

The Vice President for Administration recommends the Board:

1. Authorize the issuance and sale of the Bonds, approve the Preliminary Official Statement and approve the Final Official Statement with the addition of the final terms of the Bonds.<sup>3</sup>
2. Approve the form of the Bond Purchase Agreement<sup>1</sup> with Loop Capital Markets, LLC as managing underwriter and Citigroup Global Markets Inc., as co-senior managing underwriter, and Banc of America Securities LLC, Merrill Lynch & Co., Robert W. Baird & Co. Incorporated, Griffin, Kubik, Stephens & Thompson, Inc., Bernardi Securities, Inc., Mesirow Financial, Inc., Melvin Securities, L.L.C. and Podesta & Co., co-managers, wherein the underwriters agree to purchase from the Board all of the Bonds at a price, exclusive of net original issue discount or premium, not less than 98 percent of the par amount thereof and with the true interest cost of the Bonds not more than 5.50 percent.
3. Delegate to the Comptroller the authority to determine the principal amount, final terms and terms of the sale of the Bonds within the limits expressed in this Board action.
4. Approve the Thirteenth Supplemental System Revenue Bond Resolution.<sup>3</sup>
5. Approve the form of the Escrow Agreement (if applicable) with respect to the Bonds.<sup>3</sup>
6. Approve of the form of the Continuing Disclosure Agreement by the Board with respect to the Bonds.<sup>3</sup>

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<sup>3</sup> A copy is filed with the Secretary of the Board for record and the appropriate officers of the Board are hereby authorized and directed to execute the same in the name of and on behalf of the Board in substantially the form presented to this meeting, or with such changes as may be approved by the officer or officers of the Board executing the same, his/her or their execution thereof to constitute conclusive evidence of the Board's approval of all changes from the form thereof presented to this meeting; provided, however, that if any such changes constitute a substantial change in the form thereof presented to this meeting they shall first be approved by the executive committee of the Board to which authority for such approval is delegated by the Board.

7. Ratify and confirm all actions taken or to be taken by the officers and members of the Board in connection with the sale and delivery of the Bonds to the managing underwriter, co-senior manager and co-managers.
8. Authorize and empower the Comptroller and other authorized officers of the Board to do and perform such other acts and things and to make, execute, and deliver all such other instruments and documents on behalf of the Board as may be by them deemed necessary or appropriate in connection with the provisions of the Official Statement, the Thirteenth Supplemental System Revenue Bond Resolution, the Bond Purchase Agreement, the Escrow Agreement (if applicable), the Continuing Disclosure Agreement, and all acts and things whether heretofore or hereafter done or performed by any of the officers of the Board which are in conformity with the intents and purposes of these resolutions shall be and the same are hereby in all respects, ratified, confirmed, and approved.

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 President of the University concurs.

On motion of Dr. Schmidt, these recommendations were approved by the following vote: Aye, Mr. Bruce, Dr. Carroll, Mr. Dorris, Ms. Doyle, Mr. Eppley, Dr. Schmidt, Mr. Shah, Mrs. Sodemann, Mr. Vickrey; no, none; absent, Governor Blagojevich. (Mr. Sperling asked to be recorded as not voting on this item.)

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

## University of Illinois- Series 2006 AFS Bonds

COST OF ISSUANCE

		Estimated on 8/25/06	Actual	
JP Morgan Trust Company, N.A.	TRUSTEE	\$ 7,000.00	\$ -	
	TRUSTEE'S COUNSEL	2,500.00	-	
Clifton Gunderson, LLP	AUDITOR'S CONSENT	8,500.00	-	
Pugh, Jones, Johnson & Quandt, P.C.	BOND COUNSEL	175,000.00	-	
Katten Muchin Rosenman LLP	SPECIAL COUNSEL AND TAX COUNSEL	95,000.00	-	
Public Financial Management Inc.	FINANCIAL ADVISOR TO THE UNIVERSITY	45,000.00	-	
	VERIFICATION AGENT (if any)	7,000.00	-	<i>estimate</i>
	PRINTER	12,000.00	-	<i>estimate</i>
	OFFICE OF CAPITAL FINANCING	9,300.00	-	
	MOODY'S	77,000.00	-	
	S & P	72,500.00	-	
	MISC.	10,000.00	-	
<b>TOTAL COST OF ISSUANCE</b>		<b>\$ 520,800.00</b>	<b>\$ -</b>	

