

Board Meeting
June 9, 2011

ROLL CALL

DISCLOSE CERTAIN MINUTES OF EXECUTIVE SESSIONS PURSUANT TO
OPEN MEETINGS ACT

Under the Open Meetings Act passed by the General Assembly, public bodies subject to the Act that conduct business under exceptions specified in the Act must, at least every six months, determine whether the need for confidentiality still exists with respect to each item considered under such exception.

Items from October 1999, through January 2011, that have been heretofore unreleased are recommended for release at this time.

The University Counsel and the Secretary of the Board, having consulted with appropriate University officers, recommend that the following matters considered in executive session for the time period indicated above be made available to the public at this time.

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.

Executive Session Minutes Released to Public

July 13, 2006, Board of Trustees Meeting

Purchase of Real Property for Use by the University

For this portion of the executive session, Mr. Eppley invited Vice President Rugg and Douglas Beckmann, senior associate vice president for business and finance, to join the Board for the discussion. Mr. Rugg then introduced a proposal to exchange land owned by the University, known as the Pell Farm, currently the University's Pomology Research Farm, for land owned by the University of Illinois Foundation. He described the location of the Pell Farm as the intersection of Philo and Windsor Roads in Urbana, and said that this has been an area for development, with residential areas on the borders and commercial development coming immediately adjacent to it. He said the farm now was too close to development of the city of Urbana making it increasingly difficult to move farm equipment into and out of the farm.

Mr. Rugg told the Board that the Pell Farm was not surplus property and that the University could not sell it unless it was declared surplus property. He then explained that the Legislative Audit Commission Guidelines provide for exchange of property for other property of like value, thus the administration proposes exchanging this property for property of equal value currently owned by the University of Illinois Foundation. He stressed that these guidelines stipulate that the value of the property

traded for State property must be the cost of the property at the time of the transaction to acquire it. The owner of the property traded is not permitted a profit on the property.

He explained that the University and the Foundation had each received an appraisal for the Pell Farm; one was \$15,600 per acre and the other was \$27,000 per acre. Given this, the Foundation and the University representatives suggest that the value of the Pell Farm be set at \$20,000 per acre to recognize the difference in the two appraisals and the Foundation's risk. Mr. Rugg also explained that if the Foundation should sell the Pell Farm property at a profit, none of the profit may accrue to the Foundation, but must go into a quasi-endowment for use by the Urbana campus, and if a future sale were for less than \$20,000 per acre the Foundation would sustain the loss.

Mr. Rugg indicated that the properties the University might acquire in the exchange from the Foundation are located in the area south of the campus and one is in the north campus area. He said it would be helpful to present an item to the Board at its September 7, 2006, meeting to recommend this plan for land exchange.

Mr. Bruce inquired about the technical aspects of this transaction and Mr. Eppley explained that the guidelines of the Legislative Audit Commission provide for what had been described. Mr. Eppley also reminded the Board that as a member, ex officio, of the University of Illinois Foundation Board of Directors, he does not vote on matters before that Board. He reinforced the statement made earlier that the Foundation would not be permitted any profit from the transaction and said that the Foundation Board members would evaluate this proposal at their annual meeting in September.

Mr. Bearrows noted that the Foundation is a University-Related Organization and exists to support the University. Also, Mr. Rugg added that some of the Foundation Board members consulted had said that the Foundation could assume this risk and not be harmed.

At the conclusion of this discussion, Messrs. Rugg and Beckmann were excused.

September 7, 2006, Board of Trustees Meeting

Setting the Price for Property Owned by the University

Vice President Rugg and Douglas Beckmann, senior associate vice president for business and finance, joined the Board to discuss the item under this aegis that concerned setting the price for land owned by the University in order to transfer it to the University of Illinois Foundation for an exchange of land of like value. Mr. Rugg stated that the University wishes to transfer the land known as the Pell Farm to the University of Illinois Foundation for this exchange. He explained that this type of transaction is provided for in the guidelines of the Legislative Audit Committee and that the provisions state that the Foundation may not profit from the transaction and that it is assumed that the Foundation might incur a loss in such a transaction.

