

MINUTES
Board of Trustees
Illinois State University
February 17, 2006

The Board of Trustees convened at 9:00 a.m. on Friday, February 17, 2006, in the Old Main Room of the Bone Student Center, Illinois State University, Normal, Illinois. Chairperson Kasten called the meeting to order and Trustee Ommen called the roll.

The following members were present.

Trustee Jay Bergman
Trustee Anne Davis
Trustee Carl Kasten
Trustee Joanne Maitland
Trustee Mike McCuskey
Trustee Stan Ommen
Trustee Barry Tolchin

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

President Al Bowman
Vice President and Provost John Presley
Vice President for Student Affairs Helen Mamarchev
Vice President for Finance & Planning Steve Bragg
Vice President for University Advancement Dianne Ashby
Assistant to the President Jay Groves
Board Legal Counsel Carol Posegate

Others in attendance included representatives of the media, faculty, staff, and Ms. Mindy Mangialardi of the Campus Communication Committee.

APPROVAL OF AGENDA

Chairperson Kasten: I ask for a motion to approve the Agenda. Trustee Davis so moved and was seconded by Trustee Maitland. Motion made, seconded and vote recorded with all members present voting aye.

APPROVAL OF MINUTES

Chairperson Kasten: Are there any changes to the Minutes of October 21, 2005? I ask for a motion to approve. Trustee Ommen so moved and was seconded by Trustee Tolchin. Motion made, seconded and vote recorded with all members present voting aye. The Minutes of November 10-11, 2005, are also published. These are the formal Minutes of the Board Retreat that is held annually. Are there any changes to these Minutes? I ask for a motion to approve. Trustee Davis so moved and was seconded by Trustee Ommen. Motion made, seconded and vote recorded as all members present voting aye.

RELEASE OF 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: October 22, 2004, release paragraph 5; May 13, 2005, 8:00 am, release all; May 13, 2005, 11:30 am, release all; and July 22, 2005, release all. Copies of these Minutes are in your meeting folders. At this time I would entertain a motion to release as public the above Minutes.

Trustee Ommen so moved and was seconded by Trustee Maitland. Motion made, seconded and vote recorded as all members present voting aye.

CHAIRPERSON'S REMARKS

Good morning everyone, and thank you so much for coming today. I am pleased this morning to introduce and welcome our newest member of the Illinois State University Board of Trustees. Ms. Betty Kinser was appointed on December 21 by Governor Blagojevich for a term that runs until January 17, 2011.

A bit about Trustee Kinser: She retired from Illinois State in August 2005 as assistant to the director of the School of Art. During her University career she also served as an instructor and advisor. Before coming to Illinois State, she taught at the elementary, secondary and community college levels.

Betty, I welcome you on behalf of the entire Board of Trustees, and as our first order of business, I ask you to join me here to receive the oath of office.

I do solemnly swear
that I will uphold the Constitution of the United States
and of the State of Illinois,
and that I will faithfully discharge the duties
of the office of member of the Board of Trustees
of Illinois State University
to the best of my ability.

Congratulations Betty. Would you like to say a few words?

Trustee Kinser: I would just like to express my appreciation to Governor Blagojevich for appointing me to the Board of Trustees at Illinois State University, and I want to thank the Board for their really warm and gracious acceptance of my appointment. I would also like to thank Al and Linda Bowman as well as Jay Groves and Jackie Snelling over the past few months who have been very patient and helpful.

Chairperson Kasten: 2005 brought significant change to the Board of Trustees. First, Judge Michael McCuskey and Ms. Anne Davis were appointed to fill the expired terms of Diane Glenn and Jaime Flores. Now Betty has been appointed to fill the expired term of Nancy Froelich. We are honored to have all three of you as members of Illinois State's governing board, and I know your talents and experiences will provide great insight and leadership for this University.

By the same token, I want to say how much I appreciate that the University took time during its Founders Day Convocation to honor outgoing Trustees Glenn, Flores and Froelich. Each of them served as inaugural trustees, meaning they were part of the University's first-ever independent governing board. They played a part in making this the outstanding institution Illinois State is today. I know they appreciated yesterday's recognition, and I did as well.

Just briefly, this is the tenth anniversary of the University's Board of Trustees. I believe the University has been very well served by the change in that governance system that took place in 1996. I think that we have had a Board that has been unified and committed to the single best interest of this University.

I want to take a moment to comment on yesterday's wonderful events. My congratulations and congratulations of the entire Board go out to all the faculty, staff and students who were award winners yesterday. Mr. Gregory Kunde was certainly a worthy Honorary Degree recipient and for him to share his magnificent voice with us really made for a special day. To everyone who played a role in planning and producing the Founders Day events—thank you very much.

I also want to thank the Campus Communication Committee for hosting this morning's Discussion Hour with Distinguished Professors Shields and Sakaluk. It serves as a great reminder of the extremely high quality faculty we have at Illinois State.

Another reminder of the University's quality and national reputation are included with your Board materials. The February 2006 edition of Kiplinger's Personal Finance contains its list of 100 Best Values in Public Colleges—and for the second straight time, Illinois State is on that list. I want to say thanks to everyone in this university community for helping to generate that result.