**Revision of Investment Policy  
(Endowment Funds)**

(15) As established by the Board of Trustees, the primary objectives for management of the University of Illinois Endowment are to preserve the real value, or purchasing power, of the endowment pool assets and to maximize the sustainable spending stream provided by these assets. These objectives are consistent for the University endowment managed by the Board of Trustees and endowments held by the University of Illinois Foundation on behalf of the University and managed by its Board of Directors.

Periodic review of asset allocation mix is a critically important part of the management of any endowment. As part of a periodic review, University staff and the University's investment consultant, EnnisKnupp, explored expanding the asset allocation for the University endowment pool to include farmland investments. As a result of this review, the Vice President for Administration recommends the adoption of the following revisions to the University's endowment pool asset allocation policy:

1. Further diversify the pool asset allocation by establishing a 15 percent allocation to farmland. This allocation would be funded from the U.S. Equity and fixed income allocations.

2. Expand the performance benchmark for the equity allocation to include the NCREIF farmland index.

The current and proposed asset allocations are illustrated in the table below.

	Current Allocation (%)	Proposed Allocation (%)	Change (%)
U.S. Equity	55%	47.5%	-7.5%
Non-U.S. Equity	15%	15%	0.0%
Fixed Income	25%	17.5%	-7.5%
Private Equity	5%	5%	0.0%
Farmland	0%	15%	15%

Since farmland has a low correlation to other asset classes and provides competitive total investment return, this action would enhance the risk and return characteristics of the University endowment pool. This action would also diversify the investment program and improve the spending stream for the separately invested farms moved into the endowment pool.

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 President of the University concurs.

On motion of Dr. Schmidt, these revisions were approved by the following vote: Aye, Dr. Carroll, Mr. Dorris, Ms. Doyle, Mr. Eppley, Dr. Schmidt, Mr. Shah, Mrs. Sodemann, Mr. Sperling, Mr. Vickrey; no, none; absent, Governor Blagojevich. (Mr. Bruce asked to be recorded as not voting on this item.)

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

Award Contracts for Sandi Port Errant Language and Culture Learning Center at Grant Hall, Chicago

(16) In June 2005, the Board approved the Sandi Port Errant Language and Culture Learning Center at Grant Hall project at \$4,500,000 for comprehensive remodeling. In addition to remodeling the interior spaces of the building, this project includes complete replacement of the exterior walls, mechanical, electrical, and plumbing systems. The renovated facility will present a more welcoming environment both within and outside the classroom; provide learning spaces that are flexible, functional, and attractive; offer places for students to study and relax; and feature year-round heating and cooling with maximum energy efficiency. In January 2006, the Board approved an increase to \$5,140,000 for the project budget, and in July 2006, the Board approved the award for construction of the curtain wall work.

At this time, the Chancellor at Chicago with the concurrence of the appropriate administrative officers now recommends that the following contracts<sup>4</sup> for construction be awarded. Competitive bidding procedures in accordance with the Illinois Procurement Code were followed; and the awards are to the lowest responsive and responsible bidder on the basis of its base bid plus the acceptance of indicated alternates.<sup>5</sup>

*Division 1--General Work*

Joseph Construction Company, Lynwood, IL	Base Bid Alt. B	\$1,421,026 <u>77,480</u>
TOTAL		\$1,498,506

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<sup>4</sup>Contracts for divisions that were awarded within the delegated approval level: Division 2 (Plumbing Work)--A & H Plumbing, Elk Grove Village, IL--\$146,700; Division 4 (Ventilation)--R. J. Olmen Company, Glenview, IL--\$496,750; and Division 5 (Electrical Work)--Argon Electric, Arlington Heights, IL--\$428,000.

<sup>5</sup>Description of Alternates: Alternate B provides general work associated with geothermal field.

<i>Division 3--Heating, A/C and Temperature Control</i>		
Premier Mechanical Inc.,	Base Bid	\$640,000
Addison, IL		
TOTAL		\$640,000

The project will be funded from gift funds and institutional funds operating budget of the Chicago campus.

