

MINUTES
Special Meeting of the Board of Trustees of Illinois State University
May 4, 2019

Rossmark: I call the May 4, 2019 Special Meeting of the Illinois State Board of Trustees to order. As you all are aware, Trustee Donahue's, Trustee Louderback's, and Trustee Churney's terms expired in January of this year. Illinois statute prohibits them from continuing in office longer than 60 days after the expiration of their terms. We are beyond the 60-day period, and, as a result, there are currently only five members of the Illinois State University Board of Trustees, and the offices of chairperson and secretary are vacant. I will now call the roll.

The following members were present:

Trustee Dobski
Trustee Jones
Trustee Rauschenberger
Trustee Rossmark
Trustee Aguilar

Rossmark: With five trustees present, we have a quorum.

Also present for the public session were:

President Larry H. Dietz
Provost and Vice President for Academic Affairs Jan Murphy
Vice President for Finance and Planning Dan Stephens
Vice President for Student Affairs Levester Johnson
Board Legal Counsel Jane Denes
University Legal Counsel Lisa Huson
Board/University Liaison Brent Paterson

ELECTION OF CHAIRPERSON PRO TEM

Rossmark: Before we proceed with the meeting, I will call for nominations to elect a chairperson pro tem. The chairperson pro tem will preside over the election of a chairperson who will then preside over the election of a secretary. The chairperson and the secretary that we elect today will serve for the remaining portion of the unexpired terms of Trustee Donahue and Trustee Louderback. At the July meeting, the Board will elect a chairperson and secretary for the 2019-2020 fiscal year. I will now call for nominations for the chair pro tem.

Jones: I nominate Trustee Sharon Rossmark for chairperson pro tem.

Rossmark: Trustee Rossmark, being me, has been nominated for the chairperson pro tem. Are there any further nominations? If not, the nominations are closed. All in favor of electing Trustee Rossmark as chairperson pro tem, please say aye. All opposed, say nay. The vote is confirmed, and Trustee Rossmark has been elected chairperson pro tem.

Thank you. My job as chair pro tem is to preside over the election of a chairperson to serve for the remainder of the unexpired term of Trustee Donahue. Are there any nominations for the office of chairperson of the Board of Trustees of Illinois State University?

Rauschenberger: I would like to put my name in for consideration, John Rauschenberger.

Rossmark: Are there any other nominations?

Jones: I nominate Julie Jones as chairperson of the Board of Trustees for Illinois State University.

Rossmark: Are there any other nominations? If not, the nominations are closed. I will now ask Trustees to vote by secret ballot on the sheet of paper from the pad provided. Please write the last name of the candidate you wish to vote for, fold the paper, and pass it to board counsel Jane Denes.

Denes: I have counted the ballots, and Julie Jones is the new chairperson of the Board.

ELECTION OF SECRETARY

Jones: Thank you. We will now proceed to elect a secretary. Are there nominations for the office of secretary of the Board of Trustees of Illinois State University?

Rossmark: I nominate Bob Dobski.

Dobski: What does that entail?

Denes: Signing your name.

Dobski: I'll accept the nomination.

Jones: Are there any further nominations for secretary? If not, the nominations are closed. I will now ask the Trustees to vote by secret ballot on the sheet of paper from the pad provided. Please write the last name of the candidate you wish to vote for, fold the paper, and pass it to Board counsel Jane Denes.

Dobski: D-O-B-S-K-I.

Jones: That's the first test. You have to sign your name.

Aguilar: Yeah, can he do that?

(Laughter)

Denes: Robert Dobski is the secretary of the Board of Trustees of Illinois State University.

Dobski: Thank you.

Jones: Secretary Dobski, congratulations. I look forward to working with you in our new roles.

APPROVAL OF AGENDA

Jones: You have, before you, the agenda for today's meeting. The agenda items today are for discussion between the Board and university administration. No action will be taken today on any of the items discussed. Could I have a motion and a second to approve the agenda? Trustee Rossmark so moved and was seconded by Trustee Aguilar. Motion made, seconded, and vote recorded as all members voting aye.

PUBLIC COMMENTS

Jones: Next on the agenda is Public Comments. The Public Comments procedure can be found on the Board of Trustees website. Seeing that no one has indicated an interest in making public comment today, we will move forward with the meeting.

CHAIRPERSON'S REMARKS

Jones: Thank you, everyone, for attending today's special meeting of the Board of the Trustees. Because of commitments that some of us have later today, it is my hope that we can conclude this meeting around noon, but definitely to later than 1:00 p.m. I will now turn over the meeting to President Dietz for presentation of the first topic.

PRESIDENT'S REMARKS

Dietz: Thank you very much. Congratulations Chair Jones and Secretary Dobski. I look forward to working with all of you, and we appreciate very much the five of you showing up today because otherwise we couldn't have a meeting. So, thanks for making special arrangements to be here. I appreciate it.

UPDATE ON COSTS FOR 2019-2020

Dietz: We felt that it was important to have a discussion about tuition, fees, and room and board rates for 2019-2020. We have not sent out resolutions on any of these because we didn't want to be incorrectly presumptuous before we had a good discussion on these; that's the purpose of today's conversation.

