

MEETING OF THE BOARD OF TRUSTEES

OF THE

UNIVERSITY OF ILLINOIS

March 13, 2003



This meeting of the Board of Trustees of the University of Illinois was held in Room E120 in the College of Medicine at Rockford, 1601 Parkview Avenue, Rockford, Illinois, on Thursday, March 13, 2003, beginning at 10:10 a.m.

In the absence of Chair Lawrence C. Eppley¹ who, along with President James J. Stukel, and Chancellor Sylvia Manning, was welcoming Governor Rod R. Blagojevich to the Chicago campus for a press conference, Trustee Kenneth D. Schmidt, M.D., chair *pro tem*, called the meeting to order and asked the secretary to call the roll. The following members of the board were present: Mr. Devon C. Bruce, Dr. Jeffrey Gindorf, Dr. Kenneth D. Schmidt, Mr. Niranjan S. Shah,² Mrs. Marjorie E. Sodemann, Mr. Robert Y. Sperling, Mr. Robert F. Vickrey. The following members of the board were absent: Governor Rod Blagojevich, Mr. Lawrence C. Eppley, Mr. Thomas R. Lamont. Mr. Noah L. Wolfe, voting student trustee from the Chicago campus, was present. The following nonvoting student trustees were present: Mr. Art Moore,³ Springfield campus; Mr. Keely J. Stewart,⁴ Urbana-Champaign campus.

¹Chair Eppley joined the meeting at 1:45 p.m.

²Mr. Shah joined the meeting at 10:20 a.m.

³Mr. Moore joined the meeting at 10:40 a.m.

⁴Mr. Stewart participated in the meeting telephonically.

Also present were President James J. Stukel;¹ Dr. Chester S. Gardner, vice president for academic affairs; Dr. David L. Chicoine,¹ vice president for economic development and corporate relations; Dr. Nancy Cantor, chancellor, University of Illinois at Urbana-Champaign; Dr. Sylvia Manning,¹ chancellor, University of Illinois at Chicago; Dr. Richard D. Ringeisen, chancellor, University of Illinois at Springfield; and the officers of the board, Mr. Stephen K. Rugg, comptroller (and vice president for administration); Mr. Thomas R. Bearrows, university counsel; and Dr. Michele M. Thompson, secretary. In addition, the following persons were also in attendance: Mr. Richard M. Schoell,¹ executive director for governmental relations; Mr. Thomas P. Hardy,¹ executive director for university relations; Ms. Susan J. Sindelar,¹ executive assistant to the president; and Ms. Marna K. Fuesting, assistant secretary.

ASSIGNMENTS TO STANDING COMMITTEES OF THE BOARD

Dr. Schmidt called attention to assignments made by Chair Eppley to positions of chair and vice chair of the standing committees of the board and asked that a listing of these be distributed to the board.

Name of Committee	2003	
Executive Committee	Eppley, Lamont, Schmidt	
Standing Committees		
	<i>Chair</i>	<i>Vice Chair</i>
Academic Affairs	Schmidt	Moore, Stewart
Athletics	Lamont	Sperling, Wolfe
Buildings and Grounds	Shah	Lamont
Economic Development	Eppley	Gindorf, Schmidt
Finance and Audit	Gindorf	Bruce, Vickrey
Human Resources	Sodemann	Shah
Student Affairs	Bruce	Moore, Stewart, Wolfe
Trusteeship and Governance	Sperling	Sodemann
University Hospital and Clinics	Vickrey	Gindorf, Wolfe
External Boards		
University of Illinois Foundation	Eppley	
State Universities Civil Service Merit Board	Shah, Sodemann, Sperling	
University of Illinois Alumni Association	Bruce	
University of Illinois Research Park LLC, Urbana	Eppley, Schmidt	
IllinoisVENTURES, LLC	Eppley, Gindorf	
Wolcott, Wood and Taylor, Inc.	Vickrey	

INTRODUCTIONS

Dr. Schmidt asked Vice President Gardner, representing President Stukel, to introduce the senate observers and the other University officers in attendance. Dr. Gardner introduced Nancy Cantor, chancellor, University of Illinois at Urbana-Champaign; Richard D. Ringeisen, chancellor, University of

¹President Stukel, Vice President Chicoine, Chancellor Manning, Mr. Schoell, Mr. Hardy, and Ms. Sindelar joined the meeting at 1:45 p.m., with Mr. Hardy and Ms. Sindlar participating telephonically. Before joining the meeting, President Stukel was represented by Dr. Gardner, and Chancellor Manning was represented by Dr. Michael Tanner, provost and vice chancellor for academic affairs, Chicago campus.

Illinois at Springfield; Stephen K. Rugg, vice president for administration, Thomas R. Bearrows, university counsel; and Michele M. Thompson, secretary of the board and secretary of the University. He then welcomed and introduced the senate observers.¹

PUBLIC COMMENT

Dr. Schmidt announced that there were four individuals who had requested time and had qualified to address the board through the procedures provided. He stated that each person would have five minutes for remarks. The following addressed the board.

Mr. James A. Reed, introduced himself as the coordinator of a Piatt County group united against the sale of farmland given to the University by Robert Allerton that adjoins Alleton Park (materials on file with the secretary). He criticized the University's proposal to sell approximately 1,300 acres of this farmland to the Illinois Department of Natural Resources for use as a natural prairie area for recreation and research, stating that the rate of return from investing the money realized from the sale would be less than that currently realized from the sale of crops cultivated on the land. He cited two reports that assert farming to be a better investment than return on an endowment. Also, he stated that the local community would lose \$328,000 from purchases made in connection with farming the land and in payments in lieu of taxes made by the University to Piatt County. He urged the board to consider the public relations issues presented and to decide against sale of the farmland.

Mr. Charles Morris spoke next (materials on file with the secretary). He introduced himself as the fire chief for the area near Allerton Park, and stated that the proposal by the Illinois Department of Natural Resources (IDNR) to plant tall prairie grass on this farmland presented a fire hazard. He stated that he was concerned about the plan for controlled fires planned by IDNR once prairie grass is planted. He also told the board that there is one entrance to Allerton Park and that the road is not suitable for emergency vehicles; further he stated that firebreaks are almost non-existent and the Piatt County fire departments would have difficulty fighting any fire on this land. In addition he noted that there is a 4-H Camp next to the farmland and that evacuating the camp in the event of a fire would be difficult. He said that the board would be compromising safety in voting to sell the farmland for a tall grass prairie and urged them not to do this.

Mr. Alex Bonick addressed the board on the subject of benefits for domestic partners of University employees (materials on file with the secretary). He said that his group would plan to attend every board meeting to urge the board to approve these benefits until they are provided. He stressed the University would benefit as an employer if benefits were pro-

¹University Senates Conference: Elliot Kaufman, professor and interim head of the Department of Biochemistry and Molecular Genetics, Chicago campus; Chicago Senate: Gerald S. Strom, professor of political science; Springfield Senate: Ardeshir Lohrasbi, associate professor of business administration; Urbana-Champaign Senate Council: Kenneth E. Andersen, professor emeritus of speech communication; Robert M. Fossum, professor of mathematics, and chair of the Urbana-Champaign Senate Council

vided domestic partners of University employees and he stated that the cost of such benefits is not great, citing a 1.2 percent increase in the cost of benefits in 2002 at other universities where such benefits are provided. He added that an article in the September 1997 issue of *Risk Management* reported that the cost of providing benefits for domestic partners is less than the cost of providing the same benefits for spouses. He stated that most insurers charge the same for health insurance for domestic partners as for spouses. He accused the board of discriminating against employees with domestic partners, and indicated that legal action could ensue. He presented material to the board that he stated represented 500 petitions urging the board to provide benefits to domestic partners of University employees.

Stanley Campbell, who introduced himself as the executive director of Rockford Urban Ministries, welcomed the board to Rockford, "the home of Blackhawk." He then told the board that there were no longer any Native American tribes in Illinois, due to wars and other problems. And he spoke to the board about the continuation of Chief Illiniwek as the symbol of the Urbana campus, stating that it was unseemly for the University of Illinois at Urbana-Champaign to have a mascot that demeans Native Americans. He noted that many Native American tribes are opposed to the continuation of Chief Illiniwek and stated that the board should listen to and heed the wishes of Native Americans on this subject.

MEETING OF THE BOARD AS A COMMITTEE OF THE WHOLE

Dr. Schmidt indicated that Dr. Bernard P. Salafsky, regional dean, College of Medicine at Rockford, would present information about an important program at Rockford that educates health care professionals for practices in rural areas. He then introduced Dean Salafsky.

Dr. Salafsky began his presentation by stating that the College of Medicine at Rockford is uniquely situated to provide education for health care professionals for rural areas. He shared data with the board that described the scarcity of health care professionals for populations in rural areas in the United States, citing that 61.0 million Americans living in rural areas are without health care available to them that those living in urban areas have. He also noted that 83 of the 102 counties in Illinois are underserved in health care, and that 50 of these counties have no health care providers. He observed that a minority of counties in Illinois are fully served in terms of access to health care. Dr. Salafsky remarked that the College of Medicine at Rockford is uniquely qualified to provide education for rural health care providers by virtue of a decade of experience in educating physicians in specialties most appropriate for rural areas (materials on file with the secretary). He added that the World Health Organization has designated the program at Rockford as a Center for Rural Health Professions Education, Evaluation and Research.

Dean Salafsky went on to describe the Rural Medical Education Program (RMED) that includes 23 hospitals near Rockford collaborating with the College of Medicine at Rockford in the education of physicians who will

serve rural areas. He noted that most of these students come from rural areas in Illinois.

Next, he told the board of the Center for Rural Health Professions Education, Evaluation and Research Program (RPEER), a cooperative effort with other health sciences colleges at UIC in the education of health professionals to serve rural areas.

Dean Salafsky then proposed that a National Center for Rural Health Professions be located at Rockford, and said that the first need for this center was a facility that will house a National Rural Health Resource Center. He stated that the cost for the facility would be approximately \$24.0 million and that Congressman Manzullo, who represents Rockford, had acquired \$1.5 million from Federal sources toward this goal. Dean Salafsky indicated that the funds for this facility would come from Federal and State sources and from private funds.

He stated that the programs in the education of health professionals for rural areas were of such caliber they would make Rockford the leader in the nation in the education of professionals for rural health care. In turn, he predicted that having adequate health care in these areas would aid economic development there also.

