

By consensus, the board agreed that one roll call vote would be taken and considered the vote on each agenda item nos. 5 through 8 inclusive. The recommendations were individually discussed but acted upon at one time.

(The record of board action appears at the end of each item.)

Preliminary Operating Budget for Fiscal Year 2007

(5) The University's preliminary operating budget from all sources of funds for the fiscal year beginning July 1, 2006 (Fiscal Year 2007) is presented for approval as outlined in Attachment A (copy filed with the secretary). State statutes require governing board approval of operating budgets prior to the beginning of a fiscal year. Review of FY 2007 budget plans will also occur at the July board meeting in the context of initial discussion of the FY 2008 operating budget request. Final approval of the detailed operating budget will be brought to the board at its September meeting.

Consideration of FY 2007 budget issues began in July 2005 with the Board's review of the preliminary FY 2007 request, and its approval of that request in September 2005. Discussion of FY 2007 funding requirements and University-wide priorities occurred during the board's review of several items throughout the year, including strategic planning discussions at several points in the year, tuition increase issues in November 2005, and in April 2006 when FY 2007 tuition increases were approved.

The revenue estimates included in the preliminary operating budget are built upon the following assumptions that include the most current information for the University's primary sources of support:

- State tax support is based upon the FY 2007 budget passed by the General Assembly and approved by the Governor. The budget calls for an increase of approximately \$12.8 million or 1.8 percent in FY 2007 total state tax support for the University of Illinois from current-year levels.
- Incremental tuition income of \$53.5 million based upon board-approved tuition increases along with more targeted rate changes for specific programs, adjustments for enrollment levels and projections, and other technical adjustments.
- Sponsored program support (primarily federally funded research grants and contracts) and indirect cost recovery (ICR) income rising at a 2.8 percent rate. This estimate reflects continued strong and successful competitive efforts by University of Illinois faculty to secure research support, even as federal funding for research is expected to remain flat in most areas. Adjustments to indirect cost amounts also reflect lower carry-forward amounts as those funds are used to offset the impact of substantial rises in energy costs.
- Hospital and Medical Service Plan increases of 5.4 percent and 2.8 percent respectively, reflecting improved patient volume in general, targeted increases in selected specific patient care areas, and improved reimbursement rates.
- Incremental endowment and private giving revenue of \$10.5 million or 8.4 percent, reflecting increasing efforts to generate gift support.
- The new Academic Facility Maintenance Fee of \$250 per semester for newly enrolled students, which is projected to generate \$7.4 million for the first year in which it is in place.
- "Payments on Behalf" of University employees to the Department of Central Management Services and to the State Universities Retirement System that grow by an estimated \$61.8 million, or 18.9 percent, for the employer's share of health insurance and retirement based upon current statutory requirements. These funds are not under the direct

control of the University and cannot be reassigned for any other purpose. They are included within the University's formal operating budget based upon directives from the Governmental Accounting Standards Board.

As outlined in earlier presentations, the University's primary budget priorities for FY 2007 are strengthening academic quality, ensuring access, addressing deferred maintenance, and meeting inflationary cost increases. An allocation of \$50.2 million is planned for academic quality initiatives that include a salary increase program for faculty and staff between 2.5 percent and 3.0 percent at a cost of \$26.2 million, \$22.0 million for academic programs and new faculty, and \$2.0 million for Illinois VENTURES. Support for financial aid programs is increased by \$3.9 million, and deferred maintenance is increased by \$6.5 million as a result of the Academic Facilities Maintenance Fund Assessment. Finally, \$15.5 million is set aside for meeting inflationary costs in areas such as insurance, operations, and maintenance of new facilities, energy price increases, and so on.

