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### **Title Governors State University Board of Trustees Facilities Committee Meeting Minutes - October 2, 2009**

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**GOVERNORS STATE UNIVERSITY  
BOARD OF TRUSTEES  
FACILITIES COMMITTEE**

**Minutes of the Friday, October 2, 2009 Meeting**

**Bruce Friefeld, Chair**

**CALL TO ORDER AND ROLL CALL**

The Facilities Committee of the Board of Trustees met on Friday, October 2, 2009 in the William D. McGee Hall of Honors. The meeting was called to order by Chair Friefeld at 9:19 a.m. Trustees Jack Beaupre, Kristi DeLaurentiis, Lois Mayer, Lorine Samuels, and Student Trustee Bryce Johnsen were in attendance.

Others present: Elaine Maimon, President; Gebe Ejigu, Executive Vice President and Chief of Staff; David Curtis, Interim Provost; Alexis Kennedy, General Counsel; Joan Vaughan, Vice President of Institutional Advancement; Paul Blobaum, Faculty Senate President; Kathleen Miller, Civil Service Senate President; Jeffrey Slovak, Deputy Vice President for Administration and Finance; Karen Kissel, Associate Vice President for Financial Services and Comptroller; Susan Rakstang, Associate Vice president for Facilities Development and Management; Tim Kosiek, Project Manager; David Dixon, Internal Auditor; and Charlie Moran, principal of Moran Technology Consulting.

**INFORMATION ITEMS AND FORMAL REPORTS**

**Status Report on Deferred Maintenance Initiative Projects**

Ejigu commended the exceptional team that has been working on the Deferred Maintenance Initiative as well as the performance contracting/energy savings project. All projects are proceeding as scheduled, and almost all have been completed within budget and on time. Only one project has experienced some difficulties with the contractor, which the team is working to resolve. Details of all the projects in terms of their scope, how they were contracted, the award amount, the amount expended, and funds remaining can be found in the one page report in the Board Book. Friefeld thanked Ejigu for an excellent report. He pointed out that some uncommitted funds are for projects under design and have not been allocated yet. DeLaurentiis stated she has heard a lot in other venues about proposals coming back under budget because of the current economic environment, and she asked if that has proven to be the case with any of these projects. Ejigu replied that many projects have benefited from the current economic climate, which means the University will be able to do a few more deferred maintenance projects. DeLaurentiis asked Ejigu if the problem with the contractor on the one project concerned him. Ejigu replied that it has been a difficult process, but he, members of his staff, and the General Counsel are working through the issues to negotiate a fair outcome.

**ACTION ITEMS**

**Approval of Minutes**

Friefeld entertained a motion to accept the Minutes of the Facilities Committee meeting of June 5, 2009. Beaupre made a motion. Samuels seconded. The motion was approved by unanimous voice vote.

## DISCUSSION ITEMS

### **Approaches to Building and Operating On-Campus Student Housing**

Ejigu provided a PowerPoint Presentation. He pointed out that the issue of safe, affordable, learning centered student housing is an integral part of *Strategy 2015*. The purpose of this discussion item is to provide updates, to outline new financing opportunities that the University is exploring, and to get guidance from the Board. The previous update in February 2009, which would have involved a partnership with the Village of University Park, was not felt to be the best option for the University. Growth in enrollment, particularly undergraduate students, is being pursued aggressively. Those are the types of students that will need on-campus housing, and that will benefit from such accommodations. *Strategy 2015* also focuses on improved retention of students, and there is a significant body of knowledge that demonstrates that living on-campus housing contributes to and enhances retention and graduation rates. Residential students also tend to contribute to a lifelong affiliation with universities, thus improving alumni relations and institutional advancement goals. The long-term goal is to house 1000 students, but it is important to develop housing in phases, with a first phase of about 300 beds considered ideal. The Administration is looking at plans for housing clusters or villages, which are preferable to high rises, containing single, double and four bed-room choices. A photo of a conceptual village, as well as a proposed timeline for the project, was included in the PowerPoint presentation.

The Office of Institutional Research administered an online survey to all current and prospective students as to the need for on-campus housing. As of yesterday they had received close to 750 responses, 674 of which were completed, with 296 of those indicating interest in living on campus. Of primary importance to that group are private bedrooms and reasonable cost. This survey information is very useful when considering design issues, however if student housing is to proceed there is the need for a scientific survey by an outside firm to more closely gauge the needs and desires of the students.

