

APPROVED BY THE
COMMITTEE

MAR 06 2017

Alecia M. Williams
SECRETARY OF THE BOARD

MEETING OF THE AUDIT, BUDGET, FINANCE, AND FACILITIES COMMITTEE
OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS

JANUARY 9, 2017

This meeting of the Audit, Budget, Finance, and Facilities Committee was held on Monday, January 9, 2017, at 1:00 p.m., in Room 270, College of Pharmacy, 833 South Wood Street, Chicago, Illinois. Attendance via videoconference was available in Room 1030, National Center for Supercomputing Applications, 1205 West Clark Street, Urbana, Illinois; and the Hatmaker Room, Room 550, Public Affairs Center, One University Plaza, Springfield, Illinois.

Trustee Ramón Cepeda, chair of the committee, convened the meeting and asked the clerk to call the roll. The following committee members were present: Mr. Ramón Cepeda; Mr. Edward L. McMillan; Mr. James D. Montgomery. Mr. Collin T. Schumock, voting student trustee, Urbana, was present. Mr. Lester H. McKeever Jr., treasurer, and Mr. Nathan C. Hoffman, student trustee, Springfield, were absent. President Timothy L. Killeen attended the meeting via telephone.

Also in attendance were: Dr. Barbara J. Wilson, executive vice president and vice president for academic affairs; Dr. Robert J. Jones, chancellor, University of Illinois at Urbana-Champaign, and vice president, University of Illinois; Mr. Walter K. Knorr, comptroller (and vice president/chief financial officer); Mr. Thomas R. Bearrows,

University counsel; Mr. Thomas P. Hardy, executive director for University relations; and Ms. Dedra M. Williams, secretary of the Board of Trustees and of the University.

Attached is a listing of other staff members and some members of the media in attendance at this meeting.

Mr. Cepeda welcomed everyone to the meeting and asked if there were any comments or corrections to the minutes from the meeting held October 31, 2016. On motion of Mr. McMillan, seconded by Mr. Montgomery, the minutes were approved. There were no “nay” votes.

PRESENTATIONS AND REVIEW OF RECOMMENDED BOARD ITEMS
FOR THE MEETING OF THE BOARD OF TRUSTEES
OF THE UNIVERSITY OF ILLINOIS ON JANUARY 19, 2017

Mr. Cepeda asked certain individuals in attendance to provide presentations and report on the items that will appear on the Board’s agenda at its meeting on January 19, 2017. All proposed agenda items discussed at the meeting are on file with the clerk.

Tuition, Fees, and Room and Board Rates – Academic Year 2017-2018

Mr. Cepeda asked Dr. Wilson to provide a presentation on recommended tuition, fees, and room and board rates (materials on file with the clerk). Dr. Wilson emphasized that the recommended rates for tuition, fees, and room and board are based on extensive consultation with faculty, students, administrators, and trustees, and she reported that the goal is to protect access and affordability while sustaining academic quality and competitiveness. She reviewed additional considerations and said that it is recommended

that there be no increase in the base tuition rate for new Illinois resident undergraduates for Academic Year 2017-2018. Dr. Wilson presented the proposed guaranteed general tuition rates for undergraduate Illinois residents at Urbana, Chicago, and Springfield for Academic Year 2017-2018 and showed that the rates are unchanged from the previous year. She then reviewed additional recommendations, which included some increases for nonresidents and international students at Urbana and Chicago, and an increase in the administration fee for online programs at Springfield. Dr. Wilson then discussed recommendations for graduate tuition rates for Academic Year 2017-2018, which included some targeted changes for specific graduate programs. She also reviewed recommendations for professional program tuition rates for Academic Year 2017-2018, which varied by program. She said that the proposed graduate tuition rates and professional program tuition rates are based on cost market analysis.

Next, Dr. Wilson gave an overview of student fees and assessments, and she described the process for establishing a student fee recommendation. She reviewed some proposed fee increases at Urbana, Chicago, and Springfield and gave the justification for each. Lastly, Dr. Wilson showed the recommended room and board rates for Academic Year 2017-2018 and reported that the rates at Urbana and Chicago will remain unchanged from the previous year, with a 0.6 percent increase at Springfield. She concluded her presentation by emphasizing the University's commitment to Illinois students and prioritizing affordability while increasing financial aid and scholarships.

Mr. McMillan complimented everyone involved and said he appreciates efforts to prioritize affordability and quality during these difficult times. Mr. Cepeda

echoed these comments and asked for additional details regarding the proposed decrease in tuition for the law degree program at Urbana. Dr. Wilson referred to a national decrease in applications to law schools and said that most schools offering law degrees are reducing their incoming class size, relaxing standards slightly, and decreasing tuition. She indicated that there was an increase in applications to the College of Law at Urbana last year despite a tuition increase, and she said that it is anticipated that this proposed tuition decrease will be well received.

Ms. Williams said that President Killeen asked her to convey his thanks to those on the committee and others who worked on the tuition and fees recommendations.

Capital and Real Estate Items

At 1:21 p.m., Mr. Cepeda asked Mr. Michael B. Bass, senior associate vice president and deputy comptroller, to discuss recommended capital and real estate items. Mr. Bass discussed the recommendation to increase the project budget for renovation at the Natural History Building at Urbana. He reviewed the history of the project and reasons for the requested increase, noting that there have been unforeseen conditions identified as the project has progressed.

