



Board of Trustees

Finance, Audit, Compliance,
Facilities and Operations
Committee

August 22, 2024

BOARD OF TRUSTEES OF NORTHERN ILLINOIS UNIVERSITY
Finance, Audit, Compliance, Facilities and Operations Committee
11:00 a.m. – Thursday – August 22, 2024
Altgeld 315

AGENDA

1. Call to Order and Roll Call
2. Verification of Quorum and Appropriate Notification of Public Meeting
3. Meeting Agenda Approval..... *Action*..... i
4. [Review and Approval of Minutes of May 9, 2024](#) *Action*..... 1
5. Chair's Comments/Announcements
6. Public Comment*
7. Financial Update
 - a. [Fiscal Year 2023 Audit and Financial Results](#)..... *Information*..... 5
 - b. [Fiscal Year 2023 External Audit Corrective Action Plans Update](#)..... *Information*..... 7
 - c. [Annual Report of Cash and Investments for Period Ending June 30, 2024](#)..... *Information*..... 10
8. University Recommendations
 - a. [Bowl Game Participation Expenses](#)..... *Action*..... 15
 - b. [Campus Energy Improvements Phase I Implementation](#)..... *Action*..... 16
9. University Reports
 - a. [Progress Report of Active Capital Projects](#) *Information*..... 19
10. Other Matters
11. Next Meeting Date
12. Adjournment

*Individuals wishing to make an appearance before the Board should consult the [Bylaws of the Board of Trustees of Northern Illinois University](#), Article II, Section 4 – *Appearances before the Board*. Appearance request forms can be completed [online](#) in advance of the meeting or will be available in the Board Room the day of the meeting. For more information contact Crystal Doyle, ccoppel@niu.edu, Recording Secretary to the Board of Trustees, Altgeld Hall 300, DeKalb, IL 60115, 815-753-1273.

Anyone needing special accommodations to participate in the NIU Board of Trustees meetings should contact Crystal Doyle, ccoppel@niu.edu or (815) 753-1273, as soon as possible.

Minutes of the
Board of Trustees of Northern Illinois University
Finance, Audit, Compliance, Facilities and Operations
Committee Meeting
May 9, 2024

CALL TO ORDER AND ROLL CALL

The meeting was called to order at 11:27 a.m. by Committee Chair Dennis Barsema in the Board of Trustees Room, 315 Altgeld Hall.

Recording Secretary Christina Doe conducted a roll call of the Trustees.

Trustee Rita Athas: Present

Trustee Veronica Herrero: Absent

Trustee Tim Moore: Present

Trustee Eric Wasowicz: Present

Trustee John Butler: Present

Board Chair Montel Gayles: Absent

Committee Vice Chair Leland Strom: Present

Committee Chair Dennis Barsema: Present

Also present: President Lisa Freeman; Committee Liaison and Vice President for Administration and Finance and Chief Financial Officer George Middlemist (virtually); Vice President and General Counsel and Board Parliamentarian Bryan Perry; Executive Vice President and Provost Laurie Elish-Piper; Chief Strategy Officer and Liaison to the Board of Trustees Matthew Streb; Vice President for Enrollment Management, Marketing and Communication Sol Jensen; Vice President for Research and Innovative Partnerships Yvonne Harris; Senior Associate Vice President and Chief Human Resource Officer John Acardo; Vice President for Diversity, Equity and Inclusion and Chief Diversity Officer Carol Sumner, Vice President for Student Affairs Clint-Michael Reneau; University Advisory Council (UAC) Representatives Felicia Bohanon and Natasha Johnson.

VERIFICATION OF QUORUM AND APPROPRIATE NOTICE OF PUBLIC MEETING

General Counsel Bryan Perry indicated the appropriate notification of the meeting has been provided pursuant to the Illinois Open Meetings Act. Mr. Perry also advised that a quorum was present.

MEETING AGENDA APPROVAL

Committee Chair Barsema asked for a motion to approve the meeting agenda. Committee Vice Chair Strom so moved, and Trustee Wasowicz seconded.

The motion was approved.

REVIEW AND APPROVAL OF MINUTES OF FEBRUARY 15, 2024

Committee Chair Barsema asked for a motion to approve the minutes of February 15, 2024. Trustee Wasowicz so moved, and Trustee Moore seconded.

The motion was approved.

CHAIR'S COMMENTS/ANNOUNCEMENTS

Committee Chair Barsema noted that VPCFO George Middlemist will be joining and participating remotely and welcomed everyone. Committee Chair Barsema recognized the University Advisory Committee and asked if anyone had any comments and there were no comments. Committee Chair Barsema thanked those members for their service to the university.

Congratulations to the 2024 graduating class was extended by Committee Chair Barsema on behalf of the Board of Trustees as well as thanks to all of the committed faculty and staff of the university.

The May committee meeting contained a set of important financial updates and eight items being recommended for approval with one of those being presented at the special meeting due to the time sensitivity. A greater emphasis on strategic fiscal responsibility will be taken as the board evaluates the university's current financial position and looks to address both cash and budgetary challenges into the foreseeable future.

Congratulations to Chief Strategy Officer and Liaison to the Board of Trustees Matthew Streb were extended as Dr. Streb was recently awarded the inaugural Distinguished Alumni Award from the Department of Political Science at Indiana University.

