

## Academic Appointments for Contract Year 2006-2007

(On June 5, 2006, the Board of Trustees approved a Preliminary Operating Budget for Fiscal Year 2007, and the Board has received a recommendation for final approval of the FY 2007 operating budget. Recommendations for academic and administrative appointments beginning August 16, 2006, have been completed within the funds available to the University reflected in the proposed final operating budget.

Accordingly, the President of the University recommends approval of the document entitled *Academic Personnel, 2006-2007* and requests authorization, in accord with the needs of the University and the equitable interests involved, and within total budgeted income: (1) to accept resignations; (2) to make such additional appointments as are necessary and to approve the issuance of notices of nonreappointment, subject to the provisions of the University of Illinois *Statutes, The General Rules Concerning University Organization and Procedure, and Policy and Rules*; and (3) to make such other personnel adjustments as needed, such adjustments to be covered in periodic reports to the Board of Trustees (Secretary's Report).

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

(The student advisory vote was: Aye, Mr. Kantas, Mr. Mamsa; no, none.)

Requests for New Operating and Capital Appropriations  
Fiscal Year 2008

Requests for incremental operating funds and for new capital appropriations for the University of Illinois for the fiscal year commencing July 1, 2007, are presented herewith for action by the Board of Trustees. Following Board action, the budget request will be submitted to the Illinois Board of Higher Education for review. The accompanying tables summarize the major elements of each request. The document, Fiscal Year 2008 Budget Request for Operating and Capital Funds, provides detailed descriptions of each program and project included in the request.

The Fiscal Year 2008 Operating Budget Request is outlined in Table 1. The University is requesting \$101.0 million in new funds, an increase of 8.06 percent above the current year budget. The FY 2008 request focuses on strengthening academic quality, addressing facility operations needs, and meeting cost increases. The academic quality initiative is comprised of a salary program for faculty and staff and key strategic initiatives developed by each campus. The strategic initiatives include establishment of new interdisciplinary activities at the Chicago campus, an Experiential and Service Learning Institute at the Springfield campus, and strengthening undergraduate education and interdisciplinary research at Urbana. The FY 2008 request also seeks support for facilities maintenance resources as well as meeting cost increases in areas such as utilities, libraries, and information technology.

Table 2 identifies in priority order the ten projects that comprise the FY 2008 Capital Budget Request. These projects represent a total investment of \$261.9 million for improvements to the University's existing facilities as well as critical

new space needs. Remodeling and renovation projects comprise a large part of the total funds requested with the highest priority given to repair and renovation projects at the three campuses. In addition, the next highest priority is the deferred maintenance request. Both items clearly emphasize the importance the University places on maintenance and upkeep of facilities, highlighting the need to adequately fund multiple aspects of the facility plant assets.

The operating and capital requests summarized here reflect the University's highest priority budget needs, focusing on the University's mission of instruction, research, public service, and economic development. Both funding requests are consistent with the preliminary requests presented to the Board in July.

The University's operating and capital budget requests for FY 2008 have been prepared by the President, Chancellors, and Vice Presidents with consultation from the Academic Affairs Management Team and the University Policy Council.

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.

The Vice President for Academic Affairs recommends approval.

The President of the University concurs.

On motion of Dr. Schmidt, the requests for operating and capital appropriations for Fiscal Year 2008 were approved as recommended by the following vote: Aye, Mr. Bruce, Dr. Carroll, Mr. Dorris, Ms. Doyle, Mr. Eppley, Dr. Schmidt, Mr. Shah, Mrs. Sodemann, Mr. Sperling, Mr. Vickrey; no, none; absent, Governor Blagojevich.

(The student advisory vote was: Aye, Mr. Kantas, Mr. Mamsa; no, none.)

**Table 1**  
**FY 2008 Operating Budget Request**  
**(Dollars in Thousands)**

<b>I. Strengthen Academic Quality</b>		<b>\$ 70,132.2</b>
A. Compensation Improvements		\$ 41,332.2
1. Salary Improvements - 4%	\$ 36,739.7	
2. Recruitment, Retention & Compression - 0.5%	4,592.5	
B. Campus Strategic Initiatives		\$ 28,800.0
1. UIC	\$ 13,000.0	
2. UIS	1,900.0	
3. UIUC	13,900.0	
 <b>II. Address Facility Operations Needs</b>		 <b>\$ 6,290.1</b>
A. O & M New Areas		\$ 1,290.1
1. Urbana-Champaign Projects	\$ 1,290.1	
B. Facility Maintenance Support		\$ 5,000.0
1. Facility Maintenance Support	\$ 5,000.0	
 <b>III. Meet Inflationary and Other Cost Increases</b>		 <b>\$24,573.4</b>
A. Payroll Cost Increases		\$ 2,200.0
1. Medicare	\$ 800.0	
2. Workers' Compensation	1,150.0	
3. Legal Liability	250.0	
B. Cost Increases		\$ 22,373.4
1. General Price Increases - 2%	\$ 3,367.7	
2. Utilities Price Increases - 17.5%	13,861.0	
3. Library Price Increases - 10%	2,144.7	
4. IT Infrastructure Costs	3,000.0	
 <b>Total Request</b>		 <b>\$ 100,995.7</b>
 <b>IV. Statewide Program (FSI)</b>		 \$ 21.9
<b>V. Medical Professional Liability Insurance</b>		\$ 12,000.0
<b>VI. Statewide Economic Development (Technology Commercialization)</b>		\$ 3,000.0

