situations as well.

Trustee Struthers asked, will a stop sign be eliminated with the straightening? Will it become a two-way stop as opposed to four?

Mr. Wroblewski responded, we haven’t studied that yet.

Trustee Struthers continued, I think that would be a big benefit of it. I can just imagine that the traffic is a mess in so many of the places around there.

Trustee Boey commented, from a safety viewpoint, Tim, that has to be an improvement. That’s an accident waiting to happen after a ballgame. I’ve seen it.

Trustee Struthers agreed.

Chair Butler asked for other questions or comments. There were none. All trustees were in favor except Trustee Strauss who voted no. Chair Butler commented, “let the record reflect that Trustee Strauss has voted no.” The motion passed.

**Information Item 8.a. – Quarterly Summary Report for Transactions in Excess of $100,000**

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

**Information Item 8.c. – Quarterly Financial Summary**
In the interest of time, Chair Butler recommended moving on to item 8c unless there were questions on items a or b. There were no objections.

Dr. Phillips began by stating that this is a new informational item that we plan to provide to the Board on a quarterly basis. What we have done is provided a current financial statement, cash flow statement, regarding all of our funds by category; revenues and expenses, year to date, year to year. On the first part of the item is a listing of all the fund codes. So it's very clear what each of the funds consists of, what it can and cannot be used for. Some are restricted, some are not. But if you go to page two, the first column is the '02 and '04 funds. This is the appropriated funds and the income funds. At the top you have the revenues. At the bottom you have the expenses. You will notice that there's a significant decrease in revenues from last year to this year that reflects the lack of state funding. The second column are bond revenues, which is the 29 fund. The next column are the local funds, the 41 and 55. These are auxiliary enterprise funds and foundation support funds. Fund 41 are also auxiliary service funds. If you look on page three at the 41 and 55 funds, you'll notice at the bottom we're showing a deficit of roughly $7 million. If you look up to scholarships and awards there's essentially a one-for-one match. In the past, a large portion of our scholarships were not included in the budget. We're in the process of addressing that situation. We have an institutional aid task force looking at that. We expect that will be rectified going forward. If you go to the next page, we've added grants and the total of all the funds. This basically does not count state funding, which we have not received. If you look at the net revenues and expenses year to date, you will see we are considerably lower in terms of revenue than we were last year. The very last column where it says FY16 budget, at the bottom we started off the year with expenses of $419,000 from last year and a budget of $394 million, which was what was approved by the Board. However, if you look at total expenses and take the grants out, you will find that so far this year we have actually reduced our expenses by roughly $15 million. If you go to the last page, we basically show what our funding streams would look like had we had the governor's budget. The original budget recommendation was $91 million. If we had the Governor's budget, we would have received $63 million. So this is what the numbers would look like if we actually had received the funding year to date, and that would have been incorporated into the budget. If you look at the budget item that's in the book on page 38, this was before we added the grants back into the program and the grants essentially are one for one, we received the revenue. It is spent for those purposes. That which isn't spent goes back. If you look at total all funds '15 to '16, you will see under total expenses last year at this time we had spent $190 million; this year, at this point in time, we've spent $174 million, which is a reduction in spending so far this year of approximately $16 million. We anticipate, if we stay on track, by the end of the year we will reduce spending at least another $16 million, which will actually keep us under budget for the rest of the year, and that's at the $394 million spending level.

Chair Butler began, this is an information item. No motion is required. This is a time for the committee to ask any questions or make any comments.

Trustee Struthers commented, I would just add that this begins to surely build some context for certain. I think your last comment, what we expect for the remaining five months, is important and a forecast drop-in would be valuable. And then of course context from prior years, we have one year here, but maybe a few more; some fine tuning on this, but it does, for the first time I think, make it very clear that our expenditures are down $15 million for the first half of the year and you expect another $16 million. Then given even the reduced state funding, if we get that, would actually put us in the black for the year, if those things carry on.

Dr. Phillips responded, correct. A couple of points I’d like to make; so far this year we've received 78% of our revenue [or would have], but we've only spent 48% of our expenses which is very good. The second thing is, in the last column you'll see that there's a $25 million deficit between what we spent last year and what our budget is for this year. We had a shortfall at the beginning of the year of $25 million. We are on track to reduce our spending by over $30 million which gets us well under our budgeted number. Last year our budget was $425 million, this year it's $394 million, and we should stay under that number. That's at a 30% cut from the governor. Anything less than that puts us in a much better position. We're
also always very conservative with our revenue projections. It’s very likely that our revenue will actually be higher than $394 million.

Trustee Struthers continued, my last comment would be is that we’ve had conversations of course with respect to a balance sheet and that ultimately gets then to our assessment of liquidity and staying power and how long our reserves can sustain our operations in spite of the state budget.

Dr. Phillips replied, correct. This is the first time we’ve done this. We anticipate changes, adjustments, improvements to this. And as we said, we anticipate also augmenting this with additional financial documents going forward, and these are items that we would present to the Board. I will also say that we recently have initiated a budget review process. We are doing a much better job defining a very clear budget process where divisions have very specific budgets, actual funding. Those numbers actually roll up into these numbers. We are all operating off of the exact same numbers from the Board of Trustees all the way down to the budget manager level. We will improve this. We will refine this. We will work with the Board to put this in terms that provide you with the information that you’re looking for, and we certainly anticipate augmenting this going forward.

Trustee Murer commented, I’d like to commend you Dr. Phillips, the President, and the Provost for your continued expression in particular today through all the committees of a heightened sense of fiscal responsibility and not only on the cost cutting side which is always important, but I think that we’ve expressed in other committees ways in which we can enhance revenue. And, organizations are not successful simply by cutting costs. Organizations are successful by identifying revenue and then balancing budgets. I was struck today in particular by a very renewed commitment and an expressed commitment on fiscal responsibility and transparency as you’ve identified in this, so thank you.

Dr. Phillips responded, I’ve had several discussions with Moody’s recently. I anticipate we may see something next week. In the conversations they indicated that we were in fact doing all the right things; all the steps we have taken from a transparent, rigid budget process that we’re trying to put into place where everyone knows exactly where we are and what we have to work with, program prioritization, process reengineering, pushing out five-year budgets. All of these things are exactly the things that need to be done. The individual at Moody’s stated that, based on all of our actions, when we do get through the budget impasse, we will be very well positioned going forward to achieve even greater success, and that’s our goal.

Trustee Murer continued, and the comment that I would like to make though is that these are all important steps, but we have to continue to be extraordinarily diligent. I know that’s almost rhetorical, but although we’ve done all those things, we need to retain that attentiveness to fiscal responsibility.

Chair Butler asked for other comments or discussion. There were none.

OTHER MATTERS

Chair Butler remarked, in the category of other matters I would just ask Dr. Phillips if you could introduce us to your new AVP of Finance and Budget. I also don’t believe this committee has formally met John Heckmann, although he spoke today.

Dr. Phillips addressed the Board, I actually have two relatively new Associate VPs; one is John Heckmann who is the Associate VP for Facilities, the other is Larry Pinkelton who is the Associate VP for Finance and Budget. We are very, very fortunate to have them both here. They certainly have made my life much easier. Larry spent most of his day today working to try to get a number of budget forms to our friends in Springfield today, but they are largely responsible for all of the processes and procedures and the structure and the fact that we’re developing capital plans, capital renewal plans. We have a coherent budget process that we’re putting in place that’s transparent. They are largely responsible for all the good work that’s been done over the last few months to get us in the position where we are, so I want to thank them and their staffs as well.
Chair Butler commented, thank you and welcome to Northern, formally. On behalf of the committee I would also like to thank the members of the University Advisory Committee, Greg Long, Rebecca Shortridge and Holly Nicholson; Brett Coryell for speaking to us, and Tom Wroblewski as well. Thank you very much. And I always like to say thank you to media services and food services, and the others who make this meeting possible.

**NEXT MEETING DATE**

The next meeting of the Finance, Facilities and Operations Committee will be Thursday, May 19, 2016.

**ADJOURNMENT**

A motion was made to adjourn by Trustee Strauss; seconded by Trustee Boey.

All were in favor. None were opposed. The meeting was adjourned.

