



President's Report

to the
Board of Trustees

November 17, 2022



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**ACTION ITEM I. A. APPROVAL OF RECOMMENDATION TO HIRE A SEARCH FIRM:
PROVOST AND VICE PRESIDENT FOR ACADEMIC AFFAIRS SEARCH**

In accordance with 110 ILCS 680/25-175 (Northeastern Illinois University Law) and University policy E1.08.1 Hiring of External Search Firms, the President may request Board approval to hire an external search firm when the specialized nature and scope of the position, including the academic, fiscal, technical and managerial responsibilities of a position, indicate that the scope of hiring will require a level of professional search experience exceeding that available to the University.

Northeastern seeks a permanent Provost. A professional external search firm will significantly enhance the University's efforts to attract the most qualified and diverse pool of applicants for this critical position.

The Illinois Public Higher Education Consortium (IPHEC) has awarded contracts to ten executive search firms for administrative and academic searches. Consistent with prior practice, Northeastern will select one of these search firms for services in accordance with the terms of the award in an amount up to \$100,000.

Recommended Action:

I request that the Board approve the Academic/Student Affairs, Enrollment and Technology Committee's recommendation to hire an external search firm to assist in employing a Provost and Vice President for Academic Affairs.

ACTION ITEM I. B. APPROVAL OF RECOMMENDATION TO ACCEPT AND FILE THE INTERNAL AUDITING CHARTER



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Internal Auditing Charter

Purpose and Mission

The purpose of Northeastern Illinois University's Internal Audit department is to provide independent, objective assurance and consulting services designed to add value and improve Northeastern Illinois University's operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The internal audit department helps Northeastern Illinois University (NEIU) accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

Standards for the Professional Practice of Internal Auditing

Northeastern Illinois University is committed to the professional practice of internal auditing. The Internal Auditing Department will function in compliance with the Illinois Fiscal Control and Internal Auditing Act (FCIAA) and follow the by-laws and requirements established by the State Internal Advisory Board (SIAAB). As required by SIAAB, the departments will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles of the Professional Practice of Internal Auditing, the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing* and the definition of Internal Auditing. At NEIU the Director of Internal Auditing performs the role of the Chief Auditor/Chief Audit Executive. The Director of Internal Auditing will report periodically to the President of the University and the Board of Trustees (BOT) Audit Committee regarding the internal audit department's conformance to the Code of Ethics and the Standards.

Organization and Authority

The Director of Internal Auditing will report functionally to the President of the University and the BOT Audit Committee and administratively to the Vice President of Finance and Administration. To establish, maintain and assure that Northeastern Illinois University's Internal Audit Department has sufficient authority to fulfill its duties, the President and the Board of Trustee Audit Committee will:

- Approve the internal audit department's charter.
- Approve the two-year, annual internal *Audit Plan*.
- Approve the internal audit department budget and resource plan (following normal university procedures.)
- Receive communications from the Director of Internal Auditing on the Internal Auditing Department's performance relative its plan and other activities.
- Approve decisions regarding the appointment and removal of the Director of Internal Auditing.
- Approve the remuneration of the Director of Internal Auditing (following Normal University procedures).

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Internal Auditing Charter

- Make appropriate inquiries of management and the Director of Internal Auditing to determine whether there are inappropriate scope or resource limitations.

The Director of Internal Auditing will have unrestricted access to, and may communicate and interact directly with the Board of Trustees' Audit Committee, including in private meetings, without management present.

- The Internal Auditing Department has full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- The Director is authorized to allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives and to issue reports.
- The Internal Auditing Department can obtain assistance from the necessary Northeastern Illinois personnel, as well as specialized services from within or outside NEIU in order to complete engagements. Management's approval will be obtained when it is deemed necessary for resources external to NEIU.

Independence and Objectivity

The Director of Internal auditing will ensure that the Internal Auditing Department remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Director determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgement on audit matters to others.

Internal auditors will not have direct operational responsibilities or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgement including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for NEIU or its affiliates.
- Initiating or approving transactions external to the Internal Auditing department.
- Directing the activities of any NEIU employee not employed by the Internal Auditing Department, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the Director of Internal Auditing has or is expected to have roles and/or responsibilities outside of Internal Auditing, safeguards will be established to limit impairments to independence or objectivity.

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.

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Internal Auditing Charter

- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgements.

The Director of Internal Auditing will confirm to Management and the Board of Trustees Audit Committee at least annually, the organizational independence of the Internal Auditing Department.

The Director of Internal Auditing will disclose to the appropriate governance level, any interference and related implications in determining the scope of internal auditing, performing work, and/or communication results.

Scope of Internal Audit Activities

Scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Board of Trustees Audit Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for Northeastern Illinois University. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of Northeastern Illinois University's strategic objectives are appropriately identified and managed.
- The actions of Northeastern Illinois University's officers, directors, employees, and contractors are in compliance with the Northeastern Illinois University's policies, procedures, and applicable laws, regulations and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations of programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws and regulations that could significantly impact Northeastern Illinois University or its affiliates.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently and protected adequately.

The Director of Internal Auditing will report periodically to senior management and the Board of Trustees Audit Committee regarding:

- The Internal Auditing Departments purpose, authority and responsibilities.
- The Internal Auditing Departments plan and performance relative to its plan.
- The Internal Auditing Departments conformance with The IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by the Board Audit Committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to Northeastern Illinois University.