As Chairperson of the Board of Trustees, one of my duties is to appoint my fellow Trustees to the few standing committees that we have. Because of the changes on the Board, there are a few changes in the committee assignments. I have asked Trustee Jay D. Bergman to chair the Audit Committee and serve along with Trustees McCuskey and Kinser. Trustees Ommen and Davis and I will make up the Executive Committee, with Stan and Anne leading the presidential evaluation. Stan will also continue to serve on the Foundation Board. Trustee Maitland has been asked to serve on the Civil Service Merit Board, and I will continue my service with the Alumni Association. Thank you to each Trustee for serving in those capacities.

I will now ask if any of the Trustees would like to speak briefly about activities they participated in since our last meeting.

Trustee Bergman: This afternoon at 4:00 two of our Trustees, Mike McCuskey and Carl Kasten, are being inducted into the College of Arts & Sciences' Hall of Fame. I know I speak for all of us on the Board when we congratulate both of you for this great honor that you are receiving.

Chairperson Kasten: Thank you for those comments. I will now turn the meeting over to President Bowman.

PRESIDENT'S REMARKS

Thank you Trustee Kasten. Good morning everyone. First, I want to add my official welcome to Betty Kinser as she joins the Board of Trustees. She will be a great addition to the Board.

It was an honor for me to be able to recognize three of our inaugural Trustees yesterday. Illinois State will continue a strong and close relationship with Diane Glenn, Jaime Flores and Nancy Froelich. Something that wasn't mentioned yesterday...we have just one remaining inaugural Trustee and that is Carl Kasten. Chairperson Kasten, I know the entire University community appreciates all you have done and hope you continue with us for many more terms.

Founders Day is always a very special day on our campus. I had lots of positive comments about our activities yesterday and certainly the speech that was delivered by Gregory Kunde was an inspiration to everyone, particularly his comments about the influence that Illinois State has had on his life. Marketing and Communications produced a first-class video and I am glad to see that we brought back the video portion of the program.

I also want to thank the Campus Communication Committee and Distinguished Professors Shields and Sakaluk for this morning's Discussion Hour. It is the quality of our faculty, along with the work of an outstanding academic support staff that has helped Illinois State University achieve the success noted in the Kiplinger article.

We tend to look at lists a bit skeptically, but the Kiplinger 100 Best Values in Public Colleges is important to us...because none of the data they collect reflects the "popularity contest" variables that some other lists do. Ranking is based on academic variables that are significant including the percentage of faculty who

have the highest degree in their field, the amount of money the University spends on instruction, and library acquisition costs. I think it is remarkable that the institution was able to be on that list again given the fact that we have foregone over \$65M in state support since 2002.

One other important indicator of Illinois State's success is the company we keep. In making the Kiplinger list for the second straight time, we are with institutions like the College of William and Mary and the University of North Carolina at Chapel Hill. We are actually ranked above institutions like Michigan State University and the University of Arizona. I offer my congratulations and appreciation to the entire University community for this significant achievement.

Also in your Board packets today is the latest edition of Faculty and Staff Accomplishments, which is produced by the Media Relations Department and distributed to on and off-campus constituencies. This newsletter is just one more way that we communicate the success stories of our faculty and staff members.

Our success continues to be a draw for some of the most academically motivated and talented high school students in the state. The enrollment picture for fall 2006 is encouraging, and there continues to be a high level of interest in Illinois State University, as reflected by a 14 percent increase in freshman applications received. To date there are over 11,700 freshman applications. We have already surpassed the number of applications received in total in each of the past six years.

It is still very early in the process with the May 1 national declaration date about 2 1/2 months away and Preview coming up this summer, but we anticipate enrolling another very talented freshman class.

The academic profile of the admitted freshmen so far is slightly higher than the profile of students admitted for fall 2005. The profile indicates an average ACT composite score of 24.3 and an average grade point average of 3.48. Over 90% of all admits are in the top half of their high school graduating class, 50 % are in the top quarter and 18% are in the top 10% of their high school graduating class. Our goal is to achieve a steady state enrollment of between 20,000 and 20,500 on-campus students with a freshman class of 3,200 and a transfer class of approximately 1,800. We are on target to reach those goals. I want to thank Molly Arnold and her staff and Steve Adams for all their diligent work.

It is also encouraging to note that we have received over 300 additional applications from minority students compared to last year. That is a 22% increase. Again this year, the academic profile for all minority students has increased over that of last year.

I also want to say a brief word about the enrollment figures recently released for the spring 2006 term. You may remember that last year we experienced a decrease of nearly 400 students in our on-campus enrollment from the previous year. This year, I am happy to report that total enrollment remained steady when compared to spring 2005. It is noteworthy that our retention rate stands at 85% and that is an all time high for the institution.

In December I announced the first phase of a long-term program to bring the average salaries of all employee groups to or beyond the median salaries of relevant comparison groups.