Based upon these revenue estimates and expenditure priorities the vice president for academic affairs and vice president for administration recommend approval of a \$3.7 billion preliminary FY 2007 unrestricted and restricted funds operating budget, beginning July 1, 2006, as outlined in Attachment A. Unrestricted funds are available for allocation at the discretion of the University. Restricted funds are designated for specific uses by the donor, grantor, contractor, or State statute. Unrestricted funds include State appropriations, University income fund revenue, ICR, royalty, and administrative allowance funds. Restricted funds include estimated revenue from grants and contracts,

federal appropriations, private gifts, endowment income, Medical Service Plan, Auxiliary Enterprises, University Hospital, departmental activities, and State payments on behalf of the University.

The preliminary FY 2007 unrestricted funds operating budget estimate of \$1.58 billion represents a \$67.9 million (4.5 percent) increase over FY 2006. The FY 2007 restricted funds operating budget recommendation of \$2.1 billion represents a \$136.6 million (6.9 percent) increase from FY 2006. (Excluding "Payments on Behalf," over which the University has no direct control, the restricted funds total represents a 4.5 percent increase over the current year.) Refinements in any of the estimates in this preliminary budget will be reflected in the final FY 2007 Budget Summary for Operations presented at the September meeting of the Board of Trustees.

Subject to the foregoing and the parameters created in the board's March 2003 and June 2003 resolutions concerning establishment of University of Illinois budgets (summarized in Attachment B [copy filed with the secretary]), authorization is also requested in accord with the needs of the University and the equitable interest involved and within total resources: (a) to accept resignations; (b) to make such additional appointments as are necessary, and to approve the issuance of notices of non-reappointment, subject to the provisions of the University of Illinois *Statutes, The General Rules Concerning University Organization and Procedure*, and the *Policy and Rules*; and (c) to make such changes and adjustments in items included in the preliminary budget as are needed.

The board action recommended in this item complies in all material aspects respects with applicable State and federal laws, University of Illinois *Statutes, The General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.

The president of the University concurs.

On motion of Mrs. Sodemann, this recommendation was approved and authority was given as requested by the following vote: Aye, Mr. Bruce, Dr. Carroll, Mr. Dorris, Mr. Eppley, Mr. Klitzing, Dr. Schmidt, Mrs. Sodemann, Mr. Sperling; no, none; absent, Governor Blagojevich, Mr. Shah, Mr. Vickrey.

(The student advisory vote was: Aye, Mr. Alam, Ms. Bauer; no, none.)

Award Contract for Instructional Facility, College of Business, Urbana

(6) The new \$62.0 million state-of-the-art facility of approximately 153,900 gross square feet for the College of Business will accommodate the MBA Program, the Undergraduate Affairs Program, and the Accountancy Program and other instructional activities. The new building will address both quantitative and qualitative space needs to support modern instructional styles. All program elements embody the college's long-standing commitment to excellence in scholarship, teaching, and service.

On April 11, 2006, the board approved the award of contracts for construction for the project. Subsequently, the low bidder for Division 3, heating work, withdrew its bid, and the contract for that division of work needs to be awarded to the

lowest responsive, responsible bidder, Nogle & Black Mechanical, Inc., Urbana, Illinois, in the amount of \$1,700,090.

Accordingly, the chancellor at Urbana with the concurrence of the appropriate administrative officers recommends the April 11, 2006, board action to award a contract for Division 3, heating work, to Gingher Process Piping, Inc., East Peoria, Illinois, in the amount of \$1,687,000 be rescinded and that the following contract be awarded based on competitive bidding procedures in accordance with the Illinois Procurement Code to the lowest responsible bidder on the basis of its base bid plus acceptance of the indicated alternates¹:

Division 3--Heating Work

Nogle & Black Mechanical, Inc., Urbana	Base Bid	\$1,565,500
	Alt. 1	42,250
	Alt. 14	65,440
	Alt. 15	20,700
	Alt. 16	<u>6,200</u>
<i>Total</i>		\$1,700,090

Funds for this project are available from private gift funds and proceeds from the future sale of certificates of participation.

¹Description of Alternates: Alt. 1--finishes out 4th floor area; Alt. 14--provides chilled water and compressed air services to buildings; Alt. 15--provides raw water service to building; and Alt. 16--provides chilled water meter assembly in indicated locations.

