

Board of Trustees of Northeastern Illinois University

Finance, Buildings and Grounds Committee Meeting Minutes

October 24, 2022

A meeting of the Finance, Buildings and Grounds Committee of the Board of Trustees of Northeastern Illinois University was convened on Monday October 9, 2022 in the Golden Eagles Room located at 5500 N. St. Louis Avenue, Chicago, IL. Trustee Sherry Eagle, Chair of the Committee, called the meeting to order at 9:00 a.m.

Roll was called and the following Trustee committee members were present: Carlos Azcoitia; Sherry Eagle; and Charlie Serrano

Other Trustees present: Jonathan Stein

Also present: Gloria Gibson, President; G. A. Finch, University Counsel; Mary Pat Burns, Board Counsel (via video); Karl Voigt, Assistant Secretary to the Board; vice presidents; staff; and University community members

Opportunity for Public Comment in Accordance with P.A. 91-0715

Trustee Eagle announced the opportunity for public comment. There no requests to speak.

ITEMS FOR CONSIDERATION AND POSSIBLE ACTION

Recommendation of Purchases \$100,000 or Greater: Bond Underwriting and Investment Banking Services

Manish Kumar, Vice President for Finance and Administration, reported that in light of the University's recent four-notch credit rating upgrade, the University is preparing to refinance some of its long-term debt on more favorable terms when market conditions dictate. The University's outstanding debt portfolio includes two series of Certificates of Participation (COP). COP Series 2010 was originally issued to finance Energy Conservation Projects on the main campus such as automated control system, lighting and water efficiency upgrades, as well as Physical Education Complex solar panels installation. The Series 2010 COP currently has \$3,600,000 of principal outstanding. COP Series 2012 was originally issued to finance the construction of the EI Centro location and currently has \$23,985,000 of principal outstanding.

On March 30, 2022, Northeastern Illinois University advertised a request for proposal (RFP) via the Illinois Procurement Bulletin for bond underwriting and investment banking services to refinance two existing debts in its portfolio. In April, 2022 the RFP evaluation committee evaluated seven (7) responsive proposals. The following five firms scored the highest on the responsiveness elements: 1) Loop Capital Markets; 2) UBS Financial Services; 3) Stifel, Nicolaus & Co.; 4) Piper Sandler & Co.; and 5) Mesirow Financial, Inc. The evaluation team recommends an award to the top five responsive firms to be in the best interest of the University.

The University is seeking Board approval to enter into five (5) year contracts with five-year renewal options with these five firms, with costs not to exceed \$335,000 per firm. The cost breakdown is: Underwriter Compensation Fee (approximately) \$137,000, Underwriter Counsel fee (approximately) \$40,000, and Agent fee if required (approximately, and includes marketing and other ancillary costs) \$158,000. All of the recommended firms have committed to the 30% BEP goal.

Trustee Azcoitia, seconded by Trustee Serrano, moved to recommend approval for the University to engage with any of the following pool of qualified investment banks/underwriting firms to potentially lead, or participate in, University financing opportunities (if any). If a financing opportunity arises, such as

refinancing either of the certificates of participation mentioned above, the University would select from any of the five firms to lead the bond underwriting process.

- Loop Capital Markets, LLC and BEP Subcontractor: Stern Bros & Co.
- UBS Financial Services, Inc and BEP Subcontractor: Stern Bros & Co.
- Stifel, Nicolaus & Company, Inc. and BEP Subcontractor: Valdes & Moreno, Inc.
- Piper Sandler & Co. and BEP Subcontractors: Backstrom McCarley Berry 7 Co., LLC and Estrada Hinojosa & Company, Inc.
- Mesirrow Financial, Inc. and BEP Subcontractor: Cabrera Capital Markets, LLC.

The Committee further recommends approval to enter into five-year contracts with five-year renewal options for bond underwriting and investment banking services, not to exceed amounts listed above. Approval from the Board will allow the University to proceed when market interest rates again become favorable.

Discussion: Trustees asked general questions of the University staff.