Meeting adjourned at: 3:12 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.*
Agenda Item 7.a.  
May 19, 2016

SEMI-ANNUAL PROGRESS REPORT OF ACTIVE CAPITAL PROJECTS
WITH A BUDGET OVER $100,000

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

CAPITAL DEVELOPMENT BOARD PROJECTS

I. Projects in the Planning Phase

A. Remodeling and Rehabilitation

1. William R. Monat Building - Replace Air Conditioning

   Total Project Budget: $248,864 (estimated)
   Source of Funding: FY2004 - CDB
   Architect/Engineer: KJWW Engineers - Rock Island

   Status: The CDB has contracted for engineering services to produce bidding documents. Advertisement and acceptance of bids has been awaiting release of appropriated funding for several years. This will be the final report on this project, CDB has closed it. The University will integrate this work into the current process to prioritize all campus capital projects into a five year plan.

2. Founders Library – Upgrade Sunken Plaza

   Total Project Budget: $320,000 (estimated)
   Source of Funding: FY2005 - CDB
   Architect/Engineer: Wills Burke Kelsey Associates - St. Charles

   Status: The CDB has closed the original professional services agreement with Wills Burke Kelsey. Engineering and bidding has been awaiting release of appropriated funding for several years. This will be the final report on this project, CDB has closed it. The University will integrate this work into the current process to prioritize all campus capital projects into a five year plan.

3. East Heating Plant – Repair Main Steam Tunnel

   Total Project Budget: $1,705,000 (estimated)
   Source of Funding: FY2010 - CDB
   Architect/Engineer: Affiliated Engineers, Inc. – Chicago

   Status: Affiliated Engineers has been selected as the consulting A/E for the project. Engineering and bidding has been awaiting release of appropriated funding for several years. This will be the final report on this project, CDB has closed it. The University will integrate this work into the current process to prioritize all campus capital projects into a five year plan.
II. Projects in the Design Phase

A. Remodeling and Rehabilitation

1. Williston Hall - ADA Fire Alarm Upgrade
   Total Project Budget: $150,150 (estimated)
   Source of Funding: FY2004 - CDB
   Architect/Engineer: AON Fire Protection Engineering – Glenview

   **Status:** The CDB has contracted for engineering services and 100 percent documents have been prepared for review. Advertisement and acceptance of bids has been awaiting release of appropriated funding for several years. This will be the final report on this project, CDB has closed it. The University will integrate this work into the current process to prioritize all campus capital projects into a five year plan.

2. Campus Electrical Switch Gear Upgrade
   Total Project Budget: $674,500 (estimated)
   Source of Funding: FY2004 - CDB
   Architect/Engineer: Crawford, Murphy & Tilly, Inc. - Aurora

   **Status:** The CDB has contracted for engineering services and 100 percent documents have been prepared for review. Advertisement and acceptance of bids has been awaiting release of appropriated funding for several years. This will be the final report on this project, CDB has closed it. The University will integrate this work into the current process to prioritize all campus capital projects into a five year plan.

III. Projects in the Construction Phase

A. Remodeling and Rehabilitation

1. Stevens Building – Addition & Renovation
   Total Project Budget: $22,517,600 (estimated)
   Source of Funding: FY2010 - CDB
   Architect/Engineer: PSA Dewberry/BCA - Elgin

   **Status:** All work was stopped on June 30, 2015 by the State of Illinois. Prior to shutdown, construction work had progressed to approximately 40% complete. The main emphasis was on the new lecture hall and A wing. Renovation of existing C wing is approximately 60% complete. At a Special Meeting on November 12, 2015 the Board of Trustees approved a $300,000 expenditure to CDB that would fund winterization to minimize damage to the project due to exposure to the elements during winter months. The work was successfully completed. Progress on the project depends on a state budget resolution and re-appropriation of project funds.

B. Site and Utilities

   N/A
NORTHERN ILLINOIS UNIVERSITY PROJECTS

I. Projects in the Planning Phase

A. Remodeling and Rehabilitation

1. Holmes Student Center / Neptune Complex Redevelopment Plans

   **Total Project Budget:** $1,500,000  
   **Source of Funding:** Bond Series 2010 Project  
   **Authorization Date:** June 2014  
   **Architect/Engineer:** Dewberry - Peoria (Holmes)  
   Design Organization – Chicago (Neptune)

   **Status:** The project budget listed above is for planning the redevelopment of Holmes Student Center and Neptune Complex. The design teams have completed the master planning process and have proposed redevelopment conceptual designs and program elements. A presentation was made to the Board at a Special Meeting of the FFOC on August 6, 2015. Final payments for the planning work are in process.

2. DeKalb Campus – Central Core Redevelopment Urban Framework Plan

   **Total Project Budget:** $129,350  
   **Source of Funding:** Bond Series 2010 Project  
   **Authorization Date:** April 2015  
   **Architect/Engineer:** Knight E/A- Chicago

   **Status:** The project budget listed above is for planning the redevelopment of the central core of campus. Urban planners worked in conjunction with the planners for both Holmes Student Center and Neptune in the redevelopment design process to guide the overall conceptual designs and program elements into a cohesive campus central core redevelopment framework. Final payments for the planning work are in process.

B. Site and Utilities

1. Parking Lot P and PS - Reconstruction

   **Total Project Budget:** $1,745,000  
   **Source of Funding:** Bond Series 2010 Project  
   **Authorization Date:** June 2011 (confirmed March 2014)  
   **Architect/Engineer:** TBD

   **Status:** Due to budget considerations the planning and design of these parking lots are temporarily on hold. This will be the last report on this design effort until priorities allow this project to be reconsidered.

2. DeKalb Campus – East and West Heating Plant Boiler Assessment

   **Total Project Budget:** $700,000  
   **Source of Funding:** Institutional - Bond Reserves  
   **Authorization Date:** March 2017  
   **Architect/Engineer:** TBD

   **Status:** The project budget listed above is for an assessment of the existing heating system to determine the priority and sequence of renovation/replacement investments to ensure the most cost/energy efficient and reliable heating system for the long term. A/E selection and A/E contract work will begin in late spring 2016.
II. Projects in the Design Phase

A. Remodeling and Rehabilitation

1. Gabel Hall – Roof Repairs
   Total Project Budget: $1,250,000
   Source of Funding: Institutional – Local Funds
   Authorization Date: March 2017
   Architect/Engineer: NIU A&E Services

   Status: This will be a phased project with Phase I repairs estimated at $250,000 starting in late spring 2016. The construction work will be scheduled to take advantage of semester break and summer schedules. As funding is identified, the University will request Board approval to proceed with Phase II repairs.

2. Stevenson Towers A & D – Roof Replacement
   Total Project Budget: $625,000
   Source of Funding: Institutional – Bond Reserve Funds
   Authorization Date: March 2017
   Architect/Engineer: TBD

   Status: Project design is scheduled for early spring 2016. Construction work is planned and scheduled to take advantage of semester break and summer schedules.

3. Monsanto Property – Repair Roof
   Total Project Budget: $188,703 (estimated)
   Source of Funding: Performance Contract Phase 11A - Financed
   Authorization Date: December 2014
   Architect/Engineer: Energy Systems Group – Itasca, IL

   Status: Project design work is 75% complete. Work is anticipated to start May 2016; anticipated completion Fall Semester 2016.

4. Cole Hall – Repair Roof
   Total Project Budget: $144,507 (estimated)
   Source of Funding: Performance Contract Phase 11A - Financed
   Authorization Date: December 2014
   Architect/Engineer: Energy Systems Group – Itasca, IL

   Status: Project design work is 95% complete. Work is anticipated to start May 2016; anticipated completion Fall Semester 2016.

5. East Heating Plant – New Soft Water System
   Total Project Budget: $290,394 (estimated)
   Source of Funding: Performance Contract Phase 11A - Financed
   Authorization Date: December 2014
   Architect/Engineer: Energy Systems Group – Itasca, IL

   Status: Project design work is 45% complete. Work is anticipated to start June 2016; anticipated completion late fall 2016.
6. Anderson Hall – Replace Pool Filtration System
   - Total Project Budget: $300,366 (estimated)
   - Source of Funding: Performance Contract Phase 11A - Financed
   - Authorization Date: December 2014
   - Architect/Engineer: Energy Systems Group – Itasca, IL

   Status: Project design work is 50% complete. Work is anticipated to start May 2016; anticipated completion Fall Semester 2016.

B. Site and Utilities

1. Parking Lot W – Expansion
   - Total Project Budget: $661,500
   - Source of Funding: Bond Series 2010 Project
   - Authorization Date: June 2011
   - Architect/Engineer: Hanson Professional Services - Rockford

   Status: Site restoration is complete. Final payments have been made. Final payment to the consulting Architect/Engineer has also been made. This will be the last report on this design effort.

