

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF TRUSTEES
SOUTHERN ILLINOIS UNIVERSITY
MAY 10, 2017

Pursuant to notice, a special meeting was called by the Chair of the Board of Trustees of Southern Illinois University, and the meeting convened at 4:36 p.m., Wednesday, May 10, 2017, in the Board Room of the Morris University Center, Southern Illinois University Edwardsville, Edwardsville, Illinois. The meeting was called to order by Chair Thomas. The following members of the Board were present:

MG (Ret) Randal Thomas, Chair
Hon. J. Phil Gilbert, Vice Chair
Mr. Joel Sambursky, Secretary
Mr. Ryan Johnson
Dr. Shirley Portwood
Dr. Marsha Ryan
Ms. Amy Sholar
Ms. Naomi Tolbert – entered at 4:42 p.m.

The Executive Secretary reported and the Chair determined that a quorum was physically present.

Also present for the duration of the meeting were Dr. Randy J. Dunn, President; Mr. Lucas Crater, General Counsel; and Ms. Misty Whittington, Executive Secretary of the Board.

At approximately 4:36 p.m., Chair Thomas moved that the Board go into closed session to consider pending, probable or imminent court proceedings against or on behalf of the Board; and information regarding appointment, employment, compensation, discipline, performance or dismissal of specific employees of the public body. The relevant sections of the Open Meetings Act Statute that allow for the closed session are 5 ILCS 120/2(c) (1), and (11). The motion was duly seconded by Trustee

Portwood. The motion carried by the following recorded vote: aye, Hon. J. Phil Gilbert; Dr. Shirley Portwood; Dr. Marsha Ryan; Mr. Joel Sambursky; Ms. Amy Sholar; Maj. Gen. Randal Thomas; nay, none.

At approximately 7:15 p.m., a motion was made by Trustee Gilbert and seconded by Trustee Sholar to end the closed portion of the meeting. The motion passed by a voice vote.

A ten minute recess was taken.

At 7:25 p.m., the meeting continued in the Conference Center, 2nd Floor, Morris University Center, Southern Illinois University Edwardsville, Edwardsville, Illinois.

Chair Thomas explained the procedures for the public comment and question portion of the Board's agenda.

Dr. Jeff Sabby, SIUE Faculty Senate President, made his presentation to the Board. Dr. Sabby reviewed resolutions considered by the Faculty Senate. Those resolutions pertained to the possible declaration of fiscal emergency or exigency, the consideration of a cost of living adjustment for faculty, and the percentage reapportionment of the budget between the two campuses. He acknowledged appreciation for certain terms being included in the May 10 Board matter regarding the loan from SIUE to SIUC involving the repayment to SIUE with a loan amount specified.

Mr. Kirt Ormesher, SIUE Staff Senate President, made his presentation to the Board. He noted concerns expressed by staff members regarding the loan from SIUE to SIUC. Concerns included the lack of details provided for the loan, how much money was available, who would give authority to borrow the loan and what would happen if

SIUC could not repay the loan. He also shared concerns that SIUC had not acknowledged it had a crisis and did not have a viable plan to trim its budget.

Dr. Mary Sue Love, member of the SIUE Graduate Council and SIUE Faculty Association, made her presentation to the Board. She spoke of concerns regarding the loan from SIUE to SIUC and how that will impact SIUE's employees and students. She provided a letter to the Board members and asked that the Board not let SIUC's hard times impact SIUE's students and community.

Dr. David Johnson, President of the SIUC Faculty Association, made his presentation to the Board. He spoke regarding cuts that had occurred and future cuts planned at SIUC. He noted that SIUE will not have layoffs of employees; whereas, SIUC has had employee layoffs and will have more layoffs or furloughs in the future. Dr. Johnson spoke to the trend of problems for public regional universities nationwide along with the lack of state funding provided in Illinois. He noted that all public universities are in the fight together for survival. He urged the Board to support the proposed loan between SIUE and SIUC.

Mr. Ian Toberman, Vice President of the SIUE Professional Staff Association, made his presentation to the Board. He spoke of concerns about taking student money from SIUE in order to improve the asset standing at SIUC. He noted some full-time members in his bargaining unit qualified for public assistance, and it was hard for those employees to understand how SIUE has the money to loan to SIUC while some of its members continue to suffer without pay increases. Mr. Toberman noted that some questions had been answered in details provided in the May 10 Board matter; however, he asked for the definition of a full annual state appropriation.

Dr. Kathleen Rigney, SIUC Faculty Senate President, made her presentation to the Board. She spoke of a need for the campuses to work together as a system in all matters, not just for fiscal issues. She spoke to work going on at SIUC with faculty teaching overloads and staff filling positions that will not be reauthorized. She provided handouts for the Board illustrating the loss in faculty and staff over the last ten years at SIUC. Dr. Rigney stated that SIUC was working hard at restructuring. In addition, Dr. Rigney asked the Board to consider for its hire for SIUC Chancellor a person with strong visionary leadership. Further, she provided the Board with survey results the Faculty Senate did following Chancellor candidate visits to campus.

Mr. Brandon Woudenberg, SIUC Graduate and Professional Student Council (GPSC) President, made his presentation to the Board. He provided the Board with a report from GPSC regarding alleged violations of the Undergraduate Student Government. He spoke to concerns regarding the student trustee election process, and he requested that the Board consider support in allowing a special election in the fall.