The board action recommended in this item complies in all material aspects 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.

A schedule of the bids received will be filed with the Secretary of the Board for record.

The President of the University concurs.

On motion of Dr. Schmidt, these contracts were awarded 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.)

#### Award Contracts for South Campus Mixed Use Development, Chicago

(17) In July 2004, the Board approved a mixed use development project on the east side of the Chicago campus that includes a 750-bed residence hall with dining facilities and support services (now known as the James J. Stukel Towers); a convocation center with a 3,000-seat auditorium or a 1,000-seat banquet facility; and 40,000 square feet for a retail and office space component. In November 2004, the Board approved the design of the

facility and in May 2005 the current project budget of \$124.0 million. Previous contracts totaling \$98,550,080 have been approved.

At this time, the Chancellor at Chicago with the concurrence of the appropriate administrative officers recommends that the following contracts<sup>6</sup> for construction be awarded. Competitive bidding procedures in accordance with the Illinois Procurement Code were followed; and the awards are to the lowest responsive and responsible bidders on the basis of their base bids plus the acceptance of indicated alternates:<sup>7</sup>

Division 22--Landscaping Work

Moore Landscapes, Inc., Northbrook, IL	Base Bid	\$595,000
TOTAL		\$595,000

Division 53--Audio Visual Equipment

Pentegra Systems LLC, Elmhurst, IL	Base Bid	\$1,731,670
	Alt. 53.1	51,794
	Alt. 53.2	<u>41,836</u>
TOTAL		\$1,825,300

The project will be funded from the proceeds of the future sale of 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 other campus auxiliary

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<sup>6</sup>Contracts for divisions that were awarded within the delegated approval level: Division 11 (Building Signage)--Architectural Graphics, Inc., Virginia Beach, VA--\$488,262; and Division 21 (Asphalt Pavement, Concrete Sidewalks, Gutters, and Curbs)--Rojas Concrete, Chicago, IL--\$421,000.

<sup>7</sup>Description of Alternates: Alternate 53.1 provides two motorized lifts, SVS lifts, SVS 12 EX-33 with 33'-8" lowering extension, heavy duty all accessories with projector mounts, and two motorized projection screens, Stewart Filmscreen Custom Quote #73389 as indicated on sketch ASK-060606-01F; and Alternate 53.2 provides projector, projection lens, and projector mount as described in Section 11136--Appendix A, Page 5, Items 92, 93, and 94.

operating funds with anticipated reimbursement from the subsequent proceeds of a revenue bond sale.

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 procedures.

A schedule of the bids received has been filed with the Secretary of the Board for record.

The President of the University concurs.

On motion of Dr. Schmidt, these contracts were awarded 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.)

Employ Architects/Engineers for Projects for  
Deferred Maintenance Program, Urbana

(18) In November 2005, the Board approved a University-wide facilities renewal program to address facilities deficiencies on the campuses of the University of Illinois. To initiate this program, in May 2006, the Board approved eleven deferred maintenance projects on the Chicago and Urbana campuses. The next phase for these approved projects is to select the required professional services. The selection process for architects/engineers for the Urbana campus projects has proceeded and the employment of three of the required firms is now being recommended.



The selection of the architects/engineers for these services was in accordance with the requirements and provisions of Public Act 87-673 (Architectural, Engineering, and Land Surveying Qualifications-Based Selection Act).<sup>8</sup>

Accordingly, the Chancellor at Urbana with the concurrence of the appropriate administrative officers recommends that the following firms be employed to provide the professional services for each of the projects as indicated below:

