

Governors State University

OPUS Open Portal to University Scholarship

Board of Trustees Meetings Materials and Recordings

Board of Trustees

6-13-2008

Governors State University Board of Trustees Budget and Finance Committee Meeting Minutes - June 13, 2008

Board of Trustees

Follow this and additional works at: https://opus.govst.edu/bot_meetings

**GOVERNORS STATE UNIVERSITY
BOARD OF TRUSTEES**

BUDGET & FINANCE COMMITTEE

Minutes of the Friday, June 13, 2008 Meeting

Jack Beaupre, Chair

Call to Order

The Board of Trustees Budget and Finance Committee met on June 13, 2008 in the William D. McGee Hall of Honors. Chair Beaupre called the meeting to order at 8:45 a.m. Trustees Samuels, DeLaurentiis, Friefeld, Mayer, and Green was also in attendance.

Others present: Dr. Elaine Maimon, President; Gebe Ejigu, Executive Vice President and Chief of Staff; Jane Rhoades Hudak, Provost; Alexis Kennedy, General Counsel; Joan Vaughan, Vice President of Institutional Advancement; Jeff Slovak, Deputy Vice President of Administration and Finance; Karen Kissel, Associate Vice President for Financial Services and Comptroller; Tracy Sullivan, Director of Procurement and Auxiliary Services; Paul Blobaum, Faculty Senate President; Kathleen Miller, Civil Service Senate President; Adam Taylor, Student Senate President; and David Dixon, Internal Auditor.

Action Items

Approval of Minutes from the April 9, 2008 Budget & Finance Committee Meeting

There was no discussion. Chair Beaupre entertained a motion to accept the Minutes of the April 9, 2008 Budget and Finance Committee Meeting. Green made a motion. Mayer seconded the motion. The motion was approved by unanimous voice vote.

Resolution 08-43: Approval of Preliminary Operating Budget FY09

Approval of the Preliminary Operating Budget for FY09 was discussed. A copy was included in the Board Book. Chair Samuels asked how the numbers were arrived at. Ejigu explained that although we are waiting on State appropriations, these figures are based on the budgets submitted to the Planning and Budget Advisory Council (PBAC). President Maimon intends to propose a study session on PBAC's budget process at the August Board Retreat. A more detailed FY09 Operating Budget recommendation will be presented at the October Board of Trustees Meeting. It is anticipated that State appropriations will have been made by that time.

Chair Beaupre entertained a motion to move Resolution 08-43 to the Consent Agenda for approval. DeLaurentiis made a motion. Green seconded. The motion was approved by unanimous voice vote.

Resolution 08-44: Approval of Jenzabar (CARS) Maintenance Contract

Ejigu presented. DeLaurentiis questioned whether the CARS system was going to be phased out, as discussed in years past. Ejigu explained that it is a major enterprise system and changing a system of this size would be a major financial and labor intense undertaking. Currently we are working closely with Jenzabar to reprogram certain aspects that we are not satisfied with. The PBAC ITS Committee continues to look into other systems, however with the realization that a changeover would be a multi-million dollar undertaking. Therefore we do not have immediate plans to change the system. DeLaurentiis recalled previous discussions, perhaps eight years ago, about plans to change the ITS system, which Beaupre also recalled. Slovak recounted that over the last 4-5 years GSU has bought components and subsystems that are linked into CARS. System-wide, there was a committee 3-4 years ago, but the study was put on hold as the process of presidential transition arose. Friefeld stated in his experience replacement of such systems is very costly, and the transition period would take several years.

Chair Beaupre entertained a motion to move Resolution 08-44 to the Consent Agenda for approval. Green made a motion. Mayer seconded. The motion was approved by unanimous voice vote.

Resolution 08-45: Approval of DCFS Subcontract-Juvenile Protection Association

There were no questions or discussion. Chair Beaupre entertained a motion to move Resolution 08-45 to the Consent Agenda for approval. DeLaurentiis made a motion. Friefeld seconded. The motion was approved by unanimous voice vote.