In closing, Dean Salafsky thanked Trustee Vickrey for his assistance in raising funds for the new facility.

Following the presentation Dr. Schmidt described the special emphases of the programs at each of the College of Medicine programs at Chicago, Peoria, Rockford, and Urbana. He then asked Dean Salafsky to comment on the family practice residency program at Rockford. Dean Salafsky said that this residency program was one of the oldest in the State and that it involved affiliations with many hospitals in the area for residencies.

Discussion followed about securing funding for the new facility that would house the National Rural Health Resource Center and Dean Salafsky said that funding was being sought from communities in need of health care professionals, businesses and organizations interested in the development of rural communities, and the State and the Federal governments.

The trustees asked about retention of physicians and other health care professionals in rural areas and about diversity in enrollments in the programs. Dean Salafsky explained that recruitment to these programs emphasizes the need for health care professionals in rural areas and that there is deliberate selection of individuals from rural areas who also have an interest in returning to these areas. He added that the program is diverse and enrollments reflect the diversity of the Rockford area, with the exception of the rural medicine program whose students come from rural areas that are not as diverse as urban areas.

MEETING OF THE COMMITTEE ON BUILDINGS AND GROUNDS

Mr. Shah, chair of the committee, convened this meeting and asked Robert K. Todd, associate vice president for administration and human resources, to present the agenda for this meeting.

East Campus Commercial Center, Urbana—Project Design

Mr. Todd stated that a design for the East Campus Commercial Center at Urbana was ready for presentation (materials on file with the secretary). He reminded the board that discussion of providing a commercial district on this part of the Urbana campus began 14 years ago when some commercial enterprises were removed for construction of academic buildings in the area. He said that the presentation to be made is for Phase I of the project. He introduced Scott Kunkle, the representative of JSM Management, who made the presentation for the project that is to consist of 21,000 square feet of retail, residential, and parking space. The budget for the first phase is estimated at \$5.0 million. The developer, selected at the February 2003 meeting of the board, is to design, fund, and manage the project.

In the discussion that followed Mr. Bruce asked about funding and costs to the University. Mr. Todd explained that the developer would pay for the project and that the University would lease the land to the developer for 50 years.

Mr. Stewart asked if the building would be strictly commercial with no academic or University programs housed there. And, he asked what benefit this development would provide to the University. Mr. Todd responded that this development would replace taxable property taken over by the University to construct academic buildings in that part of Urbana 14 years ago. He also added that this development would provide services to students and faculty on the east side of the campus, such as quality housing and services of several retail businesses.

Mr. Sperling asked if the University might be foreclosing on an opportunity to build an academic building at this location in the future. Mr. Todd responded that this commercial district was envisioned in the campus master plan approved several years ago. Mr. Sperling then asked if the apartments to be built in this development would be beyond the means of students. The developer stated that market studies indicate a market for apartments at the price for which these will lease. Dr. Gindorf then commented that apartments are needed for students since the University is not building more residence halls, and Mrs. Sodemann noted that the same developer recently built an apartment building near campus that was of good quality and filled immediately.

Mr. Shah then asked what the anticipated time lag between Phase I and Phase II would be. Mr. Todd said that that would depend on the viability of the development in Phase I.

On motion of Mr. Shah, this design was approved unanimously.

Employment of Construction Manager for Campus Recreation—Renovation and Expansion of the Intramural-Physical Education Building (IMPE)—Phase II, Urbana

Mr. Todd described this recommendation in the agenda for today's meeting. He reminded the board that they had approved VOA Architects, Chicago, as the architect/engineer for this project, and that now employment

of a construction manager was recommended because the project merits this. He noted that time for completion was short and the renovation planned was major, both of which suggested the need for professional assistance in managing the construction aspects. He stated that Gilbane, Chicago, was recommended at a cost of \$3.5 million. He assured the board that this firm was selected by the qualified bidder selection process, and told them that this firm had recently completed similar projects at The Ohio State University and at Washington State University.

Discussion followed with Mr. Sperling and Mr. Shah raising questions about the fixed fee contract. They asked if this fee would be reduced if the services were less than anticipated. Mr. Sperling suggested a professional service contract that would protect the University if the need for services from the contractor was less than envisioned. Mr. Sperling also stated that he would like a cap on expenses and charges. University staff members commented on this indicating that the construction estimates were segmented and that these could be reduced if the University decided to make changes. Mr. Shah asked if any special service contracted for could be eliminated and was told by staff that this would be possible. Mr. Shah also expressed a preference for having a designated individual for the project. In addition he asked if the contract ensured certain performance stipulations such as handling change orders, timeliness, and meeting budget. A staff member stated that there were no caps for cost and no specific stipulations in the contract. Mr. Todd said that the contract would be amended to reflect these suggestions.

After discussion about how to handle the recommendation in the agenda Mr. Shah suggested that the board approve the design phase, part one, today. By consensus the board agreed to this and instructed the secretary to work with university counsel to make the necessary change to the item and present the revised item for the agenda.

Dr. Schmidt said he wanted to stress that funding for this project is from student fees that the students agreed to in a referendum held earlier in the year.

MEETING OF THE COMMITTEE ON THE UNIVERSITY HOSPITAL AND CLINICS

Annual Report on Quality

Mr. Vickrey, chair of the committee, convened this meeting. He introduced Charles L. Rice, M.D., vice chancellor for health affairs, Chicago, and asked him to present the agenda.

Dr. Rice indicated that the first item was a report on several quality measures that the accrediting agency for hospitals and health care organizations, the Joint Committee on Accreditation of Health Organizations (JCAHO), requires that the governing board receive annually. Dr. Rice selected several areas to report to the board (materials on file with the secretary). Among the quality measures reported was suicide prevention in psychiatric patients and Dr. Rice noted that the number of patients at risk

for this has risen in the last 10 years. He also noted that since certain intervention procedures have been introduced at the medical center the number of suicide attempts has decreased. Another quality measure was in the financial area and dealt with improving collection of money owed the hospital. Dr. Rice stated that collections have improved markedly in the last three years. He also reported on the effectiveness of information management in the hospital. Further, he reported amazing improvement in the rate of completion of medical records since 2001.

Three other areas referenced in the report included a patient safety program that requires proactive identification of safety risks. He indicated that the Safety Committee in the hospital is implementing the JCAHO Patient Safety Standard including identification of root causes of near misses, employee training, and an on-line occurrence reporting system. Also, he described new computer learning modules from JCAHO available for residents and physicians for specialized training and evaluation. In addition, Dr. Rice described elements of the Health Insurance Portability and Accountability Act, stating that it is intended to protect individual, identifiable, health information through confidential transmission, and storage of this information. He said that it is also intended to reduce costs of administering health information by standardizing the electronic transmission of such data and stated that the entire workforce in the medical center must have basic training in implementing this Act by April 13, 2003. He explained that specific training is available electronically via a channel, website, and a newsletter for accomplishing this.

Medical Center Financial Update

Dr. Rice reported on the medical center's budget for the first seven months of the current fiscal year (materials on file with the secretary). In summarizing revenues and expenditures he stated that the budget was ahead of projections in that \$2.1 million in excess revenues over expenses had been projected, and in this time period \$3.4 million had been posted. He also reported that although the length of stay of patients was not as brief as had been hoped, the number of discharges was ahead of schedule. He also noted that the census for the hospital and outpatient activity was up. In addition, Dr. Rice stated that the operating capital for the medical service plan was \$11.4 million.

Dr. Schmidt commended the medical center's financial performance for the time period reported.

BREAK FOR LUNCHEON

The board interrupted meetings of the committees for one hour at 12:10 p.m. for luncheon.

MEETING OF COMMITTEE ON FINANCE AND AUDIT

Dr. Gindorf, chair of this committee, convened the meeting. He said there were two reports to be given, a quarterly review of investments and an over-

view of the annual report. He then asked Douglas E. Beckmann, assistant vice president for business and finance, to report. Mr. Beckmann discussed the inventory of assets and stated that the endowment assets were \$600.0 million for the endowment managed by the University of Illinois Foundation and \$215.0 million for the University's endowment. He also reported data for the investments of the endowment for the fourth quarter, noting that the Foundation's endowment performed better due to more diversification. He observed that the threat of war has created uncertainty in the market, and he said that the University is attempting to add diversification to the endowment's portfolio and to add more active management of assets to improve investment performance.

Mr. Beckmann then introduced Mr. Steve Voss of the firm of Ennis Knupp + Associates to report on the performance of investments for the quarter ended December 31, 2002 (material on file with the secretary). Mr. Voss referred to the report sent the trustees earlier and commented on how difficult the last two years have been for investments, noting that the stock market had declined 21 points in the last year. He said that the University's endowment is invested 70 percent in stocks and 30 percent in bonds and he indicated that the endowment pool has declined for the last three years. He then reviewed the performance of the funds managers, noting that Amervest, Western Asset, and Morgan Stanley performed well, despite a difficult year. Mr. Voss stated that the market is at a 44-year low now, and he reported on past performance of the stock market in periods surrounding four conflicts in the past 50 years.

Mr. Voss reported that Ennis Knupp issued a request for proposals for equity managers for active management and that 11 proposals had been received. He said that there was also a request for proposals issued for private equity managers and that 30 proposals had been received in response. He indicated that the selection would be made next week. Mr. Shah then asked if any minority firms were among the 11 proposals. Mr. Beckmann responded that the Amervest firm was a minority-owned firm and a contractor of the University, but that they were not among those responding to the proposal. He added that there are about 15 firms in this particular niche of the market, and that none are minority firms. He told the board that Amervest is performing well and that this firm manages about \$30.0 million for the University. Mr. Shah stated that public universities need to seek out minority firms as contractors. Dr. Gindorf responded stating that the University has had a record of contracting with minority firms for several years.

In closing the committee meeting Dr. Gindorf reminded the board that the University is different from individual investors in that University investments are made for a very long term on the assumption that the University will exist indefinitely. He noted that the pool has decreased over the last three years, but that the investment strategy still seems good as a long term plan.

BOARD MEETING RECONVENED

At 1:45 p.m. the board reconvened in regular session. As noted earlier, the following joined the meeting at this time: Chair Eppley, President Stukel, Vice President Chicoine, Chancellor Manning, Mr. Schoell, Mr. Hardy, and Ms. Sindelar.