The Director of Internal Auditing also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The Internal Auditing

ACTION ITEM I. B. APPROVAL OF RECOMMENDATION TO ACCEPT AND FILE THE INTERNAL AUDITING CHARTER

Internal Auditing Charter

Department may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the Internal Auditing Department does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

Primary Duties & Responsibilities

The primary responsibilities of the Internal Auditing Department include:

- Submitting, annually by June 30, to the President of the University and the BOT Audit Committee a two-year risk-based annual *Audit Plan* for review and approval.
- Communicating to the President of the University and the BOT Audit Committee the impact of resource limitation on the *Internal Audit Plan*.
- Review and adjust the *Internal Audit Plan*, as necessary, in response to changes in NEIU's business, risks, operational programs, systems, and controls.
- Communicate to senior management and the BOT Audit Committee any significant interim changes to the *Audit Plan*.
- Ensure each engagement on the plan is executed, including the establishment of objectives and scope, the assignment of appropriate resources, the documentation of work programs and testing results and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow-up on engagement findings and corrective actions, and report periodically to senior management and the BOT Audit Committee any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality and competency are applied and upheld.
- Ensure the Internal Auditing Department collectively possesses or obtains the knowledge, skills and other competencies needed to meet the requirements of the Internal Audit Charter.
- Ensure that emerging trends and emerging issues that could impact NEIU are considered and communicated to senior management and the BOT Audit Committee as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to policies and procedures designed to guide the Internal Auditing Department.
- Ensure adherence to NEIU's relevant policies and procedures, unless such policies and procedures conflict with the Internal Auditing Charter. Any such conflicts will be resolved or otherwise communicate to the President of the University and the BOT Audit Committee.
- Ensure conformance of the Internal Auditing Department with the *Standards* with the following qualifications:
 - If the Internal Auditing Department is prohibited by law or regulation from conformance with certain parts of the *Standards*, the Director of Internal Auditing will ensure appropriate disclosures and will ensure conformance with all other parts of the *Standards*.
 - If the *Standards* are used in conjunction with requirements issued by other authoritative bodies (i.e., Generally Accepted Governmental Auditing Standards (GAGAS), the Director of Internal Auditing will ensure the Internal Auditing Department conforms with the *Standards*, even if the

**ACTION ITEM I. B. APPROVAL OF RECOMMENDATION TO ACCEPT AND FILE THE
INTERNAL AUDITING CHARTER**

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Internal Auditing Department conforms to more restrictive requirement of other authoritative bodies.

- Ensure that by September 30, of each year that a written report detailing how the *Audit Plan* for the previous fiscal year was carried out, the significant findings and the extent to which recommended changes were implemented is provided to the President of the University and BOT Audit Committee.
- Ensure audits of major information systems of internal accounting and administrative control are considered for review at least once every two years. This includes review of the design of major, new information systems and major modifications of those systems before installation.
- Assist management in the coordinate the FCIAA certification of internal controls process.
- Assist in the investigation of potentially fraudulent activities and ensure due diligence is performed to identify fraud in planned audits.
- Coordinate with external auditors and regulatory agencies concerning the scope of work performed to reduce duplication and the optimization of audit coverage.

Quality Assurance and Improvement Program

The Internal Auditing Department will maintain a quality assurance and improvement program that covers all aspects of the Internal Auditing Department. The program will include an evaluation of the Internal Auditing Department's conformance with the *Standards* and an evaluation of whether internal auditors apply The IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the Internal Auditing Department's activities and identify opportunities for improvement.

The chief audit executive will communicate to senior management and the Board of Trustees Audit Committee on the Internal Audit Departments quality assurance and improvement program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor from outside the Northeastern Illinois University organization.

Approval/Signatures



Rita Moore, Director of Internal Auditing

9/30/2022
Date

Dr. Gloria Gibson, President

Date

Jonathan Stein, BOT Audit Committee Chair

Date

**ACTION ITEM I. B. APPROVAL OF RECOMMENDATION TO ACCEPT AND FILE THE
INTERNAL AUDITING CHARTER**

Recommended Action:

I request that the Board adopt the recommendation of the Audit Committee to accept and file the 2022 Internal Auditing Charter as presented.

ACTION ITEM I. C. APPROVAL OF RECOMMENDATION TO ACCEPT AND FILE THE STATEMENT OF AUDITOR INDEPENDENCE



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Memorandum

DATE: September 30, 2022
TO: Gloria Gibson, President
FROM: *Rita Moore* Rita Moore, Director of Internal Auditing
CC: Jonathan Stein, Board of Trustees, Audit Committee Chair
Manish Kumar, Vice President for Finance and Administration
SUBJECT: Auditor Independence Statement

The purpose of this statement is to provide information regarding the independence of the Internal Auditing Office personnel of Northeastern Illinois University (NEIU). This information is necessary to:

- Provide documentary evidence that the Office of Internal Auditing is monitoring the independence of office personnel; and
- Properly determine that audit engagements are staffed with independent personnel.

I have read the rules of professional conduct promulgated by the Institute of Internal Auditors. I understand that independence is to be maintained in spirit as well as in fact. I have determined to the best of my knowledge and belief that I do not have a direct financial interest in any organization, activity or affiliate of NEIU. However, within the last year (FY2022), I have assisted in a managerial role in the implementation of the new Property Control Application. While I have not signed or made any commitments on behalf of the University I assisted the department in the selection of the vendors associated with the implementation along with the assisting in the development of new procedures. The final selection of vendors was made by the department and I agreed with their selection. In addition, I am acting in an advisory capacity as a Project Manager for the implementation of the new E-Procurement implementation (ESM) during the Fall 2022 term. Management has asked me to perform these additional duties due to the loss of Project Management staff.