PUBLIC COMMENT

Committee Chair Barsema introduced the public comment portion of the meeting. General Counsel Perry stated there were no requests for public comment.

Trustee Veronica Herrero joined the meeting at 11:31 a.m.

FINANCIAL UPDATE

Committee Chair Barsema asked Vice President and Chief Financial Officer (VPCFO) George Middlemist to present the University Financial Update.

VPCFO Middlemist presented Agenda Item 7.a. Quarterly Financial Summary Fiscal Year 2024 Third Quarter as of March 31, 2024

Though the deficit remains of great concern, trending within 1% of the personnel budget and within \$1.4M of the overall budget through the third quarter was noted as impressive and encouraging. That level of accuracy and predictability will help the Board and the entire university community financially plan for the future of seeking to establish a balanced budget by the goal of FY27; thanks were extended to the Budget and Finance teams, as well as the entire university, for their work of more accurate planning, forecasting, and monitoring.

VPCFO Middlemist presented Agenda Item 7.b. Periodic Report of Cash and Investments for Period Ending March 31, 2024

The Board impressed upon the campus community the importance of closing the deficit, which is taking a direct toll on the university's cash. Additional conversation ensued around the current FAFSA delay and leadership's response. The university has already begun to take measures to address the concerns and communicate to campus, which raises the confidence from the Board that the university community will rebound, think creatively, and pull through these financial challenges as they identify growth and reduction opportunities while aiming for the shared goal of sustainability.

VPCFO Middlemist presented Agenda Item 7.c. Fiscal Year 2025 University Budget Preliminary Summary

Acknowledgement of making measurable progress was made by the Board. However, the Board wants to see a place of sustainability so the university can better prepare and better react to external challenges such as a state budget impasse, pandemics, and FAFSA delays. NIU is a community of strategic thinkers and are being called to action right now in order to achieve a sustainable budget. The Board has confidence in leadership's ability to guide campus through challenges that arise in pursuit of NIU's academic and fiscal mission.

UNIVERSITY RECOMMENDATIONS

Committee Chair Barsema asked VPCFO George Middlemist to present the University Recommendations.

VPCFO Middlemist presented Agenda Item 8.a. Fiscal Year 2025 NIU Foundation Professional Services Contract

Committee Chair Barsema asked for a motion to approve item 8.a. Committee Vice Chair Strom so moved, and Trustee Herrero seconded.

The motion was approved.

VPCFO Middlemist presented Agenda Item 8.b. Intercollegiate Athletics Air Charter Services for Football and Men's and Women's Basketball Teams

Committee Chair Barsema asked for a motion to approve item 8.b. Trustee Wasowicz so moved, and Trustee Athas seconded.

The motion was approved.

VPCFO Middlemist presented Agenda Item 8.c. Media Buying Services

Committee Chair Barsema asked for a motion to approve item 8.c. Committee Vice Chair Strom so moved, and Trustee Butler seconded.

The motion was approved.

VPCFO Middlemist presented Agenda Item 8.d. Division of Human Resource Services Purchase of Time Keeping and Absence Management Solution

Committee Chair Barsema asked for a motion to approve item 8.d. Trustee Herrero so moved, and Trustee Athas seconded.

The motion was approved.

VPCFO Middlemist presented Agenda Item 8.e. NIU Rockford Boiler Replacements

Committee Chair Barsema asked for a motion to approve item 8.e. Trustee Athas so moved, and Committee Vice Chair Strom seconded.

The motion was approved.

VPCFO Middlemist presented Agenda Item 8.f. Stevenson Residential Complex Delivery Dock Area Repairs

Committee Chair Barsema asked for a motion to approve item 8.f. Trustee Wasowicz so moved, and Trustee Moore seconded.

The motion was approved.

VPCFO Middlemist presented Agenda Item 8.g. Yordon Center Building Addition

Committee Chair Barsema asked for a motion to approve item 8.g. Trustee Athas so moved, and Committee Vice Chair Strom seconded.

The motion was approved.

VPCFO Middlemist presented Agenda Item 8.h. US Geological Survey Research Partnership Renovation Project Budget Increase

Committee Chair Barsema asked for a motion to approve item 8.h. Trustee Wasowicz so moved, and Trustee Moore seconded.

The motion was approved.

UNIVERSITY REPORTS

Committee Chair Barsema asked VPCFO George Middlemist to present the University Reports.

VPCFO Middlemist stated there were two updates and NIU Board regulations stipulate that the university presents regular summaries of designated activities including financial and property transactions, as well as confirmation that state and federal requirements are met. The two reports provided comprehensive written updates and are submitted in accordance with board regulations.

Information Item 9.a. – Campus Energy Improvements Phase I Implementation

Information Item 9.b. – Quarterly Summary Report of Transactions in Excess of \$100,000 for the Period January 1, 2024 to March 31, 2024

OTHER MATTERS

There were no other matters.

Committee Chair Barsema commented on the recent Trek Talks which was extremely successful and congratulated Courtney Gallagher on receiving an award. Trek Talks was a wonderful way to see the students, faculty, and staff creativity and ingenuity shine through their presentations and reminds all of why NIU is NIU.