BUSINESS PRESENTED BY THE PRESIDENT OF THE UNIVERSITY

President Stukel informed the board that Governor Blagojevich had recently asked each of the public universities to present a plan for placing 8 percent of the Fiscal Year 2003 budget in reserve. The president noted that he presumed that this amount would then be available for a later rescission. He said that Dr. Gardner had been working with the campuses on ways that this might be accomplished and had identified approximately 4.25 percent of the current fiscal year's funds that might be placed in reserve for such a potential rescission (materials on file with the secretary). He added that this reduction in budget would necessitate cuts in academic programs, services, and in employment, and that if the reduction to the current fiscal year's budget were to be 8 percent that this would result in extremely severe cuts that would probably compromise the quality of the institution. He stated that Dr. Gardner had been working with the campuses on ways that the University might accomplish both a 4.25 percent budget rescission and an 8 percent rescission. He asked Dr. Gardner to report on the analyses prepared for these two possibilities.

Report from Vice President Gardner Concerning Possible Budget Reductions

Dr. Gardner said that he had consulted with economists at the University in August 2002 about the State's economic outlook, and on the basis of information received had decided, in consultation with the chancellors, not to distribute the reserves for renovation and remodeling projects in case there was a budget cut later in the year. These reserves totaled \$13.4 million. He stated that in October 2002 and in January 2003 they again reviewed the budget and began planning for a possible rescission. He reported that early in 2003 Representative Ricca Slone asked the University to present plans for budget reductions of 5 percent and 10 percent. He stated that a 10 percent cut would amount to a reduction of \$120.0 million. He stated that the recent message from the Governor directing the University put 8 percent of the current budget in reserve made it clear that a rescission was imminent.

He explained that if the budget were reduced by 8 percent (\$59.0 million) at this time in the fiscal year the impact on students and staff would be very severe. He said that that a cut of 4.25 percent from the State appropriation of \$750.0 million for this fiscal year, would be difficult but tolerable, and he said that the University offered this to the Bureau of the Budget. He then stated that the sources for this cut from the University

administration budget would be the \$13.4 million intended for renovations that had been held in abeyance, plus another \$4 million. He indicated that the impact of this cut to the University administration would be felt in lay-offs for 50 employees who would have been engaged in the renovations of facilities; an indefinite delay in filling vacancies in positions in all areas; a reduction in the number of student employees; and a reduction in funds available for technology transfer activities which would be manifest in the loss of funding for two start-up companies. He then stated that a rescission of 4.25 percent would mean that the campuses would give up the following: Chicago, \$6.4 million; Springfield, \$550,000; and Urbana, \$6.7 million. He added that in the scenario of an 8 percent rescission, the University administration would have to contribute the \$13.4 million in reserve discussed earlier, plus an additional \$4.1 million. He stated that this would indeed be damaging and would result in a reduction in expenditures for supplies, information technology, and travel that would constrain the work of many; a reduction in expenditures for outside legal counsel causing delays as the University counsel's staff take on more work; elimination of student employees; and elimination of 15 positions. He stated that the campuses would be required to contribute the following: Chicago, \$19.3 million; Springfield, \$1.2 million; and Urbana, \$20.7 million.

Dr. Gardner then asked the chancellors to describe the impact of a rescission of 4.25 percent and one of 8 percent on the programs and services of their individual campuses.

Report of Impact of Budget Reductions on Urbana Campus

Chancellor Cantor stated that a budget rescission of 4.25 percent would necessitate elimination of 120 Freshman Discovery courses; discontinuation of learning technologies used by approximately 16,000 students in about 288 courses; and elimination of 150-200 positions for such services as custodial, grounds maintenance, painting, mail delivery, etc.

She then said that a rescission of 8 percent would require elimination of more of the 240 Freshman Discovery courses serving about 4,000 students; elimination of 75-80 general education courses; reduction of grant-matching funds that would lead to the loss of about \$20.0 million per year in research funding and 232 research-related jobs; elimination of 50 business support offices across campus with three to fifteen staff each; reduction of the teaching staff by about 200 teaching assistants and about 50 instructors and lecturers; and reduction in the number of communities and departments served by the Fire Service Institute.

Dr. Cantor added that the campus is working to streamline services that will result in a savings. She stated that if the cut is 8 percent then health and safety operations that have been previously protected may also have to be cut and approximately 300 discussion sections related to large courses would also be cut.

Dr. Schmidt asked if there would be an impact on academic advising in the colleges and if the core curriculum would be affected. Dr. Cantor said that the courses in the core curriculum would be reduced significantly if the cut is at the 8 percent level, and that academic advising services would also be at risk.

Report of Impact of Budget Reductions on Springfield Campus

Chancellor Ringeisen said that a budget reduction of any amount at this time in the academic year would be disruptive to the Springfield campus, as there are no reserves. He stated that the Springfield campus would not be able to identify funds for such a rescission, and he added that already this year reductions had been made such as offering fewer courses at the campus and at the Peoria campus; positions in the counseling center were not being filled; the position of dean of students was being left vacant; library acquisitions and services had been reduced. He said that if it becomes necessary to identify funds for a reserve of 4.25 percent the campus would reduce funds for library materials, suspend purchase of educational technology equipment, and suspend searches for unfilled faculty and staff positions.

He indicated that if the rescission is 8 percent then the campus would have to eliminate about 10 staff positions, eliminate several graduate assistantships and numerous student hourly employee positions, and eliminate some admissions activities.

Report of Impact on Budget Reductions on Chicago Campus

Chancellor Manning said that the suddenness of the mandate to put 4.25 percent of the current budget in reserve would force the campus to seize whatever funds are left in the campus budget, since the campus had been spending evenly throughout the year. She stated that under this scenario funds for library materials would be reduced; library service hours would be reduced; two branch libraries would be closed; the campus shuttle bus service would be reduced; buildings and grounds maintenance would be reduced; and 400 hourly jobs for undergraduates would be eliminated. She said that reductions to the library acquisitions must be carefully handled in order to preserve funding for some essential additions. Also she said that elimination of student jobs must be approached with care too, as these jobs bind the student to the campus for an enormously positive effect. Further, she cautioned about deferring building maintenance that would result in more costly repairs later.

She stated that if the rescission were 8 percent then it might be necessary to eliminate summer session, which would impact about 8,000 students by increasing their time to graduation; it would also be necessary to eliminate the summer orientation for about 3,000 new students and their parents; 275 non-contract employees would be laid off; 850 hourly jobs for undergraduates would be eliminated; and matching funds for Federal

grants would be reduced, resulting in a reduction in the number of grants received.

Comments from President Stukel

President Stukel, commenting on the campuses' plans to eliminate certain seed funds for research told the board that \$600.0 million comes to the University from research funds that provide directly for support of 5,000 jobs and indirectly for 18,000 jobs. He stated that these grants are also related to economic development in the State and have a significant general economic impact. Further, he told the board that the quality of the University is tied to such funding.

Discussion

Dr. Schmidt asked if it might be possible to take all of the 4.25 percent reduction in administrative functions and not cut the academic programs. Dr. Gardner responded that this would not be possible because the administrative functions are essential to the operation of the University and cannot be cut further than already suggested. Then Dr. Schmidt asked what amount of tuition increase would be needed to avoid cutting the academic programs. The chancellors all urged consideration of a tuition increase to avoid diminishing academic programs and services to students. President Stukel stated that tuition increases are made with agreement with the students about how the increased funds will be used. The president also stressed that his earlier remarks about this discussion not being about tuition were important. He reinforced this by stating that the current discussion was about addressing a possible budget rescission and that it was premature to discuss a tuition increase.

Mr. Shah asked if the formula for the calculation of indirect cost recovery (ICR) from Federal grants might be increased. He suggested that the University obtain an external opinion on this and compare the current rate with peer institutions. He also asked about the possibility of using graduate students for more research and teaching positions. Michael B. Provenzano, senior associate vice president for business and financial services, responded by explaining that all funds from indirect cost recovery are calculated by a cost formula provided by the Federal government. President Stukel stated that the University compares very favorably in a comparison of ICR funds awarded among peer institutions. Mr. Shah observed that costs are sensitive and acknowledged that caution is important but that he would think that more might be awarded on the base of \$600.0 million in grants and contracts. He asked for an analysis of the research base and an attempt to increase the amount of ICR the University receives.

Dr. Gindorf urged the board to set priorities for the University then to take a stand with regard to preserving these.

In concluding the discussion Dr. Schmidt again commented on the importance of a tuition increase and said that in his experience students

support increases in tuition to preserve quality in the University. Mr. Stewart concurred that a tuition increase might be supported by students at Urbana.

MOTION FOR EXECUTIVE SESSION

Chair Eppley stated: "A motion is now in order to hold an executive session to consider the following subjects: University employee matters and pending, probable, or imminent litigation against, affecting, or on behalf of the University."

The motion was made by Mr. Sperling and approved by the following vote: Aye, Mr. Eppley, Mr. Bruce, Dr. Gindorf, Dr. Schmidt, Mr. Shah, Mrs. Sodemann, Mr. Sperling, Mr. Vickrey, Mr. Wolfe; no, none; absent, Governor Blagojevich, Mr. Lamont.

(The student advisory vote was: Aye, Mr. Moore, Mr. Stewart; no, none.)

EXECUTIVE SESSION

Pending, Probable, or Imminent Litigation Against, Affecting, or on Behalf of the University

Mr. Bruce was not in attendance during this discussion, owing to the fact that his law firm is involved in the case that is the subject of discussion.

Mr. Eppley asked Mr. Bearrows to report on the settlement recommended in the agenda for today's meeting.

Mr. Bearrows indicated that the recommendation is for settlement of the case of *Crusoe v. Mess, et al.* He stated that the case concerns the death of a 65-year-old man injured in a truck collision, who was admitted to the University Hospital and expired two days later due to a pulmonary embolism attributed to failure to use proper medications and apparatus after treatment for a hip fracture. Mr. Bearrows told the board that outside counsel had consulted two experts concerning this case, and both advised settlement. He also stated that he and outside counsel had reviewed settlements in cases involving other men of the same age for guidance regarding an appropriate settlement amount. He noted that the settlement recommendation of \$2.0 million is considerably more than what would have been recommended two years ago, but that the environment for such claims has changed in this time period and that this settlement is consistent with the change.