Other than the items noted above, I have not accepted personal benefits from any University personnel, organization or affiliates which would impair my credibility of my independence in the minds of a reasonable person familiar with the facts.

I am an authorized fiscal agent and perform other administrative duties only for the Internal Auditing Department of NEIU. I do not serve as an officer and/or director of any organizations that transact business with the University.

With full disclosure and authorization of management and our ethics officer, and as an employee affiliated with the University, I do want to disclose that I currently paying market rates and residing on the main campus to do so.

Recommended Action:

I request that the Board adopt the Audit Committee's recommendation to accept and file the 2022 Statement of Auditor Independence as present

ACTION ITEM I. D. APPROVAL OF RECOMMENDATION FOR PURCHASES \$100,000 OR GREATER: BOND UNDERWRITING AND INVESTMENT BANKING SERVICES

Background

As the University earned a recent historic four-notch credit rating upgrade, it is exploring the possibility of refinancing some of its long-term debt, under more favorable terms, should market conditions dictate. The University expects to reap several benefits, including improved operational flexibility, more time and cash resources to execute business strategies, and a more attractive bottom line due to decreased interest expenses. At this time, interest rates are not favorable to initiate refinancing, however the University needs to be poised to take immediate action once interest rates become more attractive.

Northeastern Illinois University’s outstanding debt portfolio includes two series of Certificates of Participation (COP):

- 1) **COP “Series 2010”**, with an ongoing redemption option, Series 2010 was originally issued to finance Energy Conservation Projects on the main campus. The projects included upgrades such as automated control system lighting and water efficiency upgrades, as well as Physical Education Complex solar panels installation, etc. The Series 2010 COP currently has \$3,600,000 of principal outstanding.
- 2) **COP “Series 2012”** with an optional redemption date on October 1, 2022. Series 2012 was originally issued to finance the construction of the El Centro location and currently has \$23,985,000 of principal outstanding. The table below shows the payment schedule of the callable certificates for each series:

Date	Series 2010		Series 2012	
	Principal	Net Coupon	Principal	Coupon
10/1/2022	\$395,000	3.517%	\$725,000	3.100%
10/1/2023	435,000	3.601%	775,000	3.250%
10/1/2024	470,000	3.685%	815,000	3.350%
10/1/2025	510,000	3.768%	865,000	3.400%
10/1/2026	550,000	3.852%	875,000	3.500%
10/1/2027	595,000	3.936%	915,000	3.500%
10/1/2028	645,000	4.020%	1,035,000	3.600%
10/1/2029			1,090,000	3.650%
10/1/2030			1,135,000	3.750%
10/1/2031			1,175,000	3.800%
10/1/2032			1,225,000	3.850%
10/1/2033			1,270,000	3.900%
10/1/2034			1,325,000	4.000%
10/1/2035			1,375,000	4.000%
10/1/2036			1,350,000	4.000%
10/1/2037			1,425,000	4.000%
10/1/2038			1,510,000	4.000%
10/1/2039			1,595,000	4.100%
10/1/2040			1,690,000	4.100%
10/1/2041			1,815,000	4.100%
	<u>\$3,600,000</u>		<u>\$23,985,000</u>	

Considerations

On March 30, 2022, Northeastern Illinois University advertised a request for proposal (RFP) for bond underwriting and investment banking services via the Illinois Procurement Bulletin to refinance two existing debts in its portfolio.

Since market rates fluctuate daily, it is imperative that the University seeks long term contracts to ensure prices do not increase once the market becomes favorable. The University is seeking to enter into five (5) five-year contracts with five-year renewal options with selected firms to lock in vendors at a current price.

ACTION ITEM I. D. APPROVAL OF RECOMMENDATION FOR PURCHASES \$100,000 OR GREATER: BOND UNDERWRITING AND INVESTMENT BANKING SERVICES

There is no financial commitment by the University to any vendor until the University determines that favorable market conditions exist and a vendor proposes an attractive financial proposal. Approval of this measure will allow the University to act quickly without going through the lengthy RFP process, thereby missing a potential opportunity.

On April 19, 2022, the RFP evaluation committee members reviewed seven (7) responsive proposals. All seven of the qualified proposals received from the investment brokers successfully demonstrated their qualifications to serve as a senior managing underwriter or co-manager on bond transactions under consideration by the University. After a thorough review and discussion of the proposals by the evaluation committee, the five highest scoring firms were:

- 1) Loop Capital Markets; 2) UBS Financial Services; 3) Stifel, Nicolaus & Co.; 4) Piper Sandler & Co.; and 5) Mesirow Financial, Inc.

These five firms presented the best combination of relevant experience, knowledgeable banking teams, substantiated pricing execution, customized ideas and strategies, in-depth credit analysis, commitment to the 30% BEP goal, and overall proposal quality.

The evaluation team recommends an award to the top five responsive firms to be in the best interest of the University. Awards to a diversified group of investment brokers would provide the University an optimal level of flexibility as it considers any bond financing during the award period. The firms selected, in order of score ranking, are Loop Capital Markets, UBS Financial Services, Stifel, Nicolaus & Co.; Piper Sandler & Co., and Mesirow Financial, Inc.