NEXT MEETING DATE

The next meeting of the Finance, Audit, Compliance, Facilities and Operations Committee will be August 22, 2024.

ADJOURNMENT

Committee Chair Barsema asked for a motion to adjourn. Committee Vice Chair Strom so moved, and Trustee Wasowicz seconded.

Committee Chair Barsema asked Ms. Doe to conduct a roll call vote.

Trustee Rita Athas: Yes

Trustee Veronica Herrero: Yes

Trustee Tim Moore: Yes

Trustee Eric Wasowicz: Yes

Trustee John Butler: Yes

Board Chair Montel Gayles: Absent

Committee Vice Chair Leland Strom: Yes

Committee Chair Dennis Barsema: Yes

The motion was approved.

The meeting adjourned at 12:37 p.m.

Respectfully submitted,

Christina Doe
Recording Secretary

In compliance with Illinois Open Meetings Act 5 ILCS 120/1, et seq, a verbatim record of all Northern Illinois University Board of Trustees meetings is maintained by the Board Recording Secretary and is available for review upon request. The minutes contained herein represent a true and accurate summary of the Board proceedings.

FISCAL YEAR 2023 AUDIT AND FINANCIAL RESULTS

Financial Audit Results for the Year Ended June 30, 2023

The university's financial statement audit for the year ended June 30, 2023 was completed and released by the Office of the Auditor General on Thursday, March 28, 2024. The university received an unmodified audit opinion, which is the best possible outcome. Financial audit fieldwork was substantially complete as of February 2024 with the final report being released on March 28, 2024. Testing resulted in four new financial audit findings which have been addressed and are not expected to repeat in the next fiscal year. The findings identified are administrative in nature only, with no indication of fraud or mismanagement of resources. These findings are noted in the auditor's report on internal control over financial reporting and on compliance and other matters performed in accordance with Government Auditing Standards for the fiscal year ended June 30, 2023.

Financial Results for the Year Ended June 30, 2023

The Statement of Net Position shows the university's net position decreased from \$120.7M in FY22 to \$104.3M in FY23, a decrease of \$16.3M. Net position represents the residual amount of the university's assets less liabilities. The university's FY24 net position is expected to further decline as a result of an anticipated operating budget deficit.

Working capital is a measure of the University's unrestricted current assets available to pay short-term obligations. The working capital ratio represents the ratio dollars of unrestricted current assets available to pay short-term obligations. For example, a working capital ratio of 2.00 would represent that the University has \$2 of unrestricted current assets for every \$1 of short-term obligations.

The university's working capital decreased from \$540K in FY22 to (\$8.1M) in FY23. Working capital excludes cash and investments restricted for collateralization requirements related to the University's commercial card program and contractual obligations related to auxiliary system, escrow agreements, and other agreements. The resulting working capital ratio decreased from 1.01 in FY22 to .89 in FY23. The decrease in working capital and the working capital ratio is primarily due to a decrease in unrestricted cash and investments as well as an increase in current liabilities. Unrestricted cash and investments decreased due to an increase in payroll and supplier payments. Current liabilities increased due to scheduled debt service maturities. The university's FY23 working capital ratio of .89 fell below the target working capital ratio range of 1.20 to 2.00. The university's FY24 working capital is expected to further decline as a result of the anticipated operating budget deficit and reduction in cash. The university's deficit mitigation plan and ongoing measures to balance the budget by FY26 are expected to bring working capital within the target range.

The university's long-term debt payable decreased from \$316.6M in FY22 to \$305.3M in FY23, a decrease of \$11.3M. The decrease is due to repayment of principal. Long-term debt is anticipated to continue to decrease \$11.8M in FY24 due to principal repayment. This reduction in long-term debt contributes to the financial sustainability of the university.

Overall, the university maintains a relatively sizable scope of operations. Rising expense pressures and a highly challenging student market will continue to constrain operating performance improvement. The university is currently preparing to close its FY24 accounting records and submit Generally Accepted Accounting Principles (GAAP) based financial statements to the

Illinois Comptroller's Office. The Board will be provided unaudited financial information on the university's FY24 performance at its November 2024 meeting.

FISCAL YEAR 2023 EXTERNAL AUDIT CORRECTIVE ACTION PLANS UPDATE

The university's FY23 Compliance Audit was released on June 13, 2024. As a result of FY23 audit findings, the university's responsible officers developed formal corrective action plans intended to strengthen internal controls and address each audit recommendation as described in the FY23 Examination. The FY23 audit, conducted by new auditors, led to increased testing and different interpretation resulting in an increased number of findings. All findings are administrative in nature only, with no evidence of fraud or resource mismanagement. There were 17 audit findings, of which nine were repeated from the prior year. The total number of findings increased by one compared to the prior year. The average number of findings received for all nine Illinois public institutions was 14. The university's FY23 compliance report contains a full description of each audit finding's condition, associated risk, auditor recommendation, and management response. The FY23 compliance report can be found on the Illinois Auditor General's [website](#).

Management has prioritized the below five corrective action plans for full implementation this fiscal year, focusing on cybersecurity, federal compliance, and financial reporting. Internal Audit will test prioritized plans and verify their implementation status. The university will also continue addressing all audit recommendations.