That phase is currently in implementation, and those affected received increases beginning with the January pay period. We focused first on those groups furthest behind their relevant comparison groups and that was the full and associate professors and non-negotiated civil service employees. A total of 1,015 people were eligible for the program, including 558 non-represented civil service employees, 214 full professors, 211 associate professors and 32 department chairs. Again, not everyone from these areas received adjustments, but reviews were made for each person. About 1% of the personal services base of each of the groups was available for allocation—a total of more than a half-million dollars.

The University used funds it had previously reallocated and set aside for the potential of another State budget cut in FY2005. I decided to return those funds to the campus community in the form of targeted salary increases. Decisions about who received salary increases were delegated to managers who work most closely with employees and who are familiar with local circumstances. All recommendations were reviewed by deans, the provost, the relevant vice-presidents and the president. 61% of civil service staff and 93% of faculty received salary adjustments, and the increases ranged from a low of .1% to a high of 17%.

The next group to be examined is Administrative Professionals. After we announced the first phase of this long-term program in December, we received few questions, so I believe we explained at least the initial phase of the program fairly well.

I want to thank everyone from the colleges and departments who contributed to this process and I especially want to thank Dr. Bragg and his staff and Dr. Presley and his staff for all their hard work.

On Wednesday, Governor Blagojevich presented his budget address, and it contained some positive messages for higher education. Following two years of no state funding increases for public universities preceded by three fiscal years of reduced budgets, the Governor's message forecasts better economic days ahead for Illinois State and for public higher education statewide.

Because of the outstanding efforts of our faculty and staff members, Illinois State has weathered the economic storm in exemplary fashion. As a community, we have planned and budgeted to the values and priorities that matter most to this institution. We have grown in measurable ways and our image has been markedly enhanced.

An increase in FY2007 state funding would serve to complement my top priority as President – raising faculty and staff salaries. New funding will assist us as the salary enhancement program continues, pushing us closer to the targeted levels for all employee groups. New state funds will also provide flexibility as we address some areas of aging classroom technologies and equipment.

While accomplishing that goal, we must remain vigilant in keeping the investment in an Illinois State education as affordable as possible. Our ranking as a Kiplinger top 100 value in public higher education shows our University is doing that. The Governor's proposal of a College Tuition Tax Credit and an \$8 million increase in the Monetary Award Program also provides an example that ensuring an affordable college investment is a statewide priority.

I am pleased to report that the Accreditation Association for Ambulatory Health Care, Inc. has informed Illinois State University's Student Health Services that it has been awarded a three-year term of accreditation. Accreditation by this body is a measure of the quality of the services provided by Student Health Services and performance against nationally recognized standards. The accreditation process involved self-assessment by Student Health Services, as well as a thorough review by an expert surveyor who visited campus in September. This group currently accredits over 2,500 organizations in a wide variety of ambulatory health care settings, including ambulatory and office-based surgery centers, managed care organizations, as well as Indian and student health centers. There are 157 student health centers accredited by this group.

As Illinois State University continues its participation in the American Democracy Project, we are planning a kickoff for our second annual civic engagement month. The event will be Friday, March 31, and will include a ceremony in the Founders Suite to recognize faculty, staff members and students who develop and participate in programs that promote civic responsibility and community involvement. We will distribute more information about the event as we move closer to the March 31 date. I want to thank Vice Presidents Presley and Mamarchev for their leadership in this important program.

Finally, I was part of a University delegation that just returned last weekend from a trip to Thailand to strengthen our already outstanding relationships with several universities there and to meet with our Thailand Alumni chapter. Yes, we do have a strong alumni chapter there – 130 alums to be exact. It was wonderful to hear their stories about how Illinois State had affected their lives. Six of those alumni are presidents of colleges and universities. The deputy governor of Bangkok is an Illinois State graduate. We look forward to a very good and strong relationship, not only with those alumni, but with the government of Thailand, as we completed a Memorandum of Understanding with the Minister of Education.

With that, and before I call the Chair of the Campus Communication Committee, Ms. Mindy Mangialardi, I would like to recognize Representative Dan Brady who just joined us and thank him for being here today.

CAMPUS COMMUNICATION COMMITTEE

Ms. Mangialardi: Good morning. The Campus Communication Committee wishes to extend a sincere thank you to Nancy Froelich for her dedication and support of Illinois State University since she began her tenure with the Board of Trustees in January 1996. As one of the inaugural members of the Board of Trustees, along with Trustee Kasten, Trustee Froelich helped write a new and exciting chapter in the history of Illinois State University. Trustee Froelich, we wish you all the best.

And to our newest Board of Trustees member, Betty Kinser, congratulations on your appointment. I would say “Welcome back” but I don’t think you ever truly left. We look forward to working with you and hope you enjoy your new role on the Board.

Since the last Board of Trustees meeting, the salary study for faculty and exempt Civil Service staff was completed. Many members of those groups received salary increases, effective January 2006. While we are pleased with the progress that has been made for those two employee groups, we remain sensitive to the fact that even the initial phase of the salary review process has not yet been completed for Administrative/Professional staff or for negotiated employees. However, we are aware of--and appreciate--Dr. Bowman’s commitment to completing the A/P salary study shortly and making any resulting salary adjustments retroactive to January. While we are all anxious to see a completed A/P salary review, we also encourage the salary study committee to create an accurate and reliable process on which future salary review processes can be modeled. Barring a fiscal emergency, we expect the salary study process to continue until all groups have achieved at least their peer group average salaries, if not more. We realize the entire process may take three to five years.