Charles Rice, vice chancellor for health affairs, Chicago campus, was present for this discussion and added that the autopsy showed the presence of a blood clot.

Dr. Gindorf and Dr. Schmidt questioned the evidence employed to suggest that the embolism resulted from the medication and treatment associated with surgery. Mr. Sperling suggested further investigation on the cause of death.

Mr. Bearrows stated that he would withdraw the recommendation from the agenda for this meeting, and seek additional advice regarding this case.¹

MR. BRUCE WAS EXCUSED
DURING THE PREVIOUS
DISCUSSION DUE TO THE
NATURE OF THE MATERIAL
BEING DISCUSSED IN ORDER TO
ELIMINATE THE POTENTIAL FOR
ANY CONFLICT OF INTEREST.

Mr. Bruce joined the meeting at this time.

A CONTINUING NEED FOR
CONFIDENTIALITY
EXISTS FOR THIS SECTION.

¹Mr. Stewart left the meeting at 3:00 p.m.

A CONTINUING NEED FOR CONFIDENTIALITY
EXISTS FOR THIS SECTION.

Employee Matters, Springfield

Chancellor Ringeisen reported that the search for a director for the Abraham Lincoln Presidential Center for Governmental Studies was concluding. He then named the finalists and described their backgrounds and indicated that he expected a recommendation for appointment at a board meeting in the near future.

He also stated that he is considering not filling the vacancy for a dean of students at Springfield, and consolidating the responsibilities of this position with those assigned to the incumbent, Interim Vice Chancellor for Student Affairs L. Christopher Miller.

A CONTINUING NEED FOR
CONFIDENTIALITY
EXISTS FOR THIS SECTION.

Employee Matter, Urbana

Dr. Cantor reported that she wished to appoint as director of the Post-Genomic Institute, Professor Harris A. Lewin, who would assume the

responsibilities of founding director of this institute. She indicated that the appointment of Professor Lewin would make it clear that the scope of the institute was broad including investigation of engineering, agriculture, and the life sciences. She said that she hoped to initiate the appointment in May 2003.

Mr. Eppley stated that Professor Lewin would be a fine representative of the Post-Genomic Institute. And, Dr. Chicoine commented that it is extremely important to have Professor Lewin in charge of the institute.

EXECUTIVE SESSION ADJOURNED

There being no further business, the executive session was adjourned and the board reconvened in regular session.

BUSINESS PRESENTED BY THE CHAIR OF THE BOARD

Agenda Items

Mr. Eppley, referring to the first three items in the agenda for today's meeting, said that the implementation of these three resolutions will make a difference for the University in terms of providing greater accountability and ensuring responsible stewardship of precious resources. He described agenda item no. 1, "University of Illinois Board of Trustees' Guidelines for Reimbursement for Travel and Other Expenses," as signaling that the members of the board agree to be treated like all others covered by the State rules and regulations.

Next, he explained that agenda item no. 2, "Configuration of the Fiscal Year 2004 Internal Operating Budget," is intended to ensure accountability for University resources, including oversight for the budget.

With regard to agenda item no. 3, "Review of University Administrative Structure," Mr. Eppley stated that this is introduced because the board must issue a challenge to streamline administration and discover savings wherever possible.

He said that collectively these resolutions are meant to demonstrate that the board hears the public's concerns about the cost of higher education and is taking steps to assure the best stewardship possible.

Standing Committees of the Board of Trustees

Mr. Eppley told the board that he had been reviewing the standing committees of the board, as stated in the *Bylaws* of the Board of Trustees, and that he had changes to suggest. He said he would send a draft of the proposed changes to his colleagues soon and indicated that he would like to present the amendments to the *Bylaws* regarding the standing committees for consideration at the next board meeting scheduled for May 14-15, 2003.

OLD BUSINESS

Mr. Eppley said he would mail his report on the board meeting of the University of Illinois Alumni Association, held in February, to his colleagues.

NEW BUSINESS

Dr. Gindorf observed that agenda item no. 1, discussed earlier by Mr. Eppley, covers board expenses for travel and that he would ask that the board show similar responsibility regarding any expenditures or benefits for the board such as remodeling office space for the board's use. He asked that the *Bylaws* of the Board of Trustees be amended to show that such matters will require board approval in future.

PRESENTATION OF AGENDA ITEMS

Mr. Eppley turned to President Stukel and asked him to present the items in the agenda for the meeting. The president asked the University officers to speak to individual items in the following order:

Agenda item no. 5, "Appoint Fellows to the Center for Advanced Study, Urbana," and agenda item no. 6, "Appoint Associates to the Center for Advanced Study, Urbana"—Dr. Cantor explained that distinguished faculty members are appointed to these positions in the Center for Advanced Study and given an appointment for the purpose of pursuing special study or research.

Agenda item no. 7, "Appointments to the Faculty, Administrative/ Professional Staff, and Intercollegiate Athletic Staff," and agenda item no. 8, "Dean, Graduate School of Library and Information Science, Urbana"—Dr. Cantor asked if a board member had any questions about any appointment at the Urbana campus. Dr. Manning and Dr. Ringeisen also asked this question. Dr. Cantor then stated that she had a spectacular recommendation for the position of dean of the Graduate School of Library and Information Science, John M. Unsworth, and reminded the board that this school was ranked as the number one school for library and information science in the nation.

Agenda item no. 9, "Sabbatical Leaves of Absence, 2003-04"—Dr. Gardner explained that the sabbatical leave policy is enunciated in the University of Illinois *Statutes* and provides that members of the faculty "may be granted a sabbatical leave of absence with pay for the purpose of study, research, or other pursuit, the object of which is to increase the faculty member's usefulness to the University." He noted that the practice of granting sabbatical leaves has been a basic part of higher education for over 100 years, and is now being adopted in the corporate world as well. He stated that these are looked on as a time of renewal or retooling which often allows a faculty member to spend a semester at another university or research facility learning new techniques or approaches to their disciplines and that it is usually granted to faculty members with at least six years of service to the University. Dr. Gardner said the standard sabbatical leave is for one semester at full pay or two semesters at half pay. He added that a sabbatical leave is not an entitlement, and the approval process is rigorous through several levels of review, beginning with review by the department head, often aided by an advisory committee, to ascertain that the individual's statement of plans will enhance goals of the academic unit and if the

individual's duties can be met without expense to the department, then review at the dean's level, further review at the vice chancellor's level, and the chancellor and president, before recommendation is sent to the board for approval. He concluded by stating that the strongest indicator of faculty recognition that a sabbatical must be earned is the participation rate. Less than 40 percent of those eligible annually are granted sabbatical leaves.

Agenda item no. 10, "Establish the M.A. in Real Estate, College of Business Administration, Chicago"—Dr. Manning explained that this is proposed as a 35 credit hour program to include course work in the College of Business Administration and the College of Urban Planning and Public Affairs, with the College of Business Administration granting the degree. She said that there is growth in fields associated with real estate and demand for individuals with expertise in this area.

Agenda item no. 11, "Authorize Negotiation and Execution of a Contract for Sale, and an Intergovernmental Agreement, Concerning Land Near Allerton Park and Conference Center for Prairie Restoration, Urbana"—Dr. Cantor explained that the Illinois Department of Natural Resources wishes to purchase approximately 1,300 acres of farmland owned by the University near Allerton Park, which is part of the Urbana campus, in order to return this land to its natural state as a tall grass prairie. She added that a fire management plan is in place and that the contract calls for a one-time Community Planning Allowance grant equal to 7 percent of the sale price to lessen the impact of the loss of the payment in lieu of taxes that have been made. Further, she said that there remains approximately 2,300 acres of farmland near Allerton Park that the University will continue to farm.

President Stukel stated that the board's approval to proceed with this transaction is the first step of three required by the conditions of the gift of this land by Robert Allerton. In addition, the chair of the Board of Directors of the University of Illinois Alumni Association must agree to this as well, and the Chief Judge of the Illinois Supreme Court must approve this before it is complete.

Agenda item no. 12, "Authorize Execution of a Development Agreement, Lease, and an Intergovernmental Agreement for the East Campus Commercial Center, Urbana"—Dr. Cantor told the board that the campus and the City of Urbana were both pleased with the plans for this new development. She said that the commercial enterprises that will be operated from this development will add to the tax base of the city.

Agenda item no. 13, "Auxiliary Facilities System Revenue Bonds, Series 2003A"—Mr. Eppley asked how far along in the process the administration was with this financing.

Mr. Provenzano said that the administration was analyzing the process now and hoped to sell bonds in May 2003, and that these would be to finance the first two years of the four-year project. Dr. Gindorf asked why the administration would not want to finance all four years with current low interest rates. Mr. Provenzano explained that the arbitrage process was the

reason for this. Mr. Eppley asked if refinancing was contemplated and Mr. Rugg and Mr. Provenzano said that it was.

Mr. Sperling stated for the record that he would not cast a vote on this recommendation because his law firm represents two of the organizations proposed for involvement in completing this transaction (Bank One, National Association and Lehman Brothers, Inc.).

Agenda item no. 14, "Employ Construction Manager for Campus Recreation-Renovation and Expansion of the Intramural Physical Education Building (IMPE)-Design Portion of Phase II, Urbana"—Mr. Rugg noted that this item had been changed based on discussion in the meeting of the Committee on Buildings and Grounds earlier in the day, and called attention to the changes made in the item resulting from that discussion.

Agenda item no. 16, "Purchases"—Mr. Rugg described one of the recommended purchases as a proposed acquisition of databases necessary to fulfill the services of the Illinois Digital Academic Library. He explained that the University would pay \$250,000 of the total cost of \$7,500,000 and that other institutions would pay the rest over a period of 25 years through a joint purchase arrangement.

The other purchase recommended concerned an upgrade to the patient accounting system at the hospital that is needed.

When the presentation of agenda items concluded Mr. Eppley asked the secretary to call the agenda items so that the trustees might vote on these items.

REGULAR AGENDA

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

By consensus, the board agreed that one vote would be taken and considered the vote on each agenda item nos. 1 through 10 inclusive. The recommendations were individually discussed but acted upon at one time.