1. Inadequate Controls over Terminated Employee User Accounts
2. Weakness in Cybersecurity Programs and Practices
3. Inadequate Controls Over I-9 Forms
4. Financial Audit Findings (4)
5. Single Audit Findings (3)

Management is actively strengthening controls and implementing best practices to address issues that may pose financial risks to the university. The FY23 findings are being addressed through three key actions as categorized below:

1. **Review and Update Policies and Procedures:** In several instances, the corrective action to correct the condition requires improved alignment between university policies, practices, workflow, and institutional deadlines, as well as determining NIU imposed practices versus state or federal requirements in order to support successful appropriate corrective action. For these findings, the university will review and update policies and procedures as necessary to implement appropriate corrective action.
2. **Campus-Wide Administrative Efficiency:** Enhance compliance through actions associated with our campus-wide initiative to automate manual processes and leverage electronic solutions to reduce processing time and data entry errors.
3. **Legislative Relief:** Seek legislative change for impractical requirements. FY23 saw successful legislative relief, eliminating the finding related to subsidies between accounting entities.

Responsible officers have provided status updates on corrective action steps taken during FY24 to address material audit findings. As noted in the chart below, corrective action plans have been fully implemented or partially implemented where significant progress has been made towards full implementation, and the probability of a repeat finding in FY24. This status update on corrective actions is current as of July 2024.

FY23 FINDINGS AND CORRECTIVE ACTIONS

Finding Number	Description of Finding	Status	Action Category	Responsible Area	Repeat Probability
Finding 2023-001	Capital Assets (new)	Implemented	1	Controller	Low
Finding 2023-002	Financial Statements (new)	Implemented	1	Controller	Low
Finding 2023-003	Leases (new)	Implemented	1	Controller	Low
Finding 2023-004	Effective Interest Rate (new)	Implemented	1	Controller	Low
Finding 2023-005	Cash Management - Timeliness of Subrecipient Payments (new)	Implemented	1	Sponsored Programs Administration	Low
Finding 2023-006	Period of Performance - Service Period Beyond Grant's Period of Performance (new)	Implemented	1	Sponsored Programs Administration	Low
Finding 2023-007	Timeliness of Federal Funding Accountability and Transparency Act Reporting (new)	Implemented	1	Sponsored Programs Administration	Low
Finding 2023-008	Failure to Submit Proper Time Reporting (repeated since 2005)	Partially Implemented	3	Human Resources	High
Finding 2023-009	Inadequate Controls Over I-9 Forms (repeated since 2018)	Implemented	2	Human Resources	High
Finding 2023-010	Inadequate controls over Procurement Card Use (repeated since 2021)	Implemented	2	Procurement Services & Contract Management	High
Finding 2023-011	Uncompleted Performance Reviews (repeated since 2018)	Partially Implemented	2	Human Resources	High
Finding 2023-012	Noncompliance with the Illinois Articulation Initiative Act (repeated since 2020)	Partially Implemented	3	Registration & Records	Low
Finding 2023-013	Inadequate Internal Controls over Census Data (repeated since 2020)	Partially Implemented	1	Human Resources	Low
Finding 2023-014	Uncompleted Census Data Reconciliation (new)	Partially Implemented	1	Human Resources	Low
Finding 2023-015	Inadequate Controls over Terminated Employee User Accounts (repeated since 2021)	Partially Implemented	2	Division of Information Technology	High
Finding 2023-016	Weaknesses in Cybersecurity Programs and Practices (repeated since 2022)	Partially Implemented	2	Division of Information Technology	Low
Finding 2023-017	Disaster Recovery Planning Weaknesses (repeated since 2022)	Partially Implemented	2	Division of Information Technology	Low

Note: Action category represents one of three actions the university is taking to address audit findings, as described above.

Barriers that limit full implementation include post pandemic impacts, limited financial and staff resources, staff turnover, increased workloads, limited information technology functionality, and competing priorities. NIU is collaborating with the Illinois public universities to seek legislative relief from impractical or irrelevant requirements. In addition, the FY23 compliance examination report, finalized on June 13, 2024, left insufficient lead time to implement all corrective actions by June 30, 2024.

The university is committed to instituting corrective actions and continuous improvement that will affect positive change, increase accountability, and foster good stewardship over university resources. The Ethics and Compliance Office assists the university campus in a proactive manner to ensure its activities comply with the laws, regulations, and policies that govern the university and adhere to the highest legal, professional, and ethical standards.

Prior Year Findings Fixed and Not Repeated

1. Inadequate Internal Controls over Revenue Recognition: During the current audit, the

auditor's testing did not identify any similar matters.

2. **Inadequate Internal Controls Over Contracts:** During the current examination, the auditors noted the University made improvements over its processing of contractual agreements based on their sample testing.
3. **Inadequate Controls over Employee Terminations:** During the current examination, the auditor's sample testing over terminated employees did not identify any untimely removals from payroll.
4. **Subsidies between Accounting Entities:** During the current examination, the Legislative Audit Commission approved amendments to the University Guidelines. One of the amendments removed the prohibition on subsidies between accounting entities.
5. **Lack of Annual Employee Training:** During the current examination, the auditors noted the University made improvements over conducting required trainings.
6. **Untimely Reporting of Auto Accidents:** During the current examination, the auditors noted the University made improvements over timely reporting of auto accidents.
7. **Lack of Adequate Controls over the Review of Internal Controls over External Service Providers:** During the current examination, the auditors noted the University had improved its controls over the review of service providers' internal controls.

