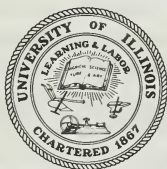


SPECIAL MEETING OF THE BOARD OF TRUSTEES

OF THE

UNIVERSITY OF ILLINOIS

August 17-18, 1995



A special meeting of the Board of Trustees of the University of Illinois was held at the Harrison Conference Center, Lake Bluff, Illinois, on Thursday and Friday, August 17-18, 1995, beginning at 1:15 p.m. on August 17, pursuant to a call by the chair and several members of the board. The secretary of the board gave notice of the meeting as prescribed by the *Bylaws* and by Illinois Statute. The board members considered this meeting a retreat to consider a range of issues of interest to the board for which more discussion time was needed than that afforded at regular meetings. The meeting was conducted as a meeting of the board as a Committee of the Whole.

Chair Thomas R. Lamont called the meeting to order and asked the secretary to call the roll. The following members of the board were present: Dr. Gloria Jackson Bacon,¹ Mr. William D. Engelbrecht, Dr. Jeffrey Gindorf, Mrs. Susan L. Gravenhorst, Mr. Thomas R. Lamont, Ms. Ada N. Lopez, Mrs. Martha R. O'Malley, Ms. Judith R. Reese. The following members of the board were absent: Mrs. Judith Ann Calder, Governor Jim Edgar. The following nonvoting student trustees were present: Mr. Neil J. Malone, Springfield campus; Mr. Roy Mathew,

¹ Dr. Bacon arrived at 2:30 p.m.

Chicago campus. Mr. Chapin Rose, nonvoting student trustee from the Urbana-Champaign campus, was absent.

Also present were President James J. Stukel; Dr. Sylvia Manning, vice president for academic affairs; Dr. Michael Aiken, chancellor, University of Illinois at Urbana-Champaign; Dr. David C. Broski, interim chancellor, University of Illinois at Chicago; Dr. Naomi B. Lynn, chancellor, University of Illinois at Springfield; and the officers of the board, Dr. Craig S. Bazzani, comptroller (and vice president for business and finance); Mr. Byron H. Higgins, university counsel; Mr. Lester H. McKeever, Jr., treasurer; and Dr. Michele M. Thompson, secretary. In addition, the following persons were also in attendance: Mr. Donald K. Coe, director, University Office of Public Affairs; Mr. Kirk Hard, associate president for governmental relations.

COMMENTS FROM THE BOARD CHAIR

Mr. Lamont welcomed the trustees and indicated that he hoped the discussions would be candid and productive and that he and his colleagues would learn a lot during the retreat.

INTRODUCTORY REMARKS — PRESIDENT STUKEL

President Stukel thanked the trustees for giving their time to the retreat and told them that there were a number of issues that were or would soon be of real importance to the board that needed to be discussed during the two days of the retreat. He said that he and the trustees needed to look at the direction the University should take and set priorities for the near future. He added that he hoped the board and the administration could work together to achieve goals as a family. He then introduced Mr. Richard (Tom) Ingram, president of the Association of Governing Boards of Universities and Colleges (AGB), and thanked Mr. Ingram for graciously agreeing to come to the retreat and serve as a facilitator for some of the discussions of the board. In closing, President Stukel stressed that the retreat and its outcomes were very important to him.

COMMENTS FROM MR. INGRAM

Mr. Ingram began his comments by saying that he was pleased to be with the trustees again and that he remembered the time he spent with the board in the spring and summer of 1991 as being very useful. He mentioned two specific desired outcomes he hoped for from the retreat. These were: to come away with a commitment to support the University, and a commitment to the president and the administration. He mentioned that the environment in which board members must function holds many ambiguities but that the above two matters are unambiguous.

He started his presentation by stating that the board ought to update its *Bylaws*. He advised that the roles of the board's officers be reviewed and probably changed, particularly that of treasurer.

Then Mr. Ingram opened a discussion of the role of the board chair. All of the board members had suggestions for strengthening this role and, by consensus, agreed that the true power of the board chair is the power of appointment, of committee chairs principally. They concluded that the board chair ought to be accessible to all colleagues and to the administration, be a spokesperson for the board — on certain agreed-upon categories of issues, and that the board chair should inspire, motivate, and lead the board.

In addition, Mr. Ingram asked the trustees how long the term of the board chair should be. After discussion they concluded that there should be a return to a previous practice of electing board chairs on a one-year basis but with an understanding that there would usually be two one-year terms in succession. Further, Mr. Engelbrecht suggested that there be another office added — that of vice chair — and that this board member be presumed to be serving a traineeship for assumption of the role of chair in one or two years.