2. Naperville Parking Lot Reconstruction – Phase II
   - Total Project Budget: $1,215,000
   - Source of Funding: Local Funds - NIU Naperville Operations
   - Authorization Date: September 2015

   Status: Design for Phase II was temporarily delayed due to budget considerations but is scheduled to begin again in late spring 2016.

3. DeKalb Campus – DuSable Steam Vault Repairs
   - Total Project Budget: $400,000
   - Source of Funding: Institutional - Bond Reserve/Utility Reserve Funds Appropriated/Income Funds
   - Authorization Date: March 2017
   - Architect/Engineer: NIU A&E Services

   Status: Site preparation and drawings are in process. The construction work will begin in late spring 2016 and will be planned and scheduled to take advantage of semester break and summer schedules.

4. DeKalb Campus – Lucinda Avenue Realignment
   - Total Project Budget: $440,000
   - Source of Funding: Bond series 2010 Funds - $206,139 Federal Highway Grant Funds - $206,139
   - Authorization Date: March 2017
   - Architect/Engineer: TBD

   Status: State of Illinois Department of Transportation will administer this project. The selection process for the civil engineer for Phase I and Phase II engineering design will begin in late spring 2016.
III. Projects in the Construction Phase

A. Remodeling and Rehabilitation

1. DeKalb Campus – Campus Alerting System Phase IV
   Total Project Budget: $1,250,000
   Source of Funding: Appropriated Funds
   Authorization Date: March 2013
   Architect/Engineer: NIU A&E Services

   Status: This project will encompass the final phases of the campus alert system. Work is approximately 70% complete. The construction work will be planned and scheduled to take advantage of semester breaks, weekends and summer schedules. Project has been temporarily delayed due to budget considerations. Once the budget is stabilized, the project is expected to be completed in 18 months.

2. DuSable Hall – Concrete Beam Repair at Main Entry
   Total Project Budget: $414,500
   Source of Funding: Institutional - Local Funds
   Authorization Date: June 2014
   Architect/Engineer: AltusWorks - Chicago

   Status: All work is complete. Final payments are in process.

3. Grant Central Core – Roof Replacement
   Total Project Budget: $812,000
   Source of Funding: Bond Revenue Reserves
   Authorization Date: September 2014
   Architect/Engineer: NIU A&E Services

   Status: All work is complete. Final payments have been made. This will be the final report on this project.

4. Montgomery & Psych/Computer Science – Animal Facilities Renovation
   Total Project Budget: $3,476,535 (estimated)
   Source of Funding: Institutional – Local Funds
   Authorization Date: September 2014
   Architect/Engineer: NIU A/E Services

   Status: Montgomery Hall renovation of HVAC system is complete. Psych/Computer Science renovation is scheduled to begin in August. Performance Contract Phase 11A is being leveraged to renovate the HVAC at Psych/Computer Science.

5. Residence Halls – FY16 Rotation Painting
   Total Project Budget: $249,000
   Source of Funding: Institutional – Revenue Bond Reserves
   Authorization Date: September 2014
   Architect/Engineer: NIU Physical Plant

   Status: Work will be scheduled when feasible and will be scheduled to take advantage of semester breaks to minimize disruptions. The work is approximately 80% complete, the remainder of the work will be done in May 2016.
6. Huskie Stadium – Install LED Ribbon Board
   Total Project Budget: $300,000
   Source of Funding: Institutional – Revenue Bond Reserves
   Authorization Date: September 2014
   Architect/Engineer: NIU A&E Services

   Status: All work is complete. Final payments have been made. This will be the final report on this project.

7. Adams Hall - Floors 2-4 – Replace Insulation on Chilled Water Piping
   Total Project Budget: $100,000
   Source of Funding: Appropriated/Income Funds
   Authorization Date: December 2014
   Architect/Engineer: NIU A&E Services

   Status: Work was completed during winter break. Final payments are in process.

8. Adams Hall – Replace HVAC Equipment
   Total Project Budget: $570,150 (estimated)
   Source of Funding: Performance Contract Phase 11A - Financed
   Authorization Date: December 2014
   Architect/Engineer: Energy Systems Group – Itasca, IL

   Status: Work is 60% complete. Anticipated completion is Fall Semester 2016.

9. East Heating Plant – Repair Two Boilers – Burners and Controls
   Total Project Budget: $290,394 (estimated)
   Source of Funding: Performance Contract Phase 11A - Financed
   Authorization Date: December 2014
   Architect/Engineer: Energy Systems Group – Itasca, IL

   Status: Work is 55% complete. Anticipated completion is Fall Semester 2016.

10. Convocation Center – Repair Two Chillers – Condenser Tubes
    Total Project Budget: $114,938 (estimated)
    Source of Funding: Performance Contract Phase 11A - Financed
    Authorization Date: December 2014
    Architect/Engineer: Energy Systems Group – Itasca, IL

    Status: Work is 75% complete. Anticipated completion is summer 2016.

11. Convocation Center – Modify Audio System
    Total Project Budget: $229,500
    Source of Funding: Institutional – Revenue Bond Reserves
    Authorization Date: June 2015
    Architect/Engineer: NIU A&E Services

    Status: All work is complete. Final payments have been made. This will be the final report on this project.
12. Founders Library - Reconfigure Lower Level
   **Total Project Budget:** $168,000
   **Source of Funding:** Appropriated/Income Funds
   **Authorization Date:** February 2015
   **Architect/Engineer:** NIU A&E Services

   **Status:** All work is complete. Final payments have been made. This will be the final report on this project.

13. Huskie Stadium - Replace Turf Field
   **Total Project Budget:** $460,000 (estimated)
   **Source of Funding:** Institutional - Revenue Bond
   **Authorization Date:** March 2015
   **Architect/Engineer:** NIU A&E Services

   **Status:** All work is complete. Final payments have been made. This will be the final report on this project.

14. Cole Hall – Anthropology Museum – Install Storage
   **Total Project Budget:** $117,250
   **Source of Funding:** Grant Funds – Sponsored Projects
   **Authorization Date:** June 2015
   **Architect/Engineer:** NIU A&E Services / Anthropology

   **Status:** All work is complete. Final payments have been made. This will be the final report on this project.

B. Site and Utilities

1. DeKalb Campus – Outdoor Intramural Recreational Facility
   **Total Project Budget:** $6,200,000 (estimated)
   **Source of Funding:** Bond Series 2010 Project
   **Authorization Date:** June 2011
   **Architect/Engineer:** Upland Design - Plainfield

   **Status:** All work is complete. Final payment is in process.

2. Parking Lot 2/E – Resurface
   **Total Project Budget:** $1,217,700
   **Source of Funding:** Bond Series 2010 Project
   **Authorization Date:** June 2011
   **Architect/Engineer:** Crawford, Murphy & Tilly, Inc. - Aurora

   **Status:** The contractor’s work is complete. Final payments have been made. This will be the final report on this project.

3. Parking Structure - Reconstruct Four Exit Stairs
   **Total Project Budget:** $1,200,000
   **Source of Funding:** Bond Series 2010 Project
   **Authorization Date:** June 2011 (confirmed March 2014)
   **Architect/Engineer:** NIU A&E Services

   **Status:** Construction work is complete on stair #2 and overall the project is 30% complete. Work on stair #3 is scheduled for summer 2016 with completion prior to the start of Fall Semester. It is anticipated that the project will be complete for Fall Semester of 2017.
4. **DeKalb Campus – Electrical Infrastructure Replacement Phase II**
   - **Total Project Budget:** $2,580,000 (estimated)
   - **Source of Funding:** Bond Series 2010 Project
     - Appropriated Funds – Administrative Support
   - **Authorization Date:** March 2013
   - **Architect/Engineer:** NIU A&E Services

   **Status:** Construction started in fall 2013 and is approximately 71% complete. Work has been temporarily delayed due to budget concerns. Once the budget is stabilized, the project is expected to be completed in 18 months.

5. **Naperville- Parking Lot Replacement- Phase I**
   - **Total Project Budget:** $172,265
   - **Source of Funding:** Local Funds - NIU Naperville Operations
   - **Authorization Date:** November 2013
   - **Architect/Engineer:** Engineering Resource Associates, Inc. - Warrenville

   **Status:** Construction work was completed summer 2015. Final payments to the contractor have been made. This will be the final report on this project.