Roll was called and the vote was as follows:

Azcoitia: Yes Eagle: Yes Serrano: Yes

The matter is recommended.

FY24 Tuition and Fee Recommendations

Mike Wenz, Executive Director of University Budgets, reported that in FY23, the University did not raise tuition for undergraduate students and increased tuition for graduate students by 2.0 percent. Cost increases related to general inflation, collective bargaining agreements, and non-negotiated personnel costs, as well as a narrow graduate tuition premium relative to our peers, justify a modest increase in tuition for FY24. See Table 1 below. The University further wishes to memorialize and clarify tuition rates for students pursuing a second bachelor’s degree. These students will be assessed tuition as a continuing student in their original cohort, and will be assessed any applicable tuition differential for courses affected by such a differential rate.

Analyzing the impact of tuition on enrollment is difficult in practice, as tuition differentials, discounting strategies, scholarships, and student loans create differences between the published tuition rate and the effective price borne by students. Table A-1 outlines the impact of the proposed increase on enrollments and tuition revenue using the Fall 2022 entering cohort size as a baseline. Overall, an increase in tuition revenue would generate \$579,000 in additional tuition revenue from the FY24 entering cohort, and would reduce new student enrollment by just four students.

Table A-1: Impact of Increase of Tuition on Enrollment & Revenue

	<u>New Freshmen</u>	<u>New Transfers</u>	<u>New Graduate</u>	<u>Overall 1-year impact</u>
Proposed Increase	2.50%	2.50%	5.00%	
	Before Adjustment			
Tuition (per credit hour)	\$ 420.44	\$ 420.44	\$ 441.46	
Enrollment	516	581	449	
Revenue	\$ 6,508,411	\$ 7,328,269	\$ 5,946,466	
	After Adjustment			
Tuition (per credit hour)	\$ 430.95	\$ 430.95	\$ 463.53	
Enrollment	515	580	447	
Revenue	\$ 6,655,144	\$ 7,493,486	\$ 6,213,882	
Net Change in Revenue	\$ 146,733	\$ 165,217	\$ 267,416	\$ 579,365