Setting tuition and fee rates continues to be a complex exercise. There are a lot moving parts to all of this, particularly in light of historical declines in State financial support, also in view of lack of predictability of the State of Illinois' budget and also the importance of student tuition and fee dollars in our budget, the university's budget. So, for the academic year 2019-2020, after a lot of conversation with staff, a lot of work by, particularly, a lot of Dan's folks on all of this, the university is proposing an overall total increase of \$316 for total costs, or basically 1.3%, including a February 2019 Board-approved increase of \$16 for the academic year for the optional student health insurance. This increase would place our total cost of attendance for a full-time student, including student health insurance, at \$24,682, in-state. We are requesting that there be no increase, zero increase, in tuition and zero increase in room and board over academic 2018-2019 rates. Mandatory fees: The proposal would be to increase that by \$10 per credit hour, which would be 12%, and that's the academic enhancement fee that we would be increasing as the only fee, other than the student insurance, for which we are requesting an increase; \$2.50 per credit hour to \$12.50 per credit hour.

Unlike most other public universities in Illinois, Illinois State has not collected student fee dollars to support maintenance and construction of academic and administrative facilities. Most other universities have a way of doing that, and we simply have not pursued that. It is clear, though, that the State of Illinois, despite conversations involving the capital bill which we hope will work out, will not be providing adequate funding to support all of our deferred-maintenance needs and upgrades to academic facilities. This is one way to do that, and we talked about this last November at our retreat, I know. And so, we're essentially seeking your approval to increase only that student fee portion to help the university address facility needs, which would include all academic facilities, but it would also potentially include some technology needs within that as well.

We would normally be requesting an increase in tuition this time of the year, albeit modest, but we would generally increase tuition and have a proposal for that. But increasing this fee, we think, is more important, and we want to continue to make Illinois State University education affordable, so thus the balance between the tuition and the fee part, so no increase in tuition, a modest increase on the fee side. With that, I'd be happy to have Dan also, if you don't mind, run through a handout. You can either do that ahead, or we can have discussion.

Rossmark: I'd like to have the handout because it would be easier to visually see it. That would be great.

Dietz: His handout will include looking at where Illinois State is with other public institutions in the state, and then also looking at some of this as compared to some out-of-state institutions that are competitive. The bottom line is that we retain our relative costs compared to the other institutions in the state. And I think it's important to do that. Dan, do you want to make...

Stephens: Sure. What you'll see, there are three pages to the handout. And I apologize for some of the recent ones copied this morning. I didn't bring enough, and the copier downstairs wasn't quite as clear. What you have on page 1 is all the Illinois Schools. This is our proposal, as President Dietz talks about, an overall total increase of 1.3% in total. That is driven by, essentially, the fee portion which is \$316, and then that fee is in the mandatory student fees area, as you can see. We're doing a 0% tuition increase and room and board increase is 0%. The way you see the sorting, we're sorting our costs and where we sit using total costs across all universities. So, if you're looking on the far left of the first page, you will see we're in the bottom quartile of the rest of the state, just above Western Illinois. When you see "not available," what that means is the other schools' boards have not posted or approved their tuition yet. If you still see a blank over in total cost, some of the schools have approved tuition, but they have not finished all of their student health insurance, so we grabbed as much information that was made public by the other schools.

Dobski: Is there a certain date they all have to have all these numbers chained in by or something?

Dan Stephens: No, and it's interesting if you look at the back page, the back page is just our comparison of Illinois State to three major universities out of state, who we believe we strongly compete with: the University of Missouri—Main Campus, the University of Iowa, and Iowa State. Now, they appear to not have board meetings, as we did research, until sometime in June; but John just found today in the *USA Today* that the University of Iowa is recommending to their board of regents a 3.9% increase. So, this shows here that from an in-state rate, we're at a little higher than our out-of-state peers, and it's probably given, if you look at the far right-hand column, they've got a lot more state support that they're provided per student. As we all well know, our state appropriation per student is substantially lower.

Rossmark: I thought that there had been some offers from out-of-state schools, in adjacent states, offering our students their in-state rates.

Stephens: They don't offer them the way we do. What we offer is an immediate reciprocity. What we've discovered in research is what they will do is, I think in the University of Missouri, you come in at the out-of-state rate, and then you will work with their financial aid office to file for residency. And if you're able to get the 12-month residency, then you fall into that category. So, you pretty much have one year to where you're at the out-of-state rate. But that is one way where they are drawing people in.

Rossmark: So, they're not making it retroactive, then, either.

Stephens: No.

Rossmark: You can't go back and ...

Dietz: But they're heavily front-loading scholarships...

Stephens: Right, in that first year.

Dietz: ...making that first year really affordable, and then they talk them into the, "Here's how you become a resident," and then that extra cost drops off. But the other area that they are really making up a lot of money in is, obviously, the out-of-state rate. At one time, the University of Iowa—I think they were well ahead of Iowa State on this—but at one time, 51% of their students were from Iowa, 49% were from other states, namely the Chicago area. So, they were very heavily milking that Chicago market.

Stephens: So, you can see from a total cost perspective, we look well within the state, look reasonable within the state. Some of the schools, it's interesting when you—if you look back on the front page, the only schools that have announced a tuition increase, which is the far right column, is Northeastern is proposing what we believe will be an increase; Western proposed an increase; and Eastern. The University of Illinois, the University of Illinois Chicago/Champaign, what they're changing is they're changing their fees. And, so, we're seeing advertisements, you'll hear on the news, the advertisements of base tuition being no change, and then they've got, especially U of I—the U of I system has got major differentiated fees and program fees, and that's where we believe they are managing their increases. U of I/Chicago did a 3.6% increase in their student fees.