1. Affiliated Engineers, Inc., Chicago, IL, be employed for the \$3.0 million Krannert Center for Performing Arts Life Safety Corrections project. The firm's fixed fee for schematic design, design development, construction documents, bidding, and construction administration is \$189,270; for on-site observation and warranty, on an hourly basis, not to exceed \$35,007; plus authorized reimbursable expenses estimated to be \$20,000.
2. General Energy Corporation, Chicago, IL, be employed for the \$4.0 million Psychology Building Life Safety Corrections project. The firm's fixed fee for schematic design, design development, construction documents, bidding, and construction administration is \$230,000; for conceptualization, on-site observation, and warranty, on an hourly basis, not to exceed \$54,440; plus authorized reimbursable expenses estimated to be \$15,000.
3. KJWW Engineering Consultants, Rock Island, IL, be employed for the \$5.5 million Roger Adams Laboratory – Replace Air Handling Units and Controls project. The firm's fixed fee for conceptualization, schematic design, design development, construction documents, bidding, and construction administration is \$447,880; for on-site observation and warranty, on an hourly basis, not to exceed \$53,040; plus authorized reimbursable expenses estimated to be \$37,000.

Funds for this project are available from the future sale of Certificates of Participation. Any project planning costs incurred prior to the sale of the Certificates will

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<sup>8</sup>Selection information is attached.

be funded initially from other University institutional funds operating budgets with anticipated reimbursement from the subsequent proceeds of the Certificates of Participation sale.

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 President of the University concurs.

On motion of Dr. Schmidt, this recommendation was approved 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.)

### **Professional Services Selection Information**

1. **Krannert Center for Performing Arts Life Safety Corrections** – A selection committee consisting of Bill Beard (Facilities & Services), Craig Grant (Facilities & Services), Robert Goss (Krannert Center for Performing Arts), Mark Inglert (University Office for Facilities Planning and Programs), and Carl Lewis (Facilities & Services) evaluated the following firms listed in ranking order: (1) Affiliated Engineers, Inc., Madison, WI; (2) KM2 Design Group, P.C., Springfield, IL; (3) Henneman Engineering, Inc., Champaign, IL; and (4) GHR Engineers and Associates, Inc., Champaign, IL. The committee recommends **Affiliated Engineers, Inc., Chicago, IL**, as best meeting the criteria for the project.
2. **Psychology Building Life Safety Corrections** – A selection committee consisting of Anthony M. Battaglia (Facilities & Services), Bill Beard (Facilities & Services), Craig Grant (Facilities & Services), and Mark Inglert (University Office for Facilities Planning and Programs) evaluated the following firms listed in ranking order: (1) General Energy Corporation, Oak Park, IL; (2) Affiliated Engineers, Inc., Madison, WI; (3) KM2 Design Group, P.C., Springfield, IL; and (4) Henneman Engineering, Inc., Champaign, IL. The committee recommends **General Energy Corporation, Oak Park, IL**, as best meeting the criteria for the project.

- 3. Roger Adams Laboratory Replace Air Handling Units and Controls** – A selection committee consisting of Allen Marx (Facilities & Services), Bill Beard (Facilities & Services), and Mark Inglert (University Office for Facilities Planning and Programs) evaluated the following firms listed in ranking order: (1) KJWW Engineering Consultants, Rock Island, IL; (2) Harley Ellis Devereaux, Chicago, IL; and (3) Clark Dietz, Inc., Champaign, IL. The committee recommends **KJWW Engineering Consultants, Rock Island, IL**, as best meeting the criteria for the project.

#### Urbana South Campus Land Exchange

(19) The Chancellor at Urbana with the concurrence of the appropriate administrative officers, recommends that the Comptroller be authorized to execute an agreement to transfer the University-owned Pell (Pomology Research) Farm to the University of Illinois Foundation in exchange for like-valued Foundation owned properties.

The Board of Trustees owns the property, commonly known as Pell Farm, in fee simple and there are no gift limitations. Pell Farm consists of 160 acres and is located outside of the Urbana campus Master Plan boundaries at the southwest corner of Windsor and Philo Roads in Urbana, Illinois. Historically, Pell Farm has been the site of pomology research under the direction of the College of Agricultural, Consumer and Environmental Sciences (ACES). ACES has been in the process of relocating and consolidating its pomology research to newly acquired South Campus research lands. Completion of the relocation process is scheduled for January 2008.

Consistent with its mission to support the University, the Foundation, at the request of the University, has acquired a portfolio of properties within the Urbana Campus Master Plan boundaries, including the Willard Airport area, to which the University has been granted full use by way of master lease agreement between the parties.

