MINUTES

Board of Trustees of Illinois State University

February 19, 2016

The Board of Trustees convened at 10:00 a.m. on Friday, February 19, 2016, in the Old Main Room of the Bone Student Center, Illinois State University, Normal, Illinois.

Trustee Davis called the role. The following members were present.

Trustee Bergman

Trustee Churney

Trustee Davis

Trustee Dobski

Trustee Donahue

Trustee Kinser

Trustee Louderback

Trustee Joyce

Absent:

##### A quorum was declared. Also present for the public session were:

President Larry Dietz

Vice President and Provost Janet Krejci

Interim Vice President for Student Affairs Brent Paterson

Vice President for Finance & Planning Greg Alt
Vice President for University Advancement Pat Vickerman

Board Legal Counsel Jane Denes

Chief of Staff Jay Groves

#####

**APPROVAL OF AGENDA**

Donahue: I ask approval of today’s meeting Agenda. Trustee Davis so moved and was seconded by Trustee Kinser. Motion made, seconded and vote recorded as all members present voting aye.

**APPROVAL OF MINUTES**

We need to review and approve the Minutes of September 19, 2015, October 23, 2015, and November 4-6, 2015. Is there a motion to approve? Trustee Louderback so moved and was seconded by Trustee Churney. Motion made, seconded and vote recorded as all members present voting aye.

**Report of Released Executive Session Minutes**

In accordance with the provisions of the Open Meetings Act, the Illinois State University Board of Trustees is required to periodically review the Minutes of its Executive Sessions to determine the necessity of retaining the confidentiality of those minutes. The Board has received a recommendation from its legal counsel to release the following Minutes.

May 8, 2015       Release all

May 30, 2015 Release all

June 6, 2015 Release all
July 24, 2015 Release all

Copies of these Minutes are in your meeting folders. As Chairperson, I will entertain a motion at this time to release as public the above list of Minutes of the Executive Sessions held by the Illinois State University Board of Trustees. Trustee Dobski so moved, and was seconded by Trustee Davis. Motion made, seconded and vote recorded as all members present voting aye.

**CHAIRPERSON’S REMARKS**

Good morning everyone and thank you for joining us for the first regular quarterly meeting of the Board of Trustees for 2016. It has been an incredibly busy last few days on campus. On behalf of the entire Board, I want to thank everyone involved in the planning of the many events surrounding Founders Day—including the Years of Service Luncheon, Bell-Ringing, Illinois State Showcase, Convocation and Alumni Awards dinner. I also want to congratulate all of our faculty, staff, student and alumni honorees who make us all so proud to be associated with this great university.

I particularly want to congratulate Julie Baker Dobski on receiving Illinois State’s highest honor—the Honorary Doctorate. Bob, I imagine the celebrating continues at the Dobski household and I know your fellow Board members and the entire ISU community are thrilled for Julie and your family.

Dobski: Thank you.

One of the duties of the Board Chairperson is to place into the record Board committee appointments for the year, and that is traditionally done at the February meeting. According to Board By-laws, the Chair and Secretary, who is Trustee Davis, serve on the Executive Committee with at least one other member, and that member is Trustee Bergman. I will serve as the Board representative to the Civil Service Merit Board. Serving on the Audit Committee will be myself, Trustee Churney, Trustee Joyce and Trustee Bergman, who will serve as the Chair. Our Foundation Board representative will be Trustee Dobski, and our Alumni Board representative will be Trustee Louderback. Serving on the State Affairs committee are Trustee Bergman, Trustee Joyce, Trustee Kinser, Trustee Louderback and Trustee Davis who will serve as Chair. I thank all of our Trustees for their service on these various committees, which meet periodically throughout the year.

As you can see from the banner behind us, we are also celebrating the 20th anniversary of our Board, and I want to thank the follow Trustees for their dedication and commitment. I would also like to recognize Trustee Davis and Trustee Kinser as being some of the longest serving Board members in the history of the Board of Trustees of Illinois State University. I want to recognize Trustee Bergman who is actually the longest serving Trustee in the history of Illinois State University. Again, thank you for your service and dedication.

Bergman: Thank you for the nice comment for all of us. And for those of you out there thinking, gee, that is nice. Trustee Bergman has been here for a long time, I say thank you. For the 95% of you that are thinking – when are we going to get rid of this guy – well we’ve got one more year until my term ends. I am not going to seek reappointment.

Donahue: This morning I would ask the indulgence of our audience as I make a few comments on the budget crisis that has held the state of Illinois in a vice grip for the past eight months.

First, I want to thank President Dietz for his leadership during this time – I know it hasn’t been easy. I would like to thank our faculty, staff, alumni and especially our students who have also endured this. I want to reach out to student Trustee Joyce and our student President Ryan Powers who led a group of students recently in advocating for full funding of MAP grants as well as the funding for higher education. I want to thank Trustee Davis and our Board members who serve on our State Affairs committee. They crafted a resolution calling for an end to the budget impasse that the Board approved this past November and that was sent to the Governor and all members of the General Assembly.

Illinois State has responded to legislative criticism and has taken action to economize as some members have suggested that universities do. The budget this Board adopted for FY2016 called for a 10% reduction. Over the past two fiscal years ISU has eliminated or left vacant 76 positions resulting in savings close to $4 million. ISU has further cut back on capital and operation maintenance projects, reducing spending by approximately $2.6 million. From FY2005 to FY2015 the state appropriation has dropped by $8.25 million. And from our high point in FY2002 the state appropriation for ISU has dropped by $20.1 million. These numbers do not include mandates that the state no longer provides funding for, including the cost of tuition waivers for veterans and students majoring in special education at a cost of $6.6 million. And a portion of employee group health insurance premiums at $3.1 million. The cost to ISU for those three items alone exceeds $9 million annually. The University has not provided cost of living or merit pay increases to the staff since July, 2014.