COST

Loop Capital Markets, LLC	Not to exceed \$335,000*
UBS Financial Services, Inc.	Not to exceed \$335,000*
Stifel, Nicolaus & Company, Inc.	Not to exceed \$335,000*
Piper Sandler & Co.	Not to exceed \$335,000*
Mesirow Financial, Inc.	Not to exceed \$335,000*

* Note: Estimated quotes includes the following breakdown:

Breakdown of Fees Included	Amount
Underwriter Compensation Fee (approx)	137,000
Underwriter Counsel Fee (approx)	40,000
Agent Fee, if required (approx)**	158,000
TOTAL	\$335,000

** agent fee includes marketing and other ancillary costs.

ACTION ITEM I. D. APPROVAL OF RECOMMENDATION FOR PURCHASES \$100,000 OR GREATER: BOND UNDERWRITING AND INVESTMENT BANKING SERVICES

SOURCE OF FUNDS

Unrestricted reserves

RECOMMENDED VENDORS AND BEP SUBCONTRACTORS

- Loop Capital Markets, LLC
 - BEP Subcontractor: Stern Bros & Co. (30%) (Caucasian Female)
- UBS Financial Services, Inc
 - BEP Subcontractor: Stern Bros & Co. (30%) (Caucasian Female)
- Stifel, Nicolaus & Company, Inc.
 - BEP Subcontractor: Valdes & Moreno, Inc. (30%) (Hispanic Male)
- Piper Sandler & Co.
 - BEP Subcontractors: Backstrom McCarley Berry & Co., LLC (15%) (African-American Male)
 - BEP Subcontractors: Estrada Hinojosa & Company, Inc. (15%) (Hispanic Male)
- Mesirow Financial, Inc.
 - BEP Subcontractor: Cabrera Capital Markets, LLC. (30%) (Hispanic Male)

Recommended Action

I request that the Board approve the recommendation of the Finance, Buildings and Grounds Committee to award five five-year contracts, each with five-year renewal options, for bond underwriting and investment banking services not to exceed amounts listed above. Approval from the Board will prepare the University to proceed when market interest rates become favorable.

**ACTION ITEM I. E. APPROVAL OF RECOMMENDATION TO CONSOLIDATE STUDENT FEES
AND ESTABLISH FY24 STUDENT FEE AMOUNT**

Beginning with the Fall 2023 semester, the University, in accordance with its sustainability planning, is recommending a consolidation of all mandatory fees, which total \$83.50 in FY23, into one general fee that will total \$85.00 in FY24. These changes are presented in Table 1 on the following page.

This recommendation is expected to simplify and clarify the billing process for students. In addition, the general fee will address inequities in funding for fee-funded auxiliary and student operations that have arisen due to changes in the mix of complete remote instruction, hybrid instruction, and complete face-to-face instruction. The general fee is recommended to be set at \$85.00, which is inclusive of all fees, as well as the Green Fee, and *excludes* parking, for an increase of \$1.50 from the FY23 mandatory fees. The student parking fee will become an *opt-in* fee for \$10. All fees (general and parking) will be charged for each credit hour, up to 16 credit hours. The overall increase is approximately 1.75 percent, which will only partially offset anticipated cost inflation.

Recommended Action:

I request that the Board approve the Fiscal Year 2024 Fee Recommendation as detailed in Table 1 and as recommended by the Finance, Buildings and Grounds Committee at its October 24 meeting, providing for a consolidation of student fees into one general fee of \$85.00 with an opt-in parking fee of an additional \$10. All fees (general and parking) will be charged for each credit hour up to 16 credit hours.

**ACTION ITEM I. F. APPROVAL OF REVISIONS TO BOARD'S REGULATIONS REGARDING
EMPLOYEE BEREAVEMENT LEAVE (FINAL READING)**

At its Executive Committee meeting on September 22, 2022, the committee considered the following changes to its Regulations as recommended by the President. In accordance with the Board's Regulations, Section I., Board Procedures, Subsection C., Adoption, Amendment or Repeal of Board Regulations, 2., "Board action on the proposal shall normally not be taken earlier than (*sic*) next regular meeting following first reading. During the interim between first reading and Board action, the President shall distribute copies of the proposal to appropriate faculty, staff, and student groups. Up to ten days prior to the Board meeting at which action is to be taken, members of the faculty, staff, and student body may submit their views and comments in writing to the President for distribution to the Board together with the President's recommendation for action on the proposal."

On June 9, 2022, Governor Pritzker signed into law the Family Bereavement Act (820 ILCS 154/1) which 1) provides up to ten working days of unpaid leave to FMLA eligible employees, 2) expands the definition of a "covered family member," and 3) provides leave for certain events like miscarriage, etc. The Act becomes effective on January 1, 2023. This revision will be incorporated into the Board's Regulations covering employee bereavement leave.

Current Regulations and Proposed Changes

Section II. Employees, Subsection B. Faculty and Administrative, 6. Employee Benefits, e. Bereavement Leave, 1) - 2)

e. Bereavement Leave (currently)

- 1) Leave with pay of three days per occurrence, to be taken within a period of five consecutive work days commencing with the date of occurrence, will be granted to an employee in the event of the death of the employee's husband, mother, mother-in-law, father, father-in-law, brother, brother-in-law, sister, sister-in-law, child, son-in-law, daughter-in-law, grandmother, grandfather, grandchild, aunt, uncle, niece, nephew, or first cousin, or a member of the employee's immediate household. Bereavement leave shall be taken in not less than one-half day increments and may not be accumulated.
- 2) Bereavement leave of longer duration than set forth above may be approved under special circumstances by the President and will be deducted either from vacation leave or from sick leave at the employee's choice, provided an accrual balance is available.

e. Bereavement Leave (proposed)

- 1) For purposes of bereavement leave, "covered family member" means an employee's child, stepchild, spouse, domestic partner, sibling, parent, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, grandchild, grandparent, stepparent, aunt, uncle, niece, nephew, or first cousin, or a member of the employee's immediate household.
- 2) Bereavement leave with pay of three days per occurrence shall be granted to an employee. An employee who is an eligible employee as defined by Section 101(2) of the federal Family and Medical Leave Act shall be entitled to use an additional ten working days without pay per occurrence.
- 3) Paid time off bereavement leave days beyond the initial three days of pay may be approved by the President under special circumstances and will be deducted from either vacation leave or sick leave at the employee's choice, provided an accrual balance is available.