Dietz: I want to mention one other thing that Bob brought up about the timing of these decisions and so forth. While technically there really isn't a time issue with that, practically what happens is that we have historically been pretty late, into May. May is a critical time for us, though, because if we don't get those amounts fixed, then the students, although already been given a projected financial aid package, they want firm numbers. So, if you get beyond this May date, melt will happen with those institutions that don't have the firm numbers. So, that's why the meeting next week and making some decisions next week is really critical, at least the timing involved for those financial aid packages that will go back out and reaffirm our numbers. The timing is important.

Rossmark: Just going back to the out-of-state, border-state issue, it's been several years now that they have been playing this, offering this package to Illinois students to come out of state. So, now that you've explained the

process of how it's working, to grant residency, are we seeing any trends at all that they get there, and it's a switch-and-bait, or it's not really working out, and so they come back to Illinois? Do we have anything that shows a pattern of maybe students migrating back yet?

Dietz: I wouldn't say a pattern. I would say anecdotal, and I'm going to have Jan weigh in on this as well, but we do hear students, more so about Mizzou, going to Mizzou and not being as much of a fit as they had hoped that it might be, and then coming back to Illinois State. I haven't heard as much in Iowa. But, Jan, maybe you're closer to that than I am.

Murphy: I guess I've not heard that for any of those institutions that, you know, I think students— I'm not aware that they transfer back out of those any more than any other institution where students sometimes just find it's not a good fit. But I think all three of those institutions have—not so much Iowa. I would say Iowa is coming up to speed on their undergraduate, their first-year experience. I would say Mizzou has a pretty good first-year experience. I have a daughter that has a couple of degrees from there. Iowa State has a pretty good first-year experience. Iowa State is getting big, and I think they're losing that a little bit. They've gotten big fast. But Mizzou, it's a pretty good environment, even as they've gotten through the woes and the issues. They have figured a way to keep it pretty personalized.

Jones: So, I guess it sounds like even if there is some transferring out, we don't have any direct correlation to it being related to this tuition fee. It's more likely related to the first-year experience.

Murphy: Yeah, that I don't know for sure. But you know, I'll bet we could find that out. To me, Admissions— when a student transfers into us, I'm sure they find out why. So, I would think that we could track that for you and get some information. And, Larry, you're probably closer to that than me, and you know those Missouri schools a little better. So, we could check. I'll check with Admissions to see if they have some sense of that.

Dietz: One of the things that has been passed, and actually there's a proposal to increase the funding of the AIM HIGH program that's specifically designed for high-achieving, academically meritorious students, to keep them in Illinois. There's not a lot of money in that, in the whole scheme of the things, but they started out with \$25 million, and the Governor's proposal would kick that up some. Iowa and Missouri have had meritorious components of their need-based programs for a long time. So, it does help them. I think it will help Illinois keep a few folks in-state, too.

Rossmark: So, I guess my last question on this is...first of all, Dan, thanks; I think this is very well put together. Sarah, from a student perspective, any insights, concerns that you've heard?

Aguilar: So, because I also sat on the health insurance committee, I just want to point out if we look at page 2, our increase was only 3.1%. But if we look at the other ones, it's like 21% or something, and that's something to really take account for because it's keeping our whole package really affordable. I am totally in favor, as are a majority of students from our Student Fee Committee, we were very much in favor of the academic enhancement fee. I just really want to make that known. There were some students, obviously, who had more questions and concerns, but they definitely have been put in contact with the correct people to get some of those questions answered for them. I am totally in favor for the academic enhancement fee because I think that we're here to get our education, and I think it's kind of long overdue, to be quite honest.

Rossmark: Do the students have the benefit of seeing a comparison at all?

Aguilar: They do, yes.

Rossmark: They do. Okay. So, that's good. They have that.

Aguilar: Yes, and the students receive this as well, and then we received another package as well to see the numbers, like right there in front of us.

Dobski: Knowing the cost of health insurance, how is it that we are so much lower than the other ones? Is it just the companies we're using or something, or what?

Johnson: It is the company that we're using, and really, we have not had any major claims. And the sheer number of students leveraging. In fact, they know it's a great deal. Families know it's a great deal and they're buying into it. So, we get great rates, and it just keeps rolling year after year.

Aguilar: To just clarify that students really see the benefit of this.

Rossmark: Thank you.

Dietz: I'd also say that in the umbrella of complete transparency on this issue, that the student fee group is closest to this, study this, and know more about overall cost issues than any other student group. They voted unanimously, I think, for this.

Aguilar: That's correct.

Dietz: Then there's a Student Government Association group that didn't vote unanimously for it. The vote was close, but I think they voted, was it, 18-14...

Trustee Aguilar: Yeah, it was like four off, or somewhere about there.

President Dietz: So, there was a concern with that group. But they didn't know as much about the issues as the first group. But I did want to say that there's another opinion on this, but it was pretty close, and I know that Mike Rubio our Student Body President is very supportive of this increase, and Sarah is, too. I think the folks that know the most about it are in support of it.

Aguilar: And just to piggy back off of that, the students who weren't really in favor so much so, again, they received this, and I think it's very critical for the students to be informed, and once they're informed, then they do see the benefit and see, kind of, where the money is going and are more understanding, too. Because it obviously is a concern if some students, you know, don't feel that it is right. So, we wanted to make sure that they had this provided to them.

Rossmark: And this is an average cost or is this a flat fee for everyone, \$540? On the health insurance.

Stephens: That's a good question. It's probably a flat rate.

Rossmark: Right. But I just didn't know if there were some variations in the premium.

Aguilar: No. I have student insurance, and it's always the \$524, right now.

