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Governors State University Board of Trustees Budget and Finance Committee Meeting Minutes- December 7, 2007

Board of Trustees

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**GOVERNORS STATE UNIVERSITY
BOARD OF TRUSTEES**

BUDGET AND FINANCE COMMITTEE

Minutes of the Friday, December 7, 2007 Meeting

Call to Order

Chair Beaupre called the meeting to order at 10:35 a.m. Trustee Kristi DeLaurentiis, a committee member, was present as were Faculty Representatives to the Committee Joseph Matula and Tony Labriola. Other Trustees present were: Bruce Friefeld, Lois Mayer, Lorine Samuels, and Elizabeth Green.

Committee Member Absent: Kathleen Field Orr

Others present: Dr. Elaine Maimon, President; Dr. Gebeyehu Ejigu, Executive Vice President of Administration & Finance/Chief of Staff; Alexis Kennedy, General Counsel; Michael Wortham, Assistant to the President; Peggy Woodard, Interim Provost and Vice President for Academic Affairs; Jeff Slovak, Deputy Vice President for Administration and Finance; Karen Kissel, Associate Vice President for Financial Services and Comptroller; Dave Dixon, Internal Auditor; Tracy Sullivan, Director of Procurement and Auxiliary Services; Susan Rakstang, Associate Vice President for Facilities Development and Management; Sherilyn Poole, Associate Vice President for Student Affairs and Dean of Students; Paul Blobaum, Faculty Senate President; Rosa Moran, Student Senate President; Kathy Miller, Civil Senate President; and Joan Johns, Special Assistant to the Executive Vice President of Administration and Finance/Chief of Staff.

Action Items

1. Contract Award for Exterior Entrance Signage

Discussion:

Slovak presented. Approval is being sought for a contract with All Right Sign, Inc. of Steger, IL, in the amount of \$250,997, for the production and installation of electronic signage at the two main entrances to the University. With the standard 10% contingency, this action would authorize the University to spend up to \$276,097 on the project. Rakstang explained the scope of the work and answered questions.

Action:

DeLaurentiis moved that the committee recommend that the full Board approve *Resolution 08-17: Contract Award for Exterior Entrance Signage* to All Right Sign, Inc. of Steger, IL, and include it on the consent agenda. Beaupre seconded the motion. The motion was approved by unanimous voice vote.

2. Contract Award for Replacement of C-Wing Elevator

Discussion:

Slovak presented. Approval is being sought for a contract with Chicago Heights Construction Company of Chicago Heights, IL, in the amount of \$341,400 for the modernization of the C-Wing hydraulic elevator and related work as specified in the bidding documents. With the standard 10% contingency, this action authorizes the University to spend up to \$375,540 on this project. Slovak explained this is a Deferred Maintenance Initiative and will be funded from proceeds of Revenue Bonds.

Action:

DeLaurentiis moved that the committee recommend that the full Board approve *Resolution 08-18: Contract Award for Replacement of C-Wing Elevator* to Chicago Heights Construction Company of Chicago Heights, IL, and include it on the consent agenda. Beaupre seconded the motion. The motion was approved by unanimous voice vote.

Information Items and Reports Received

Financial and Procurement Reports

Discussion:

Ejigu presented. Reports presented were: Quarterly Report on Income-Producing Contracts, Report on Contributions, Report on Auxiliary Service Income, and Procurement Report. No questions were asked.

University Internal Auditor's Annual Report

Discussion:

Ejigu introduced Dixon, Internal Auditor, who presented the report. Findings from the external auditors were discussed. Beaupre asked about the continuance of quarterly reports by the Internal Auditor to the Board, or whether twice yearly reporting was adequate. Dixon stated twice yearly was adequate. Friefeld questioned Dixon on external audit findings. Dixon addressed each point.

DeLaurentiis expressed concern about the adequacy of a disaster contingency plan and whether the Internal Auditor was involved. He answered it was an IT issue that is being addressed by the administration. Ejigu responded that emergency preparedness issues are being addressed by a five-member team, including natural disasters, threats to the safety of the campus, IT issues, and others.

Maimon related discussions with IBHE regarding compliance with State Standards and audit findings. One important issue is that the IBHE recognizes it is nearly impossible for faculty to keep accurate timesheets.

Proposed Charter for GSU's Internal Auditor

Discussion:

Ejigu introduced Dixon. Dixon explained that the existing charter was adopted in 1995. The State of Illinois Internal Audit Advisory Board (SIAAB) recommends an external assessment of internal audit functions every five years. Ejigu indicated that the

Administration will bring the proposed charter to the Board as a resolution at the February 15, 2008 meeting.

Deferred Maintenance Initiative: Progress Report and Review of Next Steps

Discussion:

Ejigu presented. At the August 2007 Board Retreat a two-step process was initiated to address deferred maintenance projects. The Board authorized the sale of bonds to fund the initiative and \$8.9 million in revenue bonds were sold. The University is proceeding with the implementation of several deferred maintenance projects using those funds. The second phase is now ready to be implemented, and will be brought to the February 15, 2008 meeting. This includes authorization for the sale of \$13 million in Certificates of Participation and adoption of a \$16.00 per credit student fee dedicated to servicing of these debts. Presentations are being made throughout the University to inform students of the need for the fee increase, and to explain what the funds will be used for. Slovak stated that John S. Vincent & Co. will be maintained as financial advisor, and Chapman & Cutler LLP will continue to serve as bond counsel. DeLaurentiis requested a breakdown of student fees and where the money is spent for the next meeting. Ejigu responded that information will be provided at the February 15, 2008 meeting.

Preview of Future Agenda Items

Ejigu stated the Administration intends to include the following items on the agenda of the February 15, 2008 or subsequent Board meetings: issues related to the next phase of debt financing of the Deferred Maintenance Initiative; tuition and fee increases to go into effect the Fall 2008 trimester; a concept paper on student housing; guidelines for the operation of the Center for Performing Arts; and a report on emergency preparedness.

Executive Session

There was no Executive Session.

Public Comment

Beaupre asked for Public Comment. There was none.

Chair Beaupre requested a motion to adjourn. Friefeld moved that the meeting be adjourned. DeLaurentiis seconded the motion. The motion was approved by unanimous voice vote. The meeting was adjourned at 11:00 a.m.

Respectfully submitted,

Joan M. Johns