**ACTION ITEM I. F. APPROVAL OF REVISIONS TO BOARD'S REGULATIONS REGARDING
EMPLOYEE BEREAVEMENT LEAVE (FINAL READING)**

- 4) Bereavement leave will be taken within a period of consecutive work days commencing with the date of occurrence.
- 5) Bereavement leave shall be taken in not less than one-half day increments.
- 6) Bereavement leave must be completed within 60 days after the date on which the employee receives notice of the death of the covered family member or the date on which a bereavement leave event occurs as listed below.
- 7) In the event of the death of more than one covered family member in a 12-month period, an employee may take up to a combined total of six weeks of bereavement leave during the 12-month period.
- 8) Bereavement leave events shall include:
 - (a) attending the funeral or alternative to a funeral of a covered family member;
 - (b) making arrangements necessitated by the death of the covered family member;
 - (c) grieving the death of the covered family member; or
 - (d) being absent from work due to (i) a miscarriage; (ii) an unsuccessful round of intrauterine insemination or of an assisted reproductive technology procedure; (iii) a failed adoption match or an adoption that is not finalized because it is contested by another party; (iv) a failed surrogacy agreement; (v) a diagnosis that negatively impacts pregnancy or fertility; or (vi) a stillbirth.
- 9) An employee shall provide the employer representative with at least 48 hours' advance notice of the employee's intention to take bereavement leave, unless providing such notice is not reasonable and practicable.

Section II. Employees, Subsection C. Civil Service, 7. Employee Benefits, f. Bereavement Leave, 1) – 2)

e. Bereavement Leave (currently)

- 1) Bereavement leave with pay of three days per occurrence, to be taken within a period of five consecutive work days commencing with the date of occurrence, will be granted to an employee in the event of the death of the employee's parent, spouse, child, son-in-law or daughter-in-law, grandparent, brother or sister, brother-in-law or sister-in-law, mother-in-law or father-in-law, aunt or uncle, niece or nephew, grandchild, or first cousin, or a member of the employee's immediate household. Bereavement leave shall be taken in not less than one-half day increments and may not be accumulated.
- 2) Bereavement leave beyond this amount may be approved by the employer representative under special circumstances and will be deducted from either vacation leave or sick leave at the employee's choice, provided an accrual balance is available.

e. Bereavement Leave (proposed)

- 1) For purposes of bereavement leave, "covered family member" means an employee's child, stepchild, spouse, domestic partner, sibling, parent, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, grandchild, grandparent, stepparent, aunt, uncle, niece, nephew, or first cousin, or a member of the employee's immediate household.

**ACTION ITEM I. F. APPROVAL OF REVISIONS TO BOARD'S REGULATIONS REGARDING
EMPLOYEE BEREAVEMENT LEAVE (FINAL READING)**

- 2) Bereavement leave with pay of three days per occurrence shall be granted to an employee. An employee who is an eligible employee as defined by Section 101(2) of the federal Family and Medical Leave Act shall be entitled to use an additional ten working days without pay per occurrence.
- 3) Paid time off bereavement leave days beyond the initial three days of pay may be approved by the employer representative under special circumstances and will be deducted from either vacation leave or sick leave at the employee's choice, provided an accrual balance is available.
- 4) Bereavement leave will be taken within a period of consecutive work days commencing with the date of occurrence.
- 5) Bereavement leave shall be taken in not less than one-half day increments.
- 6) Bereavement leave must be completed within 60 days after the date on which the employee receives notice of the death of the covered family member or the date on which a bereavement leave event occurs as listed below.
- 7) In the event of the death of more than one covered family member in a 12-month period, an employee may take up to a combined total of six weeks of bereavement leave during the 12-month period.
- 8) Bereavement leave events shall include:
 - (a) attending the funeral or alternative to a funeral of a covered family member;
 - (b) making arrangements necessitated by the death of the covered family member;
 - (c) grieving the death of the covered family member; or
 - (d) being absent from work due to (i) a miscarriage; (ii) an unsuccessful round of intrauterine insemination or of an assisted reproductive technology procedure; (iii) a failed adoption match or an adoption that is not finalized because it is contested by another party; (iv) a failed surrogacy agreement; (v) a diagnosis that negatively impacts pregnancy or fertility; or (vi) a stillbirth.
- 9) An employee shall provide the employer representative with at least 48 hours' advance notice of the employee's intention to take bereavement leave, unless providing such notice is not reasonable and practicable.

Recommended Action:

I request that the Board approve the Committee's recommendation to revise its current Regulations regarding employee bereavement leave to align with the State of Illinois's Family Bereavement Act in accordance with the language outlined above, and becoming effective January 1, 2023.