ANNUAL REPORT OF CASH AND INVESTMENTS FOR PERIOD ENDING JUNE 30, 2024

In accordance with the University's Investment and Cash Management policy, this report on cash and investments is submitted at the end of each calendar quarter to the Board of Trustees. This report is required by *Board of Trustees Regulations (Section V, Subsection D)*. The following schedules are included:

- Report of Depositories as of June 30, 2024
- Cash and Investment Holdings Summary as of June 30, 2024
- Investment Earnings for the quarter ended June 30, 2024

The Investment Advisory Group is responsible for monitoring compliance with the University's Investment and Cash Management Policy. The Investment Advisory Group is comprised of the Chair, Vice President of Administration and Finance and Chief Financial Officer (VPCFO), the Associate Vice President for Finance and Treasury, the Controller, the Deputy Controller (non-voting), a faculty representative and any others appointed by the VPCFO. The investment goals, as stated in the policy, are to insure the preservation of principal and maintain compliance with applicable state laws, rules, regulations, debt covenants and *Board of Trustees Regulations* while meeting cash flow needs and earning a yield acceptable to conservative investment managers.

The *Report of Depositories* is submitted annually, along with the University's [Investment and Cash Management Policy](#) and reflects all funds deposited in banks authorized by the Board of Trustees to serve as depositories. The depository summarizes deposits and withdrawals, including inter-bank transfers, in each bank account during the fiscal year. The ending balances reflect bank statement amounts and may differ from university accrual based financial records due to reconciling items. The *Report of Depositories* does not include the fixed income investment portfolio or the petty cash and working fund balances secured on campus and reported on the Cash and Investment Holdings Summary report.

The *Cash and Investment Holdings Summary* at June 30, 2024 shows NIU's total holdings at just over \$77M. Of the total holdings balance, approximately \$16M is available for daily operations providing approximately 13 days cash on hand based on the historical burn rate of \$1.2M per day. The remaining balance is restricted per collateralization requirements related to the University's commercial card program and contractual obligations related to auxiliary system, escrow agreements, and other agreements. The total holdings balance is down \$50M from the balance at June 30, 2023. The decrease is primarily a result of the exhaustion of pandemic relief funds, increased cash disbursements related to payroll, supplier payments, and debt service, while cash receipts have held relatively flat. The university will curtail the declining cashflow trend with proactive planning and implementation of its deficit mitigation plan.

The *Investment Earnings* report shows income of \$1.3M and an overall annualized rate of return of 5.42% for the fourth quarter. This represents a decrease in interest earned of approximately \$560K when compared to the same quarter of FY23. The decrease in interest earned is primarily due to a decrease in the total cash and investments holding balances, despite improved market yields from the same period last year. Operating funds are primarily invested in interest-bearing savings accounts and money markets to balance liquidity needs with investment earnings. Due to decreased investment funds and total holdings balance, funds are not being invested in fixed income investments to ensure operational liquidity.

Recent indicators of economic activity continue to show modest growth, while job gains continue

to be strong, and the unemployment rate remains low. Inflation has eased over the past year but remains elevated, above the 2% goal set by the Federal Open Market Committee. The Federal Open Market Committee decided to maintain the target range for the fed funds rate at 5.25% to 5.5% at its most recent meeting in June 2024. The Committee meets again July 30-31, 2024, and economists currently anticipate no change in rates. Management actively monitors market changes impacting the university's cash management and investment goals and deploys all available options within the limitations of the *Illinois Public Funds Investment Act*. The entire campus community is responding to management's call to action to stabilize operations, which is critical for maintaining sufficient operational liquidity and strengthening the university's cash position.

Northern Illinois University
REPORT OF DEPOSITORIES
For the Year Ended June 30, 2024

	Beginning Balance 7/1/2023	Deposits*	Withdrawals*	Ending Balance 6/30/2024**
Amalgamated Bank				
Series 2014 Certificates of Participation	9	1,500,098	1,500,100	7
Series 2020A Revenue Bonds	-	1,894,595	1,894,595	-
Series 2020B Revenue Bonds	-	10,976,075	10,976,075	-
Series 2021 Revenue Bonds	-	4,236,425	4,236,425	-
	\$ 9	\$ 18,607,193	\$ 18,607,195	\$ 7
First National Bank				
Investment	\$ 145,227	\$ 60,066,800	\$ 59,520,082	\$ 691,945
Contributory Trust	9,839,000	516,867	516,867	9,839,000
	\$ 9,984,227	\$ 60,583,667	\$ 60,036,949	\$ 10,530,945
Old National Bank				
Credit Card Account	\$ 50,000	\$ 65,005,788	\$ 65,005,788	\$ 50,000
Deposit Account	304,360	152,034,036	152,181,070	157,326
Disbursement Account	50,000	58,504,995	58,504,995	50,000
Investment Account	41,042,353	405,241,953	413,424,440	32,859,866
Payment Account	50,000	413,976,985	413,976,985	50,000
Payroll Account	78,555	187,969,892	187,983,863	64,584
Escrow Account	1,217,509	14,997	1,232,506	-
	\$ 42,792,777	\$ 1,282,748,646	\$ 1,292,309,647	\$ 33,231,776
JP Morgan Chase Bank				
CD	\$ 1,000,984	\$ 11,579	\$ -	\$ 1,012,563
Illinois National Bank				
NIU Operations- IL Funds	\$ 5,000	\$ 1,379,560	\$ 1,379,560	\$ 5,000
US Bancorp Fund Services				
NIU Operations- IL Funds	\$ 48,721,460	\$ 98,640,789	\$ 115,001,756	\$ 32,360,493
Total For All Banks	\$ 102,504,457	\$ 1,461,971,434	\$ 1,487,335,107	\$ 77,140,784