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

University of Illinois Board of Trustees' Guidelines for Reimbursement for Travel and Other Expenses

(1) As provided in the University of Illinois Trustees Act (110 ILCS 305/11) the trustees, "shall be reimbursed for their actual and necessary expenses while engaged in the performance of their duties." Guidelines for reimbursing trustees for expenses incurred in the performance of their duties are provided by the Higher Education Travel Control Board. This body derives its rules from the Travel Regulation Council of the State of Illinois. Further guidance is provided by the University of Illinois Business and Financial Policies and Procedures.

At this time, the Board of Trustees wishes to confirm and state anew that its position is to follow all relevant rules and regulations regarding allowable expenses for travel as promulgated by the Travel Regulation Council and applicable to the Higher Education Travel Control Board, as well as the University of Illinois Business and Financial Policies and Procedures. Further, the Board of Trustees wishes to reaffirm that its position is to follow all relevant University policies related to business activities. The comptroller of the Board of Trustees is to have oversight responsibility for compliance with these rules and regulations and to inform the board members of these.

The board further directs the comptroller to provide interpretative guidelines developed from these rules and regulations for the use of the trustees. Guidelines regarding allowable costs for transportation, lodging, and per diem allowances are to be codified and updated when necessary.

On motion of Dr. Schmidt, this recommendation was approved.

Configuration of the Fiscal Year 2004 Internal Operating Budget

(2) It is imperative that the University demonstrate to all audiences, both internal and external, government and tax payers, that it is managing its resources wisely and with full oversight from and accountability to the Board of Trustees. It is at the level of the Board of Trustees that proper oversight and accountability can be achieved most fully while maximizing operational efficiency through a measure of flexibility essential to the effective conduct of business in a constrained resource environment.

In fulfilling its statutory mandate to govern the University of Illinois, the Board of Trustees accepts the responsibility to function as the body accountable for oversight of the University's budget. In exercising that oversight responsibility the board will follow the spirit of the State Finance Act.

The Board of Trustees therefore directs the president of the University to prepare all future operating budgets, commencing with the budget for Fiscal Year 2004, under the following requirements:

- All unrestricted funds available for the support of University operations will be budgeted by objects of expenditure at the University level. (Unrestricted funds for operations include state tax revenue from the General Revenue Fund and Education Assistance Fund; tuition and other revenue in the University Income Fund; and institutional funds including Federal Indirect Costs Recovered (ICR), administrative allowance, and royalties.)
- The president will be required to seek board approval to transfer any unrestricted funding from the Personal Services object of expenditure to any other object of expenditure.
- The president will be required to seek board approval for any transfer from an unrestricted object of expenditure that would cause total transfers to exceed 2 percent of the total value of unrestricted funding.

The president and the board shall cooperatively establish budget allocation priorities.

In addition to these requirements, all current budgetary oversight agreements will remain in force, including the reporting of budget and expenditure data to the trustees by campus and the limitations on the transfer of funds among programs without prior board approval.

On motion of Dr. Schmidt, this recommendation was approved.

Review of University Administrative Structure

(3) It is essential that the University's administrative support structure is organized and operates as efficiently as possible and that it is focused on those areas most essential to support the conduct of world-class instructional, research, service, and economic development programs offering improved economic vitality for the entire State of Illinois. The University's current efforts include the comprehensive replacement of all centrally-operated financial, human resources, and student information systems that are designed to create operating efficiencies. Likewise, it is important that the Board of Trustees and the legislative and executive branches of State government— resource allocation decision makers— can be assured that the University administration will continue to streamline its support structure to the greatest extent possible.

To provide such assurance, the board hereby directs that the president of the University examine all existing administrative structures and return to the board with proposals for consolidation, streamlining, and simplifying administrative structures wherever

possible. In conducting this review, it is the board's intent that the University administration follow the organizational principle that has guided development of the University for the past half-century: academic programs are best organized in a decentralized mode, while support programs should, where possible, be centralized to take advantage of economies of scale. Within the application of that principle, the board also desires that the review:

- Recognize that the University must continue to support multiple missions simultaneously, including those that present prospects for improving the long-term economic vitality of the State of Illinois.
- Recognize that timely and effective support services must be provided at appropriate locations, regardless of the degree of centralization of the support infrastructure.
- Recognize the opportunity to strengthen and improve service delivery even as organizational restructuring is pursued.

The board desires that the study examine activities that support the primary campus functions of instruction, research, and service. The study should cover business, financial, and human resources operations at every level of the organization; facilities planning and management operations; public affairs and external relations; and all other support activities. The study should:

- Focus on those programs whose priority may have changed due to a reassessment of their cost, quality, or centrality to essential support missions.
- Focus on opportunities to consolidate activities across existing organizational boundaries.
- Focus on steps that will maximize the utility of the University's new administrative information system.
- Focus on targets of opportunity, where existing or impending vacancies may ease the organizational difficulty of combining currently separate activities.
- Focus on areas in which changes in state regulatory requirements could produce further streamlining within the University.

Finally, the board desires that the president report on the progress of this review of administrative support structures not later than the July 2003 meeting of the board.

On motion of Dr. Schmidt, this recommendation was approved.

Resolution for Roger L. Plummer

(4) Your record of service to the University has been extraordinary. The service you have given the Board of Trustees for the past six years has been distinguished and deeply appreciated. Serving as a member of the governing board represents the most recent service you have provided, following years of generous effort for the Alumni Association, first as a board member, then as president of that organization; and for the College of Engineering at Urbana, particularly the Department of Theoretical and Applied Mechanics.

Your outstanding leadership experience earned at the helm of several businesses in the telecommunications industry, and your many roles as a volunteer leader in the governance of major arts and cultural organizations, such as the Chicago Symphony Orchestra, fitted you ideally for the position of trustee of the University. You have been the board's resident budget commentator, management adviser, and spokesman on particularly sensitive issues. Your seasoned observations of critical issues have benefited the board from the start of your tenure as a trustee.

Your contributions to the board's deliberations on such subjects as the status of women within the University, hospital financing, and the ongoing issues surrounding Chief Illiniwek will long be remembered as framing the discussion of these important subjects. In addition, you have been a standard for us in judging our performance.

We, your colleagues, will sorely miss your calm and wise leadership, and your warm good humor, but your record of service suggests that you will continue involvement with your alma mater. We look forward to working with you in the future.

The president and other administrative officers of the University as well as the faculty join the members of the Board of Trustees in this tribute and extend best wishes to you and Mrs. Plummer in gratitude for your dedication to your University.

The Board of Trustees directs that this resolution be incorporated in the minutes of today's meeting, to become a part of the official public record, and that a suitable copy be given you as a permanent reminder of the esteem and affection in which you are held.

On motion of Dr. Schmidt, the foregoing resolution was adopted.

Appoint Fellows to the Center for Advanced Study, Urbana

(5) Each year the Center for Advanced Study awards appointments as Fellows in the Center, providing one semester of release time for creative work. Fellows are selected in an annual competition from the faculty of all departments and colleges to carry out self-initiated programs of scholarly research or professional activity.

The chancellor at Urbana recommends the following faculty as fellows for the 2003-2004 academic year, and offers a brief description of each project.

KATE E. ABRAMSON, assistant professor, Department of Philosophy, *The Artifice of Nature in Hume's Moral Theory*

The Artifice of Nature in Hume's Moral Theory: From Philosopher to Reflective Man traces the evolution of Hume's philosophical ethics through his shifting conceptions of the very project of writing moral philosophy. Attention to the development of Hume's thoughts on this fundamental issue will give us a new understanding of the doctrine of Hume's moral theory, and demonstrate that contemporary ethicists have indispensable lessons to learn from Hume's ethical writings.

ALEXEY BEZRYADIN, assistant professor, Department of Physics, *Macroscopic Quantum Tunneling in Ultrathin Superconducting Wires*

Single DNA molecules and carbon nanotubes will be used to create ultrasmall superconducting devices, e.g., nanowires, and study macroscopic quantum effects in such devices under the influence of microwave radiation and at temperatures below 100 mK. The results are important for quantum computation.

**GAURI BHATTACHARYA, assistant professor, School of Social Work, *Asian Immigrants' Health and Acculturation: Rethinking the Adaptation Process*

This study focuses on the impact of cultural changes and environmental risk factors on the health status of Asian immigrants from India to the United States. The experience of this growing immigrant group, explored in qualitative interviews, has implications for health promotion interventions for this and other acculturating immigrant groups.

JOSHUA D. ESTY, assistant professor, Department of English, *Unseasonable Youth: The Bildungsroman and Colonial Modernity*

This project proposes a critical account of the British novel of education between 1860 and 1930, arguing that modernist writers revised the coming-of-age plot into a story of endless youth, a story that resonates with the history of colonial underdevelopment. Reading major texts by Somerset Maugham, Rudyard Kipling, Joseph Conrad, Virginia Woolf, and James Joyce (among others), it solves a persistent riddle about the changing fate of the Bildungsroman in the 20th century and identifies a previously unexplored connection between literary innovation and colonial history.

**ZSUZSA GILLE, assistant professor, Department of Sociology, *Apples and Waste: Understanding the Environmental Implications of Hungary's Entry into the European Union*

Approaching the European Union ethnographically, and as an agent of economic and cultural globalization, this project researches implications of the accession of Hungary to membership in the EU. Three case studies will concentrate on food consumption and environmental standards.

**MARY S. GIN, assistant professor, Department of Chemistry, *Design and Synthesis of an ATP-Activated Transmembrane Ion Channel*

This project is interested in mimicking the processes underlying nerve signaling by designing organic macromolecules that span a membrane and can be opened and closed to ion transport using chemical modification as the trigger. The ability to control transmembrane ion flux by means of such a well-defined signal has implications for the development of artificial systems capable of performing complex tasks such as sensing, desalination, or site-specific drug delivery.

**TAEKJIP HA, assistant professor, Department of Physics, *Probing Motions of Individual Holliday Junctions*

A single-molecule fluorescence method will be used to study functionally important motions of DNA four way (Holliday) junctions. These motions are impossible to study using conventional methods and will be studied as a function of DNA twisting and stretching to simulate congested cellular conditions.