Mr. Rugg explained that the Foundation acquires properties strategically located within the University's master plans and that it owns property that would be useful for the planned relocation of the South Farms at Urbana. He said that in

preparation for the exchange, the University received two appraisals for the Pell Farm property and the Foundation was emphatic about paying the lower appraisal. Mr. Rugg told the Board that this was \$2.5 million, and reminded the members that he had indicated at the Board meeting on July 13, 2006, that the appraisal that had been received at that time was for \$3.2 million. He noted that the Foundation required two appraisals and that its representatives had emphasized the need to accept the lower appraisal. Mr. Beckmann explained that this was expected because the Foundation had fiduciary responsibilities to meet. Mr. Rugg added that if the sale of the property (Pell Farm) net of carrying costs should be more than the lower appraisal, those funds would go to the Urbana campus and that under the guidelines of the Legislative Audit Commission the Foundation is not permitted to retain any profit. Mr. Eppley commented that the Foundation's insistence on accepting the lower of the two appraisals is not a problem for the University because any subsequent profit would go to the Urbana campus.

Mr. Rugg then described the property the University seeks to receive from the Foundation in exchange for two farms on the south campus at Urbana; one residence and one piece of farm property. Mr. Vickrey asked for assurance that the University wanted to acquire all of these properties and was given that. Mr. Rugg stated that the Foundation provides the loan note for such property and the University pays the carrying costs which enables the University to acquire property before the price increases.

Messrs. Rugg and Beckmann departed the meeting at the end of this discussion.

January 18, 2007, Board of Trustees Meeting

Litigation

Mr. Bearrows stated that he had sent a memorandum to the Board members who normally receive information regarding medical malpractice cases with information about some malpractice cases. He asked that they call him if they had questions as soon as possible; otherwise, he would proceed with his stated recommendations in the memorandum.

September 6, 2007, Board of Trustees Meeting

Litigation

Mr. Bearrows stated that he had circulated information on certain medical malpractice cases with detailed facts and indicated he would appreciate receiving comments or questions within the next week; he said that if he hears nothing he will proceed with the recommendations contained in his memorandum to the Board.

January 17, 2008, Board of Trustees Meeting

Medical Malpractice Cases

Mr. Bearrows stated that he had described two medical malpractice cases in a recent memorandum to the Board and would appreciate guidance if any trustee had comments or

advice for him regarding these cases. He indicated that in the absence of direction from the Board he would proceed with the recommendations in his memorandum.

July 23-24, 2008, Board of Trustees Meeting

Litigation

Messrs. Bruce and Montgomery departed the executive session at this time.

Mr. Bearrows stated that he had recently sent the Board a memorandum with summaries of a few medical malpractice cases and asked the Board members to call him by July 31, 2008, if they have comments or questions. He indicated that if he hears nothing he will act on the recommendations made in his memorandum.

November 13, 2008, Board of Trustees Meeting

Litigation

Mr. Bearrows referred to a recent report he had sent to all trustees except Trustees Bruce, Dorris, and Montgomery, which contained specific recommendations as to how the University should proceed in regard to two cases. He stated that Dr. William H. Chamberlin, chief medical officer, University of Illinois Hospital, had reviewed this report and endorsed the recommendations. Mr. Bearrows suggested that if any member of the Board (excluding Trustees Bruce, Dorris, and Montgomery) had any questions or concerns, they should contact Dr. Chamberlin or himself by Friday, November 21. If no significant concerns arose, the two cases would be handled as recommended in the report.

Mr. Barrows stated that he would continue to keep the trustees informed of material developments in the two matters.