The University has obtained an appraisal for the Pell Farm property and the Foundation finds this valuation acceptable to support a property exchange transaction. As consideration, the Foundation will transfer ownership to the University of an appropriate number of properties totaling a like-value to the agreed upon Pell Farm value.

University pomology research located on the Pell Farm is being transitioned to a new south farms location. When this transition is accomplished, the Foundation is free to pursue a transaction involving Pell Farm. In accordance with Legislative Audit Commission Guidelines, if a transaction results in a gain net of the Foundation's carrying costs, the net gain will be promptly transferred or made available by the Foundation to the University, and a loss will be retained by the Foundation.

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 the Board of Trustees policies and directives.

The Vice President for Administration concurs.

The President of the University recommends approval.

On motion of Dr. Schmidt, this recommendation was approved 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.)

## Purchases and Change Orders

(20) 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 .....	\$8,671,412
Change Orders .....	625,000

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 Dr. Schmidt, the purchases and change orders recommended were authorized 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.)

## Authorization for Settlement

(21) The University Counsel recommends that the Board approve settlement of *Dowdell v. Guppy* in the amount of \$340,000. The plaintiff, 50-year-old Melvin Dowdell, alleges that the improper performance of his cervical spine surgery resulted in the need for repeat surgery and additional pain and suffering.

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 Administration concurs.

The President of the University recommends approval.

On motion of Dr. Schmidt, this recommendation was approved by the following vote: Aye, Dr. Carroll, Ms. Doyle, Mr. Eppley, Dr. Schmidt, Mr. Shah, Mrs. Sodemann, Mr. Sperling, Mr. Vickrey; no, none; absent, Governor Blagojevich. (Mr. Bruce and Mr. Dorris asked to be recorded as not voting on this item.)

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

## Authorization for Settlement

(22) The University Counsel recommends that the Board approve settlement of a medical malpractice claim in the amount of \$6,750,000. The claim involves an alleged failure to diagnose and treat adequately a bowel perforation during a surgical procedure, ultimately leading to the death of Julius Izquierdo.

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 Administration concurs.

The President of the University recommends approval.

On motion of Dr. Schmidt, this recommendation was approved by the following vote: Aye, Dr. Carroll, Ms. Doyle, Mr. Eppley, Dr. Schmidt, Mr. Shah, Mrs. Sodemann, Mr. Sperling, Mr. Vickrey; no, none; absent, Governor Blagojevich. (Mr. Bruce and Mr. Dorris asked to be recorded as not voting on this item.)

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

#### Report of Actions by the Executive Committee

(23) The following actions have been taken by the Executive Committee since the last meeting of the Board. These actions are now reported to the Board as a whole.

#### **Recommendation to Re-Hire University Retiree**

(1) The following recommendation for an appointment of a University retiree is presented for approval. The President of the University concurs.

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.

Name	Job Title (Before Retirement)	Proposed Job Title and Employing Unit	Proposed Job Description and Purpose	Service Dates	Salary	Source of Funds
Sharon Lee Scott	Specialist in Education, Office of Instructional Resources	Associate Director of the Teaching Academy (50%), Associate Director of Global Studies (20%), College of Liberal Arts and Sciences	Serve as Associate Director for the Teaching Academy and Associate Director of Global Studies. Dr. Scott stepped in, with the departure of Charles Stewart in Spring 2005, to provide management and coordination in the LAS Global Studies Program. During Spring 2006 the College conducted a search to fill the two positions and Dr. Scott was the top candidate. This appointment will be submitted on an annual basis for Board approval.	08/16/06 thru 08/15/07	\$37,000 for Associate Director, Teaching Academy; and \$14,800 for Associate Director, Global Studies (total \$51,800)	Institutional

On motion of Mr. Shah, this recommendation was approved by the following vote of members of the Executive Committee: Aye, Mr. Eppley, Mr. Shah, Mr. Vickrey; no, none.

### **Purchases and Change Orders**

(2) The president submitted, with his concurrence, purchases and change orders recommended by the director of purchases at Urbana and the vice president for administration.

The purchases and change orders were 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 amount of the purchases and change orders from institutional funds was \$1,300,000.