6. **DeKalb Campus - Electrical Infrastructure Replacement Phase III**
   - **Total Project Budget:** $2,550,000 (estimated)
   - **Source of Funding:** Appropriated Funds
     - Bond Series 2010 Project
   - **Authorization Date:** March 2014
   - **Architect/Engineer:** NIU A&E Services

   **Status:** Construction work began in late 2014 and is approximately 29% complete. Work has been temporarily delayed due to budget concerns. Once the budget is stabilized, the project is expected to be completed in 24 months.

7. **Lucinda Avenue Extension**
   - **Total Project Budget:** $4,500,000 (estimated)
   - **Source of Funding:** Bond Series 2010 (amended)
   - **Authorization Date:** March 2014 (amended June 2014)
   - **Architect/Engineer:** Knight E/A, Inc. - Chicago

   **Status:** Building environmental clean-up is complete. Building and site demolition work is complete. Road construction work is 95% complete. Site work could not be completed during the winter. Completion is anticipated late spring/early summer 2016.

8. **Huskie Stadium – Replace Water Main for West Stadium**
   - **Total Project Budget:** $143,000
   - **Source of Funding:** Appropriated Funds
   - **Authorization Date:** June 2014
   - **Architect/Engineer:** NIU A&E Services

   **Status:** The project provided a new water main to the building. Final payments to the contractor have been made. This will be the final report on this project.
QUARTERLY SUMMARY REPORT OF TRANSACTIONS IN EXCESS OF $100,000 FOR THE PERIOD JANUARY 1, 2016 TO MARCH 31, 2016

<table>
<thead>
<tr>
<th>Purchase Amount</th>
<th>No. of Transactions</th>
<th>Appropriated</th>
<th>Non-Appropriated</th>
<th>Total</th>
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<td>$100,000 to $250,000</td>
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<td>$180,000</td>
<td>$1,671,299</td>
<td>$1,851,299</td>
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TRANSACTIONS DETAIL:

**Purchases:**

1. Computer Science - Issue an order for a display wall including all necessary hardware, 180,000* software, installation and configuration. This purchase utilizes start-up funds allocated for this project during Dr. Michael Papka's hiring process. The display wall, constructed from multiple high-definition monitors integrated together to form a single display, allows Dr. Papka to instruct his classes and share his research with regard to visualizing large data sets and better understanding of potential future work environments. This purchase will utilize an IPHEC award and is exempt from the bid process. FY16 (CDW - Vernon Hills, IL)

2. Division of Information Technology - Issue an order for services provided between DeKalb County and NIU for DATA Network during the 2016 calendar year. NIU in cooperation with DeKalb County is contracted to provide services including billing for CAI's through USAC using the DATA Network. This PO will be used for the accounting of funds that are received from the CAI’s that the County in turn bills for each CAI as the funds are received by NIU. Because the vendor is a governmental agency, this purchase is exempt from posting on the Illinois Procurement Bulletin. FY16 (DeKalb County Government - Sycamore, IL)

3. Division of Information Technology - Purchase of the EMC renewal using IPHEC Contract 1DG1306. The EMC renewals are to provide hardware and software support on our enterprise storage and backup systems. The storage is used by many departments and by enterprise applications such as PeopleSoft, Blackboard and the virtual server environment. We provide backup services for this data (and also departmental data) that can be used to restore individual files, databases and entire servers for business continuity and disaster recovery. This order is exempt from advertising on the Illinois Procurement Bulletin because the vendor is a pre-approved IPHEC vendor. FY16 (CDW-G – Vernon Hills, IL)

4. Department of Psychology - Permission to subcontract with Educational Testing Services for work on a U.S. Department of Education grant project titled "Testing onPAR Model in Developmental Literacy Education. The vendor will provide consulting services, adapt existing Reading for Understanding (RFU) GISA and SARA reading assessments, and collect data to evaluate the assessments used by NIU to test the onPAR model. This order is a grant subaward and is exempt from the Illinois Procurement Code. FY16 (Educational Testing Services - Princeton, N.J.)
5. Division of Information Technology - Renewal is required of the open order used for On-Site Telephone Switch Hardware/Software Maintenance for the University's Avaya (Nortel) CS2100-SL100 hybrid telephone switch for the period July 1, 2016 – June 30, 2017. Pricing is based on Sealed Bid #KMC146458 that opened on March 25, 2014. This is the second year of five renewal options. The renewal award will be advertised in the Illinois Procurement Bulletin - Public Institutions of Higher Education. FY17 (Arrow Systems Integration - Irving, TX)

6. Division of Information Technology - Renewal is required of the open order used to obtain telecommunication supplies and parts to be used on various projects for the period July 1, 2016 – June 30, 2017. Pricing is based on Sealed Bid #TEM124092 that opened on June 22, 2011. This is the fifth year of seven renewal options. The renewal award will be advertised in the Illinois Procurement Bulletin - Public Institutions of Higher Education. FY17 (Anixter, Inc. - Mount Prospect, IL)

7. Division of Information Technology - Renewal is required of the Microsoft Enrollment for Education Solutions software for resale for the license period July 1, 2016 – June 30, 2017. Pricing is based on Request for Proposal #KMC138285 that opened on April 25, 2013. This is the third year of nine renewal options. The renewal award will be advertised in the Illinois Procurement Bulletin - Public Institutions of Higher Education. FY17 (ScholarBuys - Carpentersville, IL)

8. Document Services - Issue an open order for support, maintenance and software upgrades as needed for the digital press provided as a result of the opening of RFP #TEM82301. This digital press is used for the production of university mainframe output, including payroll, year-end tax documents and student tuition billing. The intent to award this contract as a sole source will be advertised in the Illinois Procurement Bulletin. FY17 (Xerox Corporation - Schaumburg, IL)

9. Division of Information Technology - To purchase Blackboard One Card for Fiscal Year 2017. This purchase is for maintenance of the software product utilized by the University. The vendor is the developer of the software and no other vendor may provide this service. 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 (Blackboard, Inc. - Phoenix, AZ)

10. Northern Star - Renewal is required of an open order for printing of the Northern Star for the period July 1, 2016 – June 30, 2017. This is the last year of four one-year renewal options allowed for in a bid opened on February 28, 2012. The renewal was advertised in the Illinois Procurement Bulletin and has been waived by the PPB. FY17 (Castle Printtech - DeKalb, IL)

Total $1,851,299

*Appropriated/Income Funds
PERIODIC REPORT ON INVESTMENTS
FOR PERIOD JULY 1, 2015 THROUGH MARCH 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 March 31, 2016
Investment Earnings by Type and Duration for the nine months ending March 31, 2016.
## NORTHERN ILLINOIS UNIVERSITY

### INVESTMENT HOLDINGS SUMMARY

March 31, 2016
For Fiscal Year 2016

<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>
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<tbody>
<tr>
<td><strong>Federal Agency Notes:</strong></td>
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<tr>
<td>Local Funds</td>
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<td><strong>Insured Cash Sweep:</strong></td>
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<tr>
<td>Local Funds</td>
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<td>$-</td>
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<td><strong>Money Markets:</strong></td>
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<td>Local Funds</td>
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<td><strong>US Treasury Notes/Bills:</strong></td>
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### TOTAL INVESTMENT HOLDINGS

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<th>Book Value</th>
<th>Market Value</th>
<th>Percent of Portfolio</th>
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### HOLDINGS @ MARCH 31, 2015

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<th>Book Value</th>
<th>Market Value</th>
<th>Percent of Portfolio</th>
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### Market Value by Investment Type

- **Federal Agency Notes**: 39.57%
- **Interest Bearing Cash**: 11.72%
- **Insured Cash Sweep**: 0.00%
- **Money Markets**: 32.52%
- **US Treasury Notes/Bills**: 16.19%
## Northern Illinois University
### Investment Earnings by Type and Duration
For Fiscal Year 2016
July 1, 2015 - March 31, 2016