PRESIDENT'S REPORT TO THE
BOARD OF TRUSTEES OF NORTHEASTERN ILLINOIS UNIVERSITY

Table 1
NORTHEASTERN ILLINOIS UNIVERSITY
Schedule of Proposed Tuition and Fees

	FY2022	FY2023	FY2024	Change FY23 to FY24	
				Dollar	Percent
TUITION (per credit hour)					
Undergraduate - post 6-year (enrolled prior to Fall 2018)*	\$ 420.44	\$ 420.44	\$ 430.95	\$ 10.51	2.5 %
Undergraduate - newly enrolled Fall 2018 ¹	396.19	404.11	404.11	-	-
Undergraduate - newly enrolled Fall 2019 ¹	404.11	404.11	412.20	8.09	2.0
Undergraduate - newly enrolled Fall 2020 ¹	412.20	412.20	412.20	-	-
Undergraduate - newly enrolled Fall 2021 ¹	420.44	420.44	420.44	-	-
Undergraduate - newly enrolled Fall 2022 ¹	-	420.44	420.44	-	-
Undergraduate - newly enrolled Fall 2023			430.95	n/a	n/a
CBT Undergraduate Differential	10% of Base Undergraduate Rate				
Graduate	432.80	441.46	463.53	22.07	5.0
CBT Graduate Differential	10% of Base Graduate Rate				
Non-resident Undergraduate - post 6-year *	840.88	840.88	861.90	21.02	2.5
Non-resident Undergraduate - newly enrolled Fall 2018 ¹	792.38	808.22	808.22	-	-
Non-resident Undergraduate - newly enrolled Fall 2019 ¹	808.22	808.22	824.40	16.18	2.0
Non-resident Undergraduate - newly enrolled Fall 2020 ¹	824.40	824.40	824.40	-	-
Non-resident Undergraduate - newly enrolled Fall 2021 ¹	840.88	840.88	840.88	-	-
Non-resident Undergraduate - newly enrolled Fall 2022 ¹	-	840.88	840.88	-	-
Non-resident Undergraduate - newly enrolled Fall 2023 ¹			861.90	n/a	n/a
Non-resident Graduate	865.60	882.91	927.06	44.15	5.0
MANDATORY FEES					
	\$ 81.95	\$ 83.50	\$ 85.00	1.50	1.80 %
General Student Fee			85.00		
Activity Fee	7.00	7.10			
Student Union Fee	9.25	9.80			
Campus Recreation Fee	5.70	5.80			
Performing Arts Fee	2.00	2.05			
Student Health and Wellness Fee	5.50	5.60			
Computer Resources Fee	22.25	22.80			
Academic Enhancement Fee	9.25	9.25			
Campus Improvement Fee	6.00	6.00			
Parking Fee (waivable)	10.00	10.00			
Library Fee	5.00	5.10			
Green Fee - rate per semester	3.00	3.00			
U-Pass (Full-time Students only)	155.00	155.00	155.00	-	-
TUITION AND FEES (based on 15 credit hours)					
Undergraduate - continuing *	7,693.85	7,717.10	7,894.25	177.15	2.3
Undergraduate - newly enrolled Fall 2018 ¹	7,330.10	7,472.15	7,491.65	19.50	0.3
Undergraduate - newly enrolled Fall 2019 ¹	7,448.90	7,472.15	7,613.00	140.85	1.9
Undergraduate - newly enrolled Fall 2020 ¹	7,570.25	7,593.50	7,613.00	19.50	0.3
Undergraduate - newly enrolled Fall 2021 ¹	7,693.85	7,717.10	7,736.60	19.50	0.3
Undergraduate - newly enrolled Fall 2022 ¹		7,717.10	7,736.60	19.50	0.3
Undergraduate - newly enrolled Fall 2023 ¹			7,894.27	n/a	n/a
Graduate	7,879.25	8,032.34	8,382.93	350.59	4.4
Non-resident Undergraduate - continuing *	14,000.45	14,023.70	14,358.50	334.80	2.4
Non-resident Undergraduate - newly enrolled Fall 2018 ¹	13,272.95	13,533.80	13,553.30	19.50	0.1
Non-resident Undergraduate - newly enrolled Fall 2019 ¹	13,510.55	13,533.80	13,796.00	262.20	1.9
Non-resident Undergraduate - newly enrolled Fall 2020 ¹	13,753.25	13,776.50	13,796.00	19.50	0.1
Non-resident Undergraduate - newly enrolled Fall 2021 ¹	14,000.45	14,023.70	14,043.20	19.50	0.1
Non-resident Undergraduate - newly enrolled Fall 2022 ¹		14,023.70	14,043.20	19.50	0.1
Non-resident Undergraduate - newly enrolled Fall 2023 ¹			14,358.53	n/a	n/a
Non-resident Graduate	14,371.25	14,654.18	15,335.86	681.68	4.7

* Post 6-year students in FY2024 are those enrolled prior to Fall 2018.

¹ Per Public Act 93-0028 starting Fall 2004, Illinois undergraduate students newly enrolled will have their tuition held constant for a period of four continuous academic years. This policy was extended at NEIU to non-resident undergraduate students. Public Act 96-1293 effective Fall 2010, extended the tuition guarantee for two additional years at the rate of the following class.

Note: Other than the Green Fee and Upass Fee, tuition and fees are charged on a credit hour basis for each credit hour enrolled per semester up to 16 credit hours. There will be no tuition and fee charges for credit hours enrolled above 16 hours per semester. Beginning with Fall 2023, the Green Fee will be consolidated in the general student fee.

Additionally, the University seeks to consolidate its mandatory student fees into one general fee. This will simplify and clarify the billing process for students, and will address inequities in funding for fee-funded auxiliary and student operations that have arisen due to changes in the mix of entirely online instruction, hybrid-remote instruction, and entirely face-to-face instruction. The general fee is recommended to be set at \$85, an increase of \$1.50 from the FY23 mandatory fees, and will cover the Green Fee, but move Student Parking from a mandatory fee (with opt-out) to an optional fee. The overall increase is approximately 1.75 percent, which will only partially offset anticipated cost inflation. Trustee Eagle stated that the committee will take up the matters of the fee recommendation and the tuition recommendation separately.