ACTION ITEM I. G. APPROVAL OF 2023 BOARD MEETING CALENDAR



www.neiu.edu

Board of Trustees
5500 N. St. Louis Ave
Chicago, IL 60625-4699
Phone: (773) 442-5611

**Board of Trustees of
Northeastern Illinois University**

Calendar of Meetings for 2023s

Monday, January 9	Student Union – Golden Eagles Room Executive Committee Meeting
Thursday, January 12	Student Union – Golden Eagles Room Academic/Student Affairs, Enrollment, and Technology Committee Meeting
Monday, January 23	Student Union – Golden Eagles Room Audit Committee Meeting Finance, Buildings and Grounds Committee Meeting
Thursday, February 16	Alumni Hall 1:00 p.m. Board Meeting
Monday, March 13	Student Union – Golden Eagles Room Executive Committee Meeting
Thursday, March 16	Student Union – Golden Eagles Room Academic/Student Affairs, Enrollment, and Technology Committee Meeting
Monday, March 20	Student Union – Golden Eagles Room Audit Committee Meeting Finance, Buildings and Grounds Committee Meeting
Thursday, April 13*	El Centro – 3 rd Floor Lounge 1:00 p.m. Board Meeting
Monday, May 8	Student Union – Golden Eagles Room Executive Committee Meeting
Thursday, May 11	Student Union – Golden Eagles Room Academic/Student Affairs, Enrollment, and Technology Committee Meeting

*El Centro location, 3390 N. Avondale Avenue, Chicago, IL 60618

**Jacob H. Carruthers Center, 700 E. Oakwood Blvd., Chicago, IL 60653

ACTION ITEM I. G. APPROVAL OF 2023 BOARD MEETING CALENDAR

2

Monday, May 22	Student Union – Golden Eagles Room Audit Committee Meeting Finance, Buildings and Grounds Committee Meeting
Thursday, June 15	Alumni Hall 1:00 p.m. Board Meeting
Monday, August 14	Student Union – Golden Eagles Room Executive Committee Meeting
Thursday, August 17	Student Union – Golden Eagles Room Academic/Student Affairs, Enrollment, and Technology Committee Meeting
Monday, September 11	Student Union – Golden Eagles Room Audit Committee Meeting Finance, Buildings and Grounds Committee Meeting
Thursday, September 21	Alumni Hall 1:00 p.m. Board Meeting
Monday, October 9	Student Union – Golden Eagles Room Executive Committee Meeting
Thursday, October 12	Student Union – Golden Eagles Room Academic/Student Affairs, Enrollment, and Technology Committee Meeting
Monday, October 23	Student Union – Golden Eagles Room Audit Committee Meeting Finance, Buildings and Grounds Committee Meeting
Thursday, November 16 **	Carruthers Center for Inner City Studies – Bailey Auditorium 1:00 p.m. Board Meeting

- - denotes Regular Board meeting
- - denotes Committee meeting
- - denotes Special meeting

§ this calendar is subject to change

Recommended Action:

I request that the Board approve its 2023 meeting calendar as presented and subject to change with

ACTION ITEM I. H. APPROVAL OF FY24 TUITION RECOMMENDATIONS

Beginning with the Fall 2023 semester, the University, in accordance with its sustainability planning, is recommending an increase in the undergraduate tuition rate of 2.5 percent, and an increase in the graduate tuition rate of 5 percent. These changes are presented in Table 1. Detailed information regarding the impact of these changes is contained in the Appendix.

In accordance with the sustainability plan discussed at the request of the BOT, and in light of potential structural deficits in future years, the University has considered several alternate ways to produce an ongoing balanced budget. These include both revenue enhancements and expense consolidation.

Revenue Considerations

- In response to the current fiscal surplus in Illinois, the University will also work to identify state-level funding opportunities over and above state appropriations; these include research and infrastructure support grants with the potential to generate indirect cost recovery and partnership opportunities.
- The University will seek to leverage investments in facilities and organizational capacity such as the Business, Innovation & Growth (BIG) Center that can provide opportunities for additional grant revenue to support faculty revenue-generating activity and scholarships.
- The University will examine expanded differential tuition to provide targeted support to critical and higher-cost programs.
- Implementing best practice early-warning systems through advanced technology has the potential to enhance retention and persistence to degree.
- In August 2022, and for the first time in recent history, the University established goals in the context of a strategic enrollment management plan for the Fall 2023 semester in order to address declining enrollments and increase student credit hour enrollment.

Expense Considerations

- The University will monitor enrollments to ensure classes run at minimum to higher class size per contractual agreement to ensure fiscal sustainability and ensure that instructional resources are allocated in proportion to declining enrollment.
- The University will work to build a technologically efficient advising infrastructure through investments in software to support student-to-advisor ratios that are consistent with industry standards as outlined in the collective bargaining agreements.
- In FY2023, the University did not raise tuition for undergraduate students and increased tuition for graduate students by 2.0 percent. Under the tuition guarantee program in Illinois, undergraduate students are guaranteed the tuition rate they receive upon entering the university for four years, which means that the impact of tuition setting persists for several years. 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 FY2023.

Finally, this document memorializes and clarifies 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.

ACTION ITEM I. H. APPROVAL OF FY24 TUITION RECOMMENDATIONS

Recommended Action:

I request that the Committee recommend approval of the Fiscal Year 2024 Tuition Rates as detailed in Table 1 providing for a 2.5 percent increase in undergraduate tuition for students not covered by the tuition guarantee program, and a 5 percent increase in graduate tuition.

ACTION ITEM I. H. APPROVAL OF FY24 TUITION RECOMMENDATIONS

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.