For FY2016 this Board approved a tuition fee, room and board package that increased by just 1.6% or a total of $370. For FY2015 this Board approved a tuition fee, room and board package that increased just 1.9% for a total of $415. Students and families look at the cost and value of a college education, then make their decisions. And they are deciding on Illinois State in record numbers. The freshmen enrollment for Illinois State for FY2015 and FY2016 has set 25-year records for this campus. We have also received independent verification of our value from sources such as Money Magazine, Kiplinger Magazine. ISU also ranked 4th in the Midwest in Washington Monthly’s Best Bang for the Buck. US News & World Report ranked us the 75th best public university in the country.

ISU has also held students harmless for lack of MAP funding for the FY2016. The program serves about 4,000 students on our campus at a cost of approximately $14 million. In addition, the University contributes an additional $12 million annually to supplement MAP funding for assistance to students with the highest financial need.

Our Business School and the Mennonite College of Nursing programs have received national recognition. One of every seven teachers in Illinois classrooms received their degree from ISU. Our retention and graduation rates are in the top 10% percentile in the nation. Our student debt and loan default rate are some of the lowest percentile in the nation. Our bond rating is higher than the state of Illinois.

One state university has formally declared a financial emergency. Others have laid off or furloughed hundreds of faculty and staff members, and yet as of today we still have no state appropriation. This is beyond frustrating. At colleges and universities throughout Illinois, both public and private, thousands upon thousands of students have been cheated and are wondering how they are going to pay this year’s bills while facing the prospect that next year they will have no place to go, except perhaps to another state. And I wonder if they will ever come back.

Now is the time to be investing in our future brain trust and workforce, not to turn our back on it. It is no longer within the realm of reason to assign blame to our current crisis to certain individuals, groups or organizations. These problems have accumulated over many decades at the hands of many people. I can’t tell you this morning how we repair all the damage that has been done, but I do know that it is time as the old saying goes – fix the problem, not the blame. That work must happen now at our highest levels of state leadership. This Board has pledged to work with the state to find further room for reform, but it is now time for the state of Illinois to do its job and fund higher education. I thank you all and will now turn the meeting over to President Dietz.

**PRESIDENT’S REMARKS**

Thank you Trustee Donahue—and thank you for those comments. My comments about the budget I encapsulated yesterday in one of the Founders Day celebrations that we had, so I think that your comments and the ones I made yesterday complemented each other very well, and couldn’t agree more with the sentiment of your comments this morning.

Good morning everyone, and thank you all for coming today. I echo Trustee Donahue’s gratitude to everyone at Illinois State who worked to make our Founders Day ceremonies a tremendous success. To our newest Distinguished and University Professors, and to all of our faculty, staff, student and alumni honorees—my heartfelt congratulations. You make us proud, you make yourselves proud, your department’s proud and the entire University proud. So thanks for your accomplishments. And Trustee Dobski, I too am thrilled for Julie—someone who has done so much for ISU and for the community at large. Her award certainly made for a very special day on campus. As I mentioned earlier today, it was great that she accepted our honor, but it is also a real thrill to see someone so appreciative of that honor.

I also thank our Campus Communication Committee and University Archivist April Anderson for this morning’s presentation. Illinois State has a rich heritage as this state’s first public university, and April’s presentation was the perfect complement to our Founders Day celebration.

I also was quite pleased by the special acknowledgement of the 20th anniversary of the Board of Trustees of Illinois State University. It was terrific to have the participation of Chair Emeritus Bill Sulaski and that of Representative Dan Brady and Congressman LaHood. As the Board heads into its 21st year, I am proud to be at your side, and at your service.

I don’t think I can add too much to Trustee Donahue’s remarks regarding the eight month budget impasse plaguing our state. The impasse is impacting each public university in Illinois differently—and given the recent troubling news from several of our fellow institutions, I felt it necessary to recently update the ISU community on our status.

I told our faculty and staff members that while we are all feeling pain and we are all doing more with less, Illinois State remains on stable ground. We have been able to keep our students in the classrooms by keeping our faculty in the classrooms and our support staff in their student service roles. We have provided financial assistance to our students who need it most—all while losing dozens of administrative-related positions to attrition and vacancy, and while further pushing back non-safety related construction and maintenance projects.

We have spent at levels well below the 10 percent reduction authorized by this Board in October, and we will continue to seek and implement further efficiencies. As I have said many times in the past, Illinois State benefits from strong and stable enrollment, good credit, low debt and a high academic profile. How long that can last without a budget is the question we will attempt to answer in the coming weeks and months.

While we urgently await public investment in public higher education, private investment in Illinois State University remains strong. Total fundraising productivity is currently at $10.5 million, pushing us past the midpoint for our $21 million gift production target. We look forward to closing the fiscal year out strong. Since our last meeting, we had a very successful Giving Tuesday, which was held on December 1.  The 24-hour effort resulted in more than a half-million dollars raised—a total of $581,000—from 1,467 donors. I thank everyone who provided challenge gifts, to all who contributed, and to everyone who participated by sharing Giving Tuesday online.

As Illinois State continues planning for its next comprehensive fundraising campaign, I want to introduce someone who will play a leadership role in that effort. Mark Wunder joined the University Advancement team as the assistant vice president for Development on January 19. Mark most recently led the development efforts at Indiana University’s McKinney School of Law. His experiences at universities throughout the Midwest will help us strengthen private gift support from our alumni and friends. Mark, can you stand and be recognized?

The search for the next dean of the College of Business has been completed. Dr. Ajay Samant has been named dean effective July 1, 2016.  He was most recently Dean and Distinguished Professor at the Coggin College of Business, University of North Florida. We are also bringing to a close the search for a new dean of the Mennonite College of Nursing and that will be announced shortly. And, the search for the next Vice President of Student Affairs is proceeding on schedule, with the target date for completion by April.

We will also say a farewell to a friend and colleague Alex Skorpinski, who leaves ISU for Country Financial after ten years. Alex, please stand and let us recognize you. I have had the pleasure of working with Alex as the A/P representative and he has done a fine job so thank you and best wishes.