The CCC is happy to see the requests for bond authorization on the agenda. These items point to significant progress being made on the Campus Master Plan. Rehabilitation of the residence halls and dining centers along with building a new Student Recreation Center which incorporates all aspects of wellness are important to achieving the goals outlined in Educating Illinois.

In regard to the request for authorization to relocate the tennis courts to North Gregory, the CCC encourages the campus to review the current shuttle bus route and designated stops. Since the courts will be significantly further away from the center of campus, having convenient transportation to and from the courts will help encourage continued use, not just by the tennis team, but by other students seeking exercise and entertainment.

We noted in the Board packet the resolution to replace the turf in the football stadium. This resolution calls for the use of \$1.5 M in student fees to be taken from fee reserves. We are concerned with how the University finds itself in a situation where a product that should last at least eight years needs to be replaced in four. Extra steps need to be taken to ensure that the University is contracting with reputable vendors who will fulfill their obligations to provide and maintain a quality product.

Lastly, members of the CCC recognize that needs arise which are unplanned and emergent in nature. In light of the turf situation, we recommend that the current policy to freeze student fee increases except to fund salary increases be continuously reviewed to ensure that the needs of the University can still be met under that policy. Thank you for the opportunity to address the Board.

President Bowman: Thank you Mindy. Now I would call Mr. Phil Adams to the podium to provide a legislative update.

LEGISLATIVE UPDATE

Mr. Adams: Thank you. As the President noted, the Governor's budget speech was delivered Wednesday. The President was in the gallery for that as a guest of Representative Dan Brady. It was refreshing to see that the Governor did include a 1.4% higher education increase in his recommendations. It was a unique situation for us in that the Senate Appropriations Committee held their hearing on the same day as the budget speech which is the first time in history that the budget speech and one of the major appropriation hearings have been held on the same day. The President, Provost Presley, and Dr. Bragg attended that meeting and gave testimony.

The President mentioned the proposal to sell the Illinois Student Assistance Commission (ISAC) loan portfolio, which by some estimates might generate some \$300M. The presidents have shown their support for that, understanding that the \$300M would go back into a variety of higher education areas. I would not be surprised to see that recommendation go forward. I would be glad to take any questions.

President Bowman: Thank you, Phil.

REPORTS

I have four reports for you this morning. With your approval Trustee Kasten I will move to these reports.

Report 2006.02/1000.01: 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 and will also be placed on the President's and Board of Trustees websites. 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 2006.02/1000.02: Underrepresented Groups Report

This report submits material in compliance with Public Acts 85-283 and 90-730, which directs the Illinois Board of Higher Education (IBHE) to undertake initiatives to increase the participation of minorities, women and disabled persons who are traditionally underrepresented in educational programs and activities. I'd like to invite to the podium Shane McCreery, director of Diversity and Affirmative Action, to present that report.

Mr. McCreery: Good morning. On January 20, 2006, Illinois State University submitted the 2006 Underrepresented Groups Report to the IBHE. The 2006 topic focused on the University's recruitment and preparation efforts towards students and employees that represent women, minorities and persons with

disabilities. Additionally, the Report requested of the University to highlight an institutional best practice that served one of these traditionally underrepresented groups. The Office of Diversity and Affirmative Action selected the Office of Disability Concerns, which provides reasonable accommodation services to both students and employees that are disabled. In the materials that you were provided in your Board packets and the materials that will be submitted Monday to the University community, you will find a detailed submission from such offices as the Office of Admissions, the Dean of Students' Office, University College, the Women's Mentoring Network, the Office of Human Resources, College of Business, College of Education, and the Office of Diversity and Affirmative Action.

In 2002 the University provided 21 specific programs to students from traditionally underrepresented groups. In 2005 that number has grown by 12 to 33. Additionally the University has experienced growth of nearly 50 percent or more in the total number of applications and admission from students of racial and ethnic minorities in all categories except Native-Americans. Lastly, enrollment figures like application and admission figures have grown. The total number of minority students on campus has increased for the third consecutive year. That represents a 7 percent increase since 2002. Equally, minority students in racial ethnic categories of African-American, Hispanic and Native-American make up 9.3 percent of the total campus enrollment – up from 8.5% in 2002. I would be happy to answer any questions.

President Bowman: I would like to compliment Steve Adams and Molly Arnold and their staffs for their work in increasing the size of the applicant pool for students from underrepresented groups.

Report 2006.02/4000.01: Grant and Contract Activity

As you know, Illinois 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.

Illinois State continues to strengthen its relationship and presence with the Congressional Delegation in Washington, D.C. through visits to the capitol and through the efforts of our lobbying group there. We have also continued our program of campus visits of our elected representatives.

Federal funding increased by over 21 percent, which has helped offset the decrease in state funding. Overall, external funding for Illinois State reached a record \$20.38M in FY2005—an increase of 7 percent from FY2004 funding.