**Table 2**  
**FY 2008 Capital Budget Request**  
**(Dollars in Thousands)**

**State Funding Priority Order**

Priorit	Project	Chicago	Springfield	Urbana	Tota	Cumulative
1	Repair and Renovation	8,331.8	687.4	12,450.8	21,470.0	21,470.0
2	Deferred Maintenance	8,000.0	125.0	12,000.0	20,125.0	41,595.0
3	Lincoln Hall			53,100.0	53,100.0	94,695.0
4	College of Medicine Rockford	14,250.0			14,250.0	108,945.0
5	Dentistry Modernization/Code Compliance	20,000.0			20,000.0	128,945.0
6	South Farms Realignment <sup>1</sup>			43,000.0	43,000.0	171,945.0
7	Advanced Chemical Technologies Inflation <sup>2</sup>	20,000.0			20,000.0	191,945.0
8	Electrical and Computer Engineering Bldg <sup>3</sup>			42,000.0	42,000.0	233,945.0
9	Brookens Library Renovation		8,000.0		8,000.0	241,945.0
10	Medical Sciences Building Modernization	20,000.0			20,000.0	261,945.0
		<u>90,581.8</u>	<u>8,812.4</u>	<u>162,550.8</u>	<u>261,945.0</u>	

**1**

\$43.0 M includes funding for three facilities: 1) Bioprocessing Research Laboratory (\$18.0 M); 2) Swine Biogenetic and Biomedical Research Laboratory (\$15 M); and 3) Feedmill (\$10 M). In June 2006, CDB released \$1.9 M for planning for the Bioprocessing Research Laboratory; construction funding of \$18 M is still needed for the Lab. For FY 2008, additional funding of \$25 M is requested for the Swine Lab and the Feedmill projects. The Bioprocessing Research Laboratory was submitted in response to a request from the Governor for Economic Development projects.

**2**

\$64 M was appropriated for the ACT project (\$6 M for planning in FY 2002 and \$57.6 M for construction in FY 2003), but the funds have not been released to date. For FY 2008, an additional \$20 M is requested to offset the cost increases that have occurred over the five years the funds have been "frozen" and to enable a full build-out of the facility as originally approved.

**3**

This project was submitted in response to a request from the Governor for Economic Development projects. In the FY 2008 request, the total project budget for ECE has been increased from \$60 M to \$90 M with \$45 M each to be provided by state and private support (i.e., an additional \$15 M from both state and private sources is needed for the project). Because CDB released \$3M for planning purposes in January 2006, the amount requested is \$42 M.

## Auxiliary Facilities System Revenue Bonds, Series 2006

(14) The Board, at its meeting on July 13, 2006, authorized a number of actions leading toward the issuance of Auxiliary Facilities System Revenue Bonds, Series 2006 (the “Bonds”) to finance a portion of the following projects: Chicago South Campus Mixed Use Development, Springfield Townhouses Phase III, Springfield Student Recreation Center, Springfield Residence Hall, Urbana Student Dining and Residential Programs Building and the First Wing of New Residence Hall, and Memorial Stadium Phased Development Plan. All of the projects have previously been approved by the Board. Additional approval was granted to refund certain outstanding Auxiliary Facilities System bonds if the refunding savings can reach at least three percent of the principal amount of the bonds to be refunded and the Comptroller deems such refunding to be economically beneficial.

Such actions have been completed including: retention of Pugh, Jones, Johnson & Quandt, P.C., as bond counsel; retention of Katten Muchin Rosenman LLP as special issuer’s counsel; retention of Public Financial Management, Inc., as financial advisor; retention of Loop Capital Markets, LLC, as managing underwriter and Citigroup Global Markets Inc., as co-senior manager; retention of J P Morgan Trust Company, National Association as bond registrar; the preparation of the Preliminary Official Statement; the analysis of the purchase of bond insurance, where such insurance will be purchased by the managing underwriter; actions to pursue and obtain ratings on the revenue bonds; preparation of additional documents including a Supplemental Bond Resolution, Bond Purchase Agreement, Escrow Agreement (if prior bonds are refunded), and Continuing Disclosure Agreement.

Now it is requested that the Board authorize the issuance of the Bonds in an original principal amount not to exceed \$280.0 million to fund the projects, pay capitalized interest and issuance costs (see Attachment) and up to an additional \$115.0 million if the maximum amount of refunding is included. The final maturity of the Bonds shall be no later than April 1, 2036. All, or a portion, of the Bonds will be insured if it is deemed economically beneficial.

The Bonds will be issued as fixed rate bonds, will be fully registered, will be special, limited obligations of the Board and will be payable only from and secured by the net revenues of the Auxiliary Facilities System (subject to prior payment of operating and maintenance expenses of the System, but only to the extent necessary), student tuition and fees, and the Bond and Interest Sinking Fund Account.

All legal matters incidental to the authorization and issuance of the Bonds, the forms of the Preliminary and Final Official Statements, the Thirteenth Supplemental System Revenue Bond Resolution, the Bond Purchase Agreement, the Escrow Agreement (if prior bonds are refunded), and the Continuing Disclosure Agreement will be approved by Pugh, Jones, Johnson & Quandt, P.C., Chicago, Illinois, Bond Counsel, and Katten Muchin Rosenman LLP, Chicago, Illinois, Special Issuer's Counsel; and certain legal matters will be passed upon by Freeborn & Peters LLP, Chicago, Illinois, Underwriters' Counsel.