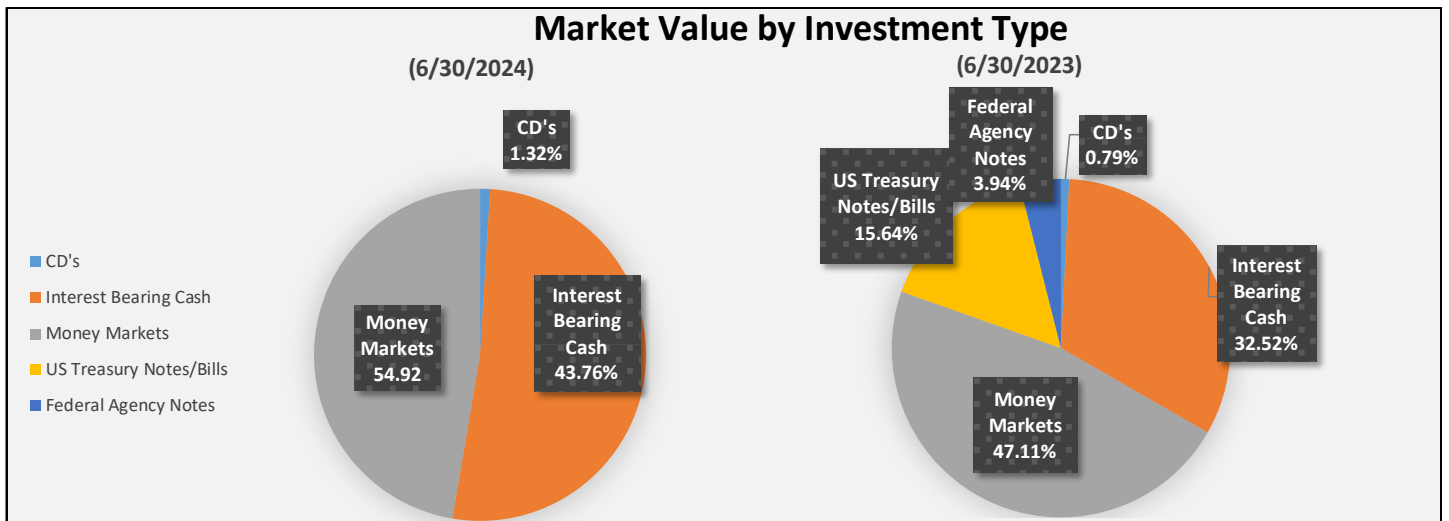
* Deposits and Withdrawals include interaccount transfers.

** The balances and activity reflected on this report are taken from bank statements and may not reflect those amounts recorded in the university financial records due to reconciling items, and exclude fixed income securities.

NORTHERN ILLINOIS UNIVERSITY
CASH and INVESTMENT HOLDINGS SUMMARY

June 30, 2024
For Fiscal Year 2024

Investment Type	Purch Price/ Ending Bal *	Book Value **	Market Value ***
CD's:			
Local Funds	\$ 1,012,563	\$ 1,012,563	\$ 1,012,563
Federal Agency Notes:			
Local Funds	\$ -	\$ -	\$ -
Interest Bearing Cash Accounts:			
Local Funds	\$ 33,616,402	\$ 33,616,402	\$ 33,616,402
Money Markets:			
Contributory Trust	\$ 9,839,000	\$ 9,839,000	\$ 9,839,000
Local Funds	\$ 32,360,493	\$ 32,360,493	\$ 32,360,493
	<u>\$ 42,199,493</u>	<u>\$ 42,199,493</u>	<u>\$ 42,199,493</u>
US Treasury Notes/Bills:			
Local Funds	\$ -	\$ -	\$ -
TOTAL INVESTMENT HOLDINGS	\$ 76,828,458	\$ 76,828,458	\$ 76,828,458
Non-interest Bearing Cash	\$ 411,217	\$ 411,217	\$ 411,217
TOTAL CASH & INVESTMENT HOLDINGS FOR 6/30/2024	\$ 77,239,675	\$ 77,239,675	\$ 77,239,675
TOTAL CASH & INVESTMENT HOLDINGS FOR 6/30/2023	\$ 127,057,908	\$ 127,436,713	\$ 127,416,441
INCREASE/(DECREASE) IN TOTAL CASH & INVESTMENT HOLDINGS	\$ (49,818,233)	\$ (50,197,038)	\$ (50,176,766)