Next year, we expect to see an additional increase in external funding. We are working to expand new partnerships statewide, nationally and internationally. We also continue to work closely with community leaders to better coordinate requests for state and federal projects.

I would particularly like to thank Gary McGinnis, our Associate Vice President for Graduate Studies, Research and International Education, for all of his excellent work and for preparing this report.

Report 2006/1100.01: Long-Range Housing and Dining Facilities Update

Illinois State University has made excellent progress toward implementing the comprehensive and sizable goals outlined in the Long-Range Plan for Housing and Dining, and this report is intended to update the Board on our progress. As you know, renovations on Wilkins Hall were completed and a celebration for that successful project was held in October. Haynie Hall is the second residence hall tower to undergo renovation and we are on schedule to reopen that hall in August of this year.

Haynie will be home to 360 students and will include many of the design features and amenities you saw in Wilkins Hall. The third West Campus tower is Wright Hall and renovations are set to begin this summer. One change: the Linkins Dining Center and lower level renovation project has been postponed for additional evaluation. We plan to begin that project in January 2007.

ACTION ITEMS

Resolution 2006.02/01: Approval of M.S. in College Student Personnel Administration

This degree will prepare students for entry and mid-level positions in various student affairs organizations. This is currently an area of concentration at Illinois State, and the program has established a significant job placement record and sustained employment in the field. I ask your approval for this resolution.

Chairperson Kasten: Is there a motion to approve? Trustee McCuskey so moved and was seconded by Trustee Ommen. Is there any discussion or questions?

Trustee Ommen: I have a question. What is the process that we go through to submit a new degree request to the Board?

Provost Presley: It is essentially a multi-layered process that begins with the department that intends to offer the program. There is a process of discussion and approval that goes on there, and then a process of discussion and approval that goes on at the college level. It then goes to the agenda of the Academic Senate. Anyone on the Senate has the ability to take one of these programs and bring it to the full Senate for a discussion. At some time prior to that, I have a discussion with the dean about the resources that are necessary – so we have multiple signoffs on this sort of thing. It then goes to the President for his approval. We bring it to the Board of Trustees before we take it to the Illinois Board of Higher Education.

Chairperson Kasten: Any other discussion? Motion made, seconded and vote recorded as all members present voting aye.

Resolution 2006.02/02: Revision of Board Vision Statement for Year 2007

The Board first approved the Vision Statement for Year 2007 in 1998 and revised it in 2003 to reference *Educating Illinois*. You have now indicated you would like to amend the statement in 2006 to draw focus to the following statements to reflect the University's commitment to a high-quality educational experience:

- 1) Illinois State will be a leader in providing access and services for traditional and non-traditional students, maintaining and enhancing a high-quality, cost effective educational experience.
- 2) Illinois State will be a university that graduates individuals who are prepared to be successful, engaged and independent citizens.

I ask the Board for approval of this resolution.

Chairperson Kasten: Is there a motion for approval? Trustee Davis so moved and was seconded by Trustee Maitland. This is the Board's initiative and we are pleased with the Vision Statement we have been operating on but felt this would be stronger in a couple of selected areas. Any further discussion?

Trustee Ommen: On page 57 where it says it was first presented to the Board on February 17, 2998, we probably should correct that.

Chairperson Kasten: It will be so corrected. Motion made, seconded and vote recorded as all members present voting aye.

Resolution No. 2006.02/03: Authorization to Issue Auxiliary Facility System Revenue Bonds

Illinois State has a history and a reputation for making excellent use of its planning resources and prudent use of its financial resources. As we ask the Board to approve this Resolution, we find ourselves in an excellent position to issue Series 2006 bonds that will provide approximately \$47M to enhance Illinois State University.

Moody's Investor Service reaffirmed its A-2 rating on our bond issue and upgraded their outlook from stable to positive. The upgrade is based on expectations of continued solid student demand, favorable operating performance and growth in financial resources to offset anticipated debt issuance within three years. S&P ratings service reaffirmed both its rating of our bonds and its outlook as stable.

In technical terms, the Resolution asks the Board to approve the seven terms detailed in your packet. Operationally, we are seeking funds to accomplish the following:

- The next steps of the Long-Range Housing and Dining Plan – approximately \$31M
- Construction of a parking deck - \$6M
- Planning money for the Student Recreation Center - \$2M
- the relocation of the tennis courts - \$1M
- other more minor improvements to the Auxiliary Facilities System - \$500,000
- and the refunding of the Series 1996 bonds at \$6.5M

Issuance of the Series 2006 bonds will increase the annual debt service payments to an estimated \$8M until 2016, reducing to an estimated \$4.2M until 2023, with remaining estimated debt service of \$3.65M until 2031.

I ask the Board for approval of this Resolution.

Chairperson Kasten: This is an area in which many of the Board members have been involved. I know Trustee Ommen has and I know Trustee Bergman has, and I have. I think the time is right, both from an interest rate point of view and from the fact that we are able to get an increased positive rating from Moody's. I think there is a confluence of factors that make it the right time. I want to thank Vice President Bragg and all the people in his area who worked on this. If Trustees have any questions, please raise them now.

