

MEETING OF THE BOARD OF TRUSTEES
OF THE
UNIVERSITY OF ILLINOIS

March 21, 1985



The March meeting of the Board of Trustees of the University of Illinois was held in the General Lounge, Illini Union, Urbana, Illinois, on Thursday, March 21, 1985, beginning at 8:00 a.m.

President Nina T. Shepherd called the meeting to order and asked the secretary to call the roll. The following members of the board were present: Mrs. Galey S. Day, Mr. William D. Forsyth, Jr., Mrs. Susan L. Gravenhorst, Mr. Ralph C. Hahn, Mr. George W. Howard III, Mr. Albert N. Logan, Mr. Dean E. Madden, Mrs. Shepherd, Miss Ann E. Smith. Governor James R. Thompson was absent. The following non-voting student trustees were present: Mr. Kevin K. Lamm, Chicago campus; Mr. Paul Pittman, Urbana-Champaign campus.

Also present were President Stanley O. Ikenberry; Dr. Morton W. Weir, vice president for academic affairs; Dr. Donald N. Langenberg, chancellor, University of Illinois at Chicago; Dr. Thomas E. Everhart, chancellor, University of Illinois at Urbana-Champaign; and the officers of the board, Dr. Craig S. Bazzani, comptroller (and vice president for business and finance of the University); Mr. Byron H. Higgins, university counsel; and Dr. Earl W. Porter, secretary.

EXECUTIVE SESSION

President Shepherd, referring to Section Two of the Open Meetings Act, stated: "A motion is now in order to hold an executive session to consider information regarding the appointment, employment, or dismissal of employees or officers, and to discuss pending, probable, or imminent litigation against or on behalf of the University and to discuss the acquisition of real property."

The motion was made by Mr. Forsyth and approved unanimously.

Settlement of Lorraine J. Kave vs. Nyhus, et al., Litigation

(1) There is currently pending in the Circuit Court of Cook County (Case #82-L-7159) litigation initiated by Lorraine J. Kave, a 64-year-old woman who is seeking damages for alleged malpractice in connection with a surgical procedure which she underwent in October 1976. During the course of that surgery, two surgical instruments were inadvertently left in the plaintiff's body. They were subsequently discovered and removed in 1982. The plaintiff continues to suffer pain as well as other side effects as the result of these occurrences.

Mrs. Kave has an invalid husband to whom she has been providing care since 1973. As the result of her pain and suffering, she has been unable to care for her husband and has had to hire outside assistance.

The firm of Baker & McKenzie was engaged as special counsel and has recommended that authority be given to settle the litigation through the payment of \$125,000. The recommendation of counsel is supported by the university counsel and the appropriate University committees.

The vice president for business and finance has recommended that authority be granted to settle this matter for an amount not to exceed \$125,000 from the University's Risk Management account.

I concur.

On motion of Mr. Logan, this recommendation was approved by the following vote: Aye, Mrs. Day, Mr. Forsyth, Mrs. Gravenhorst, Mr. Hahn, Mr. Howard, Mr. Logan, Mr. Madden, Mrs. Shepherd, Miss Smith; no, none; absent, Governor Thompson.

(The student advisory vote was: Aye, Mr. Lamm, Mr. Pittman; no, none.)

Minority Affairs, Chicago

At President Ikenberry's request, Chancellor Langenberg provided a preliminary report of recent steps being taken at the Chicago campus on minority affairs. These include: the appointment of an associate chancellor for campus programs who will be given, under the chancellor, broad direction and responsibility for affirmative action, special programs, relationships with groups on the campus and in the local area, and who will review present programs and recommend new ones. An external advisory committee will be established, as will an internal committee on minority affairs, and there will be continuing study, with Urbana, on the best means to support and recruit minority faculty.

There being no further business, the executive session adjourned at 8:40 a.m. and the following committees of the board met: *Buildings and Grounds Committee* to receive status and planning reports on Athletic

Association physical facilities; the *Student Welfare and Activities Committee* to receive preliminary information with regard to recommendations concerning tuition, fees, and housing rates, and to discuss an agenda item, "Recommendation Regarding the Assignment of Debt Service Obligations for Auxiliary Facilities"; and the *Committee of the Whole*, to receive background information on other agenda items, "Self-Insurance Liability Plan" and "Establishment of Trust to Operate an HMO." (The Student Welfare and Activities Committee was adjourned for the board luncheon and the Committee of the Whole convened at 12:45 p.m., adjourning at 2:30 p.m., at which time the Board of Trustees meeting was reconvened.)

MINUTES APPROVED

The secretary presented for approval the press proof of the minutes of the Board of Trustees meeting of November 15, 1984, copies of which had previously been sent to the board.

On motion of Mr. Madden, these minutes were approved.

BUSINESS PRESENTED BY THE PRESIDENT OF THE UNIVERSITY

President Ikenberry recognized and introduced observers from the campus senates and from the University Senates Conference.¹

REGULAR AGENDA

The board considered the following reports and recommendations from the president of the University.

Recommendations Regarding the Assignment of Debt Service Obligations for Auxiliary Facilities

(2) For several months, the trustees and other members of the University community have considered improvements to the auxiliary facilities systems on both campuses. In April, specific project proposals will be presented to the board for detailed review and action. Prior to that action, however, it is appropriate to define the factors that will underlie the assignment of debt service and repair and replacement obligations. The specific projects and the related financial considerations have been discussed by students, faculty groups, and administrators. On most aspects of the recommended approach to financing, there appears to be some reasonable degree of consensus. On other aspects, there remain thoughtful differences of view growing out of differing perspectives of the past, the present, and the future.

The auxiliary facilities system, in its present form, is a relatively recent creation of the Board of Trustees, 1978. Before that time, debt on the various auxiliary facilities, while treated as a general obligation of the University, was a conglomerate of numerous, separate bond issues. In 1978, the debt of the system was consolidated under one bond resolution, and any new debt of the system also would be defined under a single resolution. Debt service obligations and repair and replacement assignments are paid from user fees, or by student fee assessments. Housing resi-

¹ University Senates Conference: Rollin G. Wright, professor and head of the Department of Physical Education, Urbana-Champaign campus; Chicago campus Senate: Stanley Shapiro, professor and head of the Department of Biological Sciences; Urbana-Champaign Senate Council: Geneva Belford, professor of computer science.

dents pay for debt service assigned to housing, although it is agreed that in Urbana the housing program receives a subsidy from Urbana student fee payers, and this appears to have the support of students and other campus constituencies.

Prior to 1978, auxiliary facility debt was subsidized also from student tuition. Both prior to 1978 and subsequently, inevitable variations in interest rates and construction costs have been spread among students campus-wide and have not been assigned to any specific facility, e.g., dormitories, union, etc. Debt service obligations presently carried by students differ on the two campuses. Students residing in Chicago housing pay more per student in debt service than do students in housing at Urbana; students in Urbana contribute more from student fees to debt service than do students in Chicago.

Looking ahead to the prospect of the issuance of a new bond issue in 1985, the framework within which the assignment of debt service obligations would take place has been the subject of extensive discussions. On certain principles there appears to be a reasonable consensus:

1. Improvements to the auxiliary facilities systems on both campuses are believed by students and others to be needed.
2. Given the contrasting alternatives of a new "University-wide" approach, or a strict application of the "campus-specific" model, the greatest degree of consensus appears to center on the so-called "eclectic" approach, reviewed with the Board of Trustees in February.
3. This "eclectic" approach sustains the practice of assignment of debt service obligations to the campus on which the facility is constructed or the improvement made. Housing residents would have the primary responsibility to pay for the debt service obligation associated with student housing, except that the current *de facto* subsidy in Urbana by student fee payers would continue. A student fee subsidy for housing would be instituted on the Chicago campus, and because of the nature of the proposed facility improvements and following consultation with the students and others involved in the planning, the Chicago student fee would be assessed all students, as is presently the case with the health and pharmacy fees. Finally, the "eclectic" model calls for the assignment of savings derived from the re-financing program to be assigned to reduce the debt service carried by student housing in Chicago.

The "eclectic" model would meet most of the tests outlined to the board in my February statement. However, if the current differences per student in the housing debt obligations between Chicago and Urbana are not corrected, these inequities will remain once the eclectic model is applied. Students in Chicago housing presently pay almost 80 percent more per student in debt service than do students in Urbana. Were these inequities not corrected now, they would continue for the foreseeable future.

Because of the vast differences in size of the respective housing programs on the two campuses, a relatively modest adjustment in housing debt service rates of approximately \$2 per month per student in Urbana will not eliminate the difference in housing rates, but it will eliminate the inequity. The remainder of the difference is the result of the character of student housing on the two campuses, and these differences should be preserved.

There is no consensus that this adjustment should or should not be made. Ultimately, the decision to make or not to make the one-time adjustment must be made by the Board of Trustees—just as the board will determine the overall approach, including the question of the application of the so-called "eclectic" model.

Therefore, following much deliberation and good faith efforts among all concerned to work toward consensus, I recommend that the Board of Trustees endorse the application of the "eclectic" model for the assignment of the new auxiliary facilities debt service, and that the Board of Trustees direct a one-time adjustment

as noted to bring the current per student housing debt service charges into a more equitable relationship on the two campuses.

On motion of Miss Smith, this recommendation was approved by the following vote: Aye, Mrs. Day, Mrs. Gravenhorst, Mr. Hahn, Mr. Logan, Mr. Madden, Mrs. Shepherd, Miss Smith; no, Mr. Forsyth, Mr. Howard; absent, Governor Thompson.

(The student advisory vote was: Aye, Mr. Lamm; no, Mr. Pittman.)

Mr. Forsyth left the meeting at this time.

Budgets for 1985 Summer Sessions, Chicago and Urbana-Champaign

(3) The chancellors at the Chicago and Urbana-Champaign campuses have recommended the budgets and appointments to the faculty for the 1985 summer sessions. (Copies of the budget documents are filed with the secretary of the board.)

The distribution of the budgeted funds is as follows:

	<i>Urbana-Champaign</i>	<i>Chicago</i>	<i>Total</i>
Salaries	\$1 855 245	\$1 378 521	\$3 233 766
Reserve	28 019	0	28 019
	<u>\$1 883 264¹</u>	<u>\$1 378 521²</u>	<u>\$3 261 785</u>

The projected enrollment for 1985 and corresponding figures for 1984 are as follows (head count):

	<i>Actual 1984</i>	<i>Projected 1985</i>	<i>Increase</i>	<i>Percent of Increase</i>
Urbana-Champaign				
Undergraduate	4 446	4 356	— 90	—2.0
Professional	176	174	— 02	—1.1
Graduate	5 089	5 040	— 49	—1.0
<i>Total</i>	<u>9 711</u>	<u>9 570</u>	<u>—141</u>	<u>—1.5</u>
Chicago				
Undergraduate	5 346	5 700	354	6.6
Graduate	1 861	1 800	— 61	—3.3
<i>Total</i>	<u>7 207</u>	<u>7 500</u>	<u>293</u>	<u>4.1</u>

The salaries recommended for summer session appointments are computed on the basis of the standard formula: two-ninths of the salary of the academic year for the full period of the session (eight weeks), with proportionate amounts for shorter periods or for part-time service.