On motion of Mr. Vickrey, the purchases and change orders recommended were authorized by the following vote of members of the Executive Committee: Aye, Mr. Eppley, Mr. Shah, Mr. Vickrey; no, none.

This report was received and confirmed.

Comptroller's Report of Investment Transactions  
July 1, 2005 through June 30, 2006

(24) The comptroller presented the above report which includes transactions under Finance and Investment Committee guidelines. A copy has been filed with the secretary of the Board.

This report was received for record.

Capital Projects Status Report

(25) The associate vice president for facilities planning and programs presented this report of active projects in excess of \$5.0 million. A copy has been filed with the secretary of the Board.

This report was received for record.

Technology Commercialization Highlights,  
Fiscal Year 2006, End of Year and 4th Quarter

(26) The vice president for technology and economic development presented this report. A copy has been filed with the secretary of the Board.

This report was received for record.

## SECRETARY'S REPORT

The secretary presented for record changes to academic appointments for contract year 2005-06, new hires, resignations, and notices of nonreappointment. 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 Urbana-Champaign campus on August 7, 2006.

## Summary

*Graduate Degrees*

Master of Accounting Science .....	6
Master of Architecture.....	10
Master of Arts.....	48
Master of Business Administration .....	3
Master of Computer Science .....	4
Master of Education .....	35
Master of Fine Arts.....	8
Master of Laws .....	2
Master of Music.....	10
Master of Music Education .....	13
Master of Science .....	297
Master of Social Work.....	24
Master of Urban Planning .....	1
<i>Total, Masters</i> .....	(461)
Certificate of Advanced Study	
Educational Organization and Leadership .....	5
Human Resource Education .....	1
<i>Total, Certificates</i> .....	(6)
<i>Total, Graduate Degrees</i> .....	467

*Professional Degrees*

College of Law	
Juris Doctor.. .....	1
<i>Total, Professional Degrees</i> .....	1

*Undergraduate Degrees*

College of Agricultural, Consumer and Environmental Sciences	
Bachelor of Science .....	41
College of Applied Life Studies	
Bachelor of Science .....	80
College of Business	
Bachelor of Science .....	118
College of Communications	
Bachelor of Science .....	3
Bachelor of Science in Journalism .....	3
<i>Total, College of Communications</i> .....	(6)
College of Education	
Bachelor of Science .....	17
College of Engineering	
Bachelor of Science .....	77
College of Fine and Applied Arts	
Bachelor of Arts in Urban Planning .....	1
Bachelor of Fine Arts .....	15
Bachelor of Landscape Architecture .....	1
Bachelor of Music .....	3
Bachelor of Music Education .....	1
Bachelor of Science in Architectural Studies .....	6
<i>Total, College of Fine and Applied Arts</i> .....	(27)
College of Liberal Arts and Sciences	
Bachelor of Arts .....	179
Bachelor of Science .....	88
<i>Total, College of Liberal Arts and Sciences</i> .....	(267)

Institute of Aviation	
Bachelor of Science in Aviation Human Factors .....	13
<i>Total, Undergraduate Degrees</i> .....	646
<i>Total, Degrees Conferred August 7, 2006</i> .....	1,114

BOARD MEETING RECESSED FOR MEETING OF  
UNIVERSITY HOSPITAL COMMITTEE<sup>9</sup>

Mr. Vickrey, chair of the committee, convened the meeting and asked Mr. John J. DeNardo, CEO, HealthCare System, Chicago, to report the Medical Center's financial performance for Fiscal Year 2006 (materials on file with the secretary). Mr. DeNardo reported that the workload is increasing, patient admissions are stable, and that efforts are being made to improve collections that have resulted in reducing the time for collections from 78 days to 62 days and that these efforts continue. He told the Board that the medical center spent \$20.0 million in capital improvements in FY 2006. There was discussion of collections from the State for Medicaid patients and Mr. DeNardo explained that the hospital received expedited payments from the State. Dr. Schmidt asked if this might change due to the State's new Kid Care program. Mr. DeNardo responded that indeed some physicians are not included among those designated for expedited payments.