July 22-23, 2009, Board of Trustees Meeting

Medical Malpractice Cases

Mr. Bearrows stated that he had described two medical malpractice cases in detail in his periodic written report to the Board. He said that a specific recommendation is set forth for each, including whether to try or settle, and if the latter, a recommended settlement range. He said that if any member of the Board has comments or questions, he/she should contact him or Dr. Chamberlin by close of business Wednesday, July 29.

May 20, 2010, Board of Trustees Meeting

Discussion of Minutes of Meetings Lawfully Closed Under the Open Meetings Act

Those in attendance at this portion of the executive session included all of the trustees, President Ikenberry, Vice President Knorr, University Counsel Bearrows, and Secretary Thompson.

Secretary Thompson reviewed the requirement in the Open Meetings Act that indicates that public boards must review sequestered minutes of closed sessions at least semi-annually to determine if any hitherto sequestered minutes may be released to the public. All of these minutes had been distributed to the Board earlier. She explained that she and University Counsel Bearrows had reviewed all such minutes and did not

recommend release of any substantive minutes at this time; however, she noted that the report in the last semi-annual review was presented in the executive session minutes of the meeting of November 12, 2009, and stated that she and Mr. Bearrows recommended that the report of this review that appears in the minutes of this meeting be released. She indicated that there is an item in the agenda for today's meeting recommending this. There was no discussion or comment.

September 23, 2010, Board of Trustees Meeting

Purchase or Lease of Real Property for Use by the University

Inasmuch as Chancellor Easter had been dean of the College of ACES at the time this matter began, he was asked to comment on the matter of purchasing land for use by the Agricultural Experiment Station in Monmouth, Illinois. He reviewed the history of the Agricultural Experiment Stations, stating that there were seven such field stations at one time and a few years ago, while he was dean of ACES he asked an alumnus, Mr. Edward McMillan, now a member of the Board of Trustees, to chair a taskforce to review all of these stations and make a recommendation about future use of them. The chancellor reported that the recommendation of the taskforce was that the experiment stations did not seem to be financially sustainable and should be closed. Chancellor Easter also stated that in the case of the experiment station at Monmouth, a local group, through a foundation, sought to assist this station financially. Since it was not possible for this organization to transfer funds to the University, an alternative means for supporting the

experiment station was identified. This involved the local foundation purchasing 80 acres of farmland for the University, the revenue from which the University could use for the station, with the provision that the University would purchase an additional 80 acres to fully support the experiment station. The chancellor explained that in order to accomplish this, the University sold farmland that had been given as a gift to the University in another part of the State and used the proceeds from this sale to purchase 80 acres in the Monmouth area. Chancellor Easter said he felt good about this arrangement, which he said had taken four years to accomplish, and asked Mr. McMillan to comment.

Mr. McMillan said he found this to be an excellent solution and he was impressed and amazed by the local interest in preserving this experiment station. Mr. Knorr then explained the financial facts of these transactions involved. He said that the cost for the University to purchase 80 acres near Monmouth was \$8,200 per acre, which was the appraisal that the University received for the land, and that the University could not pay more than the appraisal. He added that the seller required \$8,800 per acre and to meet this demand the local foundation was contributing the additional \$48,000 to complete the sale. It was explained that this briefing was to advise the Board of these transactions and that they did not require Board action, thus there was no action item on the agenda for today's meeting.

November 18, 2010, Board of Trustees Meeting

Discussion of Minutes of Meetings Lawfully Closed
Under the Open Meetings Act

Dr. Thompson explained that this discussion is required pursuant to the Open Meetings Act, which states that a review of sequestered minutes of executive sessions must occur every six months to determine if it is appropriate to release any of these minutes. She stated that she and Mr. Bearrows had reviewed all of the sequestered minutes of past executive sessions in order to determine if any were ripe for release to the public at this time. All of these minutes had been distributed to the Board earlier. She indicated that they had concluded that none of the sequestered minutes should be released at this time. There were no questions.