The vice president for academic affairs and the vice president for business and finance concur in the recommendation. Accordingly, I recommend that the appointments to the staff for the summer sessions be approved as submitted; and that the president of the University be authorized to accept resignations, to approve additional appointments, and to make such other changes as are necessary to meet the needs of the 1985 summer sessions within the total allocation of funds indicated.

On motion of Mr. Howard, these appointments and the summer session budgets for Chicago and Urbana-Champaign for 1985 were approved, and authority was given as requested. This action was taken by the following vote: Aye, Mrs. Day, Mrs. Gravenhorst, Mr. Hahn, Mr.

¹ The total budget for Urbana-Champaign for 1984 was \$1,883,264.

² The total budget for Chicago for 1984 was \$1,303,116.

Howard, Mr. Logan, Mr. Madden, Mrs. Shepherd, Miss Smith; no, none; absent, Mr. Forsyth, Governor Thompson.

(The student advisory vote was: Aye, Mr. Lamm, Mr. Pittman; no, none.)

By consensus, the board agreed that one vote would be taken and considered the vote on each agenda item nos. 4 through 18 inclusive. The recommendations were individually discussed but acted upon at one time.

(The record of board action appears at the end of each item.)

Award of Certified Public Accountant Certificates

(4) The Committee on Accountancy recommends that the certificate of certified public accountant be awarded under Section 5 of the Illinois Public Accounting Act of 1983 to ten candidates who have presented evidence that they are holders of valid and unrevoked certified public accountant certificates obtained by passing the uniform written examination in another state or territory of the United States and who qualify in all other respects under this provision of the law. The names of the candidates are filed with the secretary of the board.

I concur in this recommendation.

On motion of Mr. Hahn, these certificates were awarded.

Appointments to the Athletic Board of Control and Elections to the Board of Directors of the Athletic Association, Urbana

(5) On recommendation of the chancellor at the Urbana-Champaign campus, I submit herewith nominations for appointment to the Athletic Board of Control and for election to the Board of Directors of the Athletic Association of the University of Illinois at Urbana-Champaign.¹ All will become effective at the 1985 annual meeting of the Athletic Association Board of Directors (presently scheduled for April 26, 1985) and to continue for the terms designated or until the successors of these members/directors have been appointed/elected.

I concur in the recommendations.

From the Faculty

SAMUEL K. GOVE, director and professor, Institute of Government and Public Affairs and professor of political science

BRUCE L. LARSON, professor of biological chemistry

From the Alumni Association

JANE HAYES RADER, Class of 1954, Liberal Arts and Sciences

¹ The governance of intercollegiate athletics at the University of Illinois at Urbana-Champaign is vested in the Athletic Board of Control which also serves as the Board of Directors of the Athletic Association of the University of Illinois at Urbana-Champaign. The Athletic Board of Control and the Board of Directors of the Athletic Association, as provided in the *Bylaws* of the Urbana-Champaign Senate and the *Bylaws* of the Athletic Association, consists of nineteen members comprised of the University's faculty representative and alternate faculty representative to the Intercollegiate Conference of Faculty Representatives (*ex officio*, with vote), eight faculty members, five alumni (including the chairman of the University's Alumni Association), two students, the vice chancellor for administrative affairs (*ex officio*, without vote), and the university comptroller or designee (*ex officio*, without vote). Terms are staggered so that each year two faculty members, one alumnus, and one student are proposed for membership; the faculty members and the alumnus are proposed for four-year terms; the student member, for a two-year term.

A slate of faculty and student nominations is provided by the Urbana-Champaign Senate, and a slate of alumni is nominated by the Urbana-Champaign Council of the Alumni Association. The chancellor at Urbana-Champaign, in turn, reviews the nominees and presents a list of candidates for consideration by the president of the University and the Board of Trustees.

From the Student Body

SARAH E. HARDIN, senior majoring in physical education

On motion of Mr. Hahn, these recommendations were approved.

Appointments to the Faculty

(6) The following new appointments to the faculty of the rank of assistant professor and above, and certain administrative positions, have been approved since the previous meeting of the Board of Trustees.

Positions in the University are classified in the following categories and are designated in the budget by the symbols indicated.

- A — Indefinite tenure
- N — Term appointment not eligible to be appointed for an indefinite term and not credited toward probationary period
- Q — Initial term appointment for a professor or associate professor
- T — Terminal appointment accompanied with or preceded by notice of nonreappointment
- W — One-year appointment subject to special written agreement
- Y — Twelve-month service basis
- 1-7 — Indicates the number of years of service which will be credited at the end of the contract period toward completion of the probationary period relating to tenure.

Figures following a symbol indicate percentage of time if the appointment is on a part-time basis (e.g., N75 means one year on three-fourths time).

Urbana-Champaign

ROBERT A. BEDDINI, assistant professor of mechanical and industrial engineering, on 75 percent time, and of aeronautical and astronautical engineering, on 25 percent time, beginning January 21, 1985 (N), at an annual salary of \$37,500.

CHARLES H. NELSON, visiting assistant professor of agricultural economics, December 21, 1984-January 20, 1985 (NY), \$2,750, and assistant professor of agricultural economics, beginning January 21, 1985 (NY), at an annual salary of \$33,000.

LINDA B. PETERAT, assistant professor of home economics education, Department of Vocational and Technical Education, beginning January 6, 1985 (N), at an annual salary of \$25,000.

MICHAEL L. WAUGH, assistant professor of secondary education, beginning August 21, 1985 (1), at an annual salary of \$27,000.

JONATHAN WIDOM, assistant professor of chemistry and biochemistry, beginning August 21, 1985 (1;N), at an annual salary of \$29,910.

Chicago

PHYLLIS M. ENDRENY, assistant professor of communication and theatre, beginning January 1, 1985 (1) (on leave without pay, winter and spring quarters 1985), at an annual salary of \$23,000.

JACKSON E. FOWLER, professor of urology, Department of Surgery, on 72 percent time, and physician-surgeon, on 18 percent time, College of Medicine at Chicago, beginning February 1, 1985 (AY72;NY18), at an annual salary of \$100,000.

KENNETH C. RICH, associate professor of pediatrics, College of Medicine at Chicago, beginning February 1, 1985 (AY), at an annual salary of \$70,000.

Administrative Staff

SUSAN L. ARNBERG, special assistant to the vice chancellor for administration, Chicago, beginning February 18, 1985 (NY), at an annual salary of \$41,000.

LAWRENCE J. MALLEY, associate director, University Press, beginning February 11, 1985 (NY), at an annual salary of \$46,000.

JUDSON C. MITCHELL, interim assistant chancellor and director of affirmative action, in the Office of the Chancellor, Chicago, beginning February 4, 1985 (NY), at an annual salary of \$43,500.

On motion of Mr. Hahn, these appointments were confirmed.

Appointments to the Institute for the Humanities, Chicago

(7) The chancellor at the Chicago campus, on recommendation of the director of the Institute for the Humanities and with the concurrence of the dean of the College of Liberal Arts and Sciences, has recommended the following appointments of senior fellows in the Institute for the Humanities for the academic year 1985-86 and for the program of research or study as indicated in each case.

Senior Fellows¹

JONATHAN ARAC, associate professor of English, to study American prose narrative, 1830s through 1860s.

RUTH S. EL SAFFAR, research professor of Spanish, to study the way varieties of sexual polarization function to generate diverse literary texts.

M. GLORIA FLAHERTY, professor of German, to study shamanism and the modern aesthetic.

ANIL K. GUPTA, associate professor of philosophy, to study the role of modern logic in philosophy.

PETER B. HALES, assistant professor of history of architecture and art, to study the nineteenth-century American landscape.

LAUREN G. LEIGHTON, professor of Slavic languages and literatures, to study translation in Russia and America.

VICTOR MARCOLIN, assistant professor of history of architecture and art, to study three graphic designers of the European avant-garde.

DICK W. SIMPSON, associate professor of political science, to study the interrelation between theology and political science.

ELLIE RAGLAND SULLIVAN, associate professor of French, to study the origins of genre in sixteenth-century France.

LINDA L. WILLIAMS, associate professor of English, to study sexual difference and cinema.

The vice president for academic affairs concurs.

I recommend approval.

On motion of Mr. Hahn, these appointments were approved.

Sabbatical Leave of Absence, 1984-85

(8) On motion of Mr. Hahn, one sabbatical leave of absence recommended by the chancellor at Chicago was granted. This leave will be included in an annual compilation of 1984-85 sabbatical leaves of absence to be made a part of the board *Proceedings*.

Sabbatical Leaves of Absence, 1985-86

(9) The chancellors at each campus have recommended members of the faculty to be given sabbatical leaves of absence in accordance with the provisions of the University of Illinois *Statutes*.

¹ Senior Fellows in the Institute are selected from nominees by the Executive Committee of the Institute for the Humanities. Fellowships are awarded for independent work in all fields of the social and natural sciences, the humanities, and the creative arts, so long as the work is related to the humanities. Those eligible for nomination are full-time faculty members at the Chicago campus.

The programs of research, study, and travel for which leaves are requested have been examined by the research boards at the campuses. The vice president for academic affairs has reviewed the applications for the leaves and recommends approval of 191 leaves for Urbana-Champaign, 77 leaves for Chicago, and 4 leaves for Central Administration. (A list of those recommended has been filed with the secretary of the board for record.)

(For the record and to provide an annual compilation, in 1984-85, 156 leaves were taken at Urbana-Champaign, 68 leaves were taken at Chicago, and 2 leaves were taken by Central Administration.)

I concur.

On motion of Mr. Hahn, these leaves were granted as recommended.

Honorary Degrees, Urbana-Champaign

(10) The senate at the Urbana-Champaign campus has recommended that honorary degrees as indicated be conferred on the following persons at the Commencement Exercises at Urbana-Champaign on May 19, 1985:

E. J. COREY, Sheldon Emery Professor, Department of Chemistry, Harvard University — the degree of Doctor of Science.

NORMAN J. LATKER, director, Office of Federal Technology Management Policy, U.S. Department of Commerce — the degree of Doctor of Laws.

ALWIN NIKOLAIS, artistic director, Nikolais Dance Theatre — the degree of Doctor of Fine Arts.

MANFRED MAYRHOFER, professor of general and Indo-European linguistics, University of Vienna — the degree of Doctor of Letters.

The chancellor concurs in the recommendations of the senate.

I recommend approval.

On motion of Mr. Hahn, these degrees were authorized as recommended.