Stephens: And if I may, back in November, we talked a little bit about this academic enhancement fee, and that the university had not been charging where our sister schools were. And so, our fee associated with academic facilities would work out to, when you calculate it on a student basis, \$187 a term. When you compare, now that places us the lowest in the state just for academic facilities, and we combined it with technology, but in quoting some of the—when I pull back onto the charts, the University of Illinois, Urbana/Champaign's \$585 a term. Again, we're \$187; Governors State is \$945; Chicago State is \$554; Northeastern, \$480. So, we're just beginning to look at this, and from a state capital funding perspective, this academic enhancement fee is the only fee we actually have that we have the flexibility to spend on academic buildings. Our other fees are all restricted. So, this is another reason why we targeted this; we didn't have any other. Now, we're hoping this year that we'll actually have a capital bill that will help, but we're just pretty much further behind in that. That's why this was a very targeted decision to focus on this, because it will gain the greatest benefit overall.

Jones: Now, I understand that year over year, we don't want to make huge adjustments in this, but how comfortable are we with this amount that—I know we vote on this every year. And we have to review it every year. But, how

comfortable are we on this that we feel like this is pretty solid, that we're not going to have to come back next year and double this? Because that's going to be the next question. Is this going to be an annual thing? And I know we can't predict.

Dietz: I think it will be an annual thing, but I see this as being the major start on this. I would say modest kinds of increases if we have them. I don't see this going from \$12.50 to \$25 to \$75, you know, on and on and on. But I do think that this is a place where it will certainly help us, and then we'll gauge how much we've been able to accomplish with this in this next year and come back. To me, the most important thing is to get it established as something that's really going to help the academic enterprise, and that's also involved with our competitiveness because the students look around as they tour the campuses and they look around in classrooms, and if it's not up to speed with other places, they're likely to choose the other places.

Murphy: I used the example of last summer—and you can find this information online—but last summer, the University of Illinois Urbana/Champaign had 50 capital improvement projects on campus during the summer, and 36 of them are in academic buildings. So, you know, they're getting \$1100 per student per year for academic facility maintenance and building. Of course they have more students but their system—they have, what, almost 100,000 students in the system – so they've got funds. And that's our competitor. You know, when students go to that campus and they see cranes everywhere and new advisement centers being built and another floor on the business instructional facility, and I mean, there's just— A new engineering building. You know, somehow or other we have to start to think about our academic facilities and how to start to maintain them better. You know, we're landlocked. We are not short of good ideas for supporting our students and adding to the quality of our institution, but we are short on space.

Dobski: When families are out searching and going to universities and looking, is that health insurance ever promoted, or brought up to them, or, I mean, is it used as a good tool, and that, a positive thing?

Dietz: We talk about it at open houses, we talk about it at Preview, all those kinds of things, yes. And there has been discussion at different times about everybody pooling and working their student health insurance through the CMS system. We don't want any part of that. Our population pretty traditionally is pretty doggone healthy, and if we enter into something like that, our costs are going to go up just because of the costs at a lot of the other institutions that are on this list have more nontraditional students, and frankly, they aren't as healthy as our students are. So, this is really a great deal for us.

Rossmark: On the health plan, two of the key drivers are deductibles and copays. Do we know what our students pay for deductibles and copays compared to these peers? I'm just wondering if that has anything to do— If, in other words, we're lower, but then our students may be paying a higher—

Johnson: I know we're not paying more.

Trustee Rossmark: Okay. That's good.

Johnson: I don't have the exact figures, but we do have that data.

Murphy: I could use the University of Missouri just as a comparison because I had a daughter that went there. So, as a freshman, they also had Aetna, same insurance company. Her premium was twice as high but her deductible was twice as high. So, we just negotiate this great plan.

Rossmark: Well that just says—back to your comments earlier—that our students are healthier, you know, because experience also is a main driver, but the deductibles and copays are a contributor.

Paterson: And our plan is also secondary. So, if you are on your parents' plan, and you have a copay, or it doesn't fully cover the cost, you can use the student health insurance to cover the difference.

Dobski: Just a comment. Maybe the other trustees know, but I heard about a crisis on campus yesterday from somebody that there are so many people trying to get into ISU they had to shut it down, like, seriously. Somebody told me that there were like 4,000 whatever, applicants.

Dietz: There's no crisis on the campus (laughter).

Dobski: Again, to President Dietz and the rest of the administration, this is a feather in your cap as far as our cap, the admission and people trying to get into ISU.

Dietz: This was one heck of a really positive week, this past week. We had a meeting on Tuesday of this week, and we documented a very large gift, and that very large gift we're going to not say anything about until September. Then we're going to have a very large party. But the very large gift threw us over our \$150 million goal. So, we're at \$152 million dollars. The person wants to keep it quiet until September and we will respect those wishes. But we're also going to keep our foot on the accelerator; we've got 14 months to go in the campaign and so we're just going to continue to work hard and try to blow goal out of the water. That was one thing. The other thing that happened, and Jana Albrecht and I got this week, is news that the demand for our programs and for getting into our institution is really at an all-time high. And, the thing that I think really sets us apart is we don't just want the numbers. We want quality, we want diversity, and we want to make sure that the students that we're bringing in have a good quality experience, inside and outside of the classroom. The terminology that was discussed was closing off enrollees, and stopping the workup. There are several terms like that, and I said, we're not going to use any of those terms for the press release. We're not going to talk about closing out, shutting down, stopping. We're going to talk about adhering to our May 1 priority deadline. And, so, that's essentially what we're going to do. Jan, we're at, what, about 41?