The board action recommended in this item complies in all material respects with applicable State and federal laws, University of Illinois *Statutes, The General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.

On motion of Mrs. Sodemann, this recommendation was approved by the following vote: Aye, Mr. Bruce, Dr. Carroll, Mr. Dorris, Mr. Eppley, Mr. Klitzing, Dr. Schmidt, Mrs. Sodemann, Mr. Sperling; no, none; absent, Governor Blagojevich, Mr. Shah, Mr. Vickrey.

(The student advisory vote was: Aye, Mr. Alam, Ms. Bauer; no, none.)

Employ Architect/Engineer for Townhouses Phase III, Springfield

(7) In May 2006, the board approved a multi-phased housing complex planned to accommodate 480 students. The Townhouses Phase III project is to consist of six buildings, each with four, four-bedroom units for a total of 96 bedrooms.

In order for the project to proceed, it is necessary to employ an architect/engineer for the required professional services. The selection of the architect/engineer for this project was in accordance with the requirements and provisions

of Public Act 87-673 (Architectural, Engineering, and Land Surveying Qualifications-Based Selection Act).²

Accordingly, the chancellor at Springfield with the concurrence of the appropriate administrative officers recommends that BLDD Architects, Inc., Decatur, Illinois, be employed for the professional services required. The firm's fee through the warranty phase will be a fixed fee of \$192,600; on-site observation on an hourly basis, the total not to exceed \$32,000; and authorized reimbursable expenses estimated at \$27,000.

The board action recommended in this item complies in all material respects with applicable State and federal laws, University of Illinois *Statutes*, *The General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.

Funds for the contract are available from proceeds from the future sale of the Auxiliary Facilities Systems Revenue Bonds. Any project planning and construction costs incurred prior to the sale of the revenue bonds will be funded initially from institutional funds operating budget with anticipated reimbursement from the subsequent proceeds of Auxiliary Facilities Systems Revenue Bonds.

The president of the University concurs.

²A selection committee consisting of David Barrows (Facilities and Services), Michael Doerr (Facilities and Services), John Ringle (Housing), and Chris Rogan (University Office for Facilities Planning and Programs) evaluated the following firms: BLDD Architects, Inc., Decatur, Illinois; fwai architects inc., Springfield, Illinois; and RADA Architects, Chicago, Illinois. The committee recommends the employment of the BLDD Architects, Inc., Decatur, Illinois, as best meeting the criteria.

On motion of Mrs. Sodemann, this recommendation was approved by the following vote: Aye, Mr. Bruce, Dr. Carroll, Mr. Dorris, Mr. Eppley, Mr. Klitzing, Dr. Schmidt, Mrs. Sodemann, Mr. Sperling; no, none; absent, Governor Blagojevich, Mr. Shah, Mr. Vickrey.

(The student advisory vote was: Aye, Mr. Alam, Ms. Bauer; no, none.)

Purchases and Change Orders

(8) The president submitted, with his concurrence, a list of purchases and change orders recommended by the directors of purchases and the vice president for administration.

These were presented in one category--purchases and change orders from institutional funds. The term designates funds received by the University under contracts with the United States government, private corporations, and other organizations; grants from foundations, corporations, and other donors; and University revolving funds authorized by law.

The total amounts of these purchases and change orders were:

From Institutional Funds

Purchases	\$2,400,000
Change Orders	379,000

A complete list of the purchases and change orders, with supporting information (including the quotations received), was sent to each member of the board in advance of the meeting. A copy is being filed with the secretary of the board for record.

On motion of Mrs. Sodemann, the purchases and change orders recommended were authorized by the following vote: Aye, Mr. Bruce, Dr. Carroll,

Mr. Dorris, Mr. Eppley, Mr. Klitzing, Dr. Schmidt, Mrs. Sodemann, Mr. Sperling; no, none; absent, Governor Blagojevich, Mr. Shah, Mr. Vickrey.

(The student advisory vote was: Aye, Mr. Alam, Ms. Bauer; no, none.)