Establishment of Doctor of Philosophy in Mammalian Genetics, Chicago

(11) The Chicago Senate has recommended the establishment of a program leading to the Ph.D. in Mammalian Genetics. It is intended to provide doctoral students with up-to-date knowledge and research training in mammalian molecular and cellular genetics and to prepare the students for leadership positions in the academic community or in industrial or government research laboratories. In addition, through courses in medical genetics, students could learn to apply modern tools of molecular and cellular genetics to the diagnosis and treatment of human disease.

This program seeks to alleviate a national shortage of Ph.D.'s in mammalian genetics. The demand for faculty members with such training is strong and growing, and the shortage is expected to continue. In addition, there is a substantial demand from industrial and government research laboratories. No similar doctoral program in molecular and cellular genetics of mammalian systems exists in Illinois.

Students in the program must fulfill requirements in four areas: preliminary course work; advanced course work; a preliminary written and oral examination; and a dissertation.

An external review panel recently evaluated the program and found faculty and library resources entirely adequate and expressed their support for all features of the proposal.

No new appropriated resources will be required to implement the program.

The chancellor at Chicago and the vice president for academic affairs recommend approval. The University Senates Conference has indicated that no further senate jurisdiction is involved.

I recommend approval, subject to further action by the Illinois Board of Higher Education.

On motion of Mr. Hahn, this recommendation was approved.

Establishment of National Center for Supercomputing Applications, Urbana

(12) The chancellor at Urbana-Champaign has recommended the establishment of a National Center for Supercomputing Applications as a special unit of the Graduate College. The center would be an organization complementary to the Center for Supercomputing Research and Development earlier approved by the Board of Trustees.¹

The new center is intended to be a national computational facility which will provide the most advanced supercomputers available with current technology. Access to the facility will be open to scientists, engineers, computer designers, and others from throughout the world, with proposals for such access evaluated on a competitive basis. It is expected that 25 to 50 collaborative research groups on the campus would be regular users of the facility.

Financial support for the center will come through an announced National Science Foundation grant for approximately \$43 million over a five-year period, a component from campus resources, and a significant commitment from State funds.

The center will be headed by a director, appointed by the chancellor on recommendation of the dean of the Graduate College. The director will normally hold an academic appointment in an appropriate department of the University. Several faculty members may hold joint appointments in the center and in academic departments. The staff of the center will consist mainly of academic professionals and nonacademic personnel.

The recommendation is made with the concurrence of the dean of the Graduate College, the campus Research Board, the Graduate College Executive Committee, and the vice president for academic affairs.

Subject to further action by the Illinois Board of Higher Education,² I recommend the establishment of the Center for Supercomputing Applications as a special unit of the Graduate College at Urbana.

On motion of Mr. Hahn, this recommendation was approved.

Designation of "Alumni Hall," Chicago

(13) The chancellor at Chicago has recommended that the building at 400 South Peoria Street, Chicago, known as the "Formfit Building," now be renamed "Alumni Hall."

Prior to its acquisition by the University of Illinois, the building was a garment factory, and it was named after the company that owned it. When the University acquired the building, no immediate decision was reached concerning its major occupants or use; and the name was retained until such decisions were reached.

The building will house a number of alumni and student-related offices, including those of the Alumni Association, the University of Illinois Foundation, Admissions and Records, Career Placement, Alumni Career Placement, Financial Aid, the Dean of Student Affairs, School and College Relations, Student Employment, Foreign Student Affairs, and Student Legal Services.

¹ In the September 20, 1984, action, the Center for Supercomputing Applications was tentatively referred to as the "Center for Scientific and Engineering Supercomputing." The present usage was adopted to reflect the broader scope of program intended for the facility.

² The Center for Supercomputing Research and Development was approved by the Board of Higher Education on December 4, 1984.

Although the building houses an art gallery, a faculty and staff center and other administrative and faculty offices, its primary function is to house offices which serve student and alumni needs.

The proposed name, "Alumni Hall," indicates the importance of alumni to the campus, as well perhaps as heightening awareness among current students of their future status as alumni.

I concur.

On motion of Mr. Hahn, this recommendation was approved.

Changes in Policy and Rules — Nonacademic

(14) Since 1970 the University has joined with other senior public institutions of higher education in Illinois in a "Uniform Plan Relating to Employee Benefits" for nonacademic employees who serve under the State Universities Civil Service System.

In 1978 the board approved a change which provided, for the institutions under the Uniform Plan, paid leave up to three days for in-laws' and grandparents' funerals. The other systems now allow such leave for the death of a grandchild. Such an extension by the University appears warranted and logical, if infrequently invoked, and would maintain uniformity of benefits at institutions under the Uniform Plan.

Therefore, the university director of personnel services and the vice president for business and finance have recommended that the University's *Policy and Rules — Nonacademic*, Chapter XI, University Policy, Section D, be revised as follows:¹

Paid leave of up to three work days will be granted to an eligible employee upon the death of a member of the employee's immediate family, household, in-laws, *grandchildren*, and/or grandparents of immediate family; and one day to attend the funeral of a relative *other than those listed above* outside the employee's immediate family or household.

Immediate family is defined as: father, mother, sister, brother, spouse, and children. In-laws are defined as mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law and daughter-in-law.

For purposes of application of the policy stated above marital relationships will terminate for leave purposes upon the death or divorce of the relative through whom the marriage relationship exists. Current marital status will be defined in accordance with Illinois State Law.

Leaves may be approved under special circumstances by the *designated supervisor*.

On motion of Mr. Hahn, the revision of the *Policy and Rules — Nonacademic* was approved as recommended.

Recommendations of the University Patent Committee

(15) The University Patent Committee has recommended that the actions described below be taken with regard to inventions made at the University of Illinois. Background information concerning the individual cases has been sent to the Board of Trustees' Committee on Patents.

1. *Control and Survey Trap for Chrysomelid Beetles* — Hans E. Hummel, former assistant professor, and Gerald W. Engstrom, former student, Department of Entomology, Urbana, inventors.

University Patents, Inc., has decided to discontinue its efforts to patent this invention. The United States Patent and Trademark Office has issued a final rejection of the claims in the patent application. UPI has recommended that there

¹ New material is in italics.

is little commercial interest in this invention and since action to revive the application would be costly, the application should be abandoned. The University Patent Committee has reviewed the circumstances surrounding these findings and recommends that the University abandon the application. It is further recommended that the University release its rights in this invention to the inventors, subject to the retention of shop rights in the invention by the University.

2. *Time of Flight Mass Spectrometer with High Transmission and Resolution and Long Flight Time* — Ernest A. Sammann, research engineer, Scott W. Maclaren, research assistant, and David A. Reed, former senior research chemist, Materials Research Laboratory, Urbana, inventors; developed with support from the National Science Foundation and the United States Department of Energy.

UPI reported that it does not elect to subject this invention to its servicing agreement with the University. There is little apparent commercial interest in the invention and technical development of the invention by the inventors is lacking. The University Patent Committee accepts these findings and recommends that the University release its rights in this invention to the sponsors of the work leading to the development of this invention, the National Science Foundation and the United States Department of Energy.

3. *Interphased Memory Design* — James A. Kohlmeier, research engineer, and David D. Lesny, research physicist, Department of Physics, Urbana, inventors; developed with support from the United States Department of Energy.

UPI reported that it does not elect to subject this invention to its servicing agreement with the University. While some limited patent protection for the invention might be available, the potential market for practical applications is insufficient to justify the cost of obtaining patent protection. The University Patent Committee accepts these findings and recommends that the University release its rights to the sponsor of the work leading to the development of this invention, the United States Department of Energy.

4. *Benomyl: A Broad Spectrum Fungicide for Use in Plant Cell and Protoplast Culture* — Randal M. Hauptmann, former research assistant, Department of Agronomy, Jack D. Paxton, associate professor, Department of Plant Pathology, and Jack M. Widholm, professor of plant physiology, Department of Plant Pathology, Urbana, inventors; developed with support from the United States Department of Agriculture.

UPI reported that it does not elect to subject this invention to its servicing agreement with the University. This decision was based upon its opinion that obtaining significant patent protection would be difficult, that the enforceability of any issued patent is doubtful, and that these facts would serve as a disincentive to commercial interest. The University Patent Committee accepts these findings and recommends that the University release its rights in this invention to the sponsor of the work leading to this invention, the United States Department of Agriculture.

5. *A Musical Instrument for a Handicapped Individual* — Manssour H. Moein-zadeh, assistant professor, Louis N. Caputo, former student, G. Scott Dowler, former student, Marianne J. Stanke, former student, and Thomas J. Wdowik, former student, Department of General Engineering, Urbana, inventors.

UPI reported that it does not elect to subject this invention to its servicing agreement with the University. UPI rendered the opinion that market potential for the device was insufficient to support a patenting effort. The University Patent Committee accepts these findings and recommends that the University release its rights in this invention to the inventors, subject to the retention of shop rights in the invention by the University.

6. *Scribing Tool that Minimizes Damage in Non-Metals* — Steven Danyluk, associate professor, Department of Civil Engineering, Mechanics, and Metallurgy,

Chicago, inventor; developed with support from the National Aeronautics and Space Administration.

UPI reported that it does not elect to subject this invention to its servicing agreement with the University. UPI found that the nature of the invention would make it very difficult to license and would also afford only narrow patent protection. The University Patent Committee agrees with these findings and recommends that the University release its rights in this invention to the sponsor of the work leading to this invention, the National Aeronautics and Space Administration.

7. *Residual Stress Measurement by Interferometry* — Steven Danyluk, associate professor, and A. T. Andonian, former assistant professor of experimental mechanics, Department of Civil Engineering, Mechanics, and Metallurgy, Chicago, inventors; developed with support from the National Aeronautics and Space Administration.

UPI reported that it does not elect to subject this invention to its servicing agreement with the University. The applications for this method are mainly research-oriented and of limited industrial potential. The University Patent Committee accepts these findings and recommends that the University release its rights in this invention to the sponsor of the work leading to this invention, the National Aeronautics and Space Administration.

8. *Eccentric Guide Bolt* — Simon C. Roe, teaching associate, Department of Veterinary Clinical Medicine, Urbana, inventor.

UPI reported that it does not elect to subject this invention to the terms of its servicing agreement with the University. UPI concludes that the potential market for the device is limited and that corresponding commercial interest would not support a patenting effort. The University Patent Committee accepts these findings and recommends that the University release its rights in this invention to the inventor, subject to the retention of shop rights in the invention by the University.

9. *MOS ROM for Pipelined Microprocessors* — David F. Paul, former research assistant, Coordinated Science Laboratory, and Edward S. Davidson, professor in the Department of Electrical and Computer Engineering, research professor in the Coordinated Science Laboratory, and professor in the Office for Supercomputing Research and Development, Urbana, inventors; developed with support from the United States Navy.

UPI reported that it does not elect to subject this invention to the terms of its servicing agreement with the University. The protectable aspects of the invention appear very limited, and the nature of the invention would make it very difficult to determine whether the invention was being infringed by third parties. The University Patent Committee accepts these findings and recommends that the University release its rights in this invention to the sponsor of the work leading to the invention, the United States Navy.

On motion of Mr. Hahn, these recommendations were approved.