<table>
<thead>
<tr>
<th>Short-Term Investment Accounts</th>
<th>March 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>$42,716,762</td>
<td>$32,255,542</td>
<td>17.50%</td>
<td>$31,184</td>
<td>0.128%</td>
</tr>
<tr>
<td>Investment Accounts - Financial Institutions</td>
<td>$18,856,689</td>
<td>$32,352,031</td>
<td>17.55%</td>
<td>$36,875</td>
<td>0.151%</td>
</tr>
<tr>
<td>Investment Accounts - Project Funds</td>
<td>$10,930,254</td>
<td>$11,071,566</td>
<td>6.01%</td>
<td>$386</td>
<td>0.005%</td>
</tr>
<tr>
<td><strong>ST Investment Accounts Total</strong></td>
<td><strong>$72,503,705</strong></td>
<td><strong>$75,679,139</strong></td>
<td><strong>41.06%</strong></td>
<td><strong>$68,445</strong></td>
<td></td>
</tr>
</tbody>
</table>

**ST Investment Accounts Average Yield**: 0.120%

### Fixed Income Securities

<table>
<thead>
<tr>
<th>Fixed Income Securities</th>
<th>March 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>$73,661,808</td>
<td>$89,734,992</td>
<td>48.69%</td>
<td>$712,480</td>
<td>1.059%</td>
</tr>
<tr>
<td>Project Funds</td>
<td>$17,511,563</td>
<td>$18,922,992</td>
<td>10.27%</td>
<td>$28,877</td>
<td>0.203%</td>
</tr>
<tr>
<td><strong>Fixed Income Securities Total</strong></td>
<td><strong>$91,173,371</strong></td>
<td><strong>$108,657,984</strong></td>
<td><strong>58.96%</strong></td>
<td><strong>$741,357</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Fixed Income Securities Average Yield**: 0.910%

### Combined Total

<table>
<thead>
<tr>
<th>Combined Total</th>
<th>March 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>$163,677,076</td>
<td>$184,337,123</td>
<td>100.00%</td>
<td>$809,802</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Average Annualized Rate of Return**: 0.59%

---

Finance, Facilities and Operations Committee
May 19, 2016
QUARTERLY FINANCIAL SUMMARY

Background Information: In an effort to provide more frequent information regarding the university's financial position, the university has prepared the third quarter financial summary to the Board of Trustees.

Below is a list of fund codes and definitions that are used to present the quarterly financial summary.

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

Following is a financial summary of the university’s operations as of the end of March FY16 and a comparison perspective to March of FY15. The second summary identifies revenue and expenses for FY16 by month.
### University All Funds Comparison

**As of March 31, 2016**

<table>
<thead>
<tr>
<th></th>
<th>Current Year FY16</th>
<th>Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>YTD Actuals</td>
<td>YTD Budget</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition &amp; Student Fees</td>
<td>$ 193,779</td>
<td>$ 171,211</td>
</tr>
<tr>
<td>Gifts, Grants, &amp; Contracts</td>
<td>$ 49,531</td>
<td>$ 54,000</td>
</tr>
<tr>
<td>Other Fees and Fines</td>
<td>$ 7,178</td>
<td>$ 13,756</td>
</tr>
<tr>
<td>Sales</td>
<td>$ 32,427</td>
<td>$ 39,484</td>
</tr>
<tr>
<td>Rental &amp; Room Income</td>
<td>$ 33,082</td>
<td>$ 37,126</td>
</tr>
<tr>
<td>Gate Receipts &amp; Commissions</td>
<td>$ 4,183</td>
<td>$ 3,756</td>
</tr>
<tr>
<td>Miscellaneous &amp; Investment Income</td>
<td>$ 7,563</td>
<td>$ 6,246</td>
</tr>
<tr>
<td>State of Illinois</td>
<td>$ 90</td>
<td>$ 63,871</td>
</tr>
<tr>
<td>Transfers</td>
<td>$(9,714)</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>Total Revenue &amp; Transfers</strong></td>
<td>$ 318,119</td>
<td>$ 389,450</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
<td>$ 7,422</td>
<td>$ 10,234</td>
</tr>
<tr>
<td>Personnel Services</td>
<td>$ 167,505</td>
<td>$ 211,920</td>
</tr>
<tr>
<td>Contractual Services</td>
<td>$ 56,988</td>
<td>$ 76,211</td>
</tr>
<tr>
<td>Commodities</td>
<td>$ 5,486</td>
<td>$ 8,721</td>
</tr>
<tr>
<td>Travel</td>
<td>$ 3,224</td>
<td>$ 3,966</td>
</tr>
<tr>
<td>Automotive</td>
<td>$ 977</td>
<td>$ 1,166</td>
</tr>
<tr>
<td>Scholarships</td>
<td>$ 51,869</td>
<td>$ 10,404</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>$ 1,336</td>
<td>$ 2,483</td>
</tr>
<tr>
<td>Equipment &amp; Library Materials</td>
<td>$ 5,621</td>
<td>$ 9,523</td>
</tr>
<tr>
<td>Other</td>
<td>$ 13,668</td>
<td>$ 84,668</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$ 314,095</td>
<td>$ 419,296</td>
</tr>
<tr>
<td><strong>Net Revenue</strong></td>
<td>$ 4,024</td>
<td>$(29,846)</td>
</tr>
</tbody>
</table>
## Finance, Facilities and Operations

### Committee

**May 19, 2016**

#### University All Funds Comparison

<table>
<thead>
<tr>
<th></th>
<th>Revenue</th>
<th>FY16 Budget/Projection</th>
<th>FY16 Actual/Projection</th>
<th>FY16 Budget</th>
<th>Total Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1st Quarter</td>
<td>2nd Quarter</td>
<td>3rd Quarter</td>
<td>Total</td>
<td>April</td>
</tr>
<tr>
<td><strong>Tuition &amp; Student Fees</strong></td>
<td>$102,823,800</td>
<td>$77,457,410</td>
<td>$13,497,607</td>
<td>$193,778,817</td>
<td>$6,295,353</td>
</tr>
<tr>
<td><strong>Gifts, Grants, &amp; Contracts</strong></td>
<td>$21,056,610</td>
<td>$7,937,759</td>
<td>$20,526,175</td>
<td>$49,530,535</td>
<td>$5,503,395</td>
</tr>
<tr>
<td><strong>Other Fees and Fines</strong></td>
<td>$3,151,220</td>
<td>$1,933,072</td>
<td>$1,953,711</td>
<td>$7,182,005</td>
<td>$797,566</td>
</tr>
<tr>
<td><strong>Salaries</strong></td>
<td>$13,740,598</td>
<td>$6,559,812</td>
<td>$11,747,287</td>
<td>$32,507,709</td>
<td>$3,603,076</td>
</tr>
<tr>
<td><strong>Rent &amp; Room Income</strong></td>
<td>$10,597,267</td>
<td>$21,144,124</td>
<td>$4,098,249</td>
<td>$35,857,633</td>
<td>$742,406</td>
</tr>
<tr>
<td><strong>Gate Receipts &amp; Commissions</strong></td>
<td>$1,173,648</td>
<td>$1,929,029</td>
<td>$1,860,231</td>
<td>$4,963,906</td>
<td>$464,774</td>
</tr>
<tr>
<td><strong>Miscellaneous &amp; Investment Income</strong></td>
<td>$2,841,532</td>
<td>$2,063,080</td>
<td>$2,658,473</td>
<td>$7,563,085</td>
<td>$840,343</td>
</tr>
<tr>
<td><strong>State of Illinois</strong></td>
<td>$27,389</td>
<td>$32,123</td>
<td>$30,903</td>
<td>$90,415</td>
<td>-</td>
</tr>
<tr>
<td><strong>Transfers</strong></td>
<td>$268,816</td>
<td>$55,824,461</td>
<td>$4,947,665</td>
<td>$9,714,338</td>
<td>$9,714,338</td>
</tr>
<tr>
<td><strong>Total Revenue &amp; Transfers</strong></td>
<td>$161,930,962</td>
<td>$112,621,003</td>
<td>$42,557,456</td>
<td>$318,119,422</td>
<td>$18,249,913</td>
</tr>
</tbody>
</table>

**Expenses**

<table>
<thead>
<tr>
<th></th>
<th>Expenses</th>
<th>Total Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost of Goods Sold</strong></td>
<td>$2,441,471</td>
<td>$2,364,962</td>
</tr>
<tr>
<td><strong>Personnel Services</strong></td>
<td>$48,828,797</td>
<td>$60,477,091</td>
</tr>
<tr>
<td><strong>Contractual Services</strong></td>
<td>$15,721,865</td>
<td>$23,214,312</td>
</tr>
<tr>
<td><strong>Commodities</strong></td>
<td>$1,933,036</td>
<td>$1,920,063</td>
</tr>
<tr>
<td><strong>Travel</strong></td>
<td>$835,003</td>
<td>$1,224,485</td>
</tr>
<tr>
<td><strong>Scholarships</strong></td>
<td>$25,783,793</td>
<td>$29,571,672</td>
</tr>
<tr>
<td><strong>Telecommunications</strong></td>
<td>$474,107</td>
<td>$476,748</td>
</tr>
<tr>
<td><strong>Equipment &amp; Library Materials</strong></td>
<td>$3,129,668</td>
<td>$3,168,087</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>$5,117,615</td>
<td>$3,612,361</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$104,532,701</td>
<td>$97,779,214</td>
</tr>
</tbody>
</table>

