

**GOVERNORS STATE UNIVERSITY
BUDGET AND FINANCE COMMITTEE**

Minutes of the February 28, 2014 Meeting

Patrick Ormsby, Chair

Amended May 9, 2014

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CALL TO ORDER AND ROLL CALL

The Budget and Finance Committee of the Board of Trustees met on Friday, February 28, 2014 in the William D. McGee Hall of Honors at Governors State University. The meeting was called to order at 12:13 p.m. by Committee Chair Patrick Ormsby. Also in attendance were Committee members Lorraine Tyson, Jack Beaupre and Kayla Randolph-Clark, and Trustees Brian D. Mitchell, Bruce Friefeld, Eileen Durkin and Anibal Taboas.

Others present: Elaine P. Maimon, President; Deborah E. Bordelon, Provost and Vice President for Academic Affairs; Alexis Kennedy, General Counsel; Karen Kissel, Vice President for Administration and Finance; Will Davis, Vice President for Development; Rashidah J. Muhammad, President, Faculty Senate; Laura Owens, President, Civil Service Senate; Lisa Wallace, President, Student Senate; Elizabeth Ruiz, President, GSU University Professionals of Illinois; Angela Latham, Associate Provost; Karen D'Arcy, Interim Dean, College of Education; Ellen Foster Curtis, Dean, College of Business and Public Administration; Reinhold Hill, Dean, College of Arts and Sciences; Aurelio Valente, Dean of Students; Lydia Morrow Ruetten, Dean of the Library; Jeff Slovak, Deputy Vice President for Administration and Finance; Faculty Senate Representatives Walter Henne and Susan Ji; Dennis Lloyd, Columbia Capital Management; Sylvia Kowalk and Michael Lundeen, Legat Architects; and David Dixon, Internal Auditor.

Committee Chair Ormsby recognized Faculty Senate Representatives Walter Henne and Susan Ji.

INFORMATION ITEMS

1. **Report on Purchases \$50,000-\$99,999 – November 16, 2014 through January 25, 2014.** The report is in the Board Book. There were no questions.
2. **FY14 Operational Budget vs. Actual Expenses Report as of December 31, 2013.** Ormsby called on Kissel, who stated that as requested by the Budget and Finance Committee Chair, the Administration will provide this report at each Committee meeting. Today's report is as of December 31, 2013. Ormsby asked if the encumbrances noted represent those through the end of the fiscal year. Kissel

responded they that did, and represented salaries and any purchase orders currently in the system. There were no further questions.

ACTION ITEMS

1. **Approval of Minutes.** Ormsby requested a motion to approve the Minutes of the December 6, 2013 Budget and Finance Committee meeting. Tyson made a motion. Mitchell seconded. The motion was approved by unanimous voice vote.
2. **Resolution 14—19: Approval to Extend Legal Services Contracts.** Ormsby requested a motion to approve Resolution 14-19 for inclusion on the Consent Agenda. Tyson made a motion. Durkin seconded. There was no discussion. The motion was approved by unanimous voice vote.
3. **Resolution 14—22: Award of Contract for Financial Advisor Services.** Ormsby requested a motion to approve Resolution 14-22 for inclusion on the Consent Agenda. Durkin made a motion. Mitchell seconded. Ormsby called on Kissel, who introduced Dennis Lloyd, President and Co-Founder of Columbia Capital Management. Mr. Lloyd began his career in the municipal finance industry in 1981. He has executed a large variety of transactions, including single and multi-family housing bonds, refundings, restructurings, temporary notes, asset sales, variable rate demand bonds, grantor trusts, swaps and other derivative products. He holds a BS in Economics and a JD from the University of Kansas. Lloyd thanked the Board for inviting him to the meeting. Tyson explained that she works in the public finance arena, and asked Lloyd what he has been seeing as far as Illinois issuers, and the interest rate penalty when they enter the market these days. Lloyd responded that Illinois issuers are experiencing higher interest rates because of the weakness of the State. With the recent resolution of pension issues in Illinois they are starting to see a tempering, but there is still a penalty of 35/100 percent point. Tyson noted that ~~Lloyd~~ Columbia Capital Management had recently worked on a City Colleges of Chicago (CCC) bond deal, and asked what methods ~~he~~ Columbia Capital Management used to differentiate the CCC from the State of Illinois. Lloyd pointed out that they had to distinguish the CCC from the City of Chicago as well as the State of Illinois. His firm started by presenting the strengths in that, their liquidity, and the fund balances in the CCC. To assist in marketing they did a “road show” and met with interested investors to help educate them about bonds, security of bonds, and the strengths in order to draw investor interest. There were no further questions. The motion was approved by unanimous voice vote.
4. **Resolution 14—23: Award of Contract for Student Housing Furniture.** Ormsby requested a motion to approve Resolution 14-23 for inclusion on the Consent Agenda. Randolph-Clark made a motion. Tyson seconded. Kissel reported that the University

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chose The Brill Company of Ludington, Michigan for student housing furniture following a competitive bid process in accordance with all Illinois statutes governing public procurement and contracting. The Brill Company received the highest score after evaluating for price and quality. Kissel pointed out that the original student housing furniture budget set in February 2012 was for \$880,000; and this contract was negotiated for \$700,000, or \$180,000 under budget. The University will continue to work with interior designers from the architecture teams of FGM and Mackey Mitchell, who designed the student housing, to select furniture design, color and fabrics with a goal of meeting a June deadline for delivery and installation. Taboas congratulated the Administration on their successful contract negotiations. The motion was approved by unanimous voice vote.