Trustee Bergman: I have also talked with Vice President Bragg and he has answered my questions but there are a couple of things that I have noticed since then that I would like to ask. This really relates to three

different topics on the Agenda this morning: The Report on Long-Range Housing and Dining Facilities Update, this funding request and the Improvement Authorization coming up. If you go to page 52 in your book, we are looking at a sources and uses of funds statement. My first question is looking at Linkins Dining – we are looking at \$6.1M. When the Board approved Linkins Dining renovation, it was in the \$2-3M range rather than over \$6M. What has changed?

Bragg: The \$6M is for both floors of Linkins Dining. The original resolution was for the first level of the dining center – it was amended later to include the lower level of Linkins as well.

Bergman: Looking at the same page, this time regarding Hewett Hall and Manchester Hall, we anticipate spending \$11M each. I then go back in the booklet to page 69 which is the authorization that we are going to be asked for today and Hewett and Manchester Hall are shown as \$9M each.

Bragg: The resolution by which you will be asked to spend up to \$9M is accurate. When we put together the cash flow statement that you see on page 52, we took a very conservative estimate – we built in the possibility of running into some construction issues along the way as we did in Wilkins Hall that may require more money. If that is the case, we will come back to the Board and ask for augmented spending authority.

Bergman: That then brings up another question. It is possible that we then may issue a little more in the way of bonds than we need to if we spend \$9M rather than \$11M that is projected here, at least on this issue – the 2006 series. Are we required within a certain period of time to spend this \$31M on these items and what is that period of time?

Bragg: That's an excellent question. We are limited to a five-year period. We have to spend the proceeds of this issue within five years and of course the Long-Range Housing Plan goes out through 2013. The other factor we are taking into account and why we are borrowing as much as we are now is the interest rate. We are in a very positive, very favorable interest rate environment. The third part of your question is can we move the bonds or proceeds if we discover we spend less. Yes, and as a matter of fact, that is what you authorized last year off the last bond issue. We delayed the construction of the parking deck, if you will recall. We moved \$7M to the Long-Range Housing Plan. As long as it stays within the auxiliary facility systems and with your authorization, we can redirect those bond proceeds.

Ommen: As we remodel these individual residence halls and with the amortization of the bonds that are allocated to that individual dorm plus all of the operating expenses that go with it, is the revenue enough to cover all of that?

Bragg: Yes, as long as the assumptions that we have used in the cash flow statements hold. We have modeled room and board rate increases consistent with your direction to move our room and board rates into the upper quartile among public universities and we have also modeled, I think, fairly conservative occupancy rates as well.

Trustee Kasten: Thank you. Are there any other questions? This is very important for the future of the campus as the President has pointed out so we want to make sure any concerns are addressed. Is there a motion for approval? Trustee Ommen so moved and was seconded by Trustee Bergman. Motion made, seconded and vote recorded as all members present voting aye.

President Bowman: Thank you very much. This is an exciting move forward for Illinois State University and in my public comments around the community and the state I have been talking about the plans for the next five years and campus housing and dining is a big part of that. Thank you for your support.

Resolution 2006.02/04: Hancock Stadium Turf Replacement Authorization

This Resolution asks Board approval to spend \$1.5M of Athletic and Recreation Facilities Fee reserves to replace the artificial turf at Hancock Stadium. The turf was last replaced in the fall of 2002 by a manufacturer/installer that has since declared bankruptcy. For the turf to last its normal life-span of about eight years, it requires specialized maintenance from the manufacturer—which was not available. The playing surface is used by the School of Kinesiology and Recreation, local high schools, music camps and the Special Olympics, in addition to the Redbird football team. The field is rapidly deteriorating, and in order to have a new surface ready for the 2007 season, we need to initiate the project now. I ask your approval for this Resolution.

Chairperson Kasten: As I understand it this is a Resolution to authorize the project and the source of the funds is from Athletic Recreation Facility Fee reserves. Is that correct?

President Bowman: That is correct.

Trustee Ommen: Could the services that should have been provided by the bankrupt contractor been hired out by someone else rather than replacement of the surface?

Mr. Lyons: When we saw that the seams were starting to deteriorate we sent out a RFP for other turf manufacturers to look at our field and give us their opinion on repairs. A couple of them responded that they would help with repairs but no one would warranty any further work on that field. So we had to move forward in this way.

Trustee Kasten: How much would it have cost us to maintain it?

Mr. Lyons: We are maintaining it with our existing facility crew. They have actually replaced a couple of the seams. They are gluing down the seams that are tearing, but other seams continue to fall apart as we continue to use the field. After a very significant rain storm during which we played a home game in 2003, the field essentially floated which caused the seams to shift and has caused those seams to start to tear. So our crew is trying to keep it up to speed right now but there are some areas where it is several inches wide and we don't feel that is a safe situation for football teams, high school teams, Bands of America, Special Olympics or any of the user groups of that facility.

Trustee McCuskey: How many contractors are in this field?