**EBERHARD F. MORGENROTH, assistant professor, Department of Civil and Environmental Engineering, and Department of Animal Sciences, *Mechanisms of Coexistence in Binary Culture Biofilms*

The influence of detachment on the coexistence of microorganisms in biofilms will be evaluated for a binary culture of *Klebsiella pneumoniae* and *Pseudomonas aeruginosa* using new experimental techniques for online and in-situ monitoring of detachment dynamics in a laboratory reactor and three dimensional mathematical modeling. The ultimate goal for this project is to evaluate fundamental mechanisms of coexistence in biofilms, to evaluate how coexistence can be influenced by reactor operation, and to determine how the study of these fundamental mechanisms can be used to ensure reliable removal of micropollutants from drinking water using biofilm reactors.

**WANDA S. PILLOW, assistant professor, Department of Educational Policy Studies, *Tracing Meanings of the 1804 Corps Expedition: Stories of Manifest Destiny, Confluence of Cultures, and Invasion*

This research identifies shifting historical and present-day representations, interpretations, and uses of the Lewis and Clark Corps of Discovery expedition, 1804-1806, in popular culture, political discourse, and educational curricula. Giving particular attention to how Sacagawea, the Lemhi-Shoshone Indian woman whose role in the expedition is much debated, and York, Clark's slave who accompanied him on the expedition, have been and are currently represented provides insight into how the racial identities of Sacagawea and York have been utilized to tell differing stories about the meaning of the Corps expedition.

ALLISON M. RYAN, assistant professor, Department of Educational Psychology, *Social Resources in the Classroom: An Examination of Classroom Characteristics that Promote Equity*

High-status students (high-achieving, popular, higher socio-economic backgrounds) tend to dominate classroom social interactions while low-status students tend to be less involved. This project will identify classroom characteristics that ameliorate such inequities by encouraging all students to ask for help and express their opinions.

**These faculty members have been recommended for appointment as Beckman Fellows in the Center for Advanced Study named for the donor of a gift which permits additional recognition for outstanding younger fellow candidates who have already made distinctive scholarly contributions.

On motion of Dr. Schmidt, these appointments were approved.

Appoint Associates to the Center for Advanced Study, Urbana

(6) Each year the Center for Advanced Study awards appointments as Associates in the Center, providing one semester of release time for creative work. Associates are selected in an annual competition from the faculty of all departments and colleges to carry out self-initiated programs of scholarly research or professional activity.

The chancellor at Urbana recommends the following faculty as associates for the 2003-2004 academic year, and offers a brief description of each project.

JAY D. BASS, professor, Department of Geology, *Properties of Minerals at Extreme Pressures and Temperatures, and the Nature of the Deep Earth*

Sound velocities will be measured on minerals under the actual high pressure-temperature conditions of the earth's interior using new experimental techniques. This will lead to new insights on the composition and structure of the earth's deep, inaccessible regions.

ANNE BURKUS-CHASSON, associate professor, School of Art and Design, *Technologies of Vision in Late Imperial China*

This project concerns optical devices produced in late imperial China and the ramifications of their use for painters, physicians, and philosophers. Specifically, the epistemological issues that were raised by forms of visual knowledge gained through lenses.

YOU-HUA CHU, professor, Department of Astronomy, *Hot Interstellar Gas in Galaxies*

Hot (106-107 K) interstellar gas in a galaxy carries information about the gravitational potential of the galaxy, energy and heavy elements injected by stars and supernovae, and the activity of supermassive black holes at the center of the galaxy. Using the Chandra X-ray Observatory archival observations, a systematic study of the content, distribution, physical conditions, and evolution of hot interstellar gas in both elliptical and spiral galaxies will ensue.

**NOSHIR CONTRACTOR, professor, Department of Speech Communication, *Emergence of Knowledge Networks in 21st Century Organizational Forms*

This project uses a multi-theoretical multilevel (MTML) model to computationally model and empirically validate the factors leading to the creation, maintenance, dissolution, and reconstitution of knowledge networks linkages in 21st century organizational forms.

**MARTIN H. GRUEBELE, professor, Department of Chemistry, *Molecule-Field Quantum Coherence*

Controlling the interaction of molecules with fully quantum-mechanical electromagnetic fields offers exciting possibilities for the study of chemical reactions, quantum computing, and new forms of quantum-coherence spectroscopy. The implications of a recently developed control method will be explored.

C. JAEGER, professor, Department of Germanic Languages and Literatures and Program in Comparative and World Literature, *The Romance of Violence: Theories of Violent Origins from Nietzsche to René Girard and Walter Burkert*

René Girard's and Walter Burkert's influential theories of the origins of religion and culture echo ideas of violent origins that derive from European Romanticism. This project criticizes that line of thought by showing its fragile foundations in hypothetical visions of primal events in a mythical pre-historic period.

ROBIN L. JARRETT, associate professor, Department of Human and Community Development, *Lives of Struggle, Lives of Hope: Resilient, Single Mothers in a Low-Income Housing Project*

Social science theories have hypothesized how individual and neighborhood poverty undermine family stability and compromise child development. The proposed book will examine the positive coping strategies that poor, African-American mothers of young children use to stabilize family life and facilitate positive development for their children.

WILLIAM A. KINDERMAN, professor, School of Music, *Wagner's Parsifal: Genesis, Form, and Drama*

This work explores Wagner's final work, *Parsifal*, making available much previously unpublished manuscript material that clarifies the genesis of the text and music. Coupled with this source study is a critical investigation of the work that addresses its formal, tonal, and dramatic structure, as well as its synthesis of Buddhist and Christian elements.

TIMOTHY G. MCCARTHY, professor, Department of Philosophy, *Understanding Godel's Incompleteness Theorem*

Godel's incompleteness theorem is a fundamental result of modern logic that is widely taken to express an intrinsic limitation of formal axiomatization in mathematics. This project shall pursue a number of extensions of Godel's theorem and explore their significance for the foundations of mathematics.

**PIERRE MOULIN, associate professor, Department of Electrical and Computer Engineering, *Theoretical Foundations of Image Steganography*

The goals of image steganography and steganalysis are respectively to embed and detect hidden patterns in natural-looking images. In this project, steganography is viewed as a game-theoretic statistical detection problem, and optimal strategies for the steganographer and the steganalyzer are sought.

WAYNE T. PITARD, professor, Program for the Study of Religion, *Whispers from the Dust: Care of the Dead and Thoughts on Afterlife in Ancient Canaan and Israel*

This study focuses on the long and complex development of the ancient Israelite understanding of death and afterlife. It looks at these ideas within the cultural context of the older Canaanite civilization, out of which Israel emerged.

D. FAIRCHILD RUGGLES, associate professor, Department of Landscape Architecture, *Matronage in Islam*

This historical study examines women in four Islamic societies (Islamic Spain, Ayyubid Egypt, Timurid Iran, and Mughal India), examining the relationship between their dynastic role as mothers, wives, and consorts, and their cultural role as patrons and receivers of art, architecture, and landscape.

ALBERT J. VALOCCHI, professor, Department of Civil and Environmental Engineering, *Pore-Scale Simulation of Groundwater Contaminant Transport Processes*

The project will develop and apply new computational techniques to simulate pore-scale processes that control the fate and transport of organic liquid contaminants which threaten the safety of many public groundwater supplies. The pore-scale simulations will be integrated with experimental observations made using unique micromodel and magnetic resonance imaging techniques to develop new fundamental knowledge about mass transfer and remediation processes.

**These faculty members have been recommended for appointment as Beckman Associates in the Center for Advanced Study named for the donor of a gift which permits additional recognition for outstanding younger associate candidates who have already made distinctive scientific contributions.

On motion of Dr. Schmidt, these appointments were approved.

Appointments to the Faculty, Administrative/Professional Staff, and Intercollegiate Athletic Staff

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

A—Indefinite tenure

B—Ten months' service paid over twelve months

K—Headship—As provided in the *Statutes*, the head of a department is appointed without specified term

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

Y—Twelve-month service basis

1-6—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).

Appointments to the Faculty

According to State statute, the student trustee will not vote on those items marked with an asterisk.

The following new appointments to the faculty at the rank of assistant professor and above, and certain administrative positions, have been approved since the previous meeting of the Board of Trustees and are now presented for your confirmation.

Chicago

Emeriti Appointments

NINO SAMSON BOCCARA, professor emeritus of physics, May 21, 2002
 STUART E. COHEN, professor emeritus, School of Architecture, June 21, 2002
 EDWARD L. DEAM, professor emeritus, School of Architecture, May 21, 2002
 DAVID A. PAGE, professor emeritus of mathematics, statistics, and computer science, January 1, 2003

Urbana-Champaign

MICHAEL N. BASTEDO, assistant professor of educational organization and leadership, on 100 percent time, beginning January 6, 2003 (N), at an annual salary of \$52,000.
 MICHAEL PETER BIGGS, assistant professor of sociology, on 100 percent time, beginning January 6, 2003 (N), at an annual salary of \$52,000.
 GUSTAVO CAETANO-ANOLLÉS, associate professor of crop sciences, on 100 percent time, January 21, 2003-August 15, 2007 (Q), at an annual salary of \$88,000.
 LAUREL H. CAMPBELL, assistant professor, School of Art and Design, on 100 percent time, beginning January 21, 2003 (N), at an annual salary of \$48,000.
 *ANTONIA DARDER, professor of educational policy studies, on 100 percent time, beginning January 6, 2003 (A), at an annual salary of \$120,000.
 *GREGORY S. ELLIOTT, associate professor of aeronautical and astronautical engineering, on 100 percent time, beginning January 6, 2003 (A), at an annual salary of \$80,000.
 ROBERT SCOTT GARNER, assistant professor of the classics, on 100 percent time, beginning December 12, 2002 (1), at an annual salary of \$46,700.
 DIRK HUNDERTMARK, assistant professor of mathematics, on 100 percent time, beginning January 14, 2003 (3), at an annual salary of \$60,000.
 TERESA JACOBSEN, associate professor, School of Social Work, on 100 percent time, February 1, 2003-August 15, 2005 (Q), at an annual salary of \$65,000.
 *KAREN LEE KELSKY, associate professor of anthropology, on 50 percent time, and associate professor of East Asian languages and cultures, on 50 percent time, beginning August 16, 2003 (A50;A50), at an annual salary of \$58,600.
 *JOHN A. ROGERS, professor of materials science and engineering, on 100 percent time, beginning January 1, 2003 (A), at an annual salary of \$105,000. In addition, Dr. Rogers will be appointed as Founder Professor of Materials Science and Engineering, on zero percent time (non-tenured and non-salaried), beginning January 1, 2003, for a total salary of \$105,000.
 MATTHEW C. STEWART, assistant professor of veterinary clinical medicine, on 100 percent time, beginning January 21, 2003 (N), at an annual salary of \$65,000.