5. ***Resolution 14—20: Approval of Tuition Rates for Academic Year 2014-2015 and Resolution 14—21: Approval of Student Fee Rates for Academic Year 2014-2015.*** Ormsby requested a motion to approve Resolutions 14-20 and 14-21. Mitchell made a motion. Durkin seconded. Ormsby called on Maimon, who explained these are very important actions undertaken by the Board each year. The Administration has thought long and hard before making a recommendation to the Board, which is to keep tuition level with last year, as well as keep mandatory fees level with last year. She explained the Administration looked closely at GSU's mission, and the messages that GSU has been sending to prospective students, students and their families. It was concluded that maintaining tuition and fees at the same rates as last year will aid in establishing trust with the families of the first year students in particular, and will be in keeping with GSU's tradition of having the lowest tuition and fee rates of all the Illinois public universities. Maimon emphasized that this decision is also a consequence of very prudent and careful financial management by the University, and is being done within a budget that has not been supported by State appropriations. Tyson pointed out one of the other factors mentioned is that there is some capacity to fill empty seats, and asked Maimon to elaborate. Maimon responded that GSU is fortunate to have capacity both in terms of how it can reallocate resources to serve more students as well as make optimal use of its space. The capacity issue is at the heart of the analysis that is allowing the University to be sensitive to the families that want a high quality education for their students. Ormsby pointed out that the current undergraduate tuition rate of \$255 per credit hour would allow a student to take 18 hours per semester and still be under \$5,000, which is a very good deal. The motion was approved by unanimous voice vote.

6. ***Resolution 14—24: Authorization to Enter into Construction Contracts for the Academic Computing Services (ACS) Lab/Library Renovation Project.*** Ormsby requested a motion to approve Resolution 14-24. Beaupre made a motion. Durkin seconded. Kissel reported the University is requesting Board approval to enter into

construction contracts for renovations to the Library and ACS Labs in an amount not to exceed \$2,572,900. She introduced two members of the Legat Architects design team who have been working on the project, Sylvia Kowalk, Director of Interior Design and Michael Lundeen, Architect and Associate Director of Higher Education. Kowalk brings 18 years of experience with college and university projects, and Lundeen has 30 years of experience with 22 years dedicated to leading college and university projects. A Power Point presentation was provided, demonstrating before and after renderings. Kissel explained that the University is requesting pre-approval of bids because of an aggressive timeline. She added, however, that in May 2013 the Board awarded a contract to Legat Architects for services on an as-needed basis; in November 2013 the University requested and accepted a fee proposal from Legat for the redesign and renovation of the ACS Lab; and in February 2014 the Legat design team and the University project team finalized the project design, scope and layout. Durkin expressed it is important to get these renovations done by the time Prairie Place opens. Maimon added that through very careful budgeting, resulting in the availability of carry forward funds, the University is able to complete these renovations that will enhance the teaching and learning mission. The motion was approved by unanimous voice vote; however Trustee Friefeld was out of the room at the time of the vote.

7. ***Resolution 14—25: Approval of Board Regulation on Concealed Carry.*** Ormsby called on Kennedy, who explained this is the second reading for approval by the Board under the Illinois Firearm Concealed Carry Act enacted into law on July 9, 2013. In preparation for this law, the Illinois University Police Chiefs along with general counsels met and created the template that each State University could use as an aid to create a concealed carry policy. The proposed Regulation was posted for community comment as prescribed and no responses were obtained. Kissel summarized the Regulation, stating firearms are only allowed on campus if they are in the trunk or glove compartment of an individual's car; no guns are allowed inside any buildings. In addition the Family Development Center and Prairie Place Student Housing are restricted from any firearms being stored in vehicles. Signage is being posted throughout campus. The Concealed Carry Regulation will be enforced in conjunction with employee and student civility policies already in place regarding unacceptable behaviors and potential ramifications. Ormsby requested a motion to approve Resolution 14-25. Tyson made a motion. Durkin seconded. The motion was approved by unanimous voice vote.

PUBLIC COMMENT

Charles Dieringer, community member

Mr. Dieringer had the following comments: I was involved in a major lawsuit with an architect, and therefore I'm concerned about due diligence and insurance requirements of the firms being

hired to back up any damage. I request the requirements for bid proposals. Kissel responded that the State of Illinois has very strict procurement rules and all contractors are required to be insured.

Benjamin Armstrong, community member

Mr. Armstrong had the following comments: I have a request for all the Board members; that you take a bicycle trip to the surrounding towns so that you can become aware of how unsafe it is to ride a bike. There are no safe roads to get here from any community, and bicycles are the more economical way to get here. The roads are incredibly unsafe. We should not tolerate it. We should become advocates that every road leading to this campus is safe. It is affordable and should have been done 30 years ago, and should be done now.

Laverne Williams, community member

Ms. Williams had the following comments: Will the University Library be open to the public? University Park does have a bike trail, but I'm not sure it connects to GSU. Bordelon responded that the University Library is open to the community.

Ormsby requested a motion to adjourn. Tyson made a motion. Mitchell seconded. The motion was approved by unanimous voice vote. The meeting of the Budget and Finance Committee adjourned at 12:56 p.m.

Respectfully submitted,

Joan Johns Maloney