Dr. Joseph A. Flaherty, dean, College of Medicine, reported on payments received through the medical service plan which provides for 30 percent of the budget of the College of Medicine (materials on file with the secretary). He stated that payments to the medical service plan from those physicians at Chicago provided 90 percent of the

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<sup>9</sup>Trustees Shah and Sperling departed the meeting at 3:05 p.m.

total payments to the plan. He also noted that the regional medical service plans are no longer in deficit and that the payer mix has a higher percentage of Medicaid patients than other academic medical centers. He also noted that for FY 2006 there was a modest but positive bottom line for the combined income from all the medical service plans.

### BOARD MEETING RESUMED

When the Board meeting resumed those trustees noted as present at the beginning of the meeting (with the exception of Trustees Shah and Sperling) were still in attendance.

### REPORT FROM UNIVERSITY OF ILLINOIS FOUNDATION

President White introduced this presentation and told the Board that the University and the Foundation had drafted a Memorandum of Understanding to explain the relationship between the two organizations and the mutual obligations. He stated that Chair Eppley was reviewing this now and that next week the Foundation's Board of Directors would review the draft. The president stated that once the Foundation Board had agreed to the contents of the memorandum it would be placed on the agenda of a future meeting of the Board of Trustees for consideration.

Following this, Dr. Sidney S. Micek, president of the University of Illinois Foundation, presented a report to the Board (materials on file with the secretary).

Dr. Micek commented that the purpose of the Foundation is to work in a partnership fashion with the University and that the Memorandum of Understanding explicates and clarifies that. He stated that the sole purpose of the Foundation is to serve the University of Illinois and that it is a separate organization for good reasons, among them are to

ensure confidentiality of donor records and correspondence regarding donations, and to provide targeted investment policies to guarantee returns on funds.

Dr. Micek then reviewed plans for launching a capital campaign scheduled for June 1, 2007, that will be held at Navy Pier in Chicago. He reported on plans for a special forum to be held in conjunction with the annual meeting of the Foundation to set the stage for the campaign and noted that 500 had registered to attend the annual meeting.

He stated that Fiscal Year 2006 was the best year the Foundation has had with a total of new gifts and pledges totaling \$185.0 million. He added that gifts received through the annual giving program totaled \$26.2 million and that the endowment held by the Foundation now totaled \$1.8 billion.

Mr. Eppley stated that the funds raised by the Foundation will contribute greatly to the future of the University and commended the board of directors, commenting that the board members are very hard-working.

#### REPORT FROM UNIVERSITY OF ILLINOIS ALUMNI ASSOCIATION

Mr. Loren R. Taylor, President and Chief Executive Officer of the University of Illinois Alumni Association, presented an annual report to the trustees summarizing activities of the Alumni Association. He indicated that the Alumni Association was also working on a Memorandum of Understanding to define the relationship between the University and the Alumni Association.

Next, he reported that Ms. Mary Kay Haben was the new chair of the Alumni Association and that the new Alice Campbell Alumni Center opened in May 2006 provided new office space for staff members as well as excellent meeting facilities.

Mr. Taylor indicated that alumni engagement would serve to assist with the upcoming capital campaign. He added that alumni were also interested in the plans for the Global Campus and saw congruence between plans for that and the strategic plan of the Alumni Association.

Next, he described a new subscription service for members of the Alumni Association that provides electronic access to all the periodicals at the three campus libraries.

#### REPORT FROM THE UNIVERSITY SENATES CONFERENCE

Professor Elliot Kaufman, chair of the University Senates Conference during Fiscal Year 2006, presented highlights of the conference's activities of the past year (materials on file with the secretary). He mentioned a number of recommendations for revisions to the University of Illinois *Statutes* that had been completed during the year including a proposal for multi-year contracts for non-tenure track faculty which he said should make the University more competitive in its offers to this group of faculty. He also cited the conference's reviews and recommendations concerning the Global Campus.

Professor Kaufman told the Board that there is a robust system of shared governance at the University and that the president and vice president for academic affairs meet regularly with the conference and that the conference also meets frequently with members of the Board of Trustees, especially the chair of the Board and the chair of the Academic Affairs Committee. He said the conference was pleased that Chair Eppley had invited comments from the conference at Board meetings.