As we speed toward the mid-point of our spring 2016 semester, our Enrollment Management, Admissions, and Financial Aid staffs are busily preparing for the fall 2016 incoming class. I have a great deal of respect, and a measure of sympathy for the staff members who are still trying to “sell” ISU in the midst of political chaos—but we have an outstanding product to sell and they are doing a great job.

Fall 2016 applications are slightly behind the near record-breaking mark at this time last year, but at over 16,000 applications, interest in ISU remains strong. Admits to ISU for next fall are actually up slightly—so thank you to everyone who works to bring students and families to our campus in this very difficult recruiting climate.

Illinois State University’s language teacher education program is one of the few language programs across the country recognized for global engagement by the American Council on the Teaching of Foreign Languages. The Council recently featured the Department of Languages, Literatures and Cultures’ teacher education program as part of its inaugural Global Engagement Initiative, which honors programs that actively engaged students in using the language beyond the classroom. Only 11 programs in the nation were recognized this year. This achievement fits nicely into our goal of enhancing globalization at ISU.

Illinois State has also been named a top school in the 2016 Military Advanced Education & Transition Guide to Colleges & Universities, which measures best practices in military and veteran education. Now in its ninth year of publishing, the guide evaluates institutions on their military culture, financial aid, flexibility,
on-campus support, and online support services. We are very proud of that designation.

Congratulations to our graduates of Mennonite College of Nursing, who achieved a 96 percent pass rate on the national nursing licensure examination for 2015, even in the face of progressively stringent standards. The students increased their pass rate by 2 percent from the previous year, and continue to exceed both the state and national averages. The national passing rate is 85 percent, and the state of Illinois rate is 86 percent.

Congratulations also go out to Professor of Technology, Anu Gokhale, who has been named a Fulbright Distinguished Chair to the University of Pernambuco in Brazil. The year-long appointment will allow Dr. Gokhale to develop tools and methods to increase enrollment and improve the teaching of science, technology, engineering, mathematics and computing.

In Athletics, the 2015 fall semester came to an end, with another thrilling run for the ISU football team. The Redbirds won their second-straight Missouri Valley Football Conference title and were the No. 2 overall seed in the FCS Playoffs. The Redbirds advanced to the FCS Quarterfinals for the third time in the last four seasons under head coach Brock Spack and hosted a pair of games at Hancock Stadium.

As the fall sports came to an end, basketball season kicked into high gear, with the men’s basketball team playing a tough non-conference schedule against top-five foes in Kentucky and Maryland to get ready for MVC play. My wife and I along with Larry Lyons and his wife attended the Kentucky game and that is one big arena and we did ourselves proud. That must have worked, as the Redbirds jumped out to a 3-0 start in conference play for the first time since the 2008-09 season. They have since gone on to post a 10-4 mark in MVC play, with wins in seven of their last eight games overall, and currently sit in second place in the conference standings thanks to big wins over nationally-ranked Wichita State, Evansville and a season sweep of Bradley. And I might add Indiana State on Sunday.

Illinois State student-athletes had another successful semester in the classroom this fall as the group posted a combined grade-point average of 3.15, nearly matching the departmental record of 3.16, set during the fall 2014 semester. The women's golf team and men's tennis team were Illinois State's team GPA winners this fall. The women's golf team set a new departmental record with a 3.91 team GPA, while the men's tennis team narrowly edged the men's cross country team by one-thousandth of a point.

Clearly, our faculty, staff and students are fully invested in the success of Illinois State University. Imagine how high we could fly with predictable public investment from the state. That will come sometime, somehow and in some amount and when that happens we will say thank you, we will implement the plans that we have in place and we will move ahead and do the business of this fine university.

With that, I would now like to call Dr. Susan Kalter of the Campus Communication Committee, to the podium for a report.

**CAMPUS COMMUNICATIONS REPORT**Kalter: Education is not a luxury. Education from Kindergarten through 20 is not a luxury. Over 150 years ago, some leaders in Illinois had a vision for the future. They valued education because they knew what it had done for them. Unlike many of the prominent and powerful in past societies throughout history, they also valued sharing the gift of education with everyone. They did not believe in hoarding it to themselves. And they foresaw that a solidly educated citizenry depended upon excellence in the educating of the educators, the shaping of the teachers. Without sound education for grades 13 through 20, sound education for early childhood and Kindergarten is impossible. We celebrate their vision today as we move into Founders Day weekend for Illinois State University.

Twenty years ago, the inheritors of this legacy also had a vision. They saw in Illinois State University the seeds of even greater things. And so the newly founded Board of Trustees, the University administration, the faculty, the students and the staff worked together collectively, cooperatively, first to shape a governance system that would give voice to all of the members of our campus, that would endure; and later to begin a strategic planning process. That process, those strategies, that planning was and is at its root about never settling, never being complacent, always looking ahead, always looking to improve, never thinking that good is good enough.

Together these two visions and a mission well-grounded and high-minded and enduring built a solid architecture, a strong structure, an unshakable foundation. Yet today that foundation, that structure, that architecture is under assault. Our elected officials have as good as taken a hammer to the bricks.

Nearly eight months have elapsed with nearly 20% of our funding knocked out. Even worse, our most at-risk students, our students most in need of taxpayer support, the students whose need-based MAP grants have for generations meant the difference between socioeconomic stagnation and class mobility face being punished for circumstances, events over which they had no control.

Yet, despite this unconscionable treatment, our students and our faculty have kept their heads. The work of the day goes on smoothly; classes and out-of-class mentoring continue in high spirit; the pull of education is a strong allure and it must be a powerful magnet that draws one away from the love of it. Staff members have kept their heads. The staff at ISU is committed to the enterprise of education because they too are educators, attending to student growth and student needs intellectual, emotional, social, and practical. The work of the day goes on.