Waiver of University License in Certain PLATO Materials (Exception to the General Rules)

(16) The Computer-based Education Research Laboratory, Urbana-Champaign, has requested an exception to Article II, Section 9(k) of the *General Rules Concerning University Organization and Procedure* so that a special class of subscription for Participating Institutions¹ to the University of Illinois PLATO system can be created.

¹ Participating Institution: Any external institution or organization leasing or purchasing at full cost terminals connected to the University of Illinois PLATO system.

In return for a surcharge of 50 percent over current prevailing rates for use of the PLATO system, the new subscription would waive the University's royalty-free license to use courseware and software materials developed through the subscriber's access to PLATO. The purpose of creating this special subclass is to accommodate several small, high-technology businesses which find the PLATO system's usefulness to them impaired by the existence of the license requirement. Certain of their customers will not contract with them if the University retains the rights to use the materials to be developed. This class of subscription would be tightly controlled and made available only to those applicants meeting criteria to be developed and administered by CERL and the Office of the Vice Chancellor for Research. (For example this class of service would not be available to subscribers using the PLATO system in subject areas of interest to the University.)

The University Committee on Copyrightable Works has reviewed this request and recommends approval.

I concur.

On motion of Mr. Hahn, this recommendation was approved.

Agreement with General Motors Corporation (Exception to the General Rules)

(17) The General Motors Corporation has offered to support three research projects on the Urbana-Champaign campus, two in the College of Engineering and one in the Institute of Aviation. As a condition of the support (a total of \$125,100), General Motors has accepted a nonexclusive, royalty-bearing license to use any University-owned patent resulting from such research. The terms negotiated do not provide for termination of the license if aggressive development of the resulting inventions is not demonstrated. Omission of this provision requires an exception to Article II, Section 7(c)(3) of the *General Rules Concerning University Organization and Procedure*.

These terms are consistent with normal licensing practice. The departments involved, Electrical and Computer Engineering, Mechanical and Industrial Engineering, and the Aviation Research Laboratory, and the Vice Chancellor for Research believe the terms to be acceptable and recommend that the exception be approved. The University Patent Committee has recommended approval.

I concur.

On motion of Mr. Hahn, this recommendation was approved.

Transfer of Funds Among Line-Item Appropriations

(18) The *Illinois Revised Statutes* provide that transfer of funds may be made among certain regular operating appropriations and grants during the course of the fiscal year. Upon initiation and approval by the University, a request for an appropriation-transfer authorization is submitted to the governor through the Board of Higher Education.

The vice president for business and finance has recommended a transfer within the University's Income Fund of \$500,000 from contractual services to the commodities line-item appropriation. The transfer is necessary because of the requirement to procure fuel oil (versus the planned use of natural gas) during the winter months for the steam plant at the Urbana-Champaign campus in greater quantities than anticipated when the budget was prepared. The transfer will permit the realignment of budgeted utility funds within the appropriate object codes to reflect this occurrence.

I concur.

On motion of Mr. Hahn, this recommendation was approved.

Self-Insurance Liability Program

(19) The Board of Trustees authorized the establishment of a program of self-insurance on July 21, 1976, for the purpose of paying certain types of liability claims which may be asserted against the University, board members, officers, employees, and students in professional training arising from the scope of their University duties, relationships, or employment. The Self-Insurance Liability Program was made effective August 1, 1976. On February 14, 1978, the Board of Trustees established a Risk Management Program, including the management of the self-insurance plan, which was subsequently amended on September 20, 1978, February 21, 1979, and March 20, 1980.

The maturing of the claims incurred under the self-insurance program has resulted in a large number of the pending lawsuits being scheduled for trial. Now, it is necessary to revise the established claim procedures in order to provide a more efficient and timely process for disposing of some of these claims. The medical malpractice claim experience indicates a need for a more effective campus program of loss prevention and loss control.

Specifically, the vice president for business and finance has recommended:

1. Modification of the "Self-Insurance Plan for General and Professional Liability" as outlined in the following document.¹
2. Modification of the risk-management organization and the procedures for the disposition of claims to provide the authority for the vice president for business and finance to continue the payment of legal defense costs, and to negotiate and pay up to \$100,000 for claim settlements from the self-insurance accounts or other available funds as outlined in the document entitled Risk Management Program, University of Illinois, March 1985.

(This recommendation supersedes prior actions on the risk management and self-insurance programs by the Board of Trustees.)

I recommend approval.

In the discussion of this recommendation, it was clear that the trustees may require earlier notice regarding claims and settlements. The authority to negotiate and pay settlements as recommended was approved; however, the recommendation was amended, on motion of Mr. Howard, to provide that quarterly reports of all settlements in the range of \$50,000 — \$100,000 be provided.

The recommendation as amended was approved by the following vote: Aye, Mrs. Day, Mrs. Gravenhorst, Mr. Hahn, Mr. Howard, Mr. Logan, Mr. Madden, Mrs. Shepherd, Miss Smith; no, none; absent, Mr. Forsyth, Governor Thompson.

(The student advisory vote was: Aye, Mr. Lamm, Mr. Pittman; no, none.)

University of Illinois
Liability Self-Insurance Plan
[for]
[General and Professional Liability]
March 21, 1985

Article I. Definitions

As used herein:

1. The term "plan" shall mean the University of Illinois *Liability Self-Insurance Plan* [for general and professional liability].

¹ New material is in italics; deleted material is in brackets.

2. The terms "University," "employer," and "board" shall mean The Board of Trustees of the University of Illinois, a public corporation.
3. The term "injury" shall mean physical damage to or destruction of tangible property, bodily or mental injury, sickness or disease, including death, to which the plan applies and resulted from an "occurrence" in the conduct of University business. The term "injury" shall not be deemed to mean intentional torts.
4. The term "personal injury" means damages to which the plan applies sustained by any person or organization and arising out of one or more of the following committed in the conduct of University business.
 - a. false arrest, detention or imprisonment, or malicious prosecution
 - b. the publication or utterance of a libel or slander or of other defamatory or disparaging material, or a publication or utterance in violation of an individual's right of privacy
 - c. wrongful entry or eviction, or other invasion of the right of private occupancy
 - d. *sexual harassment, humiliations, or discrimination*
 - e. *infringement of copyright, title, or slogan*
 - f. *plagiarism, piracy, or unauthorized use of materials*
 - g. *advertising, broadcasting, telecasting, or publishing activities*
 - h. *unfair competition*
 - i. *false or improper service or process*
 - j. *violation of property rights*
 - k. *violation of a civil or constitutional right.*

[d. discrimination on the basis of race, creed, color, national origin, religion, sex, age, handicap, or status as disabled veteran or veteran of the Vietnam Era.]
5. The term "damages" shall mean any monetary consideration approved under the plan for payment to a claimant or the amount of a final judgment awarded to a claimant by a court of competent jurisdiction, including but not limited to money, services, and waiver of amounts payable from patients and others who receive University services, but excluding [fines, penalties and exemplary or punitive awards,] *payments of back pay for service rendered, fines, and payments which are contrary to public policy.*
6. The term "occurrence" shall mean any incident or accident while the plan is in effect, including continuous or repeated exposure to conditions, which results in an "injury" or "personal injury" not expected or intended from the standpoint of the covered person.
- [7. The term "professional services" shall mean the services of an accountant, architect, attorney, counsellor, dentist, engineer, nurse, pharmacist, physician, psychiatrist, psychologist, surgeon, surveyor or veterinarian while he or she is acting as an "officer of the board" or "agent" or "employee" (not independent contractor) of the University, and the University's delivery of health care services through the operations of the University hospitals, clinics, dispensaries, and infirmaries.]
7. *The term "University services" shall mean services, including health care, performed directly for a person or organization by the University or by a member of the board, officer of the board, employee or agent of the University, while acting within the scope of his or her University duties.*
8. The term "claimant" shall mean any person, organization, corporation, or unit of government making claim against a covered person on a cause of action which resulted from an occurrence or arose out of the rendering of or failure to render [professional] *University services.*

9. The term "covered person" shall mean any person or organization designated in the covered persons provisions of the plan.
10. The term "member of the board" shall mean an individual member of the Board of Trustees of the University of Illinois who at the time of an "occurrence" or the rendering of or failure to render "[professional] University services" was acting within the scope of his or her duties in that office.
11. The term "officer of the board" shall mean a president of the board, secretary of the board, treasurer of the board, comptroller, or university counsel who at the time of an "occurrence" or the rendering of or failure to render "[professional] University services" was acting within the scope of his or her duties as such officer.
12. *The term "vice president" shall mean the vice president for business and finance.*
- [12.] The term "employee" shall mean a person employed by "employer," whether
13. compensated or not, who at the time of an occurrence, or the rendering of or failure to render "[professional] University services," was acting within the scope of his or her University duties.
- [13.] The term "agent" shall mean any student, volunteer worker, visiting faculty,
14. or University committee member who at the time of an "occurrence," or the rendering of or failure to render "[professional] University services," was acting on behalf of the University and within the scope of duties assigned to him or her by the University. [for the delivery of University services.]
- [14.] The term "contracting party" means any firm, corporation, association, unit
15. of government, or person [(including University faculty member on sabbatical leave or staff member on administrative leave)] with which the University enters into a written agreement for (i) the use of property or the performance of any function, service, or act, and (ii) the allocation or sharing of liabilities and damages resulting from the performance of such agreement.
- [15.] The term "registered organization" shall mean those incorporated and
16. unincorporated student, staff, and faculty organizations which have been registered with the appropriate University office in accordance with University regulations.
- [16.] The term "director" shall mean the University of Illinois Director of Risk Management.]
17. The term "service company" shall mean a commercial company engaged by the employer to perform claim investigations, loss control, and other services on behalf of the plan.
18. The term "Risk Management Policy Committee" shall mean the advisory committee to *the* vice president. [for administration and any of its subcommittees.]
19. The term "fund" means any account or fund established by the board for the purpose of funding expenses or claim payments incurred in the operation of the plan.
20. The "plan territory" shall be anywhere in the world where the University teaches, conducts research, or provides public service.

Article II. Effective Date

The effective date of the plan is August 1, 1976.

Article III. Covered Persons

Each of the following is a covered person under the plan to the extent set forth below:

1. The employer.
2. Officers and members of the board.

3. Employees.

4. Agents.

5. Contracting party, but only as specified by written agreement with the University.

The coverage afforded applies individually and separately to each covered person against whom claim is made or suit is brought.

Article IV. Coverage Statement

The employer, based on the provisions of the plan and from the applicable plan fund, will pay on behalf of the covered person all damages to which this plan applies, which the covered person shall become legally obligated to pay *for a claim first made while this plan is in effect*:

1. because of injury or personal injury caused by an occurrence; or
2. arising out of the rendering of or failure to render [while the plan is in effect, professional] *University services* [by the covered person or by any person for whose statement, acts or omissions such covered person is legally responsible].