**Net Revenue**

<table>
<thead>
<tr>
<th></th>
<th>Net Revenue</th>
<th>Total Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$57,398,261</td>
<td>$15,859,789</td>
</tr>
</tbody>
</table>

|                             | $57,398,261       | $15,859,789   | $69,225,543  | $4,024,107   | $16,648,567   | $7,680,075   | $8,885,171   | $29,200,706  | $29,846,000   | $645,294   |
Agenda Item 7.e.
May 19, 2016

FISCAL YEAR 2017 INTERNAL BUDGET

Briefing as presented at the meeting.
OVERVIEW OF FIVE-YEAR REPAIR AND IMPROVEMENT PLANNING CAPITAL PROJECT PLANNING

Briefing as presented at the meeting.
FISCAL YEAR 2017 NIU FOUNDATION PROFESSIONAL SERVICES CONTRACT

Summary: The Northern Illinois University Foundation, an independent organization, operates to support the mission of Northern Illinois University through fundraising, asset management and related support activities. Among such activities, the Foundation coordinates and manages cultivation, solicitation, acknowledgment and receipting of all gifts; administrates, invests and disburse funds; maintains all constituent records; manages and coordinates communications with constituents; and performs alumni relations activities.

The University and the Foundation entered into an agreement (Memorandum of Understanding) in June of 2011, and annually execute an Addendum which serves to outline the fundraising services and activities to be provided by the Foundation on behalf of the University each year. This contractual agreement is in accordance with the Legislative Audit Commission Guidelines.

While the contract amount is partially offset by Foundation payments to the University for the services and fringe benefit amounts related to any “Assigned Employees” (as outlined in the MOU), other portions of the contract amount are utilized by the Foundation for administrative services, facilities and program expenditures in accordance with contract obligations.

In prior years, the contract amount has been $630,032 and that amount has been to cover partial salaries and benefits for “Assigned Employees” as well as some programmatic services. The balances for those employees were paid from the General Revenue budget of the University. For FY17, the Foundation requests that the contract amount be adjusted to $1,286,000, which, in addition to providing funding for programmatic and administrative services, also aligns the full salaries of the “Assigned Employees” to the contract.

Funding: Appropriated/Income Funds

Recommendation: The University requests Board of Trustees approval of a renewal order for the FY17 contract for the Northern Illinois University Foundation in the amount of $1,286,000.

Amount Requested in FY16: $630,052
FISCAL YEAR 2017 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, 2016 – June 30, 2017. 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 fourth year of five, one-year renewal options based on a proposal opened on 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 FY17 as follows:

Mary’s Market – Rockford, IL .......................................................... $85,000
Sodexo – Lisle, IL ................................................................. $420,000
My Chef – Naperville, IL ........................................................ $200,000

Total .................................................................................. $705,000

Amount Approved for FY16: $760,000
INTERCOLLEGIATE ATHLETICS FISCAL YEAR 2017 SECONDARY STUDENT HEALTH INSURANCE CONTRACT RENEWAL

Summary: NIU Intercollegiate Athletics requires annual secondary health insurance to meet the needs for insurance coverage for accident claims for student athletes for athletically related illnesses and injuries. This secondary insurance is required in addition to coverage that the student athletes may have through their own primary insurance. The secondary insurance product being purchased has been designed uniquely and specifically for NCAA members with the Master Policy form negotiated on behalf of the schools in accordance with NCAA regulations. This FY17 approval amount is for the NCAA Group Basic Accident Medical Program Insurance Plan, administrative fees, and aggregate deductible claims coverage, available exclusively through Ascension Benefits & Insurance Solutions/Mutual of Omaha as agent and claims administrator. This FY17 insurance coverage is renewal three of nine, one-year renewal options to be determined annually, based on a Request for Proposal that opened on July 16, 2013. 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 FY17 as follows:

Ascension Benefits & Insurance Solutions, Salt Lake City, UT.................................................$315,000
(formerly known as Summit America Insurance Services)
dba Mutual of Omaha Insurance Co.

Amount Approved for FY16: $315,000
INTERCOLLEGIATE ATHLETICS FISCAL YEAR 2017
AIR CHARTER SERVICES FOR FOOTBALL TEAM

Summary: Intercollegiate Athletics requests permission to purchase air travel services for the NIU Football Team. The team will fly out of Rockford, IL, for games at: University of Wyoming, Laramie, WY, September 3; University of South Florida, Tampa, FL, September 10; Eastern Michigan University, Ypsilanti, MI, November 16; and Kent State, Kent, OH, November 25. A Request for Proposal will be opened on April 12, 2016, to determine vendor(s) and pricing. Once an award is made, it will be advertised in the Illinois Procurement Bulletin.

Funding: Institutional – Local Funds

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

Vendor to be determined.................................................................$400,000 NTE

Amount Approved in FY16: $360,000
DIVISION OF INFORMATION TECHNOLOGY
SECURITY HARDWARE AND SOFTWARE AMENDMENT

Summary: In 2015 the BOT approved an expenditure of $2.93M for the design, purchase, configuration, and installation of equipment serving three distinct aspects of the core infrastructure: wireless networking, servers, and network security appliances. Bundling these purchases saved NIU $1.47M over our standard IPHEC discount.

The wireless purchase was made in response to the expansion of wireless networking on campus and anticipates future growth in wireless as a medium-term strategy reflecting both student and employee preferences in mobile work styles. It also opens the possibility for cost savings as DoIT encourages the reduction of wired networking on campus.

The server purchases were normal refresh for our main server fleet on campus. This purchase allowed us to retire servers at or past the end of their useful life and increased DoIT’s ability to prepare to move ever greater portions of our infrastructure to the cloud. The server purchase also allows us to continue our practice of moving locally managed IT equipment into our data center and manage it centrally, with benefits to security, cost, and availability. It is anticipated that this equipment, with an anticipated life cycle of five years, will be the last large scale purchase of on campus server equipment.

The network security appliances are part of the university’s need to construct a network perimeter that can survive the hostile nature of today’s Internet. The university previously had effectively no secure perimeter so the cost and complexity to build this capability is a new but necessary expense as compared to IT budgets of the past.

This request, in the amount of $49,977, is to fund an overrun in the professional services costs associated with all of the work listed above. This one-time expense reflects a need to change the original design due to errors found during testing prior to go-live. Although the design flaws were not the result of NIU’s errors or omissions, the effort to recover from the design flaws was performed under a time and materials contract that requires compensation for additional time spent. The amount has been aggressively negotiated with the vendor and implementation partner and represents a fair settlement. There is a possibility of additional expense associated with finishing the implementation but the amount is unknown at this time. No net new funds are being sought at this time.

Funding: Institutional – Local Funds

Recommendation: The University requests Board of Trustees approval of expenditure authority for FY16 as follows:

CDW-G – Vernon Hills, IL

Original Approval..............................................................................................................$2,935,366
Amendment.........................................................................................................................$ 49,977
New Approval Amount......................................................................................................$2,985,343
Agenda Item 8.f.  
May 19, 2016

**DOIT – NETWORK & COMMUNICATION SERVICES – VOICE TRUNKING SERVICES AND LOCAL DOMESTIC/LONG DISTANCE SERVICE AMENDMENT**

**Summary:** The Division of IT purchases voice and data circuits from a variety of vendors in order to serve the campus need for telephones, Internet access, and other similar services. One of the vendors is Frontier Communications. Working off a 2011 bid for such circuits, NIU has an annually renewable open order for telecommunications in the amount of $295,000 per year. This five-year contract ends November 30, 2016 and will be re-bid over the summer.

Due to a billing error by Frontier, voice and data charges have been erroneously charge to a single NIU account rather than to two separate accounts for twenty two months. These charges have been paid in full by NIU but out of the open order for voice. If the vendor had billed correctly, some charges would have been invoiced to the voice account and some to the data account.