Emeriti Appointments

GILBERT R. HOLLIS, professor emeritus of animal sciences, March 1, 2003
 KENNETH J. TRAVERS, professor emeritus of curriculum and instruction, August 21, 2002

Administrative/Professional Staff

CLIFTON E. BROWN, director of professional programs in the Department of Accountancy, College of Commerce and Business Administration, Urbana-Champaign, on an academic year service basis with an administrative increment of \$10,000, beginning March 17, 2003 (N). Dr. Brown was appointed to serve as interim director of profes-

sional programs under the same conditions and salary arrangement beginning August 21, 2002. In addition, he will continue to hold the rank of professor of accountancy, on indefinite tenure on an academic year service basis on 100 percent time, effective March 17, 2003 (A100), at an annual salary of \$140,550; and associate head of accountancy, on zero percent time (non-tenured and non-salaried). He will also continue as H. T. Scovill Professor of Accountancy (non-tenured) on an academic year service basis with an increment of \$14,550 (N), for a total salary of \$165,100.

THOMAS FINNEGAN, director of the undergraduate program in the Department of Accountancy, College of Commerce and Business Administration, Urbana-Champaign, on an academic year service basis with an administrative increment of \$10,000, beginning March 17, 2003 (N). Dr. Finnegan was appointed to serve as interim director of the undergraduate program in the Department of Accountancy under the same conditions and salary arrangement beginning August 21, 2002. He will continue to hold the rank of lecturer in accountancy, on 100 percent time, effective March 17, 2003 (N100), at an annual salary of \$82,880, for a total salary of \$92,880.

*JACK H. KAPLAN, head of the Department of Biochemistry and Molecular Genetics, College of Medicine at Chicago, on an academic year service basis with an administrative increment of \$20,000, beginning July 1, 2003 (K). In addition, Dr. Kaplan will be appointed to the rank of Benjamin Goldberg Professor of Biochemistry and Molecular Genetics, College of Medicine at Chicago, on indefinite tenure on an academic year service basis, on 100 percent time, beginning July 1, 2003 (A100), at an annual salary of \$180,000, for a total salary of \$200,000.

ALEXANDER MANKIN, associate director, Center for Pharmaceutical Biotechnology, College of Pharmacy, Chicago, on an academic year service basis with an administrative increment of \$3,000, beginning March 17, 2003 (N). Dr. Mankin will continue to hold the rank of professor in medicinal chemistry, Center for Pharmaceutical Biotechnology, on an academic year service basis, on 100 percent time (non-tenured), at an annual salary of \$87,881; and professor in medicinal chemistry, Department of Medicinal Chemistry and Pharmacognosy, on indefinite tenure on an academic year service basis, on zero percent time (non-salaried), for a total salary of \$90,881.

YVETTE R. ROBERTS, associate director of nursing in cardiovascular nursing, University of Illinois Hospital and Clinics, on a twelve-month service basis, on 100 percent time, beginning March 17, 2003 (NY), at an annual salary of \$92,000. Ms. Roberts was appointed to serve as visiting associate director of nursing under the same conditions and salary arrangement beginning February 1, 2003. She will continue to hold the rank of clinical instructor in public health, mental health and administrative nursing, College of Nursing, on zero percent time (non-tenured and non-salaried), for a total salary of \$92,000.

DON WORKMAN, director of the Office for the Protection of Research Subjects, Office of the Vice Chancellor for Research, Chicago, on a twelve-month service basis, on 100 percent time, beginning June 7, 2003 (NY), at an annual salary of \$117,000.

On motion of Dr. Schmidt, these appointments were confirmed.

Dean, Graduate School of Library and Information Science, Urbana

(8) The chancellor at Urbana has recommended the appointment of John M. Unsworth, presently associate professor of English, and director of the Institute for Advanced Technology in the Humanities, University of Virginia, Charlottesville, as dean of the Graduate School of Library and Information Science, University of Illinois at Urbana-Champaign, beginning August 16, 2003, on a twelve-month service basis, at an annual salary of \$170,000 (equivalent to an annual nine-month base salary of \$139,091 plus two-ninths annualization of \$30,909), and an administrative increment of \$10,000, for a total annual salary of \$180,000.

In addition, Dr. Unsworth will be appointed as professor, Graduate School of Library and Information Science on indefinite tenure on an academic year service basis on zero percent time (non-salaried) and as professor of English, College of Liberal Arts and Sciences, on zero percent time (non-tenured and non-salaried).

Dr. Unsworth will succeed Linda C. Smith, who has served as interim dean since August 2001, when former Dean Leigh S. Estabrook returned to the faculty of the school.

This recommendation is made with the advice of a search committee.¹

The vice president for academic affairs concurs.

The president of the University recommends approval.

On motion of Dr. Schmidt, this appointment was approved.

Sabbatical Leaves of Absence, 2003-04

(9) The chancellors at the Chicago, Springfield, and Urbana-Champaign campuses have recommended that the following members of the faculty be given sabbatical leaves of absence in accordance with the provisions of the University of Illinois *Statutes* and on the terms and for the periods indicated.

The programs of research and study for which leaves are requested have been examined on the respective campuses. The vice president for academic affairs has reviewed the applications for the leaves and recommends approval of 64 leaves for Chicago; 2 leaves for Springfield; and 131 leaves for Urbana-Champaign. (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 2002-03, 45 leaves were taken at Chicago; 3 leaves were taken at Springfield; and 113 leaves were taken at Urbana-Champaign.)

On motion of Dr. Schmidt, these leaves were granted as recommended.

Establish the M.A. in Real Estate, College of Business Administration, Chicago

(10) The chancellor at Chicago, with the advice of the Chicago Senate, the Graduate College, and the College of Business Administration, recommends the establishment of a new graduate degree, the Master of Arts in Real Estate.

The Master of Arts in Real Estate is an interdisciplinary program that combines course work from the Colleges of Business Administration and Urban Planning and Public Affairs to provide students with a full perspective of the field of real estate. Students will learn the basic principles of economics, finance, urban planning, and urban land use law that are needed to gain fundamental knowledge of the operation of urban real estate markets, methods of real estate finance, and systems used to plan and regulate urban real estate development.

The program is designed for students who wish to seek employment in a wide range of real estate occupations in both the private and public sectors. Real estate professionals in the private sector include property managers, construction managers, real estate finance specialists, real estate marketing specialists, and real estate marketing analysts (e.g., appraisers). The public sector employs real estate experts in property tax administration, planning, zoning, public real estate development, and real estate management. According to the Illinois Occupation Information Coordinating Committee, there is a

¹Susan A. Fowler, professor of special education and dean, College of Education, *chair*; Susan K. Barrick, assistant dean for development, School of Library and Information Science and Office of Development; Ann P. Bishop, associate professor, Graduate School of Library and Information Science; Bertram C. Bruce, Jr., professor, Graduate School of Library and Information Science; R. H. Campbell, professor of computer science, College of Engineering; Leslie G. Gasser, associate professor, Graduate School of Library and Information Science; Elizabeth G. Hearne Claffey, professor, Graduate School of Library and Information Science; Paula T. Kaufman, professor of library administration and university librarian (at Urbana-Champaign); Melanie A. Kimball, graduate student, Graduate School of Library and Information Science; Rae-Anne L. R. Montague, graduate student, Graduate School of Library and Information Science.

strong need for real estate professionals who have high levels of understanding of the economic, financial, planning, and legal aspects of urban real estate. The program will contribute to the State of Illinois' and the University of Illinois' emphasis on economic development.

The proposed M.A. in Real Estate requires successful completion of a minimum of 35 semester hours of course work, including 27 hours of required course work and eight hours in one of two areas of concentration—business or urban planning. The proposed program will use existing courses taught in the Colleges of Business Administration and Urban Planning and Public Affairs. A distinguished faculty group representing both colleges will deliver the program.

The vice president for academic affairs concurs with this recommendation. The University Senates Conference has indicated that no further senate jurisdiction is involved.

The president of the University recommends approval, pending approval by the Illinois Board of Higher Education.

On motion of Dr. Schmidt, this recommendation was approved.

By consensus, the board agreed that one roll call vote would be taken and considered the vote on each agenda item nos. 11 through 16 inclusive. The recommendations were individually discussed but acted upon at one time.

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

**Authorize Negotiation and Execution of a Contract for Sale,
and an Intergovernmental Agreement, Concerning Land
Near Allerton Park and Conference Center
for Prairie Restoration, Urbana**

(11) In July 2000, the Board of Trustees delegated authority to the comptroller to proceed to develop agreements with the Illinois Department of Natural Resources (IDNR) regarding the sale of up to 1,800 acres of endowment farmland near Allerton Park. That action required that any final agreements be brought to the Board of Trustees for approval at a subsequent meeting.

Based on negotiations with IDNR, it is recommended that a contract for sale for up to 1,300 acres of approximately 3,600 acres of endowment farmland be entered into with IDNR. An independent appraisal is being obtained by the University, and the specific number of acres to be covered by the sale will depend on the appraised value of the land. According to the terms of the Indenture governing the gift from Robert Allerton, sale of any portion of the land is subject to the approval of the president of the University of Illinois Alumni Association and the chief justice of the Illinois Supreme Court.

In addition, the University will enter into an intergovernmental cooperation agreement with IDNR for the care and management of the land and for a transition plan for the farming operations; collaborative programming with the Fire Services Institute to implement a fire management plan; drainage; the payment of a community planning allowance under an agreement with the Piatt County Board to the local taxing districts; the regulation of hunting activities; and similar topics. The location of the land to be transferred to IDNR is indicated on the attached exhibit (filed with the secretary of the board for record.) IDNR plans to create a new wildlife habitat and public open space by restoring the land to prairie as found in presettlement conditions (the project) under provisions of the Illinois Open Land Trust Act which provides IDNR with the authority to preserve and enhance Illinois' natural environment, create a system of open spaces and natural lands, improve the quality of life, and provide recreational opportunities for citizens now and into the future. The proposed contracts with IDNR will allow the University to (1) strengthen the Allerton environmental mission by providing a unique environmental resource of substantial scale—woodland, savanna, and prairie bordered by farmland; (2) diversify the income stream supporting Allerton Park by shifting a portion of the Allerton agricultural assets into securities; and (3) provide a research opportunity to

study different ecosystems in proximity, including plant succession and bird repopulation. Proceeds from the sale will be returned to the Allerton Endowment to support the operations of Allerton Park and Conference Center.