Our student leaders are proud to participate in the shaping of our future. Recently, the Student Government Association looked the student financial crisis in the face and decided to do something about it. They proposed a standing Textbook Affordability Committee; the Academic Senate approved it, and the Senate saw six times the number of faculty volunteers needed to staff it than there were seats on the committee. Increasing College affordability is a high priority for the faculty. We are doing what we can to reduce the cost of textbooks, especially with students under enormous financial stress due to the budget crisis in Springfield.

We are a successful institution because of this spirit of creative responsiveness. Yet there is a silently growing feeling of anxiety, of fear, of powerlessness, and yes, of anger. The uncertainty and unpredictability of the budget crisis worries us greatly as citizens. We worry about our own livelihoods but we feel a responsibility toward all of the citizens of the state who rely on state funding, whether for social services or transportation or cooperation & partnerships with business. It is irresponsible to the citizens of the state for this uncertainty to reign.

It is wholly unfair to our employees that an already delayed record of payment to health care and dental care providers has been aggravated to such a point by the stalemate that many are now foregoing needed treatment because they cannot afford the care they need. It is wholly unfair to the providers, and to contractors, and to other providers of services to universities, many of whom are also wondering how they will make ends meet as this standoff goes on.

As the year goes on, the Board will have very difficult decisions to make. If students go into another year of tuition increases with MAP funding up in the air, how many will see their dreams for the future go up in smoke? If faculty and staff go into another year with yet another net loss in salary or wages, how many will have to leave ISU or even the state of Illinois? How much talent will we lose or fail to attract as salaries, for faculty already at the low end of the scale nationally, continue to erode in real terms?

If we increase enrollments in response to precipitously decreased funding, will it help? And if it does, despite the costs associated with such increases, how will it change our campus? ISU is successful because we keep class sizes and the faculty to student ratio low and contact with researchers who excel at and love teaching high: those are the keys to our high graduation rate along with excellent academic support services provided by well-trained and committed staff.

Meanwhile we all watch as Chicago State, which serves a large number of low-income and underrepresented students, falls into financial exigency and as Eastern and Western, serving two rural parts of our state, descend into massive layoffs and indefinite furloughs.

Financial management at Illinois State University has been a core foundation of its solidity. We do not foresee financial exigency, but without certainty and an adequate level of funding as we move forward, we would not ultimately be able to avoid layoffs that will cut drastically into our student support services. Nor would we be able to retain many non-tenure-line faculty who are major contributors to student persistence and retention in their first years. Already parents and students have experienced delays in responsiveness, with AP positions left unfilled. Without individualized attention, decades of strategic planning could be swept away. And as a university suffers so does the community which it helps to sustain. Universities are not a luxury.

We thank our students and student leaders for their heroic lobbying efforts, most recently their press conference last Friday. We hope that their efforts to organize a phone bank from which students can contact their district’s legislators will bear fruit and move the conscience of those who govern. No one would aim a wrecking ball at an architectural masterpiece. Let us hope that the achievement that is ISU and that ISU promotes will be valued and recognized and allowed to thrive.

Dietz: Thank you Susan.

Now I would like to ask to the podium, Dr. Jonathan Lackland, our director of State Government Relations, to provide a legislative update.

**LEGISLATIVE UPDATE**Lackland: Good morning. Before I get to actual budget bills and some other bills, I would like to brief everyone on a budget briefing that took place at the conclusion of the Governor’s budget address on Wednesday. On Wednesday evening Secretary Beth Purvis, who is the Governor’s Education Secretary, held a budget briefing at the offices of the Illinois Board of Higher Education and during that briefing what she mentioned to us that across the board public universities and community colleges will take roughly a 20% reduction. Along the same lines the Governor has also included a allocation of $50M for performance funding. According to Secretary Purvis they are looking at this 20% reduction being reduced to 16% for public higher ed when you factor in this infusion potentially of $50M for performance funding. ISU is listed in Governor’s budget at roughly a little over $57M and MAP is funded at the FY2015 level of $364M.

There are several budget bills that have been introduced at this point. First of which is HB4521. This is a bill that is sponsored by House Republican leader Jim Durkin and it affords the Governor emergency spending power during the budget impasse. It would also fund public universities at 80%, community colleges would be funded at 90% and MAP grants would be funded at the FY2015 levels.

SB2043 is a bill sponsored by Representative Kelly Burke. In that respective bill it actually funds MAP at $397M and offers an operational budget for community colleges. The public four-year universities were not included in this bill. This bill has passed both Houses and is now awaiting the Governor’s signature. Of course we have been told that since the amounts are far exceeding what the Governor would want, it is highly unlikely the Governor will sign this bill.

The next budget bill that has been introduced is SB2269 and this is a budget bill that is sponsored by Senator Scott Bennett. It is currently in the Senate Assignments Committee and it would make appropriations to all the public four-year universities. To be specific it would appropriate funding to ISU at a level that is a bit over $72M. So basically it would restore ISU back to what was proposed in June 2015, and then within that respective appropriation bill – that was a bill that the Governor vetoed.

As we move aware from budget bills I would like to talk about procurement. Public higher ed has been very tactful and very staunch on having some level of procurement reform or procurement relief. As a result Representative Dan Brady has sponsored HB4644. This bill is currently in the House Rules Committee and it would offer higher ed the relief measures from a procurement perspective. It also makes another key point which is at this point we have chief procurement officers that span across the different governmental sectors. What it would do is actually name the Director for Central Management Services as the chief procurement officer and then it would retain the structure of chief procurement officers for the various sectors.

As I move away from the respective bills I want to echo that Chairman Donahue mentioned earlier regarding the work that students have done to raise attention to the budget impasse. So on Friday, February 12th ISU students along with students from Heartland Community College, Illinois Wesleyan University and Lincoln College held a press event to raise attention to the budget impasse; specifically the impact that this impasse has having on them from a MAP funding perspective, but they also raised the need for public higher ed, public four-year universities and community colleges to indeed receive an appropriations. We also had Mayor Chris Koos from the Town of Normal as well as Kyle Ham from the Bloomington/Normal Economic Council.