Ejigu went on to explain a new financing opportunity, the Build America Bonds (BAB) program of the American Recovery and Reinvestment Act, which can be used to finance such projects. It has been ascertained that GSU is an eligible entity for that program. There are two approaches for structuring the 35% interest expense subsidy by the federal government -- the issuer may receive the subsidy as it pays off the bonds or the federal government can pay the subsidy directly to the bond holders. The option is selected at the time the institution puts bonds on the market. The first such bond was issued in March 2009 and many universities are now taking advantage of the program. Build America Bonds allow universities to finance critical projects at a true interest cost equivalent to or slightly lower than the tax exempt rates. Samuels asked if alternative financing would be sought. Ejigu replied that although there are other possibilities that can be explored, there aren't that many options available to us because of specific statutes on how public entities can access the capital markets. Ejigu stated that he has received unsolicited lease-purchase types of proposals, but that it is his understanding the University cannot access this kind of financing because of specific state statutes which do not allow such debt financing for student housing. Samuels then asked if Ejigu had projected how many students in housing would be needed to make the project financially feasible. Ejigu stated that he had not, however, generally and depending on the financing structure, a 60% to 80% occupancy rate may be necessary to make it a financially feasible project. Beaupre asked if there was a best guess of the total cost and what was the length of time anticipated for financing. Ejigu replied both are dependent on many factors including the quality of the design and materials used, the amenities included, etc.

Johnsen asked if GSU will continue to be an upper division school once housing is in place. Ejigu answered that is the assumption. Consistent with *Strategy 2015* GSU is focusing enrollment efforts on community college students, and currently community college enrollment is up and GSU's full time undergraduate enrollment is up as well. Friefeld added that is a trend of the economy, to which Maimon

echoed is an important point to consider, but that she believes increased community college enrollment will be more than a one year trend. For the short term it is meaningful to the University in terms of filling 300 beds. Long range there is no obligation to get to 1000 beds, but it is important that our actions don't prohibit future presidents and trustees from going in that direction. Mayer asked if there was a sense of the day to day operational costs of providing 300 beds. Ejigu replied that the cost of operating the facility will be part of the pro forma financial analysis that will determine its feasibility. In other words, the cost of operating the facility is part of determining its feasibility. He added that management options are being explored, but that in his opinion management of the facility should be contracted out, in a joint effort arrangement, in order for the University to maintain effective control of the quality of residential life programming while the day-to-day operational responsibility is assigned to a management firm.

Mayer pointed out that one of the slides discussed safety and academics. She asked if there is a plan to increase student life on campus. Ejigu answered the plan outlines creating a robust campus life. DeLaurentiis asked whether the scientific survey would be the responsibility of the University or that of the respondents to the Request for Qualifications (RFQ), stating that she was concerned about issues other institutions in the area experienced when developing student housing and her desire to avoid those pitfalls. She added that she would be very interested in going on site visits at some of those institutions to do further analysis and review. DeLaurentiis expressed this is a pivotal point for GSU, not only financially but operationally as well. Friefeld replied that he is very sensitive to the issue of housing because he is familiar with what happened at Joliet Junior College. However, if GSU is going to take advantage of the BAB then time is of the essence, reiterating that the RFQ will answer some of the questions brought up today. Ejigu agreed, stating the RFQ is a pre-qualifying phase and that is when a lot of the due diligence work will be done. The process for accessing the capital markets for Build America Bonds is the same as the debt financing processes the University has used of late. Due diligence and a market study will be done once a developer has been selected as part of the process of accessing the capital markets. Friefeld stated the developer will get his money up front, and recommended that the University stick to the proposed timeline. Samuels requested to see the timeline again and it was provided. DeLaurentiis stated that what she needs before feeling comfortable supporting this effort is an understanding of some of the carrying costs to the University including such costs as campus safety officers, staffing, etc. In terms of the timeline, Samuels pointed out that some aspects occur simultaneously. Beaupre expressed the importance of being careful and looking at the experiences of other institutions. GSU is unique and probably has an opportunity to be a pioneer with five community colleges feeding into the University. He emphasized that GSU should never forget its uniqueness and thus its ability to offer students groundbreaking opportunities.

Friefeld thanked everyone for a good discussion, and called for a five minute break. The meeting resumed at 10:25 a.m.