Murphy: We decided we would try, for FTICs, for freshmen coming in, I think we're going to shoot for 41 and stop it there. But, now, we still have some students that don't count in that 41, who we have promised extensions to, who have had circumstances in their family and their lives where they knew they couldn't make that May 1 deadline for deposits, and we, of course, give them extensions, and we, of course, work with them all throughout the summer to make sure that, to the best of our ability, we are able to work with them and get them admitted if Illinois State is the place they want to come, and they meet our academic credentials. So, there are somewhere between 80 and 100 of those students that admissions and financial aid are still working with. We will also still have a few admits coming in who are international students, but they don't come in as FTICs. They come in as a little bit older. We also will be admitting transfer students still all summer long. Our transfer numbers are not as high as we would like them to be, but that's a function of community college enrollments that are significantly down. So, the hardest part for us is that at some point, we just reach a maximum number of freshman, FTICs, that we can bring into campus and provide a quality experience for. You know, we run out of housing, we don't put our freshman into classes of 200 or 300. So, really, it's a space issue. We've typically, for years, had 3600 freshman and 1400 transfer—not admit 3600, but I mean finally have 3600 on census day. So, we're up. We've admitted, or enrolled, more freshman than we normally do. So, we'll have a little bit of a higher freshman class, we think, on census date, maybe by about 150. And, we can figure that out. But at some point, we have to stop, even though we wish we had a few more transfers. We just can't—that mix is just a little different. But it's good news. It is good news.

Murphy: We're supposed to call them FTICs because freshman is too, it's a gender problem. But I'm old, and I still want to call them freshmen because FTIC sounds horrible. But that's what they are—first time in college.

Dietz: But it also begs the question, and I know we're working on this, we are evaluating an RFP. We need to build more housing.

Dobski: I was just going to ask that with that. I know it's going to be discussed. How is the housing with the private apartments or dorms? Any big issues coming up?

Dietz: I've had conversations with local property owners recently, and LJ was in those meetings, and the bottom line is that we need more housing for freshman and sophomore students so they can have the university's housing experience, not just to provide a bed. It's a much broader experience, a much deeper experience. It really helps us with our retention efforts. So, we were pretty blunt about that with some of our landlords. They may not agree.

They're business people, so they still want the business. I said, fine. You can have the business for the junior and senior years; and, as we get more freshman and sophomores coming in and able to house them and able to retain them, then that will be good for your business, but we've got to do what we need to do for our students. I think they understand that. We've got the RFP, and we're evaluating the RFP now and having some conversations about that. I'll have some interviews fairly soon with the folks that bid on that. It's all a part of the package, you know, part of the experience.

Aguilar: What does RFP stand for?

Dietz: Request for Proposal. It's not an FTIC. (laughter)

Dietz: That's really all I have on that. Obviously today is informational; next Friday is action time, and we would hope that if you have any questions that you think of after this you'll give me a call or give Dan a call. Wherever you have the questions, we're happy to try to answer those, but I think it's a reasonable request. I think it's, frankly, a modest request, and it will put us on the track to really help us in the classroom, and that's where we need the help right now.

Jones: Thank you, Dr. Dietz. Anybody else have any other comments on this issue so we can move on to the next discussion topic? Okay, thank you.

CONSTRUCTION PROJECT: BONE STUDENT CENTER

Dietz: We have two construction projects that I'll talk about a little bit more in depth, and then a third one that I want to mention that's a little more broad-based. As you all are aware, the Bone Student Center Revitalization Project that was approved by the Board in May of 2015 is expected to be completed in the spring of 2020. When you come back, walking through the Bone is just really a terrific experience now, and students are populating their own study areas. It's just a vibrant, vibrant place and a lot of them like to congregate down by the Starbucks, find their own study space down there, but it's nice that both ends of the building are just really terrific.

So as that happens is that's it's made the middle part of the building, the concourse on the first and second floors look pretty bad. So, what we had thought about throughout this entire process is getting to the point where, as we complete both ends of the building and that major renovation is to also renovate the concourses. It's a much smaller price point on all of this, but it still would be a significant improvement to the overall building. So, it was intended that the concourses would be remodeled when the project was completed, and we're now at that point and would ask next week for your support to spend up to \$9.5 million dollars for construction, furniture, and fixtures for the first- and second-floor concourses. LJ has a good sense of what all that would entail. One of the things that we really want to do is to have at least that first-floor concourse finished by April of next year, when we're going to be hosting the Lincoln Academy Ceremony that's going to be held in that facility. We don't want to have a really nice looking ballroom and Braden Auditorium and have to walk through something that really doesn't look as well. So, we probably can't get both floors done by April of 2020, but minimally, we would like to have that first-floor concourse done, and that's where our focus would be. But we would ask next week for you to consider that project. It will really make a terrific difference, and money on that is coming from non-state funds. Do you want to say anything more about some of the things that are planned there?

Johnson: Yeah, probably some of the things we're most excited about relates to enhancing the student experience and the perspective families' experience. Originally we were going to have pretty much some of the venues stay where they're at. Now, we have the opportunity to put a lot more thought into it, and we're going to bring actually Career Services over from the lower level of the Student Services Building and have that front and center on that second floor so that when these new families come, and they come to the new Welcome Center, guess what? They're going to know that we're committed to the student experience as it relates to career, truly from freshman year all the way to senior. They're going to see that front and center. So, we're very excited about that.

Tech Zone, which is located on that second floor and over in a corner, all right—we're moving that down to the first-floor level, right, where the university program board is at. That's prime space, all right? So, we're going to have more of a cyber café type of environment for them, and they're going to be located down there and be able to

service the campus community as well. There are different types of moves like that that we think will enhance the overall experience, and we're just extremely excited about that. The vendors are excited as well.