I just want to say a personal thank you to all of these folks, but more specifically to our students. Our students have been staunch - they have been eager and they have literally addressed the call of duty and this press conference was no exception. We had Connor Joyce, we had Ryan Powers, we had Santino Wallace who spoke very eloquently at this conference and also offered the press some really great soundbites that I think had an impact. So that concludes my legislative update and I will be happy to take any questions.

Bergman: With your discussion with members of the legislature or with the legislative people from the other universities, has there been any discussion of the U of I five-year plan 2016-2021.

Lackland: Not that I have heard. I know U of I did have a discussion recently but I wasn’t privy to the nature of that discussion.

Bergman: I haven’t seen the plan either. Larry, I understand you have been informed of the plan.

Dietz: I have been but I haven’t seen any details. All the university presidents brought up the issue with the Governor and also with the Speaker relative to a phased approach of trying to fix the budget. That seemed to have fallen on deaf ears – I think the U of I plan from what I gather is trying to work from a more phased approach but we have not seen any details.

Bergman: It is my understanding that over the five years they want to increase their student body by 20,000 students. Now, I am going to assume the vast majority is going to be undergraduates from Illinois. If they increase their student body by 20,000 students – the vast majority being undergraduates from the state of Illinois, that is going to have a profound effect on our university. A whole lot of people who are going here may choose to go there. We will probably be getting more of the folks that are currently going to Northern and Southern and other places. This to me could be one of the most detrimental to happen to this university in many years. So I would certainly hope that when the details come out that President Dietz maybe confer with some of the other presidents and have discussion with members of the legislature and make sure everyone understand the amount of damage this could do.

Dietz: Your point is very well taken. We certainly are poised to do all that. I would say that the increases that they have seen most recently in their enrollment has been from in-state and not necessarily out-of-state, but out-of-country.

Bergman: That is part of their current plan, but this is the next one.

Dietz: We will monitor that.

**REPORTS**I have three reports for you this morning. With your approval Trustee Donahue I will move to these reports.

Report 2016.02/1000.01: Goal Statements
As you know, each year the President prepares goal statements for the Board of Trustees and for the University community. The Board of Trustees engages in a similar exercise during its fall retreat. Copies of both statements were made available for today’s audience.

The sets of statements provide guidance for and are aligned with *Educating Illinois*, the University’s strategic plan, and the University Master Plan for physical development. Both documents reflect considerable interaction with every facet of the University community.

Report 2016.02/1000.02: Affirmative Action PlanThe 2016 Illinois State University Affirmative Action Plan represents the University’s commitment to achieving equal employment opportunities for traditionally underrepresented groups as well as providing a positive multicultural experience to the students, faculty and staff who live and work in this complex global society.

Represented in this year’s plan are University efforts to increase the visibility of employment opportunities to traditionally underrepresented groups, educate faculty and staff on the recruitment resources and funding available to assist in these efforts, and set forth expectations to build on the University’s strengths and address challenges in our overall commitment to equality and diversity. I want to thank Shane McCreery, our Director of Equal Opportunity, Ethics and Access, for compiling this report.

Davis: I would like to draw the attention to the Board and possibly getting some response to this. I am looking at the 2nd chart in regards to minority incumbency vs. minority availability. I am not sure in regards to incumbency and availability – I assume for each of the various categories – the first bar is for incumbency and the second for availability? In looking at the bar for each category it seems as though, of course, there is a gap between incumbency and availability. The first question would be has there been any gains or improvements in regards to the gap between those two areas? The second question is as I look at for example laborers and helpers for grounds – we have only the one bar – no information on incumbency. If you explain that, I would appreciate it.

McCreery: Certainly. The incumbency represents the number of minorities in our current labor work force for that job classification. The availability is the labor force that we can draw from. So with the first category – officials, administrators and first and mi- level supervisors – 10% of the University’s population essentially is someone representing an underrepresented group. The available labor force would be roughly rounding up to 16%. So we have a goal next year to increase that number. We often don’t make big strides because not only does the ratio composition of our work force change, but the racial composition of the available work force changes. So as we make gains so too does the available work force. In highlighting your second question regarding laborers and helpers, we did not have an opportunity to hire anybody in that area, so that is why the incumbency is zero – we didn’t have an opportunity – there were no hires in that area. So when we have an opportunity to hire, going back to the previous page which looks like this, you will see that laborers and helpers for grounds we are underutilized in a category minority so therefore when we do have an opportunity to hire, 22.71% of those hires we are targeting as minorities. But as we have gone through a contraction of our workforce we haven’t had the opportunities that we have had in the past to hire new employees.

I would like to highlight, though, something that isn’t available here but is available in the master Affirmative Action Plan. Of the hires that we have been able to make in this current climate, 19 of those have been minorities, 3 African-American, 11 Hispanic and 12 Asian. So we are making progress – we don’t have the opportunities that we had once before but we are using targeted recruiting. We are the only public institution that the Affirmative Action Plan is shared with the Board and the design behind that is to highlight where we need to do better. So that sticks in the minds of those in the audience because by and large those who are attending today are of hiring authorities.

Davis: So I am not really certain – the zero that I referred to – does that represent the number of hires or does that represent the number of individuals in that position for that category?

McCreery: The zero would represent the number of opportunities that we have had. Now we do have zero – it’s both in essence – our grounds employees are not a diverse population so we do not have any diversity in the grounds unit at this time.

Davis: So it would represent there not being a number of individuals in that category.

McCreery: Yes, it’s both.

Davis: What have our gains been in terms of closing the gap between incumbency and availability?