* Amounts per Bank and Investment Statements
** Purchase price, net of accumulated amortization of premiums and discounts
*** Estimated price for which an investment would sell in the marketplace

Assets reported in the CASH and INVESTMENT HOLDINGS SUMMARY comply with the Illinois Public Funds Investment Act (30 ILCS 235)
and the NIU Investment and Cash Management Policy

NORTHERN ILLINOIS UNIVERSITY
INVESTMENT EARNINGS
For Fiscal Year 2024
April 1, 2024 - June 30, 2024

	June 30 Ending Balance	Qtr 4 Average Daily Balance	Percent of Portfolio	Qtr 4 Income Earned	Annualized Rates of Return				
					FY2024				
					4th Qtr	3rd Qtr	2nd Qtr	1st Qtr	
Short-Term Investment Accounts									
Illinois Funds	\$ 32,360,493	\$ 38,861,050	41.72%	\$ 526,885	5.438%	5.397%	5.508%	5.419%	
Investment Accounts - Financial Institutions	\$ 33,616,402	\$ 43,446,028	46.63%	\$ 592,717	5.472%	5.430%	5.570%	5.433%	
Contributory Trust	\$ 9,839,000	\$ 9,838,752	10.56%	\$ 127,256	5.188%	5.209%	5.246%	5.163%	
Escrow Account	\$ -	\$ -	0.00%	\$ -	0.000%	0.000%	0.000%	4.922%	
CD's	\$ 1,012,563	\$ 1,012,563	1.09%	\$ 12,799	5.070%	5.070%	5.070%	4.725%	
ST Investment Accounts Total	\$ 76,828,458	\$ 93,158,393	100.00%	\$ 1,259,657	5.424%	5.394%	5.506%	5.385%	
Fixed Income Securities									
Local Funds	\$ -	\$ -	0.00%	\$ -	0.000%	5.391%	5.420%	5.131%	
Fixed Income Securities Total	\$ -	\$ -	0.00%	\$ -	0.000%	5.391%	5.420%	5.131%	
Non-interest Bearing Cash									
	\$ 411,217	-	-	-					
COMBINED TOTAL									
	\$ 77,239,675	\$ 93,158,393	100.00%	\$ 1,259,657	5.42%	5.39%	5.49%	5.34%	

Assets reported in INVESTMENT EARNINGS comply with the Illinois Public Funds Investment Act (30 ILCS 235)
and the NIU Investment and Cash Management Policy

BOWL GAME PARTICIPATION EXPENSES

Summary: The university is requesting that the Board of Trustees delegate to the President, or designee, approval for all necessary and proper expenses related to NIU's participation in a post-season Bowl Game competition, including (but not limited to) the following: the Bowl agreement(s), expenses relating to ticketing, tickets, travel/transportation, lodging, rentals, insurance, dining, beverages (non-alcoholic), fees, services, broadcast rights, apparel, commodities, equipment, and supplies. Further, such approval is requested to also authorize the President, or designee, to undertake all business transactions necessary in relation to an anticipated upcoming Bowl event, reporting actions taken where required beyond customary authorizations at a subsequent meeting of the Board.

Background: For 12 of the past 16 football seasons, the NIU football team has been invited to participate in a post-season Bowl Game. Through a shared cost model, the Mid-American Conference and respective institutions participating in bowl games account for the costs (amount established each fiscal year). The university is unsure of the bowl scenario at this point of the season, but should the team qualify, there is a quick turn-around for logistics. Bringing this item the Board in advance allows university leadership and Intercollegiate Athletics to prepare in the most efficient manner.

Funding: Institutional Funds

Recommendation: The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President's Report to the Board of Trustees for approval at its meeting on September 19, 2024.

CAMPUS ENERGY IMPROVEMENT PHASE I IMPLEMENTATION

Summary: The university is requesting that the Board of Trustees delegate to the President, approval to enter into a contract with Trane to implement the first phase of the Campus Energy Improvement project.

To ensure improvements remain eligible for applicable federal and state incentives, approval to enter into a \$3M contract with Trane is sought at the special Board of Trustees meeting on August 22, 2024. The identified partner, Trane Inc., is an approved Illinois Public Higher Education Cooperative firm. This strategy is a two-step contract process with Trane to support sufficient improvement efforts this fall to realize the incentives. Creating a second phase for the remainder of the project allows us time to finalize the scope and identify financing opportunities to fund the effort. These aspects will come back to the board for approval.

Background: As reported to the Board at the May 2024 FACFO meeting, NIU contracted with Trane to complete an engineering assessment across 51 campus buildings to develop the scope for this project. This included evaluating various energy/utility consuming building/infrastructure systems, most with existing deferred maintenance/modernization requirements, and determining potential energy generation opportunities in consideration of an investment return and applicability of available grant/tax incentives. Selected improvements, summarized below, represent actions that demonstrate sufficient return on investment to allow anticipated savings to support financed repayments as well as the maximum scope of possible future work and investment.