ACTION ITEM I. I. APPROVAL TO TRANSFER FUNDS INTO THE STRATEGIC PLANNING DEVELOPMENT FUND

Background

In September 2015, the Board approved the formation of a Strategic Planning Development Fund (SPDF). The SPDF is financed from prior-year unspent income from the unrestricted Income Fund. The purpose of the SPDF fund is to foster enrollment growth, improve retention, address equity gaps, support capital improvements, as well as funding projects established as priorities by our University Planning and Budget Council (UPBC). Last fiscal year, the Board approved a \$2.0 million transfer into the SPDF.

Prior Year SPDF Transfer Report

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
*(See detail in Exhibit A)	

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
*(See detail in Exhibit A)	

New Transfer Request

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 requests a \$1.0 million transfer to the SPDF to support enrollment growth, as well as improve student engagement and retention. Upon consultation with various departments across campus, including Academic and Student Affairs, including feedback from the climate study, the University plans to use the funds to make an impact on the areas of enrollment, student engagement and retention with 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

ACTION ITEM I. I. APPROVAL TO TRANSFER FUNDS INTO THE STRATEGIC PLANNING DEVELOPMENT FUND

Recommended action:

I request that the Committee recommend the 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.

EXHIBIT A

Detail of FY22 expenditures:

CATEGORY	DESCRIPTION	AMOUNT
Enrollment	Dual Enrollment Program	23,194
Enrollment	Hosting East St. Louis High School Students	1,442
Enrollment	Enrollment Services - Call Campaign	42,147
Enrollment	Enrollment Services -Antec (Custom Viewbook)	17,500
Enrollment	Enrollment Services -Cappex and Greenlight software	20,981
Enrollment	Enrollment Services -Intersect, customized recruitment package	37,640
Enrollment	Enrollment Services -College Bound Selection Service	22,903
Enrollment	Institutional Advancement/Carter Campaign Consultant	55,778
Enrollment	International Marketing 2022	39,706
Enrollment	Marketing 2022	78,750
Enrollment	Other Enrollment Management Special Projects	26,087
Retention	Starfish software annual licensing	93,000
Retention	Black Student Success Committee	7,968
Retention	CCICS Acclivus Pilot Program	52,152
Retention	Living Learning Community housing waivers	463,273
Retention	Seal of Excelencia virtual leadership training program	6,000
Other	Campus Signage CBT	6,472
	Grand Total	994,992

Additional planned projects (in progress):

CATEGORY	DESCRIPTION	AMOUNT
Enrollment	Dual Enrollment Program	175,008
Enrollment	Veteran's Lounge	63,000
Enrollment	Marketing - Website Improvement Project Phase II (Carnegie)	250,000
Enrollment	Institutional Advancement Campaign	95,000
Other	Presidential Lecture Speaker Keeanga-Yamahtta Taylor	10,000
Other	Peer Mentors, Off-campus outing, and annual Faculty Institute	88,000
Other	Association of College and University Educators (ACUE) faculty training- microcredentia	150,000
Other	Development of Strategic Plan Initiative	99,000
Other	Provost Search and Screen	75,000
	Grand Total	1,005,008

ACTION ITEM I. J. APPROVAL TO CONFER THE UNIVERSITY'S HONORARY DOCTORATE OF HUMANE LETTERS FOR THE DECEMBER 2022 COMMENCEMENT SPEAKER, UNITED STATES SENATOR RICHARD J. DURBIN

The Board of Trustees is being asked to consider the award of the honorary degree of *Doctorate of Humane Letters* to United States Senator Richard J. Durbin, who graduated with a Law Degree from Georgetown University, Washington D.C. The University received confirmation that Senator Durbin has accepted Northeastern's invitation, and will serve as the December 2022 Commencement speaker.

Senator Durbin's commencement speech will honor the Northeastern committed students and faculty. His accomplishments are of true value and inspiration to many. For us at Northeastern, his achievements are testimonies to our students that they too can achieve great things in life. Senator Durbin's commitment to public service is admirable and inspiring for our students.

Biography of Richard J. Durbin

Richard J. Durbin, a democrat from Springfield, is the 47th U.S. Senator from the State of Illinois. Senator Durbin serves as the state's senior senator and the convener of the Illinois bipartisan congressional delegation.

Elected to the U.S. Senate in 1996 and re-elected in 2002, 2008, 2014, and 2020, Senator Durbin fills the seat left vacant by the retirement of his long-time friend and mentor, U.S. Senator Paul Simon. Since 2005, Senator Durbin has been elected by his colleagues to serve as the Senate Majority Whip, the second highest ranking position among the Senate Democrats.

Senator Durbin is married to Loretta Schaefer Durbin. Their family consists of three children as well as six grandchildren.

Recommended Action:

I request that the Board approve the conferral of its Doctor of Humane Letters upon Richard J. Durbin at its December 11, 2022 commencement exercises.

ACTION ITEM I. K. APPROVAL OF AWARD FOR REAL ESTATE BROKERAGE SERVICES RFP RELATING TO EL CENTRO

Background

In early 2020, the University contracted with Jones Lang LaSalle, LLC (JLL) to provide comprehensive real estate advisory services related to identifying the best use of its real estate located at the intersections of W. Bryn Mawr Ave. and N. Kimball Ave. ("Bryn Mawr Property") and its vacant, undeveloped parcels located at the intersections of N. Avondale Ave., W. Henderson St., and N. Kimball Ave. ("El Centro Property").