McCreery: It depends on the job category. In total numbers we have seen a gain of 75 positions in the last year. That is by and large due to the number of administrative support and skilled technicians. What we are looking at here is is trying to find a way to maximize what opportunities that we have. So of the 75 gains that we have made – 56 were Caucasians, 19 were total minority. It’s hard for me to answer your question directly because the formula that is required by the Office of Federal Contract Compliance doesn’t look at a gain in that way because both charts are moving at the same time. What I can do is I can try to reformulate this data specifically for you so that you can see either group by group or AP, Faculty and Civil Service – a way that better represents I think what you are looking for so that you can see while our gains have been minimal, we are still making progress.

Davis: Thank you. I would appreciate that information.

Report 2016.02/4000.01: Grant and Contract ActivityIllinois State University receives funding for externally funded projects from federal, state and private sources. Externally funded grants and contracts support professional activity of faculty and staff members in basic and applied research, instructional programs and community service. You have the report in your material, but I just wanted to point out a few items.

University sponsored projects awarded in FY2015 totaled $18.7 million—a 4 percent decrease from FY2014. The slight decrease is directly attributable to Illinois’ budget impasses, which has resulted in a reduction in both the number and amount of state awards. However, federal flow-through funding—which represents dollars from federal awards that the state is required to spend—increased substantially in FY2015. The Colleges receiving the most external funding in FY2015 were the College of Education at $8.8 million and the College of Arts and Sciences at $6.4 million. During FY2016-2017, Illinois State will continue several programs that are designed to improve the success rate of proposal submissions, and to encourage higher levels of submission.

Each of these initiatives is aligned with the Strategic Plan for Research, Scholarship and Creative Expression, which is detailed in your board packets**.** My thanks to Associate Vice President Dr. John Baur, for compiling this report.

**ACTION ITEMS**There are six resolutions this morning. With your approval Trustee Donahue, I will move to them now.

Trustees, we begin with two debt-related resolutions for your consideration today. To assist Vice President Alt with any questions you may have, I would like to introduce some special guests. Seated near Greg are Andrea Bacon and Todd Frier, partners with the law firm of Chapman and Cutler. Andrea and Todd have been retained to serve as Bond Counsel and Disclosure Counsel. I would also like to introduce Jon Vincent, Managing Director with Blue Rose Capital Advisors and James McNulty, Vice President, also with Blue Rose Capital Advisors. These gentlemen serve as financial advisors to the University. Not only are both firms respected nationally for their work in capital financing, but these individuals in particular have assisted Illinois State in numerous financing transactions and provide invaluable advice and guidance. We appreciate their willingness to make the trip down from Chicago this morning to provide assistance.

Resolution 2016.02/01: Authorization to Issue Auxiliary Facilities Revenue Bonds Series 2016

The University issued AFS bonds in 2006 in the amount of $46 million to finance rehabilitation of the residence hall complexes as part of the Long Range Housing and Dining Plan, construction of the South University Street Parking Garage, and the planning and site development for the Student Recreation Center. A portion of the proceeds were also used to refund some of the Series 1996 AFS Bonds with the remainder of that issue to be fully retired on April 1st of this year.

As is typical with the University’s debt issues, the 2006 Bonds were issued with a ten year call date to provide the University the option to refinance that debt at lower interest rates if possible. April 1, 2016, is the first call date on the 2006 Bonds which will have a remaining outstanding principal balance of $39.6 million and interest rates on these bonds ranging from 3.9 to 4.4 percent Based on current interest rates, a replacement 2016 AFS bond issue can be issued with interest rates ranging from just 1.05 to 3.75 percent, and will yield the University present value savings of about $3.5 million.

To further increase potential savings and enhance the market attractiveness of the new 2016 debt issue, the University intends to supplement the 2006 Bonds refunding with cash reserves of $3.5 million for payment of principal of the longest term bonds. This will also reduce the final maturity date of the 2016 Bonds to April 1, 2028, and expand the University’s future debt capacity.

The shorter version of this story is that the University asks your approval to issue 2016 AFS Bonds to replace the 2006 Bonds, thereby using current lower interest rates to bring realize substantial savings for Illinois State. I ask your approval for this resolution.

Donahue: Is there a motion and second? Trustee Louderback so moved and was seconded by Trustee Churney. Any questions?

Bergman: I am looking at the supplemental information and it says that the old bonds are at interest rates from 3.9% to 4.4%. It says based on current interest rates the replacement bonds will be from 1.2% to 3.45%. That part makes total sense. I then look at the resolution and it says we are giving you the authority to issue bonds at a cost not to exceed 4.1%. That is a whole lot more than 1.2% to 3.45% and probably not saving a whole lot if we had to issue them at that rate. Is there a comment?

Alt: The authorization is to a maximum of 4.1% because the current interest rates or what we are talking about what the market is right now, but we don’t know what the market conditions are going to be when we sell the bonds – sometime around March 8th depending upon your approval today. So in that case there is a chance the market could go higher and this still pays back to us up to a point that if we did have rates that would average out to be the 4.1%, we would still be saving $1M on the refinancing, but at that point we would come back to you for consideration because if things change that drastically, something has probably changed in the markets significantly and we would re-evaluate.

Bergman: Okay, but you are hoping at least based on what it is currently, we are going to be looking at less?

Alt: Yes. Right now this is based on the modeling and actually interest rates have been working in our favor the last couple months and that we would have an all-interest cost, meaning all-cost issuance underwriting everything of around 3%.

Bergman: That would be called the true interest cost?

Alt: The true interest cost would not include cost of issuance, which is 2.97, but when we add in the cost of issuance to that it is 3.064.

Churney: I just wanted to verify – we are taking the savings of the interest when the bonds are sold at the lower interest rate and paying off the debt so they will be closed out instead of instead of 2031, it will be in 2029 or 2028?

Alt: That is a very good point. We do have the option to reduce our payments now but we have elected to continue the payments at the level that we are and the savings will all be by maturing the bonds in the years 2031, 2030 and almost all of 2029 earlier, opening up that debt capacity for future years. So the savings is actually discounted back to today’s dollars of $3.5M, but those payments in the future are like $7M if we would have to make them in years 2029, 2030 & 2031.