Dietz: I would say overall, for the entire project, the entire building, it is making a huge difference on the campus, and we're already using that third floor as a welcome center, and it's called the Atrium. Prospective students get their presentations in that room. They come in, the blinds are pulled down, they see the Power Point, and the end is something like—and I'll paraphrase this—"You know, we have fine academic programs here and also fine facilities," and they hit the button, the screens go up, they can see the Quad from up there, and that's the closure, that kind of thing. It really is making a terrific difference just in terms of students feeling comfortable there. The other thing that we're very excited about that the Board supported is the renovation of that deck out in front of Milner that's reclaiming 30,000+ square feet of space for the library. A big part of that will become a 24/7 study center for students who will have access to some of the amenities of the Bone. That patio that you can never get down into or figure out how to get down into, there's now a stairwell that was added to that. We haven't used it too much in the last week because of the rain, but students are populating that out there as well, and a lot of them will use that entry into the first floor if they're coming across the bridge from the Quad. They'll go right down into that patio area, and it's just very handsome, a lot for everyone around this table to be very proud of.

Rauschenberger: So we're looking at, the next meeting, for approval of this \$9.5 million, and it's coming from non-state funds.

Dietz: Correct.

Rauschenberger: The same funding that we use for the update of the rest of Bone? And we obviously have the money?

Dietz: Yes, we've been saving a long time.

Jones: Well, I can say that I've probably been on campus maybe about four or five times since the Bone Student Center has kind of been open, the grand opening for the revitalization, and it has been phenomenal. I mean, even just from social media chatter that is one of the main things that people are talking about. The alums are very excited about that. Every time somebody comes to visit, they are taking a ton of pictures, and then they're telling other people to come. Just seeing the parents and the students as they come up, I think I came up on a couple days where they were visiting campus, and, I mean, that place was just abuzz. I think it's an extra little feather in the cap of that big ISU that's down there. I have several pictures with that, the big ISU that you see the students— And it was great to see that on signing day, or on commit day. You saw pictures of the Bone Student Center just all up and down on the Twitter feeds, and so I think that just kudos. I mean, it's a great thing.

Having the bookstore front and center as well, I mean, it's just a nice flow to things when they're coming in. They're seeing the big ISU Redbird. They're going down with their parents to buy all their ISU gear, they're stopping in Starbucks and Qdoba. I mean, it's just a very— I haven't seen that much excitement around the Bone Student Center in quite a long time. It definitely needed a facelift, and so I'm excited about that. That's a big thing aesthetically, but it's also just a welcoming environment. I saw plenty of students congregating everywhere. Like you said, they love Starbucks, so they're all sitting out there with their Starbucks, and I think it would be great putting Career Services there. Phenomenal, because that's the second thing— The parents are like, what's going to happen when you get out of here?

I always thought the Tech Zone was a little standoffish; you got so much activity on that first floor, and then the Tech Zone is off somewhere else. So I commend you guys for thinking about other ways to use the space, as you see the space being used and thinking how much more we can capitalize on that. It's a feather in my cap, a proud bragging moment for ISU. Every time I go there, I'm taking pictures and telling people, "What does your Student Center look like?" (Laughter)

Dietz: Having activity like that on campus is very positive. Cranes are good. If you don't have something you're using a crane for, a backhoe will do. (Laughter)

Dietz: People can physically see that kind of activity and say, “Good things are going on here.” If you go to some of the other campuses, there’s not much going on. When we didn’t have state dollars to do some of this, we used the auxiliary dollars, the bonded dollars, and we kept going. I think that’s another reason why we’ve been successful at attracting students. So, I appreciate the discussion on that. Any questions? Any further questions on that one?

Jones: Nope. I think we can move on.

Stephens: This is a—it hasn’t occurred yet, and it’s very subtle, but I think it will be up in a couple of months. You know the sign that goes over the street? We painted the bridge, and then the ISU signs, and I worked with Chuck (Scott) and said, “You know, Chuck. We need to light the sign. We need to have some kind of light.” We didn’t invest in a new sign that is backlit, but we invested in a thin light beam that will be placed below the sign. So at nighttime, then it will light it up. It was an inexpensive way to show that at night.

Dobski: You’re talking about the bridge over College Avenue?

Stephens: Yes, on both sides. When you go through, you’ll notice that it’s a nice, clean color now, and we’re painting the bridge a very pretty kind of beige look. I noticed that when I moved here. I said, “Why isn’t our sign lit up and used for advertising?” We’re using limited dollars, but we’re going to do it that way. It will be another one of those things when people will drive to—“Oh, wow! Look at the signs at night!” It’s about doing things where we can.

Dietz: The first proposal was Dan and I on both sides of the street with a flashlight. (laughter)