APPOINTMENTS OF RETIREES INITIATED PRIOR TO DIRECTIVE FROM
PRESIDENT OF THE UNIVERSITY, MAY 15, 2006

The secretary presented for record a list of retirees appointed prior to the president’s directive of May 15, 2006, requiring that all appointments of retirees be presented to the board for approval. A copy has been filed with the secretary of the board.

DEGREES CONFERRED

The secretary presented for record the following list of degrees conferred on candidates at the Chicago, Springfield, and Urbana-Champaign campuses on the dates indicated.

Summary

Chicago

Degrees Conferred July 23, 2005

College of Applied Health Sciences	
Bachelor of Science	9
College of Architecture and the Arts	
Bachelor of Arts	6
Bachelor of Fine Arts	5
<i>Total, College of Architecture and the Arts</i>	<i>(11)</i>
College of Business Administration	
Bachelor of Science	101

College of Dentistry	
Advance Certificates	1
Doctor of Dental Surgery	2
<i>Total, College of Dentistry</i>	(3)
College of Education	
Bachelor of Arts	8
College of Engineering	
Bachelor of Science	15
Graduate Programs	
Doctor of Philosophy.....	83
Master of Arts.....	27
Master of Business Administration	67
Master of Education	44
Master of Fine Arts.....	7
Master of Health Professions Education	7
Master of Public Administration	11
Master of Science	151
Master of Science in Teaching	2
Master of Social Work.....	3
Master of Urban Planning and Policy	21
<i>Total, Graduate Programs</i>	(423)
College of Liberal Arts and Sciences	
Bachelor of Arts	147
Bachelor of Science.....	64
<i>Total, College of Liberal Arts and Sciences</i>	(211)
College of Medicine	
Doctor of Medicine (Chicago).....	18
Doctor of Medicine (Peoria).....	2
Doctor of Medicine (Rockford).....	1
<i>Total, College of Medicine</i>	(21)
College of Nursing	
Bachelor of Science.....	2
College of Pharmacy	
Doctor of Pharmacy.....	1

School of Public Health	
Master of Public Health.....	25
<i>Total, Degrees Conferred July 23, 2005</i>	830
<i>Degrees Conferred December 10, 2005</i>	
College of Applied Health Sciences	
Bachelor of Science	36
College of Architecture and the Arts	
Bachelor of Arts	10
Bachelor of Fine Arts	35
<i>Total, College of Architecture and the Arts</i>	(45)
College of Business Administration	
Bachelor of Science	249
College of Dentistry	
Bachelor of Science	44
College of Education	
Bachelor of Arts	7
College of Engineering	
Bachelor of Science	138
Graduate Programs	
Doctor of Arts.....	1
Doctor of Philosophy.....	88
Master of Architecture.....	1
Master of Arts.....	32
Master of Business Administration	54
Master of Education	54
Master of Engineering	7
Master of Fine Arts.....	4
Master of Health Professions Education	4
Master of Public Administration	4
Master of Science	168
Master of Science in Teaching	7
Master of Social Work.....	3
Master of Urban Planning and Policy	21
<i>Total, Graduate Programs</i>	(448)

College of Liberal Arts and Sciences	
Bachelor of Arts	326
Bachelor of Science	146
<i>Total, College of Liberal Arts and Sciences</i>	(472)
College of Medicine	
Doctor of Medicine (Chicago).....	4
Doctor of Medicine (Peoria).....	1
Doctor of Medicine (Rockford).....	1
Doctor of Medicine (Urbana)	2
<i>Total, College of Medicine</i>	(8)
College of Nursing	
Bachelor of Science	2
College of Pharmacy	
Doctor of Pharmacy.....	2
School of Public Health	
Master of Public Health.....	22
<i>Total, Degrees Conferred December 10, 2005</i>	1,473
<i>Degrees Conferred May 8, 2006</i>	
College of Applied Health Sciences	
Bachelor of Science	66
Doctor of Physical Therapy.....	34
<i>Total, College of Applied Health Sciences</i>	(100)
College of Architecture and the Arts	
Bachelor of Arts	82
Bachelor of Fine Arts	84
<i>Total, College of Architecture and the Arts</i>	(166)
College of Business Administration	
Bachelor of Science	306
College of Dentistry	
Advance Certificates	24
Doctor of Dental Surgery	60
<i>Total, College of Dentistry</i>	(84)