The president of the University with the concurrence of the appropriate University officers recommends that the chancellor at Urbana and the comptroller of the Board of Trustees be authorized to negotiate and execute a contract for sale, subject to approval of the president of the Alumni Association and the chief justice of the Illinois Supreme Court; and to take such other actions as are necessary to complete the sale to IDNR, including entering into an intergovernmental cooperation agreement with IDNR consistent with this board item.

On motion of Dr. Gindorf, this recommendation was approved by the following vote: Aye, Mr. Eppley, Mr. Bruce, Dr. Gindorf, Dr. Schmidt, Mr. Shah, Mrs. Sodemann, Mr. Sperling, Mr. Vickrey, Mr. Wolfe; no, none; absent, Governor Blagojevich, Mr. Lamont.

(The student advisory vote was: Aye, Mr. Moore; absent, Mr. Stewart.)

**Authorize Execution of a Development Agreement, Lease,
and an Intergovernmental Agreement for the East Campus
Commercial Center, Urbana**

(12) At its February 13, 2003, meeting, the board approved the selection of JSM Management as the developer for the East Campus Commercial Center (ECCC), a mixed-use development located across from the Krannert Center for the Performing Arts on the Urbana campus.

A development agreement between the University and JSM Management for the East Campus Commercial Center will contain terms and conditions regarding the developer's obligations and permitted uses in the center; University approval of commercial tenants; required submittals (including the developer's marketing plan); the general terms of a ground lease; insurance coverage, and other legal protections.

The site for the development will be leased to JSM Management for a period of 50 years. The lease may be renewed for an additional 25 years at the end of the first term or the improvement may revert to University ownership at that time, provided the University has a differing required use. The lease will be structured in a way to reimburse the University of Illinois Foundation for property and pay for site preparation costs without drawing from other campus financial resources.

In a previous intergovernmental agreement with the City of Urbana, the city agreed to vacate Gregory Place, the street east of and adjacent to the East Campus Commercial site at no cost to the University. In addition, another intergovernmental agreement provided for the relocation of City of Urbana parking meters from California Avenue (vacated to the University) to a lot located on the East Campus Commercial Center site. The agreement currently before the Board of Trustees provides for the city's vacation of Gregory Place and the relocation of City of Urbana meters to a Division of Campus Parking and Transportation lot. In the long term, Gregory Place will be converted to a pedestrian mall as part of the development.

The chancellor recommends that the comptroller of the Board of Trustees be authorized to execute the development agreement and lease with JSM Management, and an intergovernmental agreement with the City of Urbana, in accordance with the terms described in this item.

The president of the University concurs.

On motion of Dr. Gindorf, this recommendation was approved by the following vote: Aye, Mr. Eppley, Mr. Bruce, Dr. Gindorf, Dr. Schmidt, Mr. Shah, Mrs. Sodemann, Mr. Sperling, Mr. Vickrey, Mr. Wolfe; no, none; absent, Governor Blagojevich, Mr. Lamont.

(The student advisory vote was: Aye, Mr. Moore; absent, Mr. Stewart.)

Auxiliary Facilities System Revenue Bonds, Series 2003A

(13) The Board of Trustees previously approved three new Auxiliary Facilities System (AFS) projects with budgets totaling approximately \$130.0 million: (1) UIC Recreation (\$42.0 million), (2) UIS Housing (\$10.0 million), and (3) UIUC Recreation (\$78.0 million). Construction of the UIS housing project is well underway, and architect/engineering work is proceeding on the UIC and UIUC projects with some construction contracts to be bid/awarded in the next few months. It is now necessary to provide funds to reimburse the University for expenditures incurred, as previously approved by the board, and to support additional expenditures on the projects. Given the projected cash flows on these projects it is recommended that the board issue AFS revenue bonds at this time in an amount sufficient to support approximately two years expenditures (about \$70.0 to \$75.0 million), or roughly half of what is expected to be spent over almost four years elapsed time before completion of all of the projects. When capitalized interest and cost of issuance are included, this first issue of bonds should approximate \$80.0 million. A second completion issue will be required and is likely to be brought forward early in calendar year 2005. Any costs for the projects that are incurred prior to the sale of AFS revenue bonds will be funded initially from AFS operating reserves with anticipated reimbursement from the proceeds of the sale of the AFS revenue bonds.

There are several series of outstanding AFS bonds, including the Series 2001C, Series 2000, Series 1999A, Series 1996, and Series 1993, that are currently eligible to be advance refunded. Although the selective refunding of these bonds could produce a present value savings, current market conditions do not warrant moving ahead with a refunding issue. However, if the market yields on certain bond and U.S. Treasury maturities were to change prior to the issuance of the bonds needed to fund the projects described above, it may be advantageous to supplement the \$80.0 million new project issue by an amount required to accomplish such refundings. Such refunding savings would need to reach at least 3 percent of the principal amount refunded before such action would be considered. Such refunding bonds could range from none to as much as \$105.0 million.

Accordingly, in order to proceed with the preparation of documents and to take other actions needed prior to the issuance of AFS Revenue Bonds Series 2003A, the vice president for administration and the university counsel recommend:

1. Retention of Chapman and Cutler as bond counsel.
2. Retention of John S. Vincent & Co., LLC, as financial advisor.
3. Retention of Lehman Brothers Inc., as managing underwriter. Additional co-managers and selling group members may be added to assist in the marketing of the revenue bonds.
4. Retention of Mayer, Brown, Rowe & Maw as special issuer's counsel.
5. Appointment of Bank One, National Association as Bond Registrar.
6. The preparation of the Preliminary Official Statement.
7. The analysis of the purchase of bond insurance to determine if such purchase is deemed economically beneficial following consultation with the financial advisor and managing underwriter. Such insurance, if acquired, would be purchased by the managing underwriter.
8. Actions to pursue and obtain a rating or ratings on the revenue bonds.
9. Preparation of additional documents including a Supplemental Bond Resolution, Bond Purchase Agreement, Continuing Disclosure Agreement and Escrow Agreement.

Prior to the sale and delivery of the AFS Series 2003A Revenue Bonds, the Board of Trustees will be asked to approve the substantially final form of the above referenced documents and ratify and confirm all actions taken or to be taken by the officers and members of the board in connection with such sale and delivery.

The president of the University concurs.

On motion of Dr. Gindorf, these recommendations were approved by the following vote: Aye, Mr. Eppley, Mr. Bruce, Dr. Gindorf, Dr. Schmidt,

Mr. Shah, Mrs. Sodemann, Mr. Vickrey, Mr. Wolfe; no, none; absent, Governor Blagojevich, Mr. Lamont. (Mr. Sperling asked to be recorded as not voting on this item.)

(The student advisory vote was: Aye, Mr. Moore; absent, Mr. Stewart.)

Employ Construction Manager for Campus Recreation—Renovation and Expansion of the Intramural-Physical Education Building (IMPE)—Design Portion of Phase II, Urbana

(14) At the January 17, 2002, meeting, the Board of Trustees approved the campus recreation—renovation and expansion of the Intramural-Physical Education Building (IMPE) and the Campus Recreation Center East (CRCE) project. A student referendum on this project was held on November 12 and 13, 2001; 74 percent of the students voting approval of an increase in the general fee not to exceed \$77 per semester to be phased in during a three-year period (Fiscal Year 2005 through FY 2007). The project will be funded from proceeds of a future sale of the Auxiliary Facilities System Revenue Bonds. In accordance with Illinois Statutes, the Illinois Board of Higher Education approved this non-instructional capital improvement.

The project consists of the following:

- Phase I. The expansion and renovation of the Campus Recreation Center East (CRCE) to include 10,000 square feet of strength and conditioning space, 1/8 mile track, three additional basketball/volleyball courts; construction of locker rooms, two multi-purpose rooms, recreational pool, three racquet ball courts, lounge area, game rooms. The Intramural Physical Education Building expansion and renovation to include the addition of two basketball courts at the north end of gym one and renovation of the existing four courts.
- Phase II. The expansion and renovation of Intramural-Physical Education Building (IMPE) to include 30,000 square feet of strength and conditioning space, 1/4 mile track, four additional basketball/volleyball courts, one oversized multi-activity court, and climbing wall. IMPE renovation will add five multi-purpose rooms; renovate all existing activity space, racquetball courts, SportWell, and locker rooms; upgrade equipment/laundry room; and add food service option and lounge.

At its July 18, 2002, meeting, the Board of Trustees approved the employment of VOA Architects, Chicago, for the professional architectural and engineering services required through the bidding phase of the project. Further, in order for Phase II of the project to proceed, it is now necessary to employ a construction manager for the required professional services. The selection of the construction manager for this project was in accordance with the requirements and provisions of Public Act 87-673 (Architectural, Engineering, and Land Surveying Qualifications-Based Selection Act).¹

Accordingly, the president of the University with the concurrence of the appropriate University officers recommends that Gilbane, Chicago, be employed for the professional construction management services required for the design portion of Phase II of this project. The firms' fee and staff cost for this work will be \$589,000, including reimbursables.

Funds for the project are available from the operating budget of the Division of Campus Recreation with anticipated reimbursement from the proceeds of a subsequent revenue bond sale.

¹A selection committee consisting of Tony Clements and Gary Miller (IMPE), Amado Fernandez (Hughes Group Architects), Roland Kehe, Tim Kerestes, Allen Marx, and Jeff Schrader (Planning, Construction & Maintenance), Scott Lumsden (VOA Architects), and Helen Ng (Office for Capital Programs) interviewed the following firms (listed in ranking order): (1) Gilbane, Chicago; (2) Turner Construction Company, Chicago; (3) PKD Incorporated, Champaign. The committee recommends Gilbane, Chicago, as best meeting the criteria for this project.

On motion of Dr. Gindorf, this recommendation was approved by the following vote: Aye, Mr. Eppley, Mr. Bruce, Dr. Gindorf, Dr. Schmidt, Mr. Shah, Mrs. Sodemann, Mr. Sperling, Mr. Vickrey, Mr. Wolfe; no, none; absent, Governor Blagojevich, Mr. Lamont.

(The