- HVAC efficiency and automation control improvements: Estimated to be about \$23M, this scope element would consist of significant heating and cooling mechanical system improvements to four buildings and systemic building automation control upgrades benefiting about 36 buildings. The average annual savings estimate is \$2.5M and applicable grant/tax/rebate benefits are estimated at \$1.5M.
- Lighting upgrades: Estimated to be about \$17M, this scope element would consist of expanded LED lighting conversions and occupancy controls to about 50 buildings and three sports fields. The average annual savings estimate is \$1M and applicable grant/tax benefits are estimated at \$850K.
- Water conservation improvements: Estimated to be about \$3.5M, this scope element would consist of plumbing fixture improvements to about 50 buildings to reduce water consumption/waste. The average annual savings estimate is \$180K.
- Building envelope improvements: Estimated to be about \$1M, this scope element would consist of seal improvements to entry points and other penetrations to about 50 buildings. The average annual savings estimate is \$80K.
- Solar generation installations: Estimated to be about \$12M, this scope element would consist of a combination of roof and ground mounted solar arrays which present the best arrangements for generation. Locations include roof systems for DuSable, Stevens, and Chessick, and ground systems at the visitor parking lot and grassed areas northwest and southeast of the Convocation Center. The total system is estimated at 3.3 mega-watts for possibly 4.4 giga-watthours of annual energy production (about 6% of university consumption). The average annual savings estimate is \$530K and applicable grant/tax/rebate benefits are estimated at \$5.5M.

- Level 2 EV charging stations: Estimated to be about \$300K, this scope element would consist of three 2-port EV charging stations located at the visitor pay lot. The annual estimated revenue generated is \$25K and applicable grant/tax/rebate benefits are estimated at \$50K.

As introduced in May, this project is to advance the university's Sustainability and Climate Action Plan goals by increasing building system energy efficiencies and generating renewable energy as supported by applicable federal/state/utility incentives and thus resulting in energy savings. Following the authority contained in the *Illinois Procurement Code (30 ILCS 500/)* and the *State University Certificates of Participation Act (110 ILCS 73/)*, we anticipate the use of Certificates of Participation (COPs) as the financing instrument for the second phase. The remaining improvements would proceed through FY25 and FY26 as supported by the COP financing. Performance monitoring and maintenance to ensure the guaranteed projected savings will proceed through the financed term. The developed scope of improvements will span across 50 of the top energy consuming buildings on campus and will produce annual savings and additional revenues of about \$5.3M that can support the debt payments. This includes approximately \$8M in federal and state subsidies to be received over a 5-year period. The project also addresses critical deferred maintenance needs by modernizing affected building systems, thereby decelerating growth in the deferred maintenance backlog and mitigating deterioration and decline in campus infrastructure.

A method of measuring and verifying (M&V) estimated savings will be determined for each improvement type and systematically monitored throughout the term as the improvements are maintained. Each method will be in accordance with the International Performance Measurement and Verification Protocol standards. The estimated energy savings will be guaranteed under the contract to help ensure the university's confidence to cover payments with realized savings. These infrastructure and energy savings measures can lead to an avoidance of 12,000 CO₂e metric tons (11% overall reduction) and represent an approximate 26.4% reduction in energy.

In parallel to implementing the improvements over FY25, Trane will continue to collaborate with NIU to identify and document the financial and social impacts of programs proposed that may include workforce development opportunities, community engagement, and related academic benefits. Trane has a track-record of collaborating to create experiential learning opportunities for undergraduate and graduate students at NIU and other partner universities.

Business Analysis: This investment is based on the following table which shows how the net investment inclusive of incentive benefits will be financed with payments structured around expected energy savings to avoid added financial pressure to the university. Financing terms have been reviewed with potential firms and final offered interest rates are expected to be less than 5.5% to support a repayment schedule across a possible 20-year term.

Estimated Project Breakdown:

HVAC	23,000,000
Lighting	17,000,000
Water Conservation	3,500,000
Building Envelope	1,000,000
Solar	12,000,000
EV Charging	300,000
Total	56,800,000

Pro Forma:	Annual (Avg)	20-Year Projection
Utility Savings	4,598,615	91,972,300
Maintenance Savings	340,171	6,803,420
Rebate/Subsidy	412,612	8,252,240
EV Revenues	31,930	638,600
Total Revenue/Subsidy/Savings	5,383,328	107,666,560
Debt Payment	4,776,442	95,528,840
Maintenance Costs	565,402	11,308,040
Total Annual Expenses	5,341,844	106,836,880
Net Savings	41,484	829,680

Starting with a gross investment of about \$57M, the net investment will be about \$49M after factoring in the incentives of about \$8M. Financing this net investment over 20 years would require annual payments averaging approximately \$5.3M based on a conservative 5.5% interest rate. With a conservative estimated savings and new revenues and subsidies of about \$108M over this 20-year period, the guaranteed annual average projected proceeds of \$5.3M meets the required financed payment schedule. A separate financing resolution and the second phase of the contract will be provided at the September Board meeting.

Funding: Institutional funds

Recommendation: The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President's Report to the Board of Trustees for approval at its special meeting on August 22, 2024.

PROGRESS REPORT OF ACTIVE CAPITAL PROJECTS

John Heckmann, Associate Vice President for Facilities Management and Campus Services, Division of Administration & Finance, will give a presentation with key updates relating to recent major project activities over the summer of 2024.