Mr. Lyons: The original name brand of Astro Turf was made by Monsanto. Then they were the first ones to come up with the infield product they call the Astro Play. Monsanto sold the company to Southwest Recreation Industries, which was the company that went bankrupt. There are several other vendors in the market, Field Turf, Sprint Turf, Keefer Flooring, and there are European versions of the turf. As a way of history, when we installed this turf in 2002, we chose not to change the subsurface which is essentially asphalt, nor did we decide to change the concrete apron which hasn't been touched since the early 70s or to look at the drainage. We looked at just replacing the carpeting. At that time the cost was \$515,000 of which we received \$200,000 back from a state grant because we used recycled Illinois tires as the infield product. So that turf at that time only cost us about \$315,000. The biggest part of this replacement really is the subsurface. It's taking out the asphalt, improving drainage, and upgrading the concrete apron around the turf. So it is a combination project – not just the carpeting.

Trustee McCuskey: Do you expect there will be a lot of competition?

Mr. Lyons: There is a lot of interest in these kinds of fields.

Trustee Bergman: I hope that we get a contractor that we know is going to be around for some time, because we don't want to be in this situation again.

Trustee Ommen: We share the concerns raised by the Campus Communication Committee regarding this, so it is important to get somebody who will be around to do the maintenance.

Mr. Lyons: Yes.

Chairperson Kasten: Is there a motion for approval? Trustee McCuskey so moved and was seconded by Trustee Maitland. Motion made, seconded and vote recorded as all members present voting aye.

Resolution 2006.02/05: Authorization to Replace Scoreboards and Message Center

This Resolution seeks Board authorization to replace the scoreboard at Hancock Stadium and the scoreboard and message centers at Redbird Arena, as well as the Main Street Message Center—equipment that is ten years old or older. About two-thirds of the funding will come from private donations, with the balance coming from other Athletic Department and University funding sources. The current systems served us well but are now outdated. Systems that satisfy fan and vendor expectations have modern messaging and video capabilities. I seek your approval.

Chairperson Kasten: Is there a motion to approve this Resolution? Trustee Ommen so moved and was seconded by Trustee Maitland. Any discussion or questions?

Trustee Bergman: I note in the write-up that the work is to begin in the fall of 2006 and should be complete in the spring of 2007. Our football team plays in the fall of 2006 and our basketball team is going to play over the winter of 2006-2007. Has any thought been given to replacing the signs that are not in the venue we are using at that particular time?

Mr. Lyons: We will certainly try to upgrade those schedules so that those boards are in place before those seasons start.

Trustee Bergman: So you might be replacing the stadium signs in the summer of 2006 and the Arena signs possibly in the fall of 2006 prior to the beginning of the basketball season.

Mr. Lyons: Possibly, but we also have a volleyball season in there so if we can make the timing work for volleyball we would certainly like to do that. The marquee could be completed at any time, as soon as the RFPs are out.

Trustee Ommen: Has fundraising started for the donations?

Mr. Lyons: Yes, the \$875,000 is committed to the project.

Chairperson Kasten: Any other questions? Motion made, seconded and vote recorded as all members present voting aye.

Resolution 2006.02/06: Authorization to Relocate Tennis Courts

Earlier in this meeting the Board approved funding for this initiative. The Resolution before you seeks authorization to move the tennis courts to land north of Gregory Street that is designated as recreation and athletic space. As we plan space needs for the University's future, it is clear that the current University Street location is no longer the best spot for the 12 tennis courts. The relocation project is to be funded from Athletic and Recreation Facility fee reserves. I ask your approval of this Resolution.

Chairperson Kasten: Is there a motion for approval? Trustee Tolchin so moved and was seconded by Trustee Ommen. Any discussion or questions?

Trustee Davis: In the communications report there was the issue of shuttle buses. Could you expound on that?

President Bowman: Every year we review the routes and that review is currently underway. If the need is there to extend service, we would certainly do that. Service currently goes east on Gregory to Adelaide and we would only be talking about one more block, so it would be easily accomplished.

Trustee Bergman: I know that the source of funds is Athletic and Recreation Facility reserves, but a few minutes ago we approved a bond issue that included \$1M to move the tennis courts. Steve, are we going to wait until we get the bond proceeds and use them to move the tennis courts, or are we going to use the fee reserves and then replace the fee reserves with the bond proceeds?

Dr. Bragg: The planned sale for the bonds in March 2 with closing March 31, so we will have those bond proceeds before we do the RFP and the design on the tennis court relocation. So the bond proceeds will be deposited into the Athletic and Recreation Facility fee reserve and then transferred from there to the construction account and paid out of that.

Chairperson Kasten: Any other questions? Motion made, seconded and vote recorded as all members present voting aye.

Resolution 2006.02/07: East Campus Residence Hall and Dining Center Improvement Authorization

Again, funding to begin this project was approved by the Board earlier. This Resolution seeks Board authorization to begin the East Campus projects for renovations involving Hewett Hall, Manchester Hall and Vrooman Dining Center. I ask your approval of this Resolution.

Chairperson Kasten: Is there a motion for approval? Trustee Davis so moved and was seconded by Trustee Ommen. Any questions or discussion?