Resolution 08-46: Approval of Contract for Legal Services

Kennedy presented. Samuels questioned the rationale for having two firms, and asked where they are located. Kennedy replied both are located in Chicago. A Request For Proposal (RFP) for legal services was sent out; the first time we have done so. The RFP requested that firms respond with proposals reflecting their particular areas of expertise. Chapman & Cutler LLP specializes in financial matters. Their contract is as-needed, for three years. We have done business with Laner, Muchin, Dombrow, Becker, Levin and Tominberg, Ltd. for the last 10 years. They are a labor employment firm, and will continue to provide those services. By having a three-year contract in retainer form and hourly form we will benefit by paying lower fees than we have in the past. DeLaurentiis asked whether Chapman & Cutler will be paid by the hour or have a retainer. Kennedy replied we will have no retainer; it is as-needed by project. DeLaurentiis asked if the bids were competitive. Kennedy replied they were the most beneficial to us. We received seven responses. We have one other law firm that we work with on immigration issues; however that is well below the \$100,000 mark.

Chair Beaupre entertained a motion to move Resolution 08-46 to the Consent Agenda for approval. Friefeld made a motion. DeLaurentiis seconded. The motion was approved by unanimous voice vote.

Resolution 08-47: Approval of Contract for Copier Fleet

Sullivan presented. DeLaurentiis asked if GSU will continue to own the copiers. Sullivan replied that we currently own the fleet we have, but will replace and phase out the copiers as it is more economical to do so.

Chair Beaupre entertained a motion to move Resolution 08-47 to the Consent Agenda for approval. Green made a motion. Friefeld seconded. The motion was approved by unanimous voice vote.

Resolution 08-48: Approval of IIT Real Property Lease

Ejigu presented. DeLaurentiis questioned why we are contracting for additional space. Ejigu explained they are anticipating the need for additional space, and we want to make sure it is available if necessary. If we do not use the additional space we do not have to take it. It is subject to the availability of funds. Beaupre asked if payments from the State are flexible. Ejigu stated everything we do with DCFS is a pass through.

Chair Beaupre entertained a motion to move Resolution 08-48 to the Consent Agenda for approval. Friefeld made a motion. Samuels seconded. The motion was approved by roll call vote.

Information Items and Reports Received:

1. Report on Contracts \$50,000-\$99,999 – The report is in the Board Book. Ejigu recounted the contracts on the list.
2. Progress Report on Certificates of Participation (COPs) – Ejigu recounted that at the April 9 Budget and Finance Committee meeting the University was given Board approval to enter into a contract with consultants to procure the sale of COPs. Both Moody's and Standard & Poor saw an improvement in the financial condition of the University, in part due to the actions of the Board by which tuition and fees would increase starting in the fall 2008 term. Another factor was the new Administration's progress, which has raised the expectations of the University. The third factor they weighed was the solid improvement in enrollment. Typically three factors are used to reaffirm a rating. We were able to buy bond insurance. Yesterday, under very difficult market conditions, we were able to sell the entire package at a true interest rate defined as including all the costs of insurance, the premium, and the underwriter discounts, at 4.507%. We can now continue with the Deferred Maintenance Initiative.
3. Status Report on FY09-10 State Appropriations Process
Maimon presented. The overall outlook is that we did very well with the General Assembly. The base increase recommended by the Higher Education Appropriations Committee of the House was 2.8%, while our actual recommended increase is 4.6%, which is the second highest of any public university in the State. The reason behind this is that all our member initiatives were approved. There were some astute political discussions among our legislators. David Miller, Chair of the Higher Education Appropriations Committee, was a little concerned about his name being attached again to the

\$500,000 police technology program. We then had a kind of placeholder member initiative for \$200,000 for homeland security type issues. However as negotiations progressed he does believe his \$500,000 for the police technology program would be approved and it would not necessarily be subject to the type of veto of last year when the Governor targeted the House Democrats and Senate Republicans and so forth. In essence, all of our member initiatives were carried. All the others went in from our Senate friends. I want to thank everyone here for their efforts.