### **ERP Initiative**

Maimon began the discussion, stating that Enterprise Resource Planning (ERP) involves the workings of the entire University; it is extensive and expensive. Students now pay a technology fee designed to support the ERP system as well as technology in the classrooms. Ejigu pointed out that last February when recommendations were brought before the Board regarding tuition and fee increases, the only fee increase recommended by the President and approved by the Board was the technology fee. In that regard, it is important to look at the current system to determine its adequacy in meeting the needs of the University. Two assessments were recently done, one by the current vendor (Jenzabar) at no cost to GSU. Their consultants addressed questions that have been raised about their products. Their report did not surprise anyone -- that the University is not taking full advantage of their system because many of the modules being utilized are from past generations. Another assessment was done by an independent firm, which the University hired through a competitive selection process. That firm, Moran Consulting of

Naperville, IL, has been working with GSU for the past three months and has submitted its findings and recommendations. Our purpose today is to share those findings and recommendations and to solicit the Board's general guidance. Ejigu then introduced Charlie Moran of Moran Technology Consulting to make the presentation.

Using a PowerPoint presentation, Moran explained that his firm held workshops throughout the University with students, staff, faculty, and administrators. The system currently in place at GSU was instituted in the mid-1990's and is now out of date. DeLaurentiis asked what the time frame for a process reengineering was in terms of an operational change, to which Moran replied that assuming one started today it could be done in 2-4 months, 6 months on the outside. Such a change would get at the high level process aspects that one wants computers to do, and free up man hours from doing mundane tasks. Samuels pointed out in the presentation that some of GSU's current processes are four generations behind, and asked how one ensures that a new system is always current. Moran responded by indicating that ITS staffing increases are to be worked into the project. However he also pointed out that the way training and processes would be managed will ensure the programs are kept current. DeLaurentiis stated that she has been on the Board of Trustees for a number of years, and 4-5 years ago the Board heard about the challenges of the current system. At that time the VOIP system was added and it was her understanding that there was some capability of that system to take over some aspects of the current system. Therefore, how does one integrate new protocol with an old system and then have new capabilities? Moran explained that the VOIP system can be integrated into a new ERP system.

Friefeld made the observation that with his governmental background he feels such an undertaking will not be successful unless a strong project manager is hired. He went on to ask how the Board should proceed forward on this initiative. Ejigu stated the financial aspects will be presented to the Board at next week's Budget and Finance Committee meeting, unless guidance from the Board today is not to pursue this initiative further. He added that plans are underway to set up various teams from functional units to look at and redesign the business processes. These groups will be trained on how to study and re-design processes so that by the time vendors are interviewed the University will already know what it is looking for in a system. Johnsen asked if putting out a bid for a vendor would exclude the current vendor. Ejigu stated no, it would not; it will be an open competitive process. Mayer asked who fills the project manager role under the current system. Ejigu stated ITS has a couple of individuals who manage the system from a technological perspective and there are also individuals in functional areas who manage the day-to-day operational aspects of the system. Friefeld questioned whether the project manager necessarily has to be a tech person. Ejigu replied they did not. Moran Technology helped develop a job description. The individual has to have good project management and communication skills. In many ways they fill the role of coordinator. Currently it is anticipated that this individual will have a two-year contract, and report directly to the president. Friefeld thanked Moran for his presentation, and the Board for a good discussion.

#### **PREVIEW OF FUTURE AGENDA ITEMS**

Samuels asked for an update on the status of the Village of University Park's project to widen and repave University Parkway. Kennedy replied that the University received a proposal from the Village for easement space in order to widen University Parkway in which the Village wanted to own the land. In consultations it came down to why they wanted to own it, which the Village really could not answer. In other words we are waiting to hear back from them as to how they want to proceed. In terms of Wagner House, the University owns it and can dispose of it. Beaupre suggested the University start working with IDOT to deal with the railroad situation. DeLaurentiis asked whether reengineering the ERP would address student needs such as improving computer labs. She added that former Student Trustee Elizabeth Green had a lot of interest in that. Maimon stated that the University is currently on a schedule of

improving the student computer labs, but a more detailed report of those efforts will be provided to the Board. Friefeld suggested making it a standing item on the agenda. In light of the failed bid for *Chicago 2016*, Johnsen questioned whether the University should begin looking at ways to build a multipurpose structure for commencement since one will not be built for Olympic use. Ejigu replied that a conceptual plan is in the works within the spending authority delegated to the Administration. Friefeld asked Ejigu of any future agenda items. He replied that Deferred Maintenance, Student Housing, and the ERP initiative will be on future agendas. Friefeld commented that every time he comes to campus it looks more magnificent, which DeLaurentiis echoed. Maimon thanked the Trustees, Susan Rakstang, and the many others that have contributed to the improvements.

#### **PUBLIC COMMENT**

There were no requests for Public Comment.

Friefeld entertained a motion to adjourn. Samuels made a motion. Johnsen seconded. The motion passed by unanimous voice vote. The Facilities Committee adjourned at 11:06 a.m.

Respectfully submitted,

Joan Johns Maloney