College of Education	
Bachelor of Arts	21
College of Engineering	
Bachelor of Science	190
Graduate Programs	
Doctor of Philosophy	103
Master of Architecture	37
Master of Arts	85
Master of Arts in Teaching	6
Master of Business Administration	153
Master of Education	132
Master of Engineering	11
Master of Fine Arts	9
Master of Public Administration	13
Master of Science	267
Master of Science in Teaching	10
Master of Social Work	209
Master of Urban Planning and Policy	29
<i>Total, Graduate Programs</i>	(1,064)
College of Liberal Arts and Sciences	
Bachelor of Arts	646
Bachelor of Science	285
<i>Total, College of Liberal Arts and Sciences</i>	(931)
College of Medicine	
Doctor of Medicine (Chicago)	146
Doctor of Medicine (Peoria)	44
Doctor of Medicine (Rockford)	44
Doctor of Medicine (Urbana)	17
<i>Total, College of Medicine</i>	(251)
College of Nursing	
Bachelor of Science	153
College of Pharmacy	
Doctor of Pharmacy	151

School of Public Health	
Doctor of Public Health.....	2
Master of Public Health.....	58
<i>Total, School of Public Health</i>	(60)
Jane Addams College of Social Work	
Bachelor of Social Work	1
<i>Total, Degrees Conferred May 8, 2006</i>	3,478

Springfield

Degrees Conferred July 30, 2005

College of Business and Management	
Bachelor of Arts	19
Bachelor of Business Administration.....	15
Master of Arts.....	3
Master of Business Administration	11
Master of Science	2
<i>Total, College of Business and Management</i>	(50)
College of Education and Human Services	
Bachelor of Social Work	12
Master of Arts.....	22
<i>Total, College of Education and Human Services</i>	(34)
College of Liberal Arts and Sciences	
Bachelor of Arts	45
Bachelor of Science.....	12
Master of Arts.....	8
Master of Science	8
<i>Total, College of Liberal Arts and Sciences</i>	(73)
College of Public Affairs and Administration	
Bachelor of Arts	18
Master of Arts.....	27
Master of Public Administration	6
Master of Public Health.....	1
Graduate Certificate (Management of Non Profit Organization).....	2
<i>Total, College of Public Affairs and Administration</i>	(54)
<i>Total, Degrees Conferred July 30, 2005</i>	211

Degrees Conferred December 17, 2005

College of Business and Management

Bachelor of Arts	28
Bachelor of Business Administration.....	13
Master of Arts.....	6
Master of Business Administration	5
Master of Science	17
<i>Total, College of Business and Management</i>	<i>(69)</i>

College of Education and Human Services

Bachelor of Social Work	6
Master of Arts.....	57
<i>Total, College of Education and Human Services</i>	<i>(63)</i>

College of Liberal Arts and Sciences

Bachelor of Arts	84
Bachelor of Science.....	26
Master of Arts.....	12
Master of Science	20
<i>Total, College of Liberal Arts and Sciences.....</i>	<i>(142)</i>

College of Public Affairs and Administration

Bachelor of Arts	27
Master of Arts.....	4
Master of Public Administration	9
Master of Public Health.....	7
Master of Science	1
<i>Total, College of Public Affairs and Administration</i>	<i>(48)</i>

Total, Degrees Conferred December 17, 2005 322

Degrees Conferred May 13, 2006

College of Business and Management

Bachelor of Arts	48
Bachelor of Business Administration.....	26
Master of Arts.....	11
Master of Business Administration	28
Master of Science	26
<i>Total, College of Business and Management</i>	<i>(139)</i>