This no cost request is to increase the amount of the open order for voice services by $100,000 this year only. No new expense is incurred with the approval. The request simply recognizes that one of DoIT’s voice accounts will bear the expense of both voice and some data circuits this year due to a billing error.

**Funding:** Institutional – Local Funds

**Recommendation:** The University requests Board of Trustees approval of expenditure authority for FY16-FY17 as follows:

- **Frontier North, Inc. – Sycamore, IL**

  Original Approval (FY12-FY17)..............................................................................$1,400,000
  Amendment..............................................................................................................$ 100,000
  New Approval Amount...........................................................................................$1,500,000
FISCAL YEAR 2017 DOIT DOCUMENT SERVICES AND MATERIALS MANAGEMENT PRINTING PAPER OPEN ORDERS CONTRACT RENEWAL

Summary: The Division of Information Technology (DoIT) maintains the university’s high volume printing operation, known as Document Services. Each year Document Services, in conjunction with Central Stores, purchases 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. Collectively, NIU prints tens of millions of pages each year. The routine cost of this paper is approved by the Board of Trustees each year as an open order.

An RFP was conducted during FY15 and the winner, Lindenmeyr Munroe, was selected through a competitive process. The first year operating under the newly awarded contract was FY16 and an open order in the amount of $750,000 was approved by the Board. This year, the request is reduced by $250,000 reflecting a variety of trends on campus including a move to reduce printing and more accurate demand forecasting methods.

Demand for paper is expected to continue to decline over time, especially as a result of the Institutional Print project that was recently initiated. Through this project, NIU offices and departments will have the opportunity to reduce the total number of printers and to move to more efficient multi-function devices that, in general, provide higher speed and quality at a lower total cost per page.

Because the margin of victory during the competitive bidding process was comparatively small and the time and complexity of working through the procurement and legal processes within NIU is comparatively high, DoIT does not plan to re-bid this contract in the near future unless we see indications that there are unilateral price increases from the supplier not reflected in the broader market.

Funding: Institutional – Local Funds
Institutional – Auxiliary Funds

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

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

Amount Approved for FY16: $750,000
WASTE MANAGEMENT AND UTILITIES – FISCAL YEAR 2017
SOLID WASTE REMOVAL AND RECYCLING AT NIU DEKALB CONTRACT RENEWAL

Summary: Waste Management and Utilities requests permission to issue open orders for the removal of solid waste and recyclable materials for the period July 1, 2016 - June 30, 2017. This is the eighth year of nine renewal options based on a proposal that was opened on April 8, 2008. The renewal award was advertised in the *Illinois Procurement Bulletin* and has been waived by the Procurement Policy Board.

Funding: Institutional – Local Funds

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

> *Waste Management of IL Inc. – Batavia, IL*................................. $420,000

Amount approved for FY16: $420,000
DIVISION OF ADMINISTRATION AND FINANCE  
FISCAL YEAR 2017 EMC MAINTENANCE RENEWAL

Summary: The Division of IT operates the core infrastructure that stores and provides backup for the university’s core data. This infrastructure is composed of several large cabinets full of disk drives with varying types and capacities. It also includes the software needed to either stitch them together to form massively large storage devices, bigger than any single hard disk that could be purchased, or to make them act as a backup solution.

Our primary storage cabinets are nearing the end of its useful life and our backup systems are already past their recommended life. A proposal to replace both sets of equipment was approved in concept but could not be funded by central Finance due to a lack of cash on hand. For the backup environment, we are now paying $190,000 per year more than the cost of buying new equipment in order to retain the hardware and software maintenance on this critical piece of infrastructure.

As with all types of enterprise hardware and software, maintenance gives DoIT access to fixes when equipment fails, the ability to apply patches to bugs as they are identified, and the right to upgrades that address security concerns or allow us to connect to network and server equipment as they are upgraded.

DoIT requests that the Board of Trustees fund the maintenance of our storage and backup systems as a way of ensuring that PeopleSoft, Blackboard, and other enterprise systems can stay available as they age. This annually recurring expense does not negate the need to fund the capital expense of replacing this equipment. The Board can expect to see a $2M+ expense for the replacement as soon as central Finance can support the expenditure.

This order is exempt from advertising on the Illinois Procurement Bulletin because the vendor is a pre-approved IPHEC vendor.

Funding: Appropriated/Income Funds

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

CDW-G – Vernon Hills, IL..................................................$397,000
GRANT SOUTH STEAM VAULT REPLACEMENT
CAPITAL PROJECT APPROVAL

Summary: The existing underground concrete steam vault south of Grant Complex is at risk of collapse and requires replacement. The manhole provides the space and critical protection for valves, condensate piping, and main steam distribution piping that connects and provides essential heating for all of Grant Complex. During routine inspections of the steam tunnel system, maintenance personnel observed that the entire underside of the concrete roof slab had delaminated and fell to the vault floor exposing severely corroded steel reinforcing bars. The structural load capacity of the roof slab is significantly reduced due to this situation and is a safety hazard for vehicles using the driveway. The area is closed and barricaded as a safety precaution.

The vault, located just south of Grant in the service driveway, was constructed in 1963. It consists of a cast-in-place concrete structure approximately 8 feet square in plan and 15 feet in height with a 30 inch square cast iron access cover. The vault is buried approximately 2 feet below the asphalt paved driveway. The vault was subject to truck traffic, winter de-icing salt, freeze thaw cycles, water infiltration, extreme temperature variations, and age which all contribute to the overall deterioration of the concrete structure. The vault is at risk of catastrophic collapse which would impact the steam supply for Grant Residential Complex.

The existing vault will be demolished and replaced with a reinforced cast-in-place concrete vault. The new vault would be expected to last at least 50 years under similar conditions. The associated valves and steam piping will be evaluated and will be replaced, as required, with new.

Funding: Institutional – Bond Revenue Funds – Repair/Replacement Fund

Recommendation: The University requests Board of Trustees authorization to proceed with design and construction activities based on a total project budget of $750,000. Design efforts will include contracting with an Architectural/Engineering firm for preparation of plans and specifications. Construction efforts may include a combination of in-house and contracted activities as necessary to complete the project.
HOLMES STUDENT CENTER - PHASE I REDEVELOPMENT
CAPITAL PROJECT APPROVAL

Summary: During previous campus master planning processes, a key idea emerged to intensify and activate the campus core to be a more vibrant, lively, and interactive place. The goal was to both create an active 18-hr/7-day/week ‘heart’ for the campus community, fostering student and faculty interaction and connections, and leading to a more positive and memorable university learning experience. University leadership determined that a reinvigorated Holmes Student Center held the greatest potential to provide the catalyst for achieving these objectives by updating the existing facility consistent with current best practices for contemporary campuses.

The Board of Trustees granted approval for planning and engineering studies for the redevelopment of Holmes Student Center on June 19, 2014. Through a consult team of planners, architects, designers and engineers, hundreds of students, faculty and staff were engaged to develop concepts and priorities for the renovation efforts. Updates on redevelopment plan and concept ideas were presented to the Board of Trustees at the Finance Facilities and Operations Committee meetings held May 28, 2015 and August 6, 2015.

While further details will be contained in an accompanying presentation, the University recommends moving forward with design development based on the objectives of reinvigorating student involvement in the Holmes Student Center by initially focusing investment efforts on ground floor renovations involving a restructuring of the food and retail operations, accomplishing critical building repairs, and creating a welcoming open space for traffic flow and lounge areas. Specific details of the scope of work will be developed during the design phase and aligned with an appropriate funding strategy for the construction effort. A progress report(s) will be presented to the Board and approval will be sought prior to proceeding with solicitations for the construction phase.

Funding: Bond Series 2010 Funds – Build America Bonds

Original approval for the use of the Build America Bond Funds as submitted to the Board of Trustees, as well as the Illinois Board of Higher Education (IBHE), included $12 million for HSC Phase I work. To date this has included the College Grind project, HSC/Neptune Master Planning, and two smaller projects totaling approximately $3.2 million. Currently encumbered through the original approval process but not yet expended nor work started is the Parking Lots P & PS – Reconstruction ($1,745,000) project. Available unencumbered funds balance is approximately $18.6 million. In order to have $20 million available for this project, we are requesting this previously identified project be unencumbered and reallocated to the HSC – Phase I project. Upon approval by the Board the University will make the appropriate change request to the IBHE.