Trustee Azcoitia, seconded by Trustee Serrano, moved to recommend approval of the FY24 fee rates as detailed in Table 1 providing for a consolidation of student fees to one general fee of \$85.00.

Discussion: Trustees expressed an interest in knowing the student perspective on the fee consolidation. The administration has had several discussions with student groups about this move and students indicated that the fees assessed should be sufficient to represent all students and their ability to participate in University activities regardless of whether they take classes in person or entirely online. The move in the parking fee opt-in versus opt-out is seen as a positive change. Several Illinois public universities have moved to fee consolidation for many of the same reasons. Trustees favor fees that are easier to understand, but want to ensure students have transparency about what the fees cover.

Roll was called and the vote was as follows:

Azcoitia: Yes Eagle: Yes Serrano: Yes

The FY24 fees request is recommended.

Trustee Eagle, seconded by Trustee Azcoitia, moved to recommend approval of the FY24 tuition rates as detailed in Table 1 providing for a 2.5 percent tuition increase for undergraduate students not covered by the tuition guarantee program, and a 5 percent tuition increase for graduate students.

Discussion: Trustees expressed concern about the equity of the tuition increase balanced against the no-tuition for students who qualified for and took advantage of the NEIU for You 2.0 program. Trustees reviewed the document outlining financial impact of not raising tuition for FY24. Dr. Wenz pointed out that no tuition increases over multiple years will result in significant tuition increases at some future point and that this should be avoided as it would negatively affect enrollment. Mr. Kumar added that the University did not raise tuition one year several years ago and the decreased revenue impact to the University in the following year was 6% and 7% the year after.

Roll was called and the vote was as follows:

Azcoitia: No Eagle: No Serrano: No

The FY24 tuition request is not recommended. Trustee Eagle asked that this matter be presented to the full board at the November 17 regular meeting and take a formal vote on it at that time.

FY22 Strategic Planning Development Fund (SPDF): Update and Request

Manish Kumar reported on the University's prior year transfer activities. The University spent \$994,992 of the \$2.0 million transfer on the following initiatives:

Initiatives	Amount
Enrollment	366,126
Retention	622,394
Other	6,472
Total	\$994,992

In addition, the University has the following anticipated initiatives that, if materialized, will fully deplete the balance of last year’s \$2.0 million transfer:

Additional planned projects (in progress)	Amount
Enrollment	583,008
Other	422,000
Total	\$1,005,008

Based on unaudited financial statements, the University will end the previous fiscal year with an estimated \$1.0 million in unspent income from the unrestricted Income Fund. The University is requesting approval to transfer \$1.0 million to the SPDF to support enrollment growth, as well as improve student engagement and retention. After consulting with departments across campus, and incorporating feedback from the climate study, the University plans to use the funds for the following projects:

<u>Project Description</u>	<u>Amount</u>
Athletics/Pool Renov./Consultant	400,000
Capital Campaign	250,000
Nursing and EDD program	250,000
Fine Arts Theater renovation	100,000
Grand Total	1,000,000

Trustee Eagle, seconded by Trustee Azcoitia, moved to recommend approval of the transfer of \$1.0 million from the University’s Unrestricted Income Fund to the Strategic Planning Development Fund to support enrollment growth, as well as improve student engagement and retention.

Discussion: Trustees asked several questions about how some of the funding from the prior year was used and are generally not in favor of approval of this request as it’s stated and want to see proposed outcomes as part of the request. The President reiterated the importance of each of these initiatives with particular emphasis on the student endorsement of athletics.

Roll was called and the vote was as follows:

Azcoitia: Yes Eagle: No Serrano: No

The matter is not recommended. Trustee Eagle asked that this matter be presented to the full board at the November 17 regular meeting and take a formal vote on it at that time.