Professor Kaufman also reported that the conference met in both 2005 and 2006 with State legislators to discuss the interests of higher education and that these encounters had proved helpful. In closing, he thanked the University administration and the members of the University Senates Conference for a productive year.

President White complimented Professor Kaufman for his good work over the past year.

#### REPORT FROM URBANA SENATE EXECUTIVE COMMITTEE

Professor Vernon Burton, chair of the Executive Committee of the Urbana Senate, began his presentation by inviting the trustees to visit with the faculty in their classrooms and laboratories. He stated that the Urbana Senate Executive Committee meets regularly with the president and the chancellor and that all are working to make the Urbana-Champaign campus the premier public university in the country. He referenced Abraham Lincoln's statement that public universities are democracy's universities.

He commented that a major concern of the Urbana Senate is to strengthen shared governance for the purpose of providing open forums for discussion of issues before the University. He also said that the senate had reached out to students over the past year to discuss such issues as discipline and he saluted the members of the various committees of the senate for their work.

Professor Burton also reported various subjects the senate had dealt with in Fiscal Year 2006 which included: a response to the University's strategic planning efforts; the Board's policy on rehiring retirees, for which he thanked the Board; and discussion of Chief Illiniwek and the effects of the presence of this tradition including the fact that it seems to be a distraction on the campus that takes time away from other issues.



## BUSINESS PRESENTED BY THE PRESIDENT OF THE UNIVERSITY

President White called attention to several coming events including the following:

- The annual meeting of the University of Illinois Foundation, September 14-16, Urbana campus
- The presentation of the Senator Paul Douglas Ethics Award to Senator Carl Levin of Michigan, September 26, Washington, D.C.

## OLD BUSINESS

There was no business presented under this aegis.

## NEW BUSINESS

Dr. Schmidt reported on a meeting of the Board of Managers of the University of Illinois Research Park and said that this park and the Chicago Technology Park were working together on some projects.

He also gave praise to the University auditors for working with the Board of Managers and in bringing certain things in need of change to the attention of the Board of Managers. He said the outcome of this was the appointment of a two-person taskforce to advise the board on future actions.

Dr. Schmidt also reported the fact that death had claimed the lives of two outstanding former faculty members of the College of Medicine at Chicago, Dr. Olga Jonasson, a long-time faculty member and the first woman chair of a department of surgery at a medical school (Ohio State University), and Dr. Nicholas J. Cotsonas, Jr.,

former chair of the Department of Medicine and the first dean of the College of Medicine at Peoria.

## STUDENT TRUSTEES' REPORTS

Ms. Sarah Doyle, student trustee from the Springfield campus, reported that the current enrollment at that campus was 4,761, the highest that campus has had, and that all residence halls on the campus were fully occupied. She also said that the campus had a record number of international students and that campus life has blossomed.

Mr. Umair Mamsa, student trustee from the Chicago campus, stated that the Chicago campus had held its first freshman convocation on August 27 and that 1,251 students had attended. He said that student life on the Chicago campus is much more active and that more students are attending events on campus. He reported that one goal of student leaders at Chicago for this year is to lobby elected officials to ask them to consider students' perspectives.

Mr. Christopher Kantas, student trustee from the Urbana campus, told the Board that 120 Legacy Scholarships, valued at \$2,000 each were awarded to students for this academic year. He reminded the Board that these scholarships are funded by the students through a fee they voted to assess themselves to provide financial assistance to students in need. He said that the Legacy Scholarship Fund is expected to grow to \$14.7 million by 2025 and to provide \$1.1 million annually for scholarships. He also mentioned a new video available to students to advocate safety on campus. He indicated that 4,000 students have watched the video thus far. He reported that voter registration for students is available online now and that students responsible for this program hope to

register 6,000 students this year. In closing, he said that the C-U Mass Transit District has agreed with students to try to improve the service of the “safe rides” program, a service offered to students at night.

ANNOUNCEMENTS FROM THE CHAIR OF THE BOARD

Chair Eppley called attention to the schedule of meetings for the next few months:

November 9, Springfield; January 18, 2007, Chicago; March 13, Urbana.

There being no further business, the Board adjourned.

MICHELE M. THOMPSON  
*Secretary*

LAWRENCE C. EPPLEY  
*Chair*