Next, Mr. Bass provided information on the recommendation to employ a professional services consultant for the southwest addition and renovation of Memorial Stadium at Urbana. He gave an overview of the project, which he said will result in significant improvements to the stadium. He responded to questions from Mr. Montgomery regarding the funding for the project and indicated that it will be based on a

similar funding model used in the renovation of the State Farm Center. Mr. Montgomery and Mr. Bass also discussed the request for proposal process and the firm being recommended for the project.

Mr. Bass then reported on the recommendation to approve a lease for the Mile Square South Shore Clinic at Chicago, and he reviewed the proposed lease terms and location of the facility. He said this will be funded in part by a grant awarded to the University of Illinois at Chicago by the U.S. Department of Health and Human Services.

Purchase Recommendations

Next, Mr. Cepeda asked Mr. Richard D. Elmore, assistant vice president for procurement services, to report on purchase recommendations. Mr. Elmore provided information on the recommendation to purchase a Scanning Transmission Electron Microscope (STEM) for atomic-scale analysis and imaging for the Materials Research Laboratory at Urbana. He said that the University received a discount of almost \$4.0 million and that sole-source procedures were followed in accordance with the Illinois Procurement Code.

Mr. Elmore then discussed the recommendation to purchase sterilization services from Integrated Medical Systems International, Inc., for surgical trays and implantable devices for the hospital surgical services unit at UI Health. He told the committee that an extension to the existing emergency purchase order is needed, and that the current vendor has demonstrated greater than satisfactory performance and will maintain their pricing of \$37.27 per tray.

Report from the Office of Procurement Diversity

At 1:37 p.m., Mr. Cepeda asked Ms. Sharla Roberts, director of procurement diversity, Office of Business and Finance Services, University of Illinois System Offices, to give a presentation on supplier diversity (materials on file with the clerk). Ms. Roberts stated that the mission of the Office of Procurement Diversity in the Office of Business and Finance Services is to expand procurement opportunities with diverse firms. She described the guiding principles of the office and discussed the outcome of the Bronner Group study, and she told the committee that the implementation phase of that study is complete. Ms. Roberts reported on compliance and outreach initiatives, emphasizing that outreach is critical to success. She listed major awards received by the Office of Procurement Diversity and showed charts depicting the University's diversity spend and diversity spend analysis. Ms. Roberts presented key successes and reviewed the goals of the resolution on supplier diversity that will be on the Board's agenda at its January 19, 2017, meeting. She concluded her presentation by emphasizing the importance of support from the Board and system administration.

Mr. McMillan congratulated Ms. Roberts and her team on their progress. Discussion followed regarding the need for additional resources in the Office of Procurement Diversity, and President Killeen expressed his support. Mr. Montgomery said he was happy to hear that progress had been made and that recommendations from the Bronner Group had been implemented, and he echoed the need for resources to support this critical work. He emphasized that the ability to ensure compliance is

essential. Mr. Bass expressed appreciation for the staff in the Office of Procurement Diversity and said they have an exceptional understanding of the nature of the field and the importance of outreach. Ms. Roberts and Mr. Dale Morrison, supplier diversity coordinator, discussed partnerships with organizations and groups to promote supplier diversity, and they described the importance of establishing relationships with those in the community. Mr. Cepeda thanked them for the presentation and for providing this helpful information.

Fiscal Year 2017 Services and Management Agreement
for the University of Illinois Alumni Association

Mr. Cepeda then asked Mr. Knorr to discuss the recommendation to approve the Fiscal Year 2017 services and management agreement for the University of Illinois Alumni Association. Mr. Knorr described the role of the Alumni Association and said that the same model was used to determine the Alumni Association's proposed funding as the one that was used to determine funding for the University of Illinois Foundation. Mr. Knorr noted that the funding is dependent on the State appropriation.

Resolution Concerning University of Illinois Commitment to Supplier Diversity

Next, committee members discussed the Resolution Concerning the University of Illinois Commitment to Supplier Diversity. Mr. McMillan inquired about a review process that is mentioned in the resolution, and Mr. Bass provided additional information about this process. He told the committee that additional ideas will be brought back to the

committee after the resolution has been adopted and results analyzed over a 90-day period.

Legislative, Budget, and Financial Updates

Next, Mr. Cepeda asked Mr. Knorr to give a legislative, budget, and financial update. Mr. Knorr referred to the State budget impasse and the appropriation to the University. He said that the State is reporting more than \$11.0 billion unpaid bills, and that the Institute of Government and Public Affairs reported a downturn in economic growth in Illinois. Mr. Knorr told the committee that Moody's has expressed concern regarding the decrease in the population of the state.

OLD BUSINESS

There was no business presented under this aegis.

NEW BUSINESS

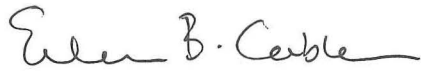
Mr. Cepeda announced that the next meeting of this committee is scheduled for Monday, March 6, 2017, at 1:00 p.m.

MEETING ADJOURNED

On motion of Mr. Montgomery, seconded by Mr. Schumock, the meeting adjourned at 2:20 p.m. There were no "nay" votes.

Respectfully submitted,


DEDRA M. WILLIAMS
Clerk


EILEEN B. CABLE
Assistant Clerk


RAMÓN CEPEDA
Chair