Recommendation: The University requests Board of Trustees authorization to contract with an Architectural/Engineering firm and proceed with the design phase of this project based on a total project budget of $20 million. This approval includes the authorization to unencumber Parking Lots P & PS – Reconstruction and to make the appropriate requests to the IBHE. Updates will be provided to the Board as appropriate, and once the design phase has been completed, subsequent approval of the project scope will be requested from the Board prior to proceeding with construction.
ZEKE GIORGI LAW CLINIC LEASE RENEWAL

Summary: The Zeke Giorgi Legal Clinic, located in downtown Rockford, provides legal services primarily to individuals who may not otherwise be able to secure legal advice. Third-year law students from the College of Law assist with legal representation under the supervision of staff who are licensed attorneys. The Clinic has provided representation in the areas of criminal defense, elder law, domestic violence and mediation.

NIU’s current lease for the Zeke Giorgi Law Clinic expires June 30, 2016, based on an RFI opened April 20, 2010. NIU wishes to exercise the second of two, three-year renewal options, with the lease agreement beginning on July 1, 2016, and ending June 30, 2019. The lease terms are for 13,050 square feet at a rate of $106,488 per year. The renewal award will be advertised in the Illinois Procurement Bulletin.

Funding: Appropriated/Income Funds

Recommendation: The University requests Board of Trustees approval of expenditure authority for FY17-FY19 as follows:

Urban Equity Properties LLC – Rockford, IL……………………………………..$319,464

Amount Requested for FY14-16: $313,200
REAL PROPERTY – LEASE FOR SCHOOL OF ART

Summary: The University is currently leasing art studio space to support the 3-D graduate art programs. The lease is based on a Request for Information (RFI) process that was conducted in 2011 that allowed for a renewal. The University wishes to exercise the one 5-year renewal option which will begin on July 1, 2016 and end on June 30, 2021. The lease terms are for 12,500 square feet at a rate of $95,988 annually, not including utilities. Lease payments and related expenses will be funded through existing allocations to academic and administrative units. The lease incorporates and is consistent with all applicable State statutes and Board Regulations. The renewal award will be advertised in the Illinois Procurement Bulletin.

Funding: Appropriated/Income Funds

Recommendation: The University recommends Board of Trustees approval to enter into a five-year lease renewal agreement under the above terms and conditions for FY17-FY21.

Charles J. Shepard & Lynn A. Shepard

Amount Requested for FY12-FY16: $479,940
FISCAL YEAR 2017 MATERIALS MANAGEMENT
COMMODITIES OPEN ORDERS

Summary: NIU Department of Materials Management requests permission to purchase commodities for campus departments for the period July 1, 2016 – June 30, 2017. The vendors will provide commodities for resale such as janitorial supplies, non-stock office, computer, and printer supplies. These are IPHEC vendors through the State IPHEC contract.

Funding: Institutional Funds

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

Supplyworks – Rockford, IL.............................................................$350,000
Office Depot Max Inc. – Itasca, IL..................................................$550,000

Total..............................................................................................$900,000

Amount Approved for FY16: $1,450,000
FISCAL YEAR 2016 INTERNAL BUDGET AMENDMENT

Summary: Each year the University seeks the Board’s approval of the internal budget for the current fiscal year. In most years, the University receives its State appropriation in early June, but as a result of the State’s current financial situation, the State has only approved a stop-gap appropriation of $26.4 million for FY16 at this time. During the FY16 budget development process, the University initiated a new strategy to expand the engagement of the campus community and solicit their input more broadly. This has enabled us to make more well-informed critical and difficult decisions regarding our FY16 internal budget as we are facing declining revenue resulting from reduced state appropriations and continuing enrollment shortfalls. These efforts continue to be refined in the upcoming budget development cycles.

Recommendation: While the University continues to analyze the expenditures for efficiency and opportunities to reduce cost structure, the University is requesting spending authority to meet the expenditure budget of $419 million that was presented in September to the Board of Trustees. The University will continue to use all available resources including working capital, with an estimated utilization of approximately $30 million in FY16 in order to meet the demands of the University. Pursuant to Board of Trustees Bylaws, the University requests Board of Trustees approval of the FY16 Internal Budget as outlined in Tables 1 and 2 below:

Table 1
FISCAL YEAR 2016 INTERNAL BUDGET
Summary of Budgeted Revenue by Source ($ in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2016 Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>University Appropriated Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Revenue Fund</td>
<td>91,092.7</td>
<td>63,835.3</td>
<td>26,403.2</td>
</tr>
<tr>
<td>State College and University Trust</td>
<td>20.4</td>
<td>36.0</td>
<td>36.0</td>
</tr>
<tr>
<td><strong>Total Appropriated Fund Revenues</strong></td>
<td>$ 91,113.1</td>
<td>$ 63,871.3</td>
<td>$ 26,439.2</td>
</tr>
</tbody>
</table>

| **University Nonappropriated Revenues** |          |          |                   |
| University Income Fund | 140,667.9 | 136,152.1 | 161,686.6         |
| Income from Auxiliary Enterprises: |          |          |                   |
| From Operations in Revenue Bond Facilities | 72,821.5 | 72,422.1 | 72,422.1          |
| From Operations in Other Auxiliary Enterprises | 23,251.3 | 22,958.6 | 22,958.6          |
| Gifts, Grants and Contracts | 56,000.0 | 54,000.0 | 66,040.7          |
| Local Funds | 40,605.8 | 40,045.8 | 40,045.8          |
| **Total Nonappropriated Revenues** | $ 333,346.5 | $ 325,578.6 | $ 363,153.8 |
| **Total Anticipated Revenues** | $ 424,459.6 | $ 389,449.9 | $ 389,593.0 |
Table 2
FY16 INTERNAL BUDGET SUMMARY BY REVENUES & EXPENSES

<table>
<thead>
<tr>
<th>Revenue</th>
<th>FY16 Actual / Projection</th>
<th>FY16 Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>Tuition &amp; Student Fees</td>
<td>$203,075,996</td>
<td>$171,211,000</td>
<td>$31,864,996</td>
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<tr>
<td>Gifts, Grants, &amp; Contracts</td>
<td>$66,040,738</td>
<td>$54,000,000</td>
<td>$12,040,738</td>
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<tr>
<td>Other Fees and Fines</td>
<td>$9,570,793</td>
<td>$13,756,000</td>
<td>$(4,185,207)</td>
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<tr>
<td>Sales</td>
<td>$43,236,911</td>
<td>$39,484,000</td>
<td>$3,752,911</td>
</tr>
<tr>
<td>Rental &amp; Room Income</td>
<td>$35,318,343</td>
<td>$37,126,000</td>
<td>$(1,807,657)</td>
</tr>
<tr>
<td>Gate Receipts &amp; Commissions</td>
<td>$5,577,287</td>
<td>$3,756,000</td>
<td>$1,821,287</td>
</tr>
<tr>
<td>Miscellaneous &amp; Investment Income</td>
<td>$10,084,114</td>
<td>$6,246,000</td>
<td>$3,838,114</td>
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<tr>
<td>State of Illinois</td>
<td>$26,403,201</td>
<td>$63,871,000</td>
<td>$(37,467,799)</td>
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<tr>
<td>Transfers</td>
<td>$(9,714,338)</td>
<td>$(9,714,338)</td>
<td></td>
</tr>
<tr>
<td>Total Revenue &amp; Transfers</td>
<td>$389,593,046</td>
<td>$389,450,000</td>
<td>$143,046</td>
</tr>
</tbody>
</table>

Expenses

<table>
<thead>
<tr>
<th>Expenses</th>
<th>FY16 Actual / Projection</th>
<th>FY16 Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Goods Sold</td>
<td>$9,895,675</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel Services</td>
<td>$223,340,525</td>
<td></td>
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</tr>
<tr>
<td>Contractual Services</td>
<td>$75,983,412</td>
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<td></td>
</tr>
<tr>
<td>Commodities</td>
<td>$7,314,616</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td>$4,298,033</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive</td>
<td>$1,302,784</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scholarships</td>
<td>$69,158,031</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telecommunications</td>
<td>$1,781,360</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment &amp; Library Materials</td>
<td>$7,495,008</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>$18,224,308</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$418,793,752</td>
<td>$419,296,000</td>
<td>$(502,248)</td>
</tr>
<tr>
<td>Net Revenue</td>
<td>$(29,200,706)</td>
<td>$(29,846,000)</td>
<td>$645,294</td>
</tr>
</tbody>
</table>