ITEMS FOR INFORMATION

1st Quarter FY23 Budget to Actual

Mike Wenz reported that the operating budget for FY23 totals \$143,219,300. Of that total, \$83,940,000 makes up the University’s unrestricted general operating budget which is supported by the State appropriation and student tuition. The University’s restricted funds budget amount of \$59,279,300 is supported by student fee programs, auxiliary services, grants, and contracts. The FY23 budget includes State support of \$37,345,300 for the University’s unrestricted general operating budget. Through the first quarter, the University has vouchered and received a total of \$14,090,488 of the state appropriation. Through the first quarter, 53.3 percent of estimated tuition and income fund revenue was recorded and includes adjustments for anticipated waivers and bad debt. These amounts represent the second half of summer 2022 and fall 2022 enrollments. Through the first quarter, the University spent \$16,912,768, or 20.1 percent of the total \$83,940,000 general operating unrestricted preliminary budget. See Table 1 below.

Table 1
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL YEAR 2023 BUDGET TO ACTUAL COMPARISONS
FOR THE PERIOD ENDING September 30, 2022
UNAUDITED FIGURES

General Operating Budget

	FY2022	FY2023			% of Current Budget
	Actual Prior Year to Date	Actual Year to Date	Adopted Budget	Current Budget	
Revenue					
State Appropriations	\$ 9,044,949	\$ 14,090,488	\$ 37,345,300	\$ 37,345,300	37.7%
Net Tuition Revenue	24,782,613	22,462,349	42,172,200	42,172,200	53.3
Net Differential Tuition Revenue	440,109	393,139	972,400	972,400	40.4
All other sources	<u>157,401</u>	<u>617,730</u>	<u>3,450,100</u>	<u>3,450,100</u>	<u>17.9</u>
Total Revenue	\$ 34,425,073	\$ 37,563,706	\$ 83,940,000	\$ 83,940,000	44.8%
Expenditures					
Personal Services	\$ 14,409,509	\$ 13,426,502	\$ 67,142,441	\$ 67,280,113	20.0%
Contractual Services	1,639,491	1,597,342	11,208,876	11,104,164	14.4
Equipment	8,211	77,304	846,410	706,293	10.9
Commodities	44,759	31,417	775,075	802,519	3.9
Telecommunications	17,122	8,345	176,422	184,563	4.5
Travel	554	6,508	168,841	198,213	3.3
Permanent Improvements	-	-	25,000.0	20,000.0	-
Operation of Auto Equip	2,222	6,053	20,935	30,635	19.8
Tuition Scholarships	496,481	627,394	1,299,000	1,336,500	46.9
Debt Service	<u>558,250</u>	<u>1,131,903</u>	<u>2,277,000</u>	<u>2,277,000</u>	<u>49.7</u>
Total Expenditures	\$ 17,176,598	\$ 16,912,768	\$ 83,940,000	\$ 83,940,000	20.1%

Notes:

1. Original Budget column reflects the FY2023 budget presented to the Finance, Building and Grounds Committee 10/3/22
2. Year-to-date expense activity does not include encumbrances.
3. The Current Budget reflects budget transfers processed between organizations and accounts.

CBRE (Bryn Mawr) Update

Mike Nardini, First Vice President at CBRE, and Matt Dobry, Senior Vice President at CBRE, provided an update development schedule to Trustees and answered questions. CBRE is working with the University staff and financial advisors to understand the financial aspects of the properties. More information about the financial matters will be presented later. Community meetings will be scheduled once there is more traction on the overall project. Trustees recommended that any engagement with the community be initiated by the University.

El Centro Property Tax Update

G. A. Finch provided a report on the erroneous tax sale of two vacant, undeveloped parcels owned by the University at the El Centro location. Steps are underway to manage the correction of the sale and to update the ownership record with the county.