College of Education and Human Services	
Bachelor of Social Work	17
Master of Arts	84
<i>Total, College of Education and Human Services</i>	<i>(101)</i>
College of Liberal Arts and Sciences	
Bachelor of Arts	166
Bachelor of Science	64
Master of Arts	24
Master of Science	13
<i>Total, College of Liberal Arts and Sciences.....</i>	<i>(267)</i>
College of Public Affairs and Administration	
Bachelor of Arts	48
Master of Arts	17
Master of Public Administration	22
Master of Public Health.....	9
Master of Science	1
Doctor of Public Administration	2
<i>Total, College of Public Affairs and Administration</i>	<i>(99)</i>
<i>Total, Degrees Conferred May 13, 2006.....</i>	<i>606</i>

Urbana-Champaign

Degrees Conferred May 14, 2006

Graduate Degrees

Doctor of Education	9
Doctor of Musical Arts.....	4
Doctor of Philosophy.....	219
<i>Total, Doctors.....</i>	<i>(232)</i>
Master of Accounting Science	96
Master of Architecture.....	54
Master of Arts.....	109
Master of Business Administration	123
Master of Computer Science	16
Master of Education	80
Master of Fine Arts.....	32
Master of Human Resources and Industrial Relations	17
Master of Landscape Architecture	4

Master of Laws	33
Master of Music.....	26
Master of Music Education	4
Master of Science	621
Master of Social Work.....	54
Master of Urban Planning	14
<i>Total, Masters</i>	(1,283)
Certificate of Advanced Study	
Educational Organization and Leadership	2
Elementary Education	1
Special Education	1
Human Resource Education	1
Library and Information Science.....	1
<i>Total, Certificates</i>	(6)
<i>Total, Graduate Degrees</i>	1,521
<i>Professional Degrees</i>	
College of Law	
Juris Doctor..	198
College of Veterinary Medicine	
Doctor of Veterinary Medicine	94
<i>Total, Professional Degrees</i>	292
<i>Undergraduate Degrees</i>	
College of Agricultural, Consumer and Environmental Sciences	
Bachelor of Science	376
College of Applied Life Studies	
Bachelor of Science	282
College of Business	
Bachelor of Science	641
College of Communications	
Bachelor of Science	140
Bachelor of Science in Journalism	77
<i>Total, College of Communications</i>	(217)

College of Education	
Bachelor of Science	163
College of Engineering	
Bachelor of Science	736
College of Fine and Applied Arts	
Bachelor of Arts in Urban Planning	20
Bachelor of Fine Arts	148
Bachelor of Landscape Architecture	24
Bachelor of Music	34
Bachelor of Music Education	30
Bachelor of Science in Architectural Studies.....	116
<i>Total, College of Fine and Applied Arts</i>	<i>(372)</i>
College of Liberal Arts and Sciences	
Bachelor of Arts	1,001
Bachelor of Science	949
<i>Total, College of Liberal Arts and Sciences.....</i>	<i>(1,950)</i>
Institute of Aviation	
Bachelor of Science in Aviation Human Factors	19
<i>Total, Undergraduate Degrees</i>	<i>4,756</i>
<i>Total, Degrees Conferred May 14, 2006.....</i>	<i>6,569</i>

REPORTS FROM THE PRESIDENT AND THE CHANCELLORS

Mr. Eppley asked President White to present an update report to the board.

President White's Report

President White reported that a policy for re-hiring University retirees was in preparation for presentation to the board at its July 13 regular board meeting. He said he wanted to

ensure that the board had control of this matter and thanked Trustee Sodemann for her leadership on the issue.

Next, he referred to the final report on plans for the Global Campus that had been sent to the board members recently and thanked Trustees Schmidt and Vickrey for their participation in the committee to study this matter that Vice President Gardner had chaired.

He also told the board that the project for expansion and remodeling of the University of Illinois Hospital would be revised to include a plan for completing the project in phases and that this would be presented to the board as soon as possible.