Next, Mr. Ingram lead a discussion of the board members on the differences between being an elected board member and being an appointed board member, inasmuch as there is now a State statute providing for the trustees to be appointed by the governor. Remarks on this topic ranged from statements suggesting that appointed trustees will be more likely to do the best job possible for the University without obligation to any special constituency and evaluations of the system of electing trustees as being weak because of a lack of funding for campaigning and the fact that running State-wide for an office with little visibility is nearly impossible, to statements about the elected process being superior because elected office holders are truly representatives of the public trust. Some debate ensued about the amount of political influence likely to be present in an appointed board versus an elected board. There was no consensus on the topic of elected versus appointed boards.

DISCUSSION ON BOARD FUNCTIONING

President Stukel advised the board members that they needed to consider how they should behave as a group at board meetings and how their work as a group was perceived by external groups. He suggested that the board members as a group needed to decide on modes of behavior that would be successful and acceptable in their deliberations as a board. He stressed that the board and the president of the University were a team and had to reflect that fact at all times. Mrs. Gravenhorst concurred with this statement and noted that board colleagues were the only individuals who could decide on appropriate behavior and ensure it. A general conclusion from this discussion was that it might be useful for the board to draw up a statement of roles and responsibilities.

Following this, all joined in a discussion of the board's committee structure and the number of committees. Mr. Ingram commented that

there were a large number of committees. The board members agreed that committee chairs should communicate with committee members more, most agreed that there is insufficient time for discussion at committee meetings, and that the meetings should probably be longer, and some suggested that committees ought to meet at times different from the regular meetings. The consensus achieved was that the board would continue to discuss the work of their committees and try to find ways to make the committees function more successfully. Mr. Ingram remarked that the ideal role of a trustee is to work with the president to develop together a vision for the University. He described this as a process by which the board helps the administration move forward and realize plans for the University. One point generally agreed to was that the board needed more time to consider issues and discuss them in the committee meetings.

ROLE OF THE BOARD SECRETARY

Mr. Ingram opened this topic with the comment that having a trust relationship with the staff was most important and especially with the board secretary. President Stukel added that this does not mean relying too heavily on the board secretary for communication between fellow trustees; the board members should relate to each other personally and especially with the chair. The conclusion of this discussion was that more timely responses to the board office would be helpful and giving sufficient time to the staff for provision of services was also important.

ROLE OF THE TREASURER

Mr. Ingram advised that in the review of the *Bylaws* the role of the treasurer should be carefully reviewed with an eye to changing this. Mr. McKeever concurred with this agreeing that some of the duties were no longer appropriate.

DISCUSSION OF INTERNAL AND EXTERNAL ISSUES AFFECTING THE BOARD — SUMMARY

Mr. Lamont led this portion of the retreat. The following issues were identified and some remedies suggested:

1. Faculty salaries — The trustees agreed that this was a serious problem that the University must solve and suggested that tuition be one part of the solution, together with more support from the State, which all board members and administration should work for assiduously in the next few years. They agreed that the problem needed some action toward resolution soon.
2. Fragmentation of higher education in Illinois and various forms of reorganization — The trustees expressed concern about the amount of change brought about in public higher education in Illinois by the dissolution of the governing boards of the Board of Governors

and the Board of Regents systems. They agreed that careful guardianship of higher education in Illinois would be needed in the next few years.

3. Need to work toward better relations between minority student centers and the mainstream of the campus — The trustees expressed the view that too often minority student centers are enclaves of separatism on campus and the operation of these seems to fly in the face of the traditional goal of the college experience enabling students to meet, study, and work with persons from many different groups. Dr. Bacon opined that the majority group needs to be welcoming also.
4. Accountability in the educational process — This topic was discussed in terms of it being a popular topic in the media and general literature and one that the trustees thought they needed to be able to respond to. The discussion was not conclusive but all agreed to seek ways to respond to questions about how to assess whether there was sufficient accountability within the University.
5. Health care risks — This discussion centered on two aspects of risk in health care. One was the risk associated with new ventures such as that planned with the proposed restructuring of the University of Illinois HMO. The other, introduced by Dr. Gindorf, concerned the risk of losing the basic ethical concerns of the patient/physician relationship and the commitment to the education of physicians, which, by definition, the University must always consider.

OUTCOMES FROM DAY I

The board members agreed on the following as matters they wished to consider further and change in some way:

1. Reconsider the term of the chair; probably follow a practice of electing one member as chair for two consecutive years.
2. Add the office of vice chair to the list of board officers; perhaps making the person in this office one of the members of the Executive Committee.
3. Develop a document that comprises the roles and responsibilities of trustees.
4. Define more clearly the responsibilities of the chair.
5. Begin a revision of the *Bylaws*, utilizing a small committee of the board and including the university counsel and the secretary.

REGULAR AGENDA

The board considered the following recommendation from the president of the University.