Signage Updates

Kevin Szamlewski from Daktronics and Katie Conroy from Poblocki Sign Company presented updates on the various University signage upgrades for the main campus. New signs are being designed for the following University entrances: 3600 W. Foster Avenue, and 3621 and 3701 W. Bryn Mawr Avenue. Signs will be fabricated to fit the current pedestals and will utilize existing electricals. The timeline for installation is likely to be late Spring 2023. Currently, permitting by the City of Chicago is taking a minimum of 90 days. The signs with electronic messaging will be all cloud-based on a VPN and will require no additional wiring or connections. Marketing will be charged with messaging. Funding for this project is from FY21 SPDF allocation. Trustees received an update on the El Centro marquee sign approved for construction next to the Kennedy Expressway. John Murray, Interim Executive Director of Facilities Management, reported that the city has requested a berm to be built in order to accommodate the height of the sign. The University is presently seeking a contractor to build the berm.

NEIU Financial Sustainability

Manish Kumar and Mike Wenz reported that today's presentation is very close to the same information that has been provided to the Trustees already on an individual basis. The University's enrollment has been in steady decline since 2011. For Fall 2022, the targets were 400 new first-time, full-time freshmen, 900 transfers, 538 graduate students, and 4250 continuing students. The actuals are 516 new first-time, full-time freshmen, 584 transfers, 452 graduate students, and 3970 continuing students. Credit hour goals were 61,300 against and actual of 53,902. As a result of the current enrollment, the University has a \$5.1 million shortfall. Units and departments were required to make cuts of 6% across the board. Personnel numbers have also been in slow decline from 2015 – 2023, the largest group in decline being Administrative and Professional positions. Student-to-Faculty ratio has also fallen significantly during the same period from 16:1 to 11:1.

Scenario planning looking out to FY26 was completed laying out three possible paths: recovery, stabilization, and current, with each being based on student credit hours in FY26. The estimated unrestricted operating maintenance budget for FY26 is \$96,663,664. Each path leaves a structural gap ranging from a low of (\$287,978) to a high of (\$9,989,760). Some strategies that could help expand the University's overall income could be a tuition study, more differential tuition, coordinated approaches to alternative course revenue, public-sector credentialing programs, academic program review, and efficient usage of the physical plant among others. Trustees asked clarifying questions and ultimately would like to have a special meeting where both the Carter Report and the Sustainability Report will be reviewed.

Construction Update

John Murray reported that a new contractor has been awarded the Electric Cable Replacement Phase I project. Construction schedule has been submitted and a kick-off meeting is to be scheduled. The project

continues to experience delays as a result of supply chain issues. Campus roof replacements have been delayed for several years and the jobs need to be re-bid as construction costs have escalated sharply. Campus sidewalk replacements are getting temporary repairs until after the winter. Lech Walesa Hall and Brommel Hall HVAC replacement projects are both underway. As was reported earlier, the El Centro sign is underway and is expected to be complete by mid-May 2023. Trustees asked about campus painting and other beautification projects. These projects are being completed as the contractors can be scheduled. Trustees thanked John for the flowers and other campus beautification efforts made over the summer.

Purchases \$50,000 - \$99,999.99

Manish Kumar reported on purchases made within this threshold since the last Board meeting. A contract to Fooda, Inc. for \$72,000 for food service management services.

Trustees thanked and applauded Mike Wenz and wished him well in his new endeavor.

Motion to Convene in Closed Session

At 11:37 a.m. Trustee Eagle, seconded by Trustee Serrano, moved to convene in Closed Session citing section 2(c)11 of the Illinois Open Meetings Act to receive a legal report.

Motion to Reconvene in Open Session

At 12:41 p.m. Trustee Serrano, seconded by Trustee Eagle, moved to reconvene in Open Session. The motion carried by acclamation.

Old/New Business

Trustee Eagle asked if there was any old or new business to discuss. Hearing none, there was no further discussion.

Motion to Adjourn

At 12:41 p.m. Trustee Serrano, seconded by Trustee Eagle, moved to adjourn. The motion carried by acclamation.

Respectfully submitted,

Sherry Eagle, Chair of the Committee
Karl Voigt, Assistant Board Secretary
Approved November 17, 2022