Churney: Which will free up opportunity to issue more bonds at that time?

Alt: Absolutely. Sometime down the road the University undoubtedly will need some debt capacity and by doing this and applying the savings out to that end, we make that available to that decision.

Churney: Well I applaud your team on this financial plan because obviously we are here to look not only the university today, but down the road, so I appreciate the conservative nature. I look at it as paying off your mortgage off earlier or paying double payments so your mortgage is off the books earlier than anticipated.

Donahue: So Greg is it fair to say that because the university is being more efficient and financial prudent, we are saving money as a result of this deal?

Alt: Yes, we are saving and we are very fortunate that interest rates are cooperating. We estimate at today’s rate of about $3.5M, present value discounted back – rates could change and so it could be as low as $3M, but based on today’s rates it is about $3.5M.

Donahue: And is it fair for me to say that I saw recently the Chicago Public Schools issued some bonds at I think about 8.5% interest and because of our financial health, we are getting a much lower interest rate. Is that a fair question?

Alt: It is a fair comparison because of the risk that the market perceives for Chicago Public School District vs. us. We are very fortunate that we do have the financial stability that we have been able to have a very reasonable credit rating, even given the cloud of Illinois, and our rates are actually higher because of Illinois.

Donahue: And is it fair to say because of our good bond rating, which is higher than the state of Illinois and obviously higher than Chicago Public Schools and maybe other units of government, we are getting a better interest rate?

Alt: Absolutely. That is why that credit rating is so important for us to maintain because it tells the market that we are a good credit risk.

Donahue: I highlight this because in my earlier comments Illinois State University has done its part in trying to be efficient and trying to find ways to squeeze the beast and this is just another example of this, so I also applaud you and your team for coming up with these savings.

Motion made, seconded and vote recorded as all members present voting aye.

Resolution 2016.02/02:Authorization to Amend Certificates of Participation

In 2014, the University issued $25 million of Certificates of Participation, or COPS, to finance the implementation of the new Student System and other IT infrastructure improvements, as well as improvements to various academic facilities.

This financing was divided into two competitive sales, one with shorter term maturities to attract participation from banks and benefit from their very competitive short term rates. The other contained longer term maturities to be attractive to the broader institutional market. This split sale structure proved effective as the top three bids for the shorter term Series 2014A-1 series all came from banks, with JP Morgan Chase the most competitive, providing a true interest cost of just 2.29 percent.

However, the Indenture of Trust agreement, which governs the process for the repayment of the COPs, contained unintended language that required the bank to surrender their certificate to the trustee bank every April 1st, when principal and interest payments are made by the University.

All related parties agree this requirement is unnecessary and provides no added value. Therefore, we have agreed to correct this language with a First Supplemental Indenture of Trust, which requires your approval.

Your authorization of this revision does benefit the University by keeping our debt issues attractive to competitive participation by banks, in addition to the broader institutional market. I ask your approval for this resolution.

Donahue: Is there a motion and second? Trustee Davis so moved and was seconded by Trustee Joyce. As I heard in Larry’s remarks it sounds like this is just more of a technical change on the current contract – this would not impact financially or cost us any more money?

Alt: Yes, it is just language to correct the process so there is no financial impact. There are some minor legal costs that JPMorgan is going to cover that are very insignificant. So it is just a technical change of something that was not intended.

Louderback: Why did we do it in the first place?

Alt: Well, this was the first time that we have done a split issue that involved the bank. Typically banks could not participate in our debt issues because of the way the COPs were issued. They didn’t want to have to buy the 20 years, but they were very interested in maturities from 1 – 9 or 10 years and they had very competitive rates for that, so we specifically set the structure the way that our bond council set it up to make it available to where a bank could bid and just buy that portion, so we split it. In doing that, it is a different process and the bank bought the entire issue as opposed to every years certificate. So that was why we set the split structure to get the banks to participate, but there was that unintended language of the way it would work normally in the institutional market. So for going forward we would not have that language in a sale like that.

Donahue: Motion made, seconded and vote recorded as all members present voting aye.

Thank you—and again we thank Andrea, Todd, John and James for traveling to Illinois State today, and for your assistance.

Resolution 2016.02/03: Watterson Towers Interior Repainting

This resolution proposes using a combination of ISU staff and independent contractors to repaint the student living spaces in Watterson Towers North. The project is to be completed over summer break, at a total cost of $690,000—the funds coming from Bond Revenue Reserves. I ask your approval to begin painting.

Donahue: Is there a motion and second? Trustee Louderback so moved and was seconded by Trustee Dobski. Any discussion? Just to clarify for the audience, this $690,000 does not come out of the general fund, could not be used in classroom or educating children or out of tuition. This is funding that is allocated for these purposes only. Is that accurate?

Alt: From room and board revenue.

Donahue: Motion made, seconded and vote recorded as all members present voting aye.

Resolution 2016.02/04: Rambo House Demolition and Site Improvement Revised Scope and Budget

Two years ago, the Board approved a $750,000 project to demolish Rambo House. Recently, our student leaders reactivated a plan to turn the vacated space into a student gathering place to reflect pride in ISU, and to hold outdoor events, such as celebrations or memorials. The expanded scope of the site development would cost an additional $150,000, with the funds coming from donors and the Student Government Association. I ask your approval for this revision.

Donahue: Is there a motion and second? Trustee Joyce so moved and was seconded by Trustee Davis. Any comments. I thank the student leaders really turning a vacated space into useable space and not only coming up with the idea but with putting their money where their mouth is and helping fund the project. Motion made, seconded and vote recorded as all members present voting aye.

Resolution 2016.02/05: Renewal of Student Health Insurance

Our Student Health Insurance and Accident Plan will expire in August of this year. During your meeting four years ago, the Board approved an agreement with Aetna Student Health which included a provision for up to 9 renewal periods upon mutual agreement.