CONSTRUCTION PROJECT: FIRST FLOOR OF JULIAN

Dietz: The second construction project that I’d like to talk about is the first floor of Julian. At the May 2018 quarterly meeting, we approved a \$750,000 project to pursue the selection and designers for this project and develop design and construction documents. Based on the design and construction documents, the university issued an RFP for construction. The bids came back considerably higher than we had anticipated. We had some help on that from State Farm, but not enough help to really entertain that first RFP. So, we went out again, we decided not to accept those bids, and we reissued an RFP a few months later. We have now received those bids and reviewed those. You may recall a discussion earlier about whether or not we should enclose the entire first floor or portions of the first floor, which is basically that parking first-floor area by Julian. Based on the cost estimate, though, to enclose the entire floor and the need for additional academic space for programs, we thought it makes more sense to proceed with enclosing the entire floor versus doing it piecemeal and coming back and just with the cost savings that you have in not moving equipment in and out and all those kinds of things, we are currently evaluating what programs might make the most sense to occupy the remainder of the first floor. Cybersecurity is the first one, but there might be some others in there, but when the additional occupants are decided, we will come back to you with a resolution to finish out the space. We anticipate, though, that the cost of the project will now be about \$6 million, and we will be seeking your approval for that on Friday as well. That’s down about \$3 million, as I remember, from the first bid. So, sometimes it pays to wait a little bit, and on this one, it did. We really need that space to honor the commitment that State Farm made to us and get moving on that. We’ll finish that out and then we’ll figure out places for folks to park, including me. That’s the only downside I see to all that. It’s a great space right there, heavily used and, frankly, it’s pretty expensive space just to have people park there when it could be serving the needs of students in their academic program.

Stephens: If I may, Larry, the total square footage enclosed is about 25,000-26,000 square feet. The amount associated with Cybersecurity for their students...they’ve already actually outgrown it. They’ve outgrown the number of enrollments, and so this is actually working to our benefit, but it’s about 9,000 square feet of the 26,000. The shell will go on the outside as the same color brick as everything else, and it will be brick and glass. Pretty much a very attractive look, and then it will just simply be 15,000-16,000 square feet of concrete floor, no finished walls, but it will give us a chance to program what will go in there. It could be more increased classes. A lot of the costs associated with the original bids have a lot to do with the HVAC work, the bathroom work, that all fits the entire floor. So, if we had finished out the entire bid and finished out all the classrooms for a lot more usage, it would have been a lower cost. But we’re front loading it, and we’re just simply putting the shell around it, and it

will actually be a lot more strategic investment. Then we can move quicker in determining what will go in that particular space.

Jones: What's the timeframe associated with the project?

Stephens: Most construction projects are, now that we have construction bids, I'm guessing it's probably 12-18 months. Typically, we've been two years in going to the Board, but our strategy now on large projects is to bring, like we did with this one, the request to get architectural designs and drawings first, then get a bid, the actual bid, than the other way around. If we are able to be fortunate for you all to approve that, we will start the execution of the documents and begin as quickly as we can. We're in the summer months, so it will start.

Dietz: We've found that to be a better process because sometimes in the past when we've not done it that way, we've had to come back to the Board, which is, frankly, a little embarrassing for us.

Dobski: I was going to say, how would you get a bid without architectural design?

Stephens: Well, we do an estimate. We would come to this Board with an estimate.

Dobski: Okay.

Dietz: But this way, we're actually doing the estimate with folks who know more about the field than our internal folks did so, I think it's a better way of doing business.

Jones: Anything else on that?

PARCEL OF LAND ON LOCUST STREET

Dietz: I have a parcel of land that I'd like to talk about, and then we will end with another potential construction project. We have an opportunity to purchase a parcel of land on Locust Street which is the street just north of the Bone Student Center parking lot. The Mennonite College of Nursing Simulation Lab is on that street on the corner; you go further down, the *Vidette* is down that way, and there are some apartment complexes and one house. So, we would like to purchase that house. The owners are willing to sell. We're very interested in trying to complete the footprint whenever those opportunities come open. We've negotiated with the owners and reached an agreement on a purchase price of \$215,000 plus reasonable closing and related costs.

The house on the property, ultimately, we plan to tear down, and we're considering constructing a second simulation lab on the site, which would really help with clinical sites for our nursing students. You hear about two-year colleges wanting to offer four-year nursing degrees on their campuses, and that's been a political issue. We've been trying to put pressure on to make sure that doesn't happen but there are a lot of folks that want to expand nursing programs. The difficulty is that there's not enough faculty members to teach in those new nursing programs. Southern just announced that they wanted to start a new nursing program; that's fine and dandy, but they're going to have difficulty finding PhD-credentialed faculty to teach in those. That's the reason we have a PhD program in our nursing program, to help with that labor supply.

The other part is the limitation of clinical sites. If you have more programs, all you do is put more students in the queue. You get all the way down to the bottom of that, and you've got to have a clinical experience to come out of that. Those haven't expanded. If we were able to buy this property, tear the house down, build an additional sim lab there, that would increase the number of clinical sites that will help our students get through the process a lot quicker.

Rossmark: How much space is needed for a sim lab?

Stephens: The current simulation lab that we have today is around 10,000 square feet. To actually add the benefit of purchasing this house, when we, several years ago, negotiated to exchange the fire station with the city with land next to the old cell towers, we exchanged it for a fire station over near Cardinal Court. Included in that transaction

was a small apartment complex, three-story, 12-room apartment complex right next to this house. So, what bookends on this street is the simulation lab, this external small home, it's an older home that gets rented out to students, and then our apartment complex. That apartment complex that we acquired and we actually got, in essence, for free from the city, we will tear down that small apartment building, tear down that, and we'll actually be able to, we'll probably be able to expand, depending on how we design it, as much as 10,000 to potentially 15,000 square feet, to where we'd have a combination then of 10,000 plus 15,000. We could be as much as 25,000 square feet and also with an ability to connect the two buildings together in a much more attractive way.

This particular house is perfect for us to actually own that parcel of land, and as Larry said, it's right across the street. As you come into the Bone parking lot, you would look to the right. You would see our property and preferably with our sign, a new sign for that. So, that's one of our academic facilities that Jan and I have talked about with this academic enhancement fee, potentially an opportunity to potentially raise funds. Even Pat Vickerman has spoken of opportunities for that. That's why this one particular house is a huge advantage for us, if we're able to acquire it.

Rossmark: So, we, basically, more than double our space then.

Stephens: That's exactly right. It would have been more difficult without this house. We could have placed it somewhere else, but it would have been just not nearly as attractive as the ability to show, really, one building as opposed to two separate buildings.

Dietz: The only wrinkle in this is that we discovered that the student tenants in the house have leases for next year. So, we are reviewing options with the property owners including potentially terminating those student leases and helping them find other places to live. If we're unable to do that, we would intend to ask the Foundation to purchase the property on our behalf and then would reimburse the Foundation whenever the leases end, and it gets a little cleaner to work with.

Jones: It's a house. How many students are in it?

Stephens: Four. It's a very old home that just got converted.

Huson: There's a management agreement with Young America, and they have other properties that they could place the students in.

Aguilar: I just want to say thank you for your consideration in this, because I have a good amount of nursing students who are my friends, and one of their big concerns was the simulation. So, I really thank you for that.

Dietz: Well, we're unfortunately a ways away from a new building for the college although it is still on the list. We're still talking about it, but a sim lab would help. It would give us another amenity for them, and we'll have a new building that tosses a bone in that direction. And as we talk about that, that may, if we have a new College of Nursing, that may be where we ought to have it, is on the north end of the campus versus over on main street. We already have significant investments in simulation labs and just the physical proximity would make sense.

Dobski: Now, the house, you said \$215,000, I think it was. Just curious, demolition of that house, did you get an estimate on that, what it would cost?

Stephens: We haven't gotten that. We would be not only demolishing that, but fortunately, the buildings are wood. The things we'd have to protect the most is the pipes, obviously. That street has already got all the plumbing and all the street work, but it wouldn't be very expensive to put, because we don't take down both at one time.

Dietz: It would be nice if the folks that are working on the Bone Student Center just have to go across the lot... (Multiple speakers and laughter).

Stephens: The other benefit to this particular property, which you may not realize, is parking. We'd have the parking lot behind it, so we actually own this land, so we won't have a parking problem associated with this, which

you tend to have with any new addition. So, we have parking, and so it is an ideal situation. When the offer came for us to buy, we jumped on it as quick as we could because you just don't get too many opportunities to have that land synergy.

RENOVATION OF WATTERSON HVAC

Dietz: The last thing I'd like to just briefly introduce is another project that would be a part of an ongoing renovation of Watterson. The Board historically has been supportive of renovating our residence halls over courses of a long period of time, and the last one was the construction that is still going on, on the corner there, that will be a new bakery and new hot/cold prep rooms, and so forth, as you know. This one involves the heating, ventilation, and air conditioning systems for the entire building. We need to move on that very quickly, and the only time that we have to work on that is in the summer, obviously. We're looking at a new HVAC system that will be expensive, it's a big, big place, as you all know. Some preliminary figures are looking at around \$20 million for all of this, and part of that is due to having a limited amount of time to work in a big building. The HVAC system really needs to be replaced in all of that. So, we will have potentially better numbers and have discussions if you would like to do that. You can call me at any time, call Jan any time.

Dobski: What building is this for?

Dietz: Watterson. But those HVAC systems are very old in there, and they simply just need to be replaced. So, we could talk with you more about that if you want to give us a call, and we'll arrange to do so. But that's another one that's probably coming up on Friday, next week.

Denes: So, Larry, Brent, the draft resolutions will be sent out to you...

Dietz: Monday.

Denes: Monday. Okay. So, everybody will have an opportunity to take a look at them. And then, if there are any questions, you could follow up with Larry or me or whoever.

Rauschenberger: I'm just curious, the small house, I can see how that popped up but there's \$20 million on this HVAC system. Had you originally thought you had another year? How did this pop up under such a short timeframe with that kind of...

Dietz: We had really thought more about a longer period of time, but we monitor that very closely. The building has changed here quite a bit over time, and one of the things that has changed with that is coating of the exterior of the building. And, that changes the interior of the building. And, so, we have wanted to move on this HVAC system because otherwise you've got, you know, next summer to do it, and you're still going to have the limited amount of time to do all this. And, so, the companies will say, well, you know, "It's going to cost you more if you want it sooner," kind of thing. And, we've got two and a half months, basically, to do all of that. And, so, it did come up fairly quickly, but, to me, this is one of those, sooner better than later.

Rauschenberger: We have to go out to bid on it? Or we have somebody already teed up?

Stephens: We have two organizations that have been approved by the state that are experienced in this, and they are currently—they're in their final stage now of making their estimates as we speak and so we're just waiting. I think it's Monday or Tuesday we'll get a final bid from that, and so we're fortunate to get it right before this May meeting.

Dietz: And when the resolutions go out on Monday, there will be a little more detail, really, in all of these topics, and we'd be happy to entertain individual phone calls from each of you or however you want to do that.

Rossmark: Where is the funding for the Watterson project going to be?

President Dietz: It comes out of bond reserves so we have the money for it. That's the good news.

Stephens: There are over 2,000 students in there, and it's the most desired, the most sought-after space.

Jones: Any other questions or concerns about any of the items Dr. Dietz brought before us this morning? Okay. I think that's it. Thank you, Dr. Dietz. Are we still on our script? Are we okay? That's it?

ADJOURNMENT OF MEETING

Jones: So, I would now ask for a motion and a second to adjourn. Trustee Rossmark so moved and was seconded by Trustee Rauschenberger. Motion made, seconded, and vote recorded as all members voting aye.