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Board Meeting

July 17, 2025

ROLL CALL

APPROVE PROJECT BUDGET FOR ENERGY CONSERVATION PROJECT, LABORATORY FACILITIES, URBANA

**Action:** Approve Project Budget for Energy Conservation Project, Laboratory Facilities

**Funding:** Institutional Funds Operating Budget

In May 2018, the Board of Trustees approved the Energy Conservation Project, Laboratory Facilities with a budget of $32.5 million. At the start of the project, an energy savings audit was performed, which outlined all potential opportunities for conservation in several buildings at the Urbana-Champaign university, including replacing the windows at Roger Adams Laboratory. The department lacked adequate funding at that time to include the replacement of all the windows identified and the original project budget included replacing windows only in spaces where mechanical upgrades were being performed. In November 2019, the Board approved an additional $1.1 million to support the replacement of the remaining windows in the north portion of Roger Adams Laboratory.

The Public University Energy Conservation Act (110 ILCS 62/1 et seq.) authorizes public universities to implement Energy Conservation Measures (ECMs) by partnering with Energy Service Companies (ESCOs). Under this Act, a guaranteed energy savings agreement must include a written assurance from the ESCO that the resulting energy and/or operational cost savings will meet or exceed the cost of the ECMs within a 20-year period. If the guaranteed savings are not realized, the ESCO is contractually obligated to reimburse the university for the shortfall.

In accordance with this statute, the University entered into a 20-year Energy Services Agreement (ESA) that guarantees $58,274,061 in utility cost savings. To validate performance under this agreement, the University committed to annual Measurement and Verification (M&V) services. The cost for Year 1 M&V services, $119,948, was incorporated into the original contract. The Year 1 M&V process revealed a $930,322 shortfall between projected and actual savings. Consistent with the contract terms, the ESCO reimbursed the University the full amount of the unrealized savings.

To uphold this performance-based guarantee, it is now necessary to secure M&V services for the remaining term of the agreement, up to 18 additional years. Continued M&V will obligate the ESCO to either implement corrective measures to achieve the targeted savings or continue reimbursing the University for any shortfalls. Any costs associated with replacing or supplementing ECMs, or making operational changes to meet the guaranteed savings, will remain the responsibility of the ESCO.

To facilitate ongoing compliance with M&V requirements and ensure uninterrupted oversight, a budget increase is required. The projected cost of M&V services for the remainder of the agreement is estimated to be no more than $2.42 million. This adjustment is essential to protect the University’s guaranteed energy savings and uphold the integrity of the ESA.

Accordingly, the chancellor, University of Illinois Urbana-Champaign, and vice president, University of Illinois System, with the concurrence of the appropriate administrative officers, recommends that the Board approve the increase in project budget for this project to $36.02 million, an increase of $2.42 million.

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 this project are available from institutional funds operating budget of the University of Illinois Urbana-Champaign with an account that will be reimbursed through guaranteed energy cost savings.

The president of the University of Illinois System concurs.