Today, we ask the Board to approve the renewal for the 2016-2017 policy year and approve a student health insurance rate of $249 for the 2016-17 academic year and a rate of $187 for the Summer 2017 session. This represents a zero percent increase over last year’s rate. I ask your approval for this resolution.

Donahue: Is there a motion and second? Trustee Dobski so moved and was seconded by Trustee Churney. Any discussion?

Joyce: I would just like to make a quick comment. When I came in as a freshman I had very minimal health insurance. I had to undergo some surgery in my sophomore year and thanks to the student health insurance plan – I was able to still attend classes, did not have to worry about the bills that came along with that. That is the purpose of the student health insurance – to allow students to function normally and not have to worry about the cost associated with any major health issue. So I am heavily in support of this.

Bergman: Is it the rate $249 per semester or for the entire academic year?

Dietz: Per semester.

Bergman: Thank you.

Donahue: When we talk about cost, a lot of times we focus on tuition. The cost of educating our students encompasses a lot and what we are proposing today is a zero increase, keeping the cost to students as low as we can.

Dietz: One might look at these one-year provisions and with the volatility related to health just generally, we think that is the better way to go – a year at a time.

Donahue: Motion made, seconded and vote recorded as all members present voting aye.

Resolution 2016.02/06: Approval of a B.A. in European Studies

The B.A. in European Studies program is designed to prepare students for international careers by providing a cohesive program of study in the arts, history, languages, and society of one or more European nations. It is intended to enhance prospects for employment with international organizations and entities engaged in international business or affairs. The program supplements rather than replaces existing programs, and will not require additional resources. Instead, the program is predicated on the reconfiguration of existing resources to allow students to pursue their academic interests in an interdisciplinary manner.

This proposed program is one of numerous initiatives at the University intended to internationalize the curriculum of the institution. The proposal supports the university goal of doubling the number of students who study abroad by the end of the decade. I appreciate the faculty work on this, I appreciate the interdisciplinary nature that they are talking about and also appreciate the enhancement of the globalization value that we have in *Educating Illinois*. I ask your approval of this resolution.

Donahue: Is there a motion and second? Trustee Davis so move and was seconded by Trustee Kinser. Any discussion?

Bergman: When we vote please note that I am going to abstain because this goes to the Illinois Board of Higher Education for approval. The other question is I am glad that President Dietz said it wasn’t going to take any more resources, which is good. But I guess my question is, probably all of the public universities in Illinois have majors and programs that just don’t have very many students in them and that are not economic. I know there is a push to eliminate some of these programs throughout the state. Is Illinois State University looking at our programs, especially the ones with a low number of student majors in it, and looking towards perhaps ending some?

Dietz: I am going to ask Provost Krejci come to the podium and as she does that let me just state briefly that we are going through a revision right and a review of data related to capacity analysis for all of our programs, but Provost Krejci has been more involved with it than I have.

Krejci: So for the last two years we have been looking at a number of metrics in terms of enrollments, graduations and the numbers of majors in programs. We shift resources is a couple different ways in terms of both temporary monies and permanent monies in terms of allocation of resources. So over the last three years we have been looking at those programs that have increasing demand for students and we shift resources there. With this particular program, these are courses we have in existence where students are taking them. So it allows us to provide options for students who are interested in a program that we might not have to increase enrollment and capacity.

Bergman: I understand that, but have we eliminated any majors, say in the last couple of years due to lack of student participation.

Krejci: We have not at this point eliminated majors but what we have done in certain cases is put programs on a hiatus to look at whether we are going to continue them because if we do not have significant numbers of enrollees, we will not bring in a cohort for that program. We continue to look at those programs in terms of low enrollment. At this point in time we don’t have any programs that have such low enrollments that they are problematic for us. We have pretty good capacity in our majors.

Kinser: What is the projected enrollment of this program?

Krejci: At this point in time they are going to look at 40, but they are going to be monitoring that as we go along. We find that there will be students who want a minor in this as well. So we will look at the mix of that and how it affects our course sizes in this program.

Donahue: Motion made, seconded and vote recorded as all members voting aye with one abstention.

Dietz: Thank you for your support of that resolution and all the resolutions this morning and before I turn it over to Trustee Donahue, I again want to say a happy anniversary to this Board of Trustees. We appreciate the good work of former trustees and the good work of this Board.

Bergman: We have heard that we now have a separate Board for the last 20 years. But what you may not be aware of is that for about three quarters of the time that this University has been in existence, it has had a separate Board. It used to be called the Teachers Board or the Teachers School Board and I suspect in the early 60’s when the Illinois Board of Higher Education revamped everything in Illinois, they probably consolidated ISU with Northern and Sangamon State and put it under one Board and it was that way, I guess, for about 40 years and then they undid it. So, really in our history most of the time we have had our own Board.

Donahue: Thank you President Dietz. In addition to public comments made at each quarterly meeting by the Campus Communication Committee, the Board of Trustees also invites public comment from members of the University community and greater local communities. The process for making public comment can be found through a direct link from the Illinois State University Board of Trustees Website, which is linked to the Illinois State Homepage at [www.IllinoisState.edu](http://www.IllinoisState.edu). There were no requests for public comment for this quarterly meeting.

I would now entertain a motion to move into Executive Session for the purpose of considering the appointment, employment, compensation, discipline, performance, or dismissal of specific employees pursuant to 5ILCS, Section 120/2 (c)(1); collective negotiating matters between the University and its employees, 5ILCS, Section 120/2 (c)(2); litigation which has been filed and is pending before a court or administrative tribunal, as allowed in 5ILCS, Section 120/2 (c)(11); and the purchase or lease of real property as allowed in 5ILCS, Section 120/2 (c)(5). Is there a motion and second? Trustee Louderback so moved and was seconded by Trustee Churney. Motion made, seconded and vote recorded as all members present voting aye.

We will now move into Executive Session. At the close of Executive Session, the Board will reconvene in public session to adjourn. No action will be taken during this session. Thank you all for coming today.