Employment of Consultant, Parking Structure Repairs, Krannert Center for the Performing Arts, Urbana

(1) On March 9, 1995, the board confirmed the employment of Construction Technology Laboratories, Inc., Chicago, for the professional services required through the bidding phase of the Parking Structure Repair project at the Krannert Center for the Performing Arts, Urbana campus.

It is now necessary to employ the firm for the construction administration, on-site observation, and warranty phases for the project.

Accordingly, the president of the University, with the concurrence of the appropriate administrative officers, recommends the employment of Construction Technology Laboratories, Inc., Chicago, for the professional services required for the construction administration, on-site observation, and warranty phases for the project.

The firm's fee for the construction administration phase is a fixed fee of \$171,000; the firm's fee for the construction on-site observation is on an hourly basis, the total not to exceed \$140,000; the firm's fee for the warranty phase is on an hourly basis, the total not to exceed \$20,000; plus reimbursable expenses, which are estimated to be \$96,000.

Funds are available from the Auxiliary Facilities System Repair and Replacement Fund with the possibility of reimbursement from a subsequent revenue bond sale.

On motion of Ms. Reese, this recommendation was approved by the following vote: Aye, Dr. Bacon, Mr. Engelbrecht, Dr. Gindorf, Mrs. Gravenhorst, Mr. Lamont, Ms. Lopez, Mrs. O'Malley, Ms. Reese; no, none; absent, Mrs. Calder, Governor Edgar.

(The student advisory vote was: Aye, Mr. Malone; no, none; absent, Mr. Rose. Mr. Mathew asked to be recorded as not voting on this item.)

BOARD MEETING RECESSED

At 5:15 p.m., the board recessed to reconvene at 8:15 a.m. the following day, August 18, 1995.

BOARD MEETING RECONVENED

When the board reconvened at 8:15 a.m., the following members of the board were present: Dr. Gloria Jackson Bacon,¹ Mr. William D. Engelbrecht, Dr. Jeffrey Gindorf, Mrs. Susan L. Gravenhorst, Mr. Thomas R. Lamont, Ms. Ada N. Lopez, Mrs. Martha R. O'Malley, Ms. Judith R. Reese. The following members of the board were absent: Mrs. Judith Ann Calder, Governor Jim Edgar. The following nonvoting student trustees were present: Mr. Neil J. Malone, Springfield campus; Mr. Roy Mathew, Chicago campus. Mr. Chapin Rose, nonvoting student trustee, Urbana-Champaign campus, was absent.

President James J. Stukel and the officers of the board and of the University listed at the beginning of these minutes were also present. In addition, Ms. Susan J. Sindelar, special assistant to the president, was present.

¹ Dr. Bacon arrived at 9 a.m.

PRESENTATION BY THE PRESIDENT OF THE UNIVERSITY

Chair Lamont opened the meeting and asked President Stukel to begin his presentation.

President Stukel first reviewed for the trustees information that he had gleaned about the University and particularly what works well and what needs to be changed. He explained that this information was gathered through talking with administrators and faculty throughout the University over the past two months. He indicated that he planned to stress service from the administrative side of the University and less bureaucracy. From his study of the current state of the University the president indicated that he had learned the following things:

1. There is a great pride in the University that exists among all interviewed.
2. That planning is a problem within the University — primarily because an institutional perspective is not uniformly applied.
3. Service in most areas needs improvement.
4. New ways are needed to break through the bureaucracy.
5. Responsibility and authority are not always linked as they should be.
6. More team work between the campuses and the University administration is needed.
7. There are some problems related to the Administrative Information Systems and Services unit's ability to respond adequately to all who need the services of this unit.

The president then indicated that he wanted four levels of administration within the University. These were the department, the college, the campus, and the University.

President Stukel next discussed the importance of keeping both internal and external constituencies in mind and being prepared to deliver service to both kinds of groups. He emphasized the importance of service delivery being linked to administrative control. He noted that he hoped to improve management relations between the University level and the campus level and to reduce the tension that can ensue when service and accountability are not combined.

Dr. Stukel indicated that the planning process for the University will integrate University and campus administrations. As a first step toward that he stated that the chancellors would henceforth include the campus business affairs administrators (assistant vice presidents for business and finance) and the campus legal counsels in their cabinets. (The Chicago and Urbana campuses had already included the campus legal counsel in the chancellor's cabinet).

Next, President Stukel stated that he had a plan to improve the University's business operations. This included:

1. Development of a bench-marking process.

2. Utilization of more electronic processes in order to eliminate most paper processes within three years.
3. Elimination of multiple systems that perform the same functions on different campuses.
4. A streamlining of the steps in ordinary University transaction processes.
5. Downloading of business information for greater ease of use in a decentralized fashion.
6. Evaluation of the staff who work in University units and deliver service to the campuses by both their University-level supervisors but also administrators on the campuses whom they serve.