JLL completed their analysis and presented recommendations to the Board of Trustees on April 14, 2021, which the board accepted. In order to execute JLL's recommendations, the University conducted a request for proposal (RFP) to select a real estate broker to operationalize the recommendations.

Scope of Services

Real estate broker services will include commercial real estate brokerage, marketing and leasing services, negotiation of ground leases and development agreements, and owner's representative services for the vacant, undeveloped parcels at the El Centro Property. The vendor will also prepare marketing strategies specific to objectives created for the El Centro Property which may include compatibility with adjacent operations and zoning restrictions, and factor in reputational risk to the University. In addition, the vendor will facilitate the recruitment of interested parties that align with the objectives of the El Centro Property and maximize financial benefits to the University.

Recommended Vendor

CBRE, Inc. is recommended as the real estate broker based on their considerable resources and experience in Chicago real estate and higher education real estate matters. The CBRE team members have worked on higher education projects across Illinois, including at Illinois State University, and have worked on a similar project with other state agencies. CBRE has a partnership with a BEP vendor, Ware Realty Group, which also has considerable expertise in higher education commercial real estate in Chicago. Ware Realty Group is committed to being an integral part of the team, and has demonstrated such commitment and participation with CBRE in the past on similar projects. CBRE has committed to the 30% BEP goal.

As an Illinois Public University, NEIU adheres to the Illinois Procurement Laws and Rules set forth in the Illinois Compiled Statutes (30 ILCS 500). A competitive sealed process via a RFP for Real Estate Broker Services was posted to the Illinois Procurement Bulletin.

An Evaluation Committee made up of three University employees who have knowledge and experience relevant to the procurement was assembled to review proposals. The University received one proposal. Based on the analysis of the responsive proposal, the evaluation committee deemed it to be responsive, the pricing fair and reasonable, and in the best interest of the University. The evaluation committee recommended CBRE, Inc. as the vendor to move forward as the real estate broker for the El Centro Property.

Upon Board approval, a contract will commence on the date of signing and has an initial term of five (5) years with five (5) one-year renewal options to be exercised up to five times at the sole discretion of the University. Renewal options are exercised based on the continuing need for services and the awarded vendor's ongoing satisfactory performance. The five one-year renewal options are warranted as the scope and complexity of the project are such that it may take longer than the initial five years to execute. The goal is to finalize ground leases for the vacant, undeveloped El Centro parcels and to pay the vendor fees within the initial five-year term. However, should the University need additional time to finalize its work, it can exercise the renewal options, one year at a time.

**ACTION ITEM I. K. APPROVAL OF AWARD FOR REAL ESTATE BROKERAGE SERVICES
RFP RELATING TO EL CENTRO**

The absence of a renewal option would require the University to undergo a formal procurement process at the end of the initial term. Renewal options are not automatic. Before a renewal option is exercised, various approvals are required, including the State Purchasing Officer and the President. In addition, University contracts include a clause for Termination for Convenience should the broker services no longer be desired. The contract also includes a Termination for Default clause should the vendor not perform the services according to the requirements in the agreement.

Contract pricing is dependent upon the value of the negotiated leasing costs that arise out of this agreement. CBRE is asking for a 6% commission rate for the final ground lease of the undeveloped parcels. CBRE presented two potential scenarios based on the RFP, representing the commission costs anticipated under a ground lease for retail/mixed development or office/industrial mixed-use development. Any commission would be dependent on the actual ground lease that is negotiated, and would be financed out of funds received from the lease. For instance, under the industrial use scenario with a \$9,920,000 lease value, a 6% commission would total \$595,200, and in the renovation for industrial space scenario with an \$11,500,000 lease value, an 6% commission would total \$690,000. The realized commission will depend on the proposals submitted by the developers and ultimately approved for the property.

Note that in the event the high-end estimates are realized, it simply means that the University and CBRE have been more successful in obtaining a high-value lease and development opportunity. The proposal evaluation committee also notes that the commission-based structure enhances the incentives for the broker to seek a high-value opportunity more so than a flat-fee based structure.

The committee notes that there may be additional costs for the University related to demolition, site preparation, surveys, environmental impact and transportation studies. This award does not create an obligation for those costs, which are not customarily borne by the brokerage firm, and any related costs would be obtained through formal procurement processes. Actual costs will be dependent upon actual development proposals, and procurement needs and pricing would be evaluated in the context of those proposals. The University will have the opportunity to engage in negotiations as necessary in regards to final development plans and may include these costs as part of any agreement.

The evaluation committee is seeking Board approval to select CBRE, Inc. as the recommended vendor for Real Estate Broker Services for the vacant, undeveloped parcels on the El Centro Property.

Cost

6% of final ground lease

Source of Funds

Land lease

Recommended Vendor

Prime Vendor

CBRE (Non-BEP)
Chicago Office
321 N. Clark Street, Suite 3400
Chicago, IL 60654

Subcontractor

Ware Realty Group (BEP- African American Female)

Summary of Respondents

CBRE, Inc.

**ACTION ITEM I. K. APPROVAL OF AWARD FOR REAL ESTATE BROKERAGE SERVICES
RFP RELATING TO EL CENTRO**

Recommended Action:

Pending clearance of title, I request that the Board approve the recommendation of the selection of CBRE, Inc. as the real estate broker and owner's representative for commercial real estate brokerage, marketing and leasing services, negotiation of ground leases and development agreements for the vacant, undeveloped parcels on the El Centro Property for an initial five-year agreement with five one-year renewal options, and a six percent commission rate based on final ground lease amounts.