Trustee Bergman: I had noted in an earlier report that Vrooman may no longer be used as a dining center. If Vrooman is not going to be used as a dining center, what is going to be used as a dining center in that part of the campus?

Dr. Mamarchev: Within that particular east campus facility we are going to have a grab-and-go that will offer choices for students from breakfast all the way through dinner and into the evening, so that students who live there will have something that they can come downstairs and get. It will not be a full menu as we are currently offering in Vrooman, but it will be a food facility that will meet the needs of those students. What we found in tracking students who live in east campus over the last few years is that the vast majority

of them do not eat in Vrooman. Many go to Watterson, particularly in the morning, and then eat at many other locations on campus throughout the day and even into the evening. So we will have a grab-and-go type of service for them.

Trustee Bergman: What type of food would be served under the grab-and-go?

Dr. Mamarchev: We currently have an RFP out for a grab-and-go service throughout all of our residence centers. We have had a Subway contract for at least 10-11 years and that contract is now up, so we have included additional items that we want our students offered so that we can accommodate such things as breakfast, lunch, dinner and so on.

Trustee Bergman: What type of items would be considered a grab-and-go item for breakfast?

Dr. Mamarchev: There are a number of products that are pre-packaged. Cold cereal is a good example.

Trustee Bergman: Do any of the grab-and-go breakfasts include a hot breakfast?

Dr. Mamarchev: Yes, that is a part of our RFP.

Chairperson Kasten: Any other discussion? Motion made, seconded and vote recorded as all members present voting aye.

Resolution 2006.02/08: Renewal of Student Health Insurance

This Resolution simply asks the Board to approve the student health insurance rate for the next academic year. The University has negotiated a rate with the Chickering group of \$158 for the fall 2006 and spring 2007 semesters and \$114 for the summer 2007 session. This represents a \$13 increase for fall and spring semester and a \$9 increase for the summer session. I ask your approval of this Resolution.

Chairperson Kasten: Is there a motion to approve the Resolution? Trustee Davis so moved and was seconded by Trustee Maitland. Any discussion or questions?

Trustee Kasten: I assume that our rates continue to be significantly less than our counterparts around the state. Can someone reaffirm that?

Dr. Mamarchev: I asked our student health insurance office to give us some comparisons. We try to compare ourselves with other state universities that have a traditional age population similar to ours. These comparisons are for fall 2005 because some of the universities are still negotiating their contracts for next year. At Western the annual cost is \$488, at Northern it is \$578, at University of Illinois at Urbana it is \$501 and our total cost this year is \$395, and the thing that is important to remember is that we have about the best coverage of any state university. For example, our plan covers up to \$1M per student in terms of its benefits and that is very significant because sometimes students can have critical injuries and the costs mount up very quickly.

Trustee Ommen: How are you able to accomplish that?

Dr. Mamarchev: We have a very high participation rate by our students, about 92%, so we are looked at favorably by the insurance company. When you look at the other state universities, their participation runs anywhere from about 44% at Northern to about 87% at Southern with Western at 73%.

Trustee Ommen: Is it \$158 per semester?

Dr. Mamarchev: Yes. I think the other thing that we have been able to work very effectively with Chickering on is that we process all of the claims in our own student health insurance office and so we are able to turn it around very quickly and that I think helps in terms of overhead costs to the insurance company.

Trustee Bergman: Do you have any idea what our loss ratio is as compared to the other universities that you mentioned?

Dr. Mamarchev: I will ask Bonnie Crutchley, director of our student health insurance, to come to the podium.

Ms. Crutchley: Our target loss ratio is 85%. Most of the other universities are written to an 80%. So .85 on each dollar is available to our students to pay their claims.

Trustee Bergman: In terms of the claims filed, for each dollar of premium paid, do you know how much in terms of claims are paid by the insurance company?

Ms. Crutchley: When they give us a renewal, their expectation is that .85 on that dollar will be paid out. Some years we are over and some years we are under. We have a premium stabilization reserve agreement to accommodate those differences.

Trustee Bergman: So it is more or less about 85%?

Ms. Crutchley: Yes.

Chairperson Kasten: Any other discussion? Motion made, seconded and vote recorded as all members present voting aye.

Resolution 2006.02/09: Proclamation in Recognition of Nancy Froelich

Trustee Kasten, I know you and other Board members and I have expressed our admiration and appreciation for Nancy both during yesterday's Founders Day activities and during today's meeting. I ask approval of this Resolution to display that appreciation as part of the formal Board record.

Chairperson Kasten: Is there a motion? Trustee Maitland so moved and was seconded by Trustee Bergman. Motion made, seconded and vote recorded as all members present voting aye.

President Bowman: We have completed today's Resolutions.

Chairperson Kasten: 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? Trustee Ommen so moved and was seconded by Trustee Tolchin. 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 only for the purpose of adjournment.

The Board reconvened in public session at 11:12 a.m. at which time roll was taken. All members were present. The motion to adjourn was made by Trustee Davis and seconded by Trustee Tolchin. Meeting adjourned at 11:13 a.m.