The president then reported that the Illinois Board of Higher Education (IBHE) had approved the Board of Trustees recommendation to re-develop Memorial Stadium. He said he spoke on behalf of the project and Trustee Carroll, a member of the IBHE, was present at the meeting and supported it.

In addition, President White informed the board that he had recently been appointed to the Executive Committee of the Board of Directors of the American Council of Education and had attended a briefing session on national political issues affecting higher education that President Emeritus Stanley O. Ikenberry had conducted.

In closing, he told of visiting the Phillips Collection in Washington, D. C., and observing a new program at the Phillips begun by the College of Fine and Applied Arts at Urbana. He said this involves use of a carriage house at the gallery for lecture programs and instruction in studio art and commented that this is a very good development for the Urbana campus.

On another topic he complimented the Chicago campus on its dedication of the James Turrell sculpture, "UICSkyspace," at the Earl Neal Plaza on campus. He noted that this is a wonderful addition to the art of the Chicago campus.

Chancellor Ringeisen's Report

Chancellor Ringeisen reported that the campus was expanding and said that there were 30 new faculty members recently hired for fall 2006, of a total of approximately 170, and that 15 of these would be offering courses for the new freshmen class. He also said that, the campus had made arrangements for housing to accommodate these new freshmen students.

In addition, the chancellor said that recruiting for the campus, though a new practice for the campus, is ongoing and strong and noted that the campus had set a goal of obtaining 800 applications for admission and surpassed it with receipt of 1,000 applications. He told the board that two-thirds of the places available for freshmen students had been filled and noted that just 140 students admitted declined to accept the offers of admission.

Next, the chancellor reported on a program the campus has initiated with the City of Springfield Police Department to increase minority members on the force. He explained that the campus is providing training to potential recruits focused on tutoring these individuals to prepare to take the entrance examination.

Next, he described an effort that comes from the campus's strategic plan and is intended to improve campus culture. He stated that nearly 100 employees at the

campus had participated in a seminar for improving customer service on campus that involves special training for supervisory staff and other employees. He said the training seems to have been effective.

In addition, the chancellor said the long awaited campus recreation center was under construction.

In closing, he said that June 7 had been established as Founder's Day at the campus and added that many of the founders of the campus were still living in the area.

Trustee Carroll requested additional information on the program the campus had started with the police department of Springfield.

Chancellor Herman's Report

Chancellor Herman noted that at commencement this spring, the Urbana campus awarded its 500,000th degree. He also noted that Trustee Dorris' son, Daniel Dorris, was a graduate. Further, he said that Thomas M. Siebel, an alumnus and successful entrepreneur in the computer information industry, gave an excellent commencement address.

Next, the chancellor told the board that Professor Carl Woese had been admitted to the Royal Society as one of six new foreign members. He recalled that this is the society of which Sir Francis Newton was a member and said that no other sitting faculty member at Urbana is a member.

He also reported on a student exchange agreement with the National University of Singapore and the Urbana campus to study in joint programs. He said that it will afford Urbana students first-hand experience in Asia.

He also told the board of the renewal of an agreement with the French national science foundation and the Urbana campus. He said that this exchange is for cooperation on basic research with an emphasis on agricultural research.

In addition, he reported on a conference conducted by the Information Trust Institute, located at the University of Illinois Research Park, and thanked Trustee Schmidt for his participation in this. He stated that Boeing had contributed \$3.0 million to the Trust recently.

The chancellor then told the board of a grant received from the Doris Duke Foundation to the Krannert Center to be applied toward the creation of new works of art, and he saluted Michael D. Ross, director of the Krannert Center, for his leadership in securing this award.

Also, Chancellor Herman expanded on the earlier comments concerning the Urbana campus' program at the Phillips Collection in Washington, D.C., and said that Jonathan D. Fineberg, professor of art, had conceived the idea of the program and worked to establish it in a carriage house at the Phillips. He added the campus planned to send 100 students to Washington, D.C., each semester for various programs in the capitol.

In closing, the chancellor commented on plans for expanding the University of Illinois Research Park by extending the boundaries east of First Street. He also noted that the latest firm to establish a presence in the park is John Deere.