The not so good news is that there is a great deal of uncertainty and a great deal of political maneuvering now that the General Assembly has passed the budget. I think it is very difficult to predict what is going to happen at this juncture. We received a letter yesterday from the Governor's office (copies distributed). The letter is in consonance with other political maneuverings from the Governor's office and the various ways of putting the FY08 budget in jeopardy. I believe it is a call to university presidents and heads of state agencies to exert pressure on the House to do certain things. To assess the real meaning of the letter, I think we are right to be prudent with our budget planning through PBAC. We have estimated our operating budget for FY09 very conservatively. We want to highlight that the University has not been keeping the kind of reserves we think would be more prudent to keep in any scenario. If there is good news and we get all our appropriations then we will be in a more prudent situation in regard to University reserves. On the capital side there is a reference to the capital bill in the letter. We continue to be in conversation with our friends in the General Assembly on the recommended IBHE \$21.5 million for the E-F wing renovation. We are hearing informally that people are predicting there will be a capital bill this calendar year, but it will be after the November election, which would be fine. We have some reasonable expectation that if there is a capital bill the \$21.5 million will be in it.

Friefeld questioned whether the 4.6% increase is to our base allocation. Maimon replied the increase to our base is 2.8%, so the additional increase does represent the member initiatives. Maimon, Samuels, and DeLaurentiis lobbied hard to get these member initiatives added to our base for ongoing programs, with the realization that the way things are done here that might not happen overnight.

DeLaurentiis thought it would be helpful if you could provide a list of the member initiatives and who the sponsors are. It is imperative to know who to thank. Maimon recited the following: Police technology sponsor is David Miller; M.I.L.E. program (had a tacit commitment of 3 years, we are in the 3rd year), sponsored by Emil Jones. We are working hard on setting up an on-campus visit from him this summer. The health initiative and the global business initiative are generally supported by Debbie Halvorson. Vaughan and Maimon are looking for more champions in the Senate. We talked in some

depth with Sen. Maggie Crotty, Sen. Chris Vedonro, and both were extremely receptive. I have also written to Kevin McCarthy, Will Davis, and George Scully to keep our interests front and center.

DeLaurentiis asked what the M.I.L.E. initiative was for this year, and Ejigu replied it was \$600,000. Maimon stated some of the funding helps us support excellent goals in the school districts, and some helps us develop a number of exciting programs for principal and superintendent mentoring.

Preview of Future Agenda Items:

Ejigu presented. We plan to bring to the October meeting a draft policy on Fraud Management. This is something our State auditors have been signaling to us we need. Two other universities have been cited for not having one. We are working to develop something and they want it approved by the governing board.

For the August Board Retreat we will be proposing to the Board Chair the dedication of a study session on the University's operating budget. We will then bring the FY09 budget recommendations to the October Meeting.

We also want your guidance on how to go about developing a Financial Plan to accompany the Strategic Plan; in other words how are we going to finance the Strategic Plan over the next five years. We want to do that so that you will have some discussion about tuition and fee policies, the kinds of lobbying we should be undertaking for increased State support, and the kind of fund raising activities we should be taking part in.

At the December Meeting we will come back with the last phase of debt financing for the Deferred Maintenance Initiative.

DeLaurentiis requested that Chair Beaupre ask the Administration for a brief progress report on our debt financing. Given that a lot has transpired she would like to see it in writing. Ejigu agreed to supply an update to the Board.

There were no requests for Public Comment.

An Executive Session was not required for the Budget and Finance Committee.

Chair Beaupre entertained a motion to adjourn. Friefeld made a motion. Green seconded. The motion was approved by unanimous voice vote and the meeting adjourned at 9:34 a.m.

Respectfully submitted,

Joan M. Johns