The president then introduced his concept of Management Teams. These are working groups made up of University-level administrators and campus administrators who will discuss issues and come to consensus on recommendations for problem solving or changes. These teams are:

- Academic Affairs Management
- Business Affairs Management
- Governmental Relations Management
- Technology Management

The Academic Affairs Team will be chaired by Vice President Manning. The Business Affairs Team will be chaired by Vice President Bazzani. Mr. Kirk Hard will chair the Governmental Relations Team. And, Dr. Bazzani will chair the Technology Management Team. The president said that with these teams the most capable people and those responsible for key areas in the University will be brought together to work on major issues and will be accountable for outcomes. He observed that working together, these individuals will change the University and make it better.

Dr. Stukel explained that these plans are made with the realization that resources are going to be scarce for the near future. He told the trustees that these plans signal a different era. He stressed the importance of having goals and timetables for every undertaking and for specifying outcomes anticipated.

The trustees endorsed these plans and stated that they supported the concept of the University of Illinois as one University.

The president discussed elements of his draft Mission Statement with the trustees and solicited their comments and suggestions for change, requesting these as soon as possible. The board members agreed to respond to the president on this matter.

PRESENTATION OF SPECIAL TOPICS AND DISCUSSION

Mr. Lamont introduced the three topics to be presented by individual trustees and discussed by the group. These included: the University's health care programs, presented by Dr. Gindorf; the determination of

a prudent tuition policy, presented by Ms. Reese; and future relations with the agricultural community, presented by Mr. Engelbrecht.

Dr. Gindorf discussed changes that will be wrought within a system of managed care, particularly with regard to physician referrals. He also noted that the health care delivery system everywhere is growing far too complex and is in need of streamlining. He also presented points in favor of a separate governing board for the hospital. (A copy of the briefing paper is on file with the secretary.)

Ms. Reese then opened a discussion of tuition charged at all three campuses and noted that the issue of faculty salaries is linked to tuition levels and that probably the University of Illinois had been charging too little tuition compared to its peer institutions. Some of the trustees stated that the value of the education provided made the tuition paid an important investment and suggested that students are beginning to look at tuition as an investment in their futures. The suggestion was made that the tuition for non-residents be reviewed with an eye to increasing this. President Stukel reminded the board members that each campus has a different peer group and each brings different elements to its degrees awarded. Therefore, it is not expected that the tuition be the same at each of the three campuses. (A copy of the briefing paper is on file with the secretary.)

Mr. Engelbrecht then introduced a discussion of the concerns of the agricultural community in the State. Mr. Engelbrecht informed his colleagues that the alumni of the College of Agriculture are in daily or weekly contact with their college, especially if they are in production agriculture. Also, the Cooperative Extension Service is a presence in every county in the State. Mr. Engelbrecht stated that he believed that the college had lost stature in recent years and that the Cooperative Extension Service is not providing the kind of essential services that that unit once did. He cited the recent reorganization of the college as a problem for some of the alumni in the State and the fact that the former dean had not been in as close contact with the agricultural community as was desired. The good news he reported was that the president, chancellor, and others within the University are very interested in fixing any problems that have developed. He stated that he was positive that the basis for solving the problems was available and that there were some who were interested in addressing the problems. (A copy of the briefing paper is on file with the secretary.)

GENERAL DISCUSSION

During this period of the meeting, the trustees voiced their individual concerns and questions about operations within the University. Mrs. Gravenhorst asked that the board direct the president to review all public image materials, such as stationery, to determine if a coherent, consistent image of the University as one University is being presented to the public. Mr. Engelbrecht suggested that this was a symptom of an

overall public relations problem. He asked that the administration of the University describe the strategy for public relations in general. The board members concurred that President Stukel and Mr. Coe should be directed to pursue a review of the University's public image materials.

OUTCOMES FROM DAY II

The board members agreed to charge the president to:

1. Implement the elements of the Mission Statement presented to the trustees by activating a plan for this as soon as possible.
2. Improve the conduct of University business by automating many procedures and moving away from reliance on paper transactions within the next three years.
3. Establish management teams to facilitate internal discussion among University management levels.
4. Work to establish a new, more responsive governance system for the University Hospital within the next year.
5. Work together to find new ways for the trustees to become active advocates for the University.
6. Work to rebuild the University's relationship with the agricultural community.
7. Develop a common stationery with which to project an image of one University to the public.

CLOSING COMMENTS FROM THE PRESIDENT

President Stukel thanked the trustees for their time and attention and said that he thought the retreat was very productive and that all involved demonstrated good collegial relationships and a definite respect for each other's opinions. He told the board members that the outcome of producing action items was commendable and that the level and quality of discussion was excellent.

ADJOURNMENT BY THE CHAIR OF THE BOARD

Mr. Lamont thanked his colleagues for a good retreat.

There being no further business, the board adjourned.

MICHELE M. THOMPSON
Secretary

THOMAS R. LAMONT
Chair