The employer shall have the right and duty to defend any suit seeking such damages against the covered person, even if any or all of the allegations of the suit are groundless, false, or fraudulent, and may make such investigation and such settlement or any claim or suit as it deems expedient; but the employer shall not be obligated to pay any claim or judgment or to defend any suit after the applicable plan fund has been exhausted by payment of judgments, settlements, and expenses.

In the event that any covered person elects to employ his own legal counsel (see Article VI) and declines legal counsel provided by the employer, there is no obligation under the plan to pay any sum (including judgment and legal fees) such covered person may become legally obligated to pay.

If the covered person shall refuse to consent to any settlement recommended by the vice president and shall elect to contest the claim or continue any legal proceedings in connection with such claim, then the plan's liability for the claim shall not exceed the lesser of the limit of Article IX or the amount for which the claim could have been settled including costs, charges, and expenses incurred up to date of such refusal.

Article V. Exclusions

The plan does not apply:

- [1. To bodily injury to any employee of the employer arising out of and in the course of his employment by the employer.]
1. To any obligation for which the employer or any carrier as its insurer may be
- [2.] held liable under any workers' compensation law, occupational diseases law, unemployment compensation law or disability benefits law, or under any similar law.
2. To any obligation payable under the State Self-Insured Motor Vehicle Liability Plan.
- [4. To any obligation payable under Public Act 80-1078 (an act to provide for representation and indemnification in certain civil lawsuits).]
3. To any obligation payable under any insurance policy which has been purchased by the employer.
- [5.]
4. To any occurrence, [professional] *University service*, or obligation which is
- [6.] within the provisions of the Federal Tort Claims Act as provided in 38 USC 4116 or is payable by the United States under any federal legislation or program.
5. To the physical damage to or destruction of tangible property owned or
- [7.] leased [by] *by the University*. [any covered person.]

6. To liability assumed by a covered person in guaranteeing the result of any [8.] [professional] service.
7. To liability and damages arising out of any activity of a registered organization. [9.]
8. To liability and damages resulting from intentional violation of law or any [10.] dishonest, fraudulent, or criminal [or malicious] statement, act, or omission.
11. To liability and damages of any covered person arising out of an occurrence or professional service while on sabbatical leave or other leave of absence (provided, however, that a University faculty member on sabbatical leave or staff member on administrative leave is not precluded from acquiring coverage under the plan as a contracting party through written agreement with the University).]
9. To liability and damages arising from the rendering of emergency aid and [12.] assistance not in the scope of University duties.
10. *To liability incurred by a covered person arising from the performance of services for fees, compensation, or profit which are derived or intended to be derived from a source other than the employer.*
11. To liability and damages arising from the failure of corporate stock to per- [13.] form as represented by a covered person or arising from the investment or noninvestment of funds.
12. To liability and damages assumed by a member or officer of the board, em- [14.] ployee, agent, or contracting party under any contract. [or arising out of any joint venture or partnership.]

Article VI. Legal Services

The furnishing of all legal services, including legal defense, shall be the responsibility of the employer through its university counsel provided the covered person delivers summons and complaint to the university counsel no later than fifteen days after service of process. Required legal services may be provided by the university counsel and his staff, or by outside legal counsel as the university counsel deems necessary. In the event that the covered person elects to employ his own legal counsel to assist the university counsel or counsel hired by the university counsel, such employment of legal counsel shall be at the personal expense of the covered person; and the employer and its university counsel shall retain the right to make all decisions in regard to the defense of the claim or suit.

Article VII. Claims Adjustment

[The deliberations of the Risk Management Policy Committees and all activities hereinafter designated under claims adjustment shall be deemed to be carried out for the sole purpose of assisting legal counsel in defending potential causes of action or litigation against the employer or any covered person, and shall be closed meetings, with confidential records and votes.]

The vice president [for administration], with advice of university counsel [and the Risk Management Policy Committee], is responsible for the claims adjustment, including investigations, claim payments, denials, and suit settlements. [Claim payments which exceed \$30,000 shall be submitted to the board for approval whenever the] *Payments for settlements from the plan funds which exceed the vice president's authorization established by the board shall be submitted to the board for prior approval.* The vice president [for administration] may utilize a "service company" in addition to University personnel in performing his responsibilities.

Article VIII. Payment of Claims and Suits

Claims arising from operations of the University hospitals, clinics, infirmaries, and dispensaries, and professional liability claims against covered persons who are involved in the medical care of people are payable from the Hospital Medical Pro-

Professional Liability Fund and the University of Illinois Hospital Trust Fund. Other professional liability claims, contractual and general liability claims, and claims for violation of civil and constitutional rights are payable from the General [and Contracts] Liability Fund.

Moneys may be transferred between the Hospital and Medical Professional Liability Fund and the General [and Contracts] Liability Fund as may be necessary for the payment of claims which are payable from either fund. No transfer shall be made from the University of Illinois Hospital Trust Fund to either the Hospital Medical Professional Liability Fund or the General [and Contracts] Liability Fund. If the balance of a plan fund is not sufficient to pay all expenses, final judgments and executed settlements, claim payments will be made in the order that final judgments and executed settlements become payable, without regard to claim reserves previously established, date of incident, date of claim demand, or date on which the suit was filed. If final judgments which are entered simultaneously exceed the plan's limit of liability, the plan's limit of liability shall be apportioned pro rata to those simultaneous judgments. Any deficiency in a fund which would not permit full payment of any claim or suit judgment shall not impose any liability on the employer.

Article IX. Limit of Liability

The plan's limit of liability shall be the balance of the applicable plan funds at the time of execution of settlement or entry of final judgment, less obligations of the funds incurred through settlements previously executed and final judgments previously entered. The limit of liability shall not in any case exceed any constitutional, statutory, or other legal limitation imposed upon the University in the payment of funds for such purposes.

Article X. Plan Funding

The plan will be financed under the following guidelines:

1. The funding of the plan shall be determined by [the Board of Trustees upon the recommendation of] the vice president [for administration] with the advice of an independent actuary contracted by the employer.
2. [Prior to making a recommendation to the board, the] The vice president [for administration] shall ascertain appropriate funding levels for payment of actuarially projected costs of claims and expenses of the plan, including the costs of administration, claims adjustment, the purchase of commercial insurance, and legal defense.
3. The vice president [for administration] shall inform the board of the recommended level of funding, as determined above, and shall transfer [to] the proper amounts to accounts or plan funds. [such amounts as may be authorized by the board.]
4. The vice president [for administration] shall assess University units on an equitable basis for contributions to the plan funds.

Article XI. Funds

1. The plan funds or accounts shall exist as long as any claim or expense payable under the plan, or any amendments adopted thereto prior to its termination, is outstanding and may become payable from said funds. The money deposited in the plan funds shall be used solely for the purpose of payment of such claims and expenses and shall not be subject to diversion for any other purpose so long as the plan shall be in effect.
2. The plan funds shall be the sole source of all payments made pursuant to the plan; and in no circumstances shall any other funds of the employer, any officer or member of the Board of Trustees individually, any employee or any other covered person be liable or responsible for payment of any plan obligation.

Article XII. Miscellaneous Provisions**1. COVERED PERSON'S DUTIES IN THE EVENT OF OCCURRENCE, CLAIM, OR SUIT**

A covered person shall submit to the [director] *university counsel or designee* at the earliest reasonable time following an occurrence, statement, act, or omission which might result in a claim under the plan, a written notice containing particulars sufficient to identify injured persons, covered persons, witnesses, and the time, place, and circumstances of occurrence or [professional] *University* service.

If claim is made or suit is brought against a covered person, the covered person shall, not later than fifteen days after receipt, forward to the university counsel every demand, notice, summons, or other process received by him or his representative.

The covered person shall cooperate with the employer and, upon the employer's request, assist in making settlements, conducting suits, and enforcing any right of contribution or indemnity against any person who or organization which may be liable to the covered person because of injury or damage with respect to which coverage is afforded under the plan; and the covered person shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The covered person shall not, except at his own cost, voluntarily make any payment, assume any obligation, or incur any expense.

Failure of the covered person to cooperate with the employer or give any notice required under the plan or deliver summons and complaint to the university counsel not later than fifteen days after service of process shall constitute a waiver of the coverage provision provided by the plan.

2. ACTION AGAINST EMPLOYER UNDER THE PLAN

No action shall be brought or maintained against the employer under the plan unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of the plan, nor until the amount of the plan's obligation to pay shall have been finally determined either by final judgment against the covered person or by written agreement of the employer and the claimant.

No person or organization shall have any right under the plan to join the employer as a party to any action against the covered person to determine the covered person's liability, nor shall the employer be impleaded by the covered person or his legal representative. Nothing in the plan shall be construed as a waiver of any governmental immunity or legal remedy or defense of the University, any officer or member of the board, employee or student of the University.

[3. OTHER INSURANCE OF COVERED PERSON

The coverage afforded by the plan shall apply in excess of other valid and collectable insurance.]

3. SUBROGATION

- [4.] In the event of any payment under the plan, the employer shall be subrogated to all the covered person's rights of recovery therefore against any person or organization; and the covered person shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The covered person shall do nothing to prejudice such rights.

4. CHANGES IN THE PLAN

- [5.] All amendments to the plan subsequent to the date of first approval of the plan by the Board of Trustees shall be prepared by the vice president [for administration] and subject to approval as to legal form by the university counsel. The vice president will submit the proposed amendments to the president

of the University for review and recommendation to the Board of Trustees. Amendments adopted by the board shall become effective on the date fixed by the Board of Trustees, without notice to covered persons. The plan and all amendments thereto shall be available for inspection at reasonable times in the Office of the Secretary of the Board, *and information regarding the plan shall be distributed through campus publications.*

5. ASSIGNMENT

- [6.] The interest hereunder of any covered person is not assignable. If the covered person shall die or be adjudged incompetent, this coverage shall thereupon terminate, but shall cover the covered person's legal representative as the covered person with respect to damages previously incurred and to which this plan applies.

6. CANCELLATION

- [7.] The board may at anytime terminate the plan and cancel the coverage provided therein. Notice of such termination of the plan and cancellation of coverage will be given to all covered persons by publication in a newspaper of general circulation in Cook County, Illinois, and a newspaper of general circulation in Champaign County, Illinois, at least thirty days prior to the effective date of such termination and cancellation.

7. PLAN CONSTITUTIONALITY

- [8.] In the event that any part of the plan is held to be unconstitutional or otherwise declared illegal or invalid, the other parts of the plan will remain in full force and effect, subject to board action.

8. APPLICABILITY OF COVERAGE

The vice president with the advice of the university counsel and the Self-Insurance Policy Committee shall decide questions regarding coverage or interpretation of the plan.

Risk Management Program

University of Illinois

March 21, 1985

I. Program Statement

The Board of Trustees recognizes its role of stewardship over the assets of the University, both human and property. To this end the Board establishes this risk management program.

II. Risk Management Functions

The management of the risks of loss to the University in terms of both human and financial resources shall be the responsibility of the Vice President for Business and Finance. The Vice President shall establish and maintain a risk management program to perform the following functions:

Exposure Identification — the creation of a continuous discovery process to identify and evaluate all resources for which the University is responsible, and all of the accidental loss exposures that can materially affect these resources.

Risk Evaluation — the determination of financial risks by analyzing past loss frequency and severity, forecasting future frequency and severity, and measuring as precisely as possible the financial consequences of such losses.

Risk Control — the reduction of risk and the prevention of loss within prudent economic constraints, including property conservation, personnel safety, automotive-fleet safety, environmental protection, security and emergency planning.

Risk Finance — the funding of all exposures to loss using the most cost-effective blend of internal and external financial resources.

Administration — the development of administrative techniques and capabilities to carry out the risk management process most effectively.

III. Organization

a. Vice President for Business and Finance

The vice president is authorized to expend funds for the cost of investigation and the legal defense of any claim, and to make payment of any award or settlement up to \$100,000 from available funds, including the self-insurance accounts. Claim payments from University funds in excess of \$100,000 will be submitted to the Board for prior approval.

b. Associate Vice President for Business and Finance

The associate vice president for business and finance will be responsible to the vice president for the operations of the risk management program, including the purchase of insurance and the determination of the funding requirements for the self-insurance program based upon the recommendations of an independent actuary.

c. Self-Insurance Policy Committee

A University-wide committee will be established to advise the vice president on matters of program, financing, and policy. This Self-Insurance Policy Committee will be chaired by the associate vice president for business and finance. In addition, the committee's membership shall include:

- The university director of risk management.
- The university counsel or designee.
- Two members recommended by the chancellor of the Urbana-Champaign campus.
- Three members recommended by the chancellor of the Chicago campus.
- Others as appointed by the vice president for business and finance.

d. University Counsel

All legal services shall be provided by the university counsel who shall advise the vice president on the disposition of claims. The legal services may be provided by the university counsel, his staff, or by outside legal counsel as the university counsel deems necessary. The expenses of the university counsel in the management of claims or defense of any claim will be paid from funds available in a self-insurance fund or other University resources.

e. Campus Risk Management Program

The vice president may formulate policy and procedures to assign the responsibility for performing certain risk management functions to the chancellor of each campus. The assignment may include the prevention and control of exposures to loss and the allocation of the cost for insurance, self-insurance, and unfunded losses to campus units. The investigation, evaluation, and negotiation of claims, subject to the direction of the university counsel, may also be assigned to the campus.

By consensus, the board agreed that one roll call vote would be taken and considered the vote on each agenda item nos. 20 through 29 inclusive. The recommendations were individually discussed but acted upon at one time.

(The record of board action appears at the end of each item.)

Contract for Contractual Cleaning Services, College of Dentistry, Chicago

(20) The president of the University, with the concurrence of the appropriate ad-

ministrative officers, recommends the award of a contract for \$57,684 to Macke Building Services, Inc., Elk Grove Village, the low base bidder, to provide contractual cleaning services in the College of Dentistry, Chicago, for the period April 1 through June 30, 1985.

Funds are available in the Fiscal Year 1985 institutional funds budget of the Chicago Physical Plant.

A schedule of the bids received has been filed with the secretary of the board for record.

On motion of Mr. Hahn, this contract was awarded by the following vote: Aye, Mrs. Day, Mrs. Gravenhorst, Mr. Hahn, Mr. Howard, Mr. Logan, Mr. Madden, Mrs. Shepherd, Miss Smith; no, none; absent, Mr. Forsyth, Governor Thompson.

(The student advisory vote was: Aye, Mr. Lamm, Mr. Pittman; no, none.)

Contracts for Installation of Chillers, Roosevelt Road Building, Chicago

(21) The president of the University, with the concurrence of the appropriate administrative officers, recommends the award of the following contracts to replace a malfunctioning chiller with two new chillers in the Roosevelt Road Building, Chicago. The award in each case is to the low base bidder.

<i>Division IV — Air Conditioning</i>	<i>Base Bid</i>
International Piping Systems, Inc., Schiller Park.....	\$82 700
<i>Division V — Electrical</i>	
Fries Walters Co., Hillside.....	15 410
<i>Total</i>	\$98 110

The present chiller is 40 years old and has a major malfunction. Replacement parts are difficult to obtain. The project is to install two new 100-ton liquid chillers and accompanying pumps with a greater cooling capacity than the existing unit. These will serve the administrative office area and the Administrative Computer Center.

Funds are available in the Fiscal Year 1985 institutional funds budget of the Chicago Physical Plant.

A schedule of the bids received has been filed with the secretary of the board for record.

On motion of Mr. Hahn, these contracts were awarded by the following vote: Aye, Mrs. Day, Mrs. Gravenhorst, Mr. Hahn, Mr. Howard, Mr. Logan, Mr. Madden, Mrs. Shepherd, Miss Smith; no, none; absent, Mr. Forsyth, Governor Thompson.

(The student advisory vote was: Aye, Mr. Lamm, Mr. Pittman; no, none.)

Contracts for Remodeling, Ceramic Engineering Kiln House, Urbana

(22) The president of the University, with the concurrence of the appropriate administrative officers, recommends award of the following contracts to remodel 1,460 gross square feet at the Ceramic Engineering Kiln House, Urbana campus. The award in each case is to the low bidder, plus acceptance of the indicated alternates.¹

¹ An explanation of the alternates is filed with the secretary for record.

<i>Division I — General</i>	<i>Base Bid</i>	<i>Alt. G-1</i>	<i>Alt. G-2</i>	<i>Alt. G-3</i>	<i>Total</i>
W. Commercial Builders, Inc., Champaign	\$52 260	\$5 081	\$5 960	\$3 386	\$ 66 687
<i>Division II — Plumbing</i>					
Hart & Schroeder Mechanical Contractors, Inc., Champaign	37 546	N/A	N/A	N/A	37 546
<i>Division III — Heating and Air Conditioning</i>					
A&R Mechanical Contractors, Inc., Urbana	39 600	N/A	N/A	N/A	39 600
<i>Division IV — Ventilation</i>					
Hart & Shroeder Mechanical Contractors, Inc., Champaign	23 872	N/A	N/A	N/A	23 872
<i>Division V — Electrical</i>					
Potter Electric Service, Inc., Urbana	26 000	N/A	N/A	N/A	26 000
					<u>\$193 705</u>

It is further recommended that: (1) all contracts other than the contract for general work be assigned to the contractor for general work; and (2) an agreement be entered into with W. Commercial Builders for the assignment of the other prime contracts.

A schedule of the bids received has been filed with the secretary of the board for record.

On motion of Mr. Hahn, these contracts were awarded by the following vote: Aye, Mrs. Day, Mrs. Gravenhorst, Mr. Hahn, Mr. Howard, Mr. Logan, Mr. Madden, Mrs. Shepherd, Miss Smith; no, none; absent, Mr. Forsyth, Governor Thompson.

(The student advisory vote was: Aye, Mr. Lamm, Mr. Pittman; no, none.)

Contractor's Fees for Minor Building Alterations, Repairs, and New Construction, Urbana

(23) On May 17, 1984, the trustees approved the award of a cost-plus contract to Downtown Electric Incorporated, Urbana, for electrical work for minor building alterations, repairs, and new construction at the Urbana-Champaign campus for Fiscal Year 1985. Since the volume of work assigned to the contractor will exceed the maximum control dollar value (\$200,000) before the end of the fiscal year, the electrical work was rebid.

The president of the University, with the concurrence of the appropriate administrative officers, now recommends award of the following contract for the period April 1 through June 30, 1985, the award being to the low bidder.

<i>Contractor</i>	<i>Percent for Material</i>	<i>Percent for Labor</i>	<i>Percent for Sub- contracts</i>	<i>Total Estimated Fee Payments</i>
Downtown Electric Incorporated, Urbana	8	37	3	\$57 200

Funds as required will be authorized by a contract work order which will be charged against the funds allocated for each project.

A schedule of the bids received has been filed with the secretary of the board for record.

On motion of Mr. Hahn, this contract was awarded by the following vote: Aye, Mrs. Day, Mrs. Gravenhorst, Mr. Hahn, Mr. Howard, Mr. Logan, Mr. Madden, Mrs. Shepherd, Miss Smith; no, none; absent, Mr. Forsyth, Governor Thompson.

(The student advisory vote was: Aye, Mr. Lamm, Mr. Pittman; no, none.)

Planning for Athletic Association Projects, Urbana

(24) On October 6, 1984, the Board of Directors of the Athletic Association authorized a special appropriation of \$390,000 in planning funds for a track stadium, artificial playing surface replacement, and for football facilities renovation and an addition.

On February 22, 1985, the Board of Directors authorized an additional special appropriation of up to \$156,150 in planning funds for an air-supported structure, and the remodeling of the locker room in the northwest ramp tower of Memorial Stadium. Included as well was the Athletic Association's share of planning funds required for the master plan of the athletic center on the nine-hole golf course, including program analysis, schematic design, and cost estimates for a baseball stadium and multi-sport facility.¹

Following is a summary of the allocation of planning funds for Athletic Association projects:

<i>Project</i>	<i>Original Allocation</i>	<i>Revised Allocation</i>
Replace Artificial Playing Surface.....	\$ 50 000	\$ 47 900
Football Facilities Renovation and Addition.....	220 000	262 500
Track Stadium	120 000	57 000
Air-Supported Structure	-0-	66 125
Remodel Northwest Tower Locker Room.....	-0-	20 000
Athletic Center Master Planning.....	-0-	85 150 ¹
<i>Total</i>	<i>\$390 000</i>	<i>\$538 675</i>

Accordingly, the president of the University, with the concurrence of the appropriate administrative officers, recommends that the allocation of \$148,675 in planning funds be confirmed in order that it may be allocated for planning in accordance with the above schedule.

Funds for the football facilities renovation and addition and the air-supported structure are available initially from the restricted-funds operating budget of the Urbana-Champaign campus physical plant with reimbursement from the proceeds of the new bond issue, upon such action being authorized by the board, or from private gift funds held by the University for the benefit of the Athletic Association. Funds for the remaining projects are available from private gift funds held by the University for the benefit of the Athletic Association.

On motion of Mr. Hahn, this recommendation was approved by the following vote: Aye, Mrs. Day, Mrs. Gravenhorst, Mr. Hahn, Mr. Howard, Mr. Logan, Mr. Madden, Mrs. Shepherd, Miss Smith; no, none; absent, Mr. Forsyth, Governor Thompson.

(The student advisory vote was: Aye, Mr. Lamm, Mr. Pittman; no, none.)

Contracts for Replacement of Playing Surface, Memorial Stadium, Urbana

(25) The president of the University, with the concurrence of the appropriate administrative officers, recommends award of the following contracts for the re-

¹ On November 15, 1984, the Board of Trustees authorized up to \$140,000 from the proceeds of the recent bond sale for site master plan and the program analysis, schematic design, and cost estimates for the baseball stadium and multi-sport facility.

placement of the playing surface in Memorial Stadium, Urbana. The award in each case is to the low base bidder plus acceptance of the indicated additive alternate.

<i>Division I — Demolition, Earthwork, Drainage, and Paving Work</i>	<i>Base Bid</i>	<i>Add. Alt. 1A (Allowance)</i>	<i>Total</i>
Champaign Asphalt Company, Urbana	\$ 529 999	\$130 000	\$ 659 999
<i>Division II — Artificial Surface Work</i>			
Sport Install, Inc., St. Charles, Missouri, a wholly owned subsidiary of Monsanto Chemical Company,			
Missouri	1 029 364	N/A	1 029 364
			<u>\$1 689 363</u>

The base bid work consists of removal of the existing artificial turf and pavement base, construction of a porous pavement base, installation of artificial turf, and appurtenant construction. Additive Alternate 1A is an allowance for the estimated cost of part of the anchorages required for the air-supported structure, which will not be committed until that project is authorized by the Board of Trustees.

The total project cost is \$1,850,000, including the \$130,000 allowance. Funds for this project are available from Auxiliary Facilities System Repair and Replacement Reserve Account (\$1 million), and from private gift funds held by the University for the benefit of the Athletic Association (\$720 thousand). Funds for Additive Alternate 1A are available initially from the restricted-funds operating budget of the Urbana-Champaign campus physical plant with reimbursement from the proceeds of a new bond issue, upon such action being authorized by the board, or from private gift funds held by the University for the benefit of the Athletic Association.

It is also recommended that the allocation of \$720,000 of the Athletic Association funds be confirmed, and that the firm of Daily & Associates, Engineers, Inc., Champaign, be employed through the construction phase of the project at a fee based on the firm's hourly rate not to exceed \$46,900, plus authorized reimbursements estimated to be \$3,500.

A schedule of the bids received has been filed with the secretary of the board for record.

On motion of Mr. Hahn, these recommendations were approved by the following vote: Aye, Mrs. Day, Mrs. Gravenhorst, Mr. Hahn, Mr. Howard, Mr. Logan, Mr. Madden, Mrs. Shepherd, Miss Smith; no, none; absent, Mr. Forsyth, Governor Thompson.

(The student advisory vote was: Aye, Mr. Lamm, Mr. Pittman; no, none.)

Increase in Project and Amendment to Contract for Architectural/Engineering Services, Addition to Memorial Stadium, Urbana

(26) On October 18, 1984, the Board of Trustees, at the request of the Board of Directors of the Athletic Association, employed Severns, Rishling & Associates, Inc., Champaign, for professional services for an 18,000 gross square foot addition to the present football locker room and training room area in the northeast ramp tower of Memorial Stadium. The architectural/engineering fees for this work were \$129,500, plus \$28,000 for authorized reimbursable expenses through the receipt of bids.

During the initial planning phase, the Athletic Association completed its program requirements, resulting in an increase in the size of the addition to 27,000

gross square feet, and confirmed the need for the total renovation of the football facilities area in the northeast ramp tower. The additional new space in the program will provide facilities for academic study, manager locker room, video tape viewing, and additional space for weight training, training, an office, and a visitor/recruit lounge.

On February 22, 1985, the Athletic Association approved the increase in the project and a \$4.2 million budget (increased from \$2.2 million) and authorized additional planning funds.

Accordingly, the president of the University, with the concurrence of the appropriate administrative officers, recommends that the project be increased to \$4.2 million and that the agreement between Severns, Rishling & Associates, Inc., and the Board of Trustees be amended to increase the size of the project to provide for a 27,000 gross square foot addition and renovation of the existing 11,300 gross square feet. The architect's fixed fee will be \$208,500 for the professional design services through the receipt of bids, plus authorized reimbursements and predesign fees of \$28,000.

Funds are available initially from the restricted-funds operating budget of the Urbana-Champaign campus physical plant with reimbursement from the proceeds of a new bond issue, upon such action being authorized by the board, or from private gift funds held by the University for the benefit of the Athletic Association.

On motion of Mr. Hahn, these recommendations were approved by the following vote: Aye, Mrs. Day, Mrs. Gravenhorst, Mr. Hahn, Mr. Howard, Mr. Logan, Mr. Madden, Mrs. Shepherd, Miss Smith; no, none; absent, Mr. Forsyth, Governor Thompson.

(The student advisory vote was: Aye, Mr. Lamm, Mr. Pittman; no, none.)

Employment of Engineer, Steam Plant Addition, Boiler Installation, Chicago

(27) The president of the University, with the concurrence of the appropriate administrative officers, recommends the employment of PDS Engineers & Constructors, Inc., Villa Park, for professional engineering services required for a building addition to the Steam Plant, Health Sciences Center, Chicago, and the installation of a used boiler, donated to the University by the A. E. Staley Manufacturing Company, Decatur.

The project is to include a building addition for the Steam Plant, approximately 27 by 80 feet and three stories high, to house the unit; electrical work; instrumentation and controls; and installation. For the addition, storage and transportation of equipment to the site, and installation, the total cost is estimated to be \$747,500.

The engineer will provide the professional services and site supervision required for design engineering, receipt of bids, and construction at a fee based on the firm's hourly rate schedule, not to exceed \$177,769 plus reimbursable expenses estimated to be \$2,700.

Funds are available in the Fiscal Year 1985 restricted-funds operating budget of the Health Sciences Center Steam Plant.

A schedule of the firm's hourly rate has been filed with the secretary of the board for record.

On motion of Mr. Hahn, this recommendation was approved by the following vote: Aye, Mrs. Day, Mrs. Gravenhorst, Mr. Howard, Mr. Logan, Mr. Madden, Mrs. Shepherd, Miss Smith; no, none; absent, Mr. Forsyth, Governor Thompson. (Mr. Hahn asked to be recorded as not voting.)

(The student advisory vote was: Aye, Mr. Lamm, Mr. Pittman; no, none.)

Purchase of Technicon Medical Information System and Acquisition of Additional Computer Hardware, Chicago

(28) On March 21, 1979, the Board of Trustees authorized an agreement with Technicon Medical Information Systems Corporation for the lease of the Technicon Medical Information System (TMIS), the Technicon Patient Billing and Accounts Receivable (PB/AR) System, and the maintenance of the software for these systems for the University of Illinois Hospital. Subsequently, the board authorized the acquisition of computer hardware to operate the systems through lease and lease/purchase agreements.

The original plan called for an evaluation of the systems after five years to determine whether the licenses and the systems software should be purchased or continue to be leased. The evaluation has shown that the TMIS has successfully met its primary goals of improving and making more efficient patient care, and creating a clinical data base for future system development. Therefore, the chancellor at the Chicago campus has recommended that the board authorize: the purchase of a perpetual license for the use of TMIS; the continued leasing of the maintenance for the medical information system software; the lease/purchase of computer hardware currently in use which was acquired on a rental basis; and the purchase of additional computer hardware required to meet current operating demands.

The total estimated cost of this transaction through 1990 is \$2,922,830. By purchasing the license rather than continuing to lease, the hospital will realize a savings of \$777,500 over the next five years. Continuing to lease the system software maintenance will enable the hospital to obtain the results of the latest advances and upgrades developed in Technicon's research and development division. The additional computer hardware is necessary to accommodate the increasing utilization of the system by the hospital and clinics.

A review to evaluate the Patient Billing and Accounts Receivable System is not yet complete. The chancellor expects to make a recommendation to the president upon its completion.

Funds for Fiscal Year 1985 are available from the Hospital Income Fund. Funds for future years are expected to be available from the same source. The contract can be renewed at the option of the University for each fiscal year, such option to be exercised by the comptroller.

The vice president for business and finance concurs.

I recommend approval.

On motion of Mr. Hahn, this recommendation was approved by the following vote: Aye, Mrs. Day, Mrs. Gravenhorst, Mr. Hahn, Mr. Howard, Mr. Logan, Mr. Madden, Mrs. Shepherd, Miss Smith; no, none; absent, Mr. Forsyth, Governor Thompson.

(The student advisory vote was: Aye, Mr. Lamm, Mr. Pittman; no, none.)

Purchases

(29) The president submitted, with his concurrence, a list of purchases recommended by the directors of purchases and the vice president for business and finance.

The purchases were presented in two categories: purchases from appropriated funds (i.e., from State appropriations to the University); and purchases from institutional funds. The latter term designates funds received by the University under contracts with the United States government, private corporations, and other or-

ganizations; grants from foundations, corporations, and other donors; and University revolving funds authorized by law.

The total amounts of these purchases were:

From Appropriated Funds

Recommended \$ 400 000 00

From Institutional Funds

Recommended 2 357 683 77

Grand Total \$2 757 683 77

A complete list of the purchases, 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 Mr. Hahn, the purchases recommended were authorized by the following vote: Aye, Mrs. Day, Mrs. Gravenhorst, Mr. Hahn, Mr. Howard, Mr. Logan, Mr. Madden, Mrs. Shepherd, Miss Smith; no, none; absent, Mr. Forsyth, Governor Thompson.

(The student advisory vote was: Aye, Mr. Lamm, Mr. Pittman; no, none.)

Comptroller's Monthly Report of Contracts Executed

(30) The comptroller submitted the March 1985 report of contracts. The report included contractual agreements for payments to the University and contracts in amounts up to \$50,000, to be paid by the University. A copy of this report is filed with the secretary.

This report was received for record.

Report of Investment Transactions through February 28, 1985

(31) The comptroller presented the investment report as of February 28, 1985.

Transactions under Finance and Audit Committee Guidelines

<i>Date</i>	<i>Number</i>	<i>Description</i>	<i>Cost/Yield</i>	<i>Amount</i>
Sales:				
2/8	\$1 191 000	Tenneco demand notes.....	\$1 191 000 00	\$1 191 000 00
2/11	136 000	Quaker Oats demand notes..	136 000 00	136 000 00
2/13	1 600 shares	MCI Communications com- mon stock	11 913 60	16 000 00
2/14	12 000 shares	MCI Communications com- mon stock	89 352 00	126 300 00
2/15	\$ 4 000	Quaker Oats demand notes..	4 000 00	4 000 00
2/19	2 000	Eli Lilly demand notes.....	2 000 00	2 000 00
2/20	17 700 shares	MCI Communications com- mon stock	134 669 80	183 637 50
2/20	\$ 5 000	Eli Lilly demand notes.....	5 000 00	5 000 00
2/21	17 000	Ford Motor Credit demand notes	17 000 00	17 000 00
2/22	1 000	Ford Motor Credit demand notes	1 000 00	1 000 00
Purchases:				
2/1	\$ 100 000	GMAC demand notes.....	8.21%	\$ 100 000 00
2/8	97 000	Ford Motor Credit demand notes...	8.47	97 000 00
2/8	1 064 000	GMAC demand notes.....	8.41	1 064 000 00
2/8	30 000	Quaker Oats demand notes.....	8.75	30 000 00
2/11	1 100 shares	Hewlett Packard common stock....	.59	41 063 00
2/11	1 400 shares	International Telephone & Telegraph common stock	3.22	43 512 00

<i>Date</i>	<i>Number</i>	<i>Description</i>	<i>Cost/Yield</i>	<i>Amount</i>
2/11	900 shares	Pfizer common stock.....	3.74%	\$ 35 622 00
2/11	400 shares	Schlumberger common stock.....	3.00	16 032 00
2/13	\$ 16 000	GMAC demand notes.....	8.52	16 000 00
2/14	143 000	GMAC demand notes.....	8.52	143 000 00
2/15	400 shares	Pfizer common stock.....	3.67	16 136 00
2/19	200 shares	Pfizer common stock.....	3.64	8 133 00
2/21	300 shares	Pfizer common stock.....	3.71	11 974 20

Transactions under Comptroller's Authority

Sales:

2/7	\$ 54 000	Ford Motor Credit demand notes	\$ 54 000 00	\$ 54 000 00
2/7	159 000	General Motors Acceptance demand notes	159 000 00	159 000 00
2/7	945 000	Tenneco demand notes.....	945 000 00	945 000 00
2/15	1 456 000	Tenneco demand notes.....	1 456 000 00	1 456 000 00
2/15	3 200 000	U.S. Treasury bills due 2/21/85	3 151 990 33	3 152 062 46
2/21	100 shares	People's Energy common stock	1 450 00	1 591 94
2/21	5 shares	Whirlpool common stock....	232 81	233 97

Purchases:

2/1	\$ 800 000	U.S. Treasury bills due 4/18/85....	8.29%	\$ 786 235 56
2/4	175 000	Eli Lilly demand notes.....	8.51	175 000 00
2/4	444 000	Ford Motor Credit demand notes...	8.33	444 000 00
2/4	157 000	General Motors Acceptance demand notes	8.52	157 000 00
2/4	215 000	Quaker Oats demand notes.....	8.31	215 000 00
2/4	1 369 000	Tenneco demand notes.....	8.58	1 369 000 00
2/5	54 000	Ford Motor Credit demand notes...	8.33	54 000 00
2/5	159 000	General Motors Acceptance demand notes	8.57	159 000 00
2/5	87 000	Tenneco demand notes.....	8.58	87 000 00
2/6	160 000	Eli Lilly demand notes.....	8.96	160 000 00
2/6	40 000	Ford Motor Credit demand notes...	8.33	40 000 00
2/7	596 000	Ford Motor Credit demand notes...	8.33	596 000 00
2/7	488 000	General Motors Acceptance demand notes	8.47	488 000 00
2/7	87 000	Tenneco demand notes.....	8.66	87 000 00
2/8	2 500 000	U.S. Treasury bills due 5/2/85....	8.38	2 452 620 83
2/8	2 000 000	U.S. Treasury bills due 5/16/85....	8.42	1 955 649 44
2/8	1 325 000	U.S. Treasury bills due 8/1/85.....	8.70	1 271 525 21
2/8	2 000 000	U.S. Treasury 11% percent notes due 9/30/87	10.32	2 029 375 00
2/13	300 000	Quaker Oats demand notes.....	8.80	300 000 00
2/13	1 156 000	Chevron demand notes.....	8.45	1 156 000 00
2/14	700 000	Schlumberger 8.63 percent commercial paper due 2/15/85.....	8.63	700 000 00
2/15	700 000	Chevron demand notes.....	8.45	700 000 00
2/19	600 000	Lockheed 8.60 percent commercial paper due 2/20/85.....	8.60	600 000 00
2/20	627 000	Chevron demand notes.....	8.53	627 000 00
2/26	100 000	U.S. Treasury bills due 4/18/85....	8.20	98 851 08

On motion of Mr. Hahn, this report was approved as presented.

Establishment of Trust to Operate a Health Maintenance Organization, Authorization of a Trust Agreement, and Authorization of a Service Contract with the Trust

(32) The chancellor at Chicago has recommended that a Health Maintenance Organization (HMO) be established to provide an additional mechanism for de-

livering health-care services at the University of Illinois Hospital. An HMO is believed necessary to remain competitive in the Chicago health care market.

Because of regulations issued by the Illinois Department of Insurance, the University cannot directly constitute an HMO but can only do so through a separate entity. The Department of Insurance has recommended that a trust be established by the University as an acceptable mechanism to meet the entity requirement.

Accordingly, it is recommended that the board adopt the resolution that follows. The resolution contemplates the establishment of a trust through a trust agreement, with the Board of Trustees as the initial trustees of the trust. The resolution would further cause \$300,000 to be deposited with the trust as a required initial minimum capitalization and a required special contingent reserve fund for the HMO. The resolution also authorizes a servicing agreement whereby the trustees of the trust would contract with the University to administer the HMO and provide health-care services to HMO subscribers.

As provided in the trust agreement, the trust would be established for the sole purpose of obtaining all necessary approvals for the operation of an HMO and then operating the HMO in accordance with State law. The principal place of business of the trust will be the Office of the Comptroller of the Board of Trustees of the University, and the power of the trustees of the trust would be specifically limited so that such powers would be no greater than those enjoyed by the Board of Trustees of the University.

The Board of Trustees of the University will be entitled to appoint additional trustees of the trust from time to time as may be required to meet changing requirements of State and Federal law. The Board of Trustees of the University will have the right to terminate the trust at any time, causing all assets of the trust to revert to the University, and to receive periodic reports from the trust.

The trust agreement will also establish a grievance committee and advisory board. The grievance committee will hear subscriber complaints and propose adjustments thereof. The advisory committee will consult with and make recommendations to the trustees concerning matters of policy and the operation of the trust.

Under the service agreement, the University will have the authority and responsibility to: establish terms and conditions for subscriber agreements, including monthly capitation rates; market the HMO plan; provide all HMO health care services; receive all subscriber payments in behalf of the trust; contract in behalf of the trust; and account for the funds of the trust in a manner prescribed by law.

Funds are available in the Hospital Income Fund.

A copy of the proposed trust agreement and accompanying exhibits are being filed with the secretary of the board for record. The president of the University is authorized to approve minor modifications in the trust agreement as may be required in the future.

I concur.

Resolution

Whereas the University of Illinois is authorized by law to conduct various types of health care programs,

Whereas the University has determined that a Health Maintenance Organization (HMO) should be established as a University Health Care Program to further the teaching, research, and public service functions of the University,

Whereas the University must obtain the approval of the Illinois Department of Insurance to operate as an HMO.

Whereas the Illinois Department of Insurance has established a regulation requiring that any person seeking authorization to operate an HMO must be constituted as a separate and distinct entity solely for the purpose of operating an HMO, and

Whereas the University has determined to establish a separate trust under its authority and control to obtain approval to operate the University HMO and thereby to satisfy the regulation of the Department of Insurance,

Now, Therefore, Be It, and It Is Hereby, Resolved by the Board of Trustees of the University of Illinois that a Trust is constituted in accordance with the laws of the State of Illinois for the following purposes and uses:

1. To do all things necessary to apply for authority from the Illinois Department of Insurance, the Illinois Department of Public Health, the United States Public Health Service, and United States Department of Health and Human Services to operate a Health Maintenance Organization.
2. To do all things necessary to carry on the business of the Trust, as more specifically provided in the Trust Agreement, a copy of which has been filed with the Secretary of the Board and is incorporated by reference herein.
3. To establish various committees and boards, as may be required by State law to operate a Health Maintenance Organization.
4. To elect officers and establish bylaws, rules, and regulations for the efficient conduct of its business.
5. To empower various designees to act in its behalf.
6. To provide appropriate reports to the University and to various State agencies as may be required by law.
7. To account for and return to the University any assets in its possession as of the time of its termination.

It being a condition of the Trust that the Trustees thereof will enjoy no powers greater than those enjoyed by this Board of Trustees.

Be It Further Resolved that this Board of Trustees does hereby make, constitute, and appoint Galey S. Day, William D. Forsyth, Jr., Susan L. Gravenhorst, Ralph C. Hahn, George W. Howard III, Albert N. Logan, Dean E. Madden, Nina T. Shepherd, and Ann E. Smith as the initial Trustees of the Trust.

Be It Further Resolved that the sum of \$300,000 is hereby deposited with the Trust for the purpose of establishing initial minimum capitalization and a special contingent reserve fund for the HMO.

Be It Further Resolved that the University is authorized to enter into a service agreement with the Trust to administer the Trust's HMO and to provide health care services to HMO subscribers.

Be It Further Resolved that the President of the Trust, in addition to those powers enumerated in the Trust Agreement, is hereby specifically delegated the authority to take all steps and to do all things necessary and required by the Illinois Department of Insurance, the Illinois Department of Public Health, and the various Federal agencies enumerated above to obtain approval to operate an HMO under the Illinois Health Maintenance Organization Act and relevant Federal enactments; to establish mechanisms for the purpose of appointing a grievance committee and advisory board, as may be required by law; to act as the designee of the Trustees for all purposes as may be specifically established in the Trust Agreement; and to enter into a service agreement with the University of Illinois to administer the HMO established by the Trust and to provide health-care services to the subscribers thereto.

Be It Further Resolved that the Trustees hereby adopt the Bylaws of the Trust as attached to Exhibit B of the Trust Agreement.

In accord with the trust agreement and the recommendation as presented, the Board of Trustees meeting was adjourned at 2:25 p.m. The

nine individuals identified in the "University of Illinois Health Maintenance Organization Plan Trust" — Galey S. Day, William D. Forsyth, Jr., Susan L. Gravenhorst, Ralph C. Hahn, George W. Howard III, Albert N. Logan, Dean E. Madden, Nina T. Shepherd, and Ann E. Smith (the "Plan Trustees") — met as individuals to constitute themselves as trustees of said trust and to accept the duties and responsibilities as set forth therein.

The Board of Trustees then reconvened to adopt the resolution as presented above by which the Board of Trustees resolves that a trust is constituted in accord with the laws of the State of Illinois, etc. The vote of the trustees, by roll call vote, was as follows: Aye, Mrs. Day, Mrs. Gravenhorst, Mr. Hahn, Mr. Howard, Mr. Logan, Mr. Madden, Mrs. Shepherd, Miss Smith; no, none; absent, Mr. Forsyth, Governor Thompson.

(The student advisory vote was: Aye, Mr. Lamm, Mr. Pittman; no, none.)

SECRETARY'S REPORT

The secretary presented for record appointments to the faculty and changes of status made by the president, resignations, leaves of absence, and retirements. A copy of the report is filed with the secretary.

ANNOUNCEMENTS FROM THE PRESIDENT OF THE BOARD

President Shepherd called attention to the schedule of meetings for the next three months: April 18, Chicago; May 16, Urbana-Champaign; June 20, Chicago.

There being no further business, the board adjourned.

EARL W. PORTER
Secretary

NINA T. SHEPHERD
President