Trustee Schmidt, who is a member of the Board of Managers of the Research Park, said that the park is working on establishing relationships with more firms as corporate partners, similar to the new relationship with John Deere. He commented that the conference conducted by the Information Trust Institute this past week was focused on increasing the number of corporate partners.

Chancellor Manning's Report

Chancellor Manning reported that the project for expansion and remodeling of the University of Illinois Hospital and related clinical facilities was under review and that options for pursuing this project in phases by fiscal years were being developed. She indicated that this new approach would be reviewed at the next quarterly briefing of the chair and vice chair of the board's Hospital Committee (Trustees Vickrey and Shah) and Trustee Schmidt, the board chair's representative to this group, at a meeting on June 29. She indicated that there would be an attempt to demonstrate how the scope of the project changed between November 2003 and the present.

She said that the Certificate of Need process must be pursued first for approval of a master design for the project.

She also told the board that Congressman Donald A. Manzullo had been informed of the board's action at its May 11, 2006, meeting to approve \$14.0 million for a building addition at the College of Medicine at Rockford for the National Center for Rural Health Professions, and stated that the college was also working on fundraising for this project.

Next, the chancellor reported on the Chicago campus' receipt of funds from the National Science Foundation to establish a program known as Integrated Graduate Education, Research, and Training, and noted that the first two graduate students to receive funds under this program were Chicago campus students.

She also reported on a Minority and Female Business Enterprise (MAFBE) fair held at the campus to increase the number of MAFBE contractors. She said that 80 MAFBE contractors and vendors registered for this fair and 240 purchasing agents from public universities in Illinois attended.

In addition, she commented on the James Turrell sculpture, "UICSkyspace," that has been dedicated recently and is open for viewing. She said this is a special piece of art for the campus and for the city of Chicago, and that it is always available for viewing.

In closing, she said that on June 13 there would be a pre-construction dedication of the Sandi Port Errant Language and Culture Learning Center at Grant Hall and cited the planned remodeling of this building as a demonstration of energy efficiency. She said it was a \$107.0 million project and that the family and friends of Sandi Port Errant had provided \$100.0 million.

Trustee Schmidt asked the chancellor if the Energy Resources Center on the Chicago campus had been involved in this project. The chancellor said she did not know, but that the Center had been asked to review the entire campus and to suggest ways to conserve energy.

AN UPDATE ON THE HEALTHCARE PROFESSIONAL LIABILITY PROGRAM

Trustee Schmidt thanked the staff for making inquiry into the viability of securing healthcare liability insurance from the Illinois State Medical Society and for informing him in detail about this possibility which, in the end, was not feasible for the University's needs.

Mr. Beckmann reported to the board that the cost of procuring this liability insurance (materials on file with the secretary) for the University's healthcare professionals and students in healthcare training programs is provided through the medical professional self-insurance program, combined with excess liability insurance.

He said the cost of this for Fiscal Year 2007 is the same as for this current year, \$38.5 million, and he attributed the location of the University's healthcare enterprise in Cook County, Illinois, as one reason for the cost since settlements in that venue are higher than in many other areas. He added that the structure of the program recommended is the same as the program that is in place, and said that the University's liability program compares favorably with peers in the Chicago area, except that the medical center at UIC serves more Medicaid patients than many others.

Mr. Beckmann told the board that Zurich Insurance provided the best offer for purchasing excess healthcare liability insurance, and that this cost would be less than the previous year, by more than \$200,000. He indicated that this was due to a presentation made to Zurich about the hospital's initiatives at improving risk management and patient safety.

Dr. Schmidt asked if the policy covered all sites of the College of Medicine and Mr. Beckmann responded that it did.

CLOSING REMARKS FROM CHAIR EPPLEY

Mr. Eppley thanked all involved in this conference call for their participation.

There being no further business, the board adjourned.

MICHELE M. THOMPSON
Secretary

LAWRENCE C. EPPLEY
Chair