The following item was presented:

AUTHORIZATION FOR THE LOAN OF UNRESTRICTED FUNDS BETWEEN
CAMPUSES AND NOTICE OF THE POTENTIAL NEED TO SEEK DECLARATION OF
A SHORT TERM FISCAL EMERGENCY FOR THE CARBONDALE CAMPUS,
EXCLUDING THE SCHOOL OF MEDICINE, FOR FISCAL YEAR 2018

Summary

This matter seeks Board authorization for the Carbondale campus, excluding the School of Medicine (SOM), to temporarily borrow unrestricted funds from the Edwardsville campus to support Carbondale campus operations and directs the Interim Chancellor, SIUC, to develop a proposal to address the fiscal crisis for the Carbondale campus (excluding SOM) through a financial sustainability plan, and to notify the Board of the potential need to seek the Board's declaration of a short term fiscal emergency for the Carbondale campus, excluding the School of Medicine, for fiscal year 2018 at its July 2017 meeting.

Rationale for Adoption

The lack of funding from the state of Illinois has caused the Carbondale campus (excluding SOM), to deplete all available sources of unrestricted funds. Unrestricted funds represent monies available for support of general daily operations. As of February 28, 2017, the Carbondale campus (excluding SOM) had an unrestricted cash deficit of \$23.2 million. The School of Medicine had a positive balance of \$59.2 million. Assuming no additional state appropriations are received in FY17, it is projected that the deficit of the Carbondale campus (excluding SOM) will exceed the available unrestricted funds of the School of Medicine in May 2017.

Without the borrowing of funds from the Edwardsville campus, the only option for continuing daily operations for the Carbondale campus would be the use of restricted funds. The sources of restricted funds are various and include federal and state grant monies, revenue bond system funds, and the University's self-insurance program. The use of restricted funds for daily operations would violate state statutes, bond covenants, and other third-party restrictions.

To avoid funding daily operations through the use of restricted funds, this matter seeks approval to loan up to \$35 million from unrestricted funds of the Edwardsville campus to the Carbondale campus on a temporary basis. Borrowing of funds would be authorized until such time as the state of Illinois appropriates a full annual state appropriation to SIU. As Carbondale is bearing the cost of lost interest from using SOM and SIUE unrestricted funds, no additional interest will be charged if this loan is accessed.

To assure long term financial viability, it is necessary that the Carbondale campus (excluding SOM) implement substantial reductions in expenditure commitments to its Income Fund/Appropriations budget. The Carbondale Interim Chancellor is directed to develop a plan of necessary reductions for financial sustainability to be presented to the Board of Trustees at its July 2017 meeting. Highest priority will be placed on eliminating the Carbondale deficit as soon as practicable, and the "first claim" for the replenishment of borrowed unrestricted funds by SIUC once a full annual state budget appropriation is made shall be to SIUE. Further, if additional state funds are not appropriated by that time or other actions taken which will sufficiently sustain Carbondale operations, the President shall make a recommendation for the Board's declaration of a short term fiscal emergency for FY18 at its July 2017 meeting and shall be authorized to recommend any and all additional actions that he deems appropriate.

Considerations Against Adoption

If the state of Illinois does not appropriate sufficient funds in FY18, it will take longer for the Carbondale campus, excluding the School of Medicine, to replenish its unrestricted funds.

Resolution

BE IT RESOLVED, By the Board of Trustees of Southern Illinois University in regular meeting assembled, That:

(1) The Board Treasurer is authorized to loan unrestricted funds from the Edwardsville campus to the Carbondale campus in amounts necessary and subject to requirements herein outlined to support the continued operations of the Carbondale campus.

(2) The Interim Chancellor, SIUC, be and is hereby directed to develop a financial sustainability plan of necessary reductions to address the Carbondale campus, excluding the School of Medicine, fiscal crisis.

(3) The President of Southern Illinois University be and is hereby authorized to take whatever action may be required in the execution of this resolution in accordance with established policies and procedures.

President Dunn remarked regarding additions to the Board matter since it was first presented to the Board in April. Responding to Mr. Ian Toberman's question, he stated that a full annual state budget appropriation would be the amount that is passed by the state. Dr. Dunn reported that SIUC will present a financial sustainability plan for the Board's adoption at its regular July meeting. Dr. Dunn highlighted SIUC's first payback will be to SIUE's reserves, and he noted there was a timeliness factor for the approval due to deficit spending to take place at SIUC within days.

Trustee Sholar acknowledged that the first resolution presented in April was difficult for those at SIUE, and she understood their frustration. She noted the need to work together and to survive as a system. Ms. Sholar remarked that although she, herself, had a student at SIUE, she and the other trustees, aside from the student trustees, are trustees for the system.

Trustee Gilbert made a motion to approve the item. The motion was duly seconded by Trustee Sambursky. The motion carried by the following recorded vote: aye, Hon. J. Phil Gilbert; Dr. Shirley Portwood; Dr. Marsha Ryan; Mr. Joel Sambursky; Ms. Amy Sholar; Maj. Gen. Randal Thomas; Naomi Tolbert; nay, none.

Chair Thomas announced that Board Agenda Item B titled, "Appointment of Chancellor, SIUC," was tabled.

Board Agenda Item C titled, "Amendment to Dean Employment Agreement, SIUC School of Medicine" was presented. Chair Thomas noted that the item would amend Dean Kruse's contract to allow the Dean to also continue duties as CEO of SIU HealthCare.

Trustee Ryan made a motion to approve the item. The motion was duly seconded by Trustee Tolbert. The motion carried by the following recorded vote: aye, Hon. J. Phil Gilbert; Dr. Marsha Ryan; Mr. Joel Sambursky; Ms. Amy Sholar; Maj. Gen. Randal Thomas; Naomi Tolbert; nay, Dr. Shirley Portwood.

Chair Thomas announced that the next Board of Trustees meeting would be held July 13, 2017, at the Southern Illinois University School of Medicine.

Trustee Tolbert made a motion to adjourn the meeting. Trustee Sambursky seconded the motion. The motion passed unanimously by voice vote.

The meeting adjourned at 7:59 p. m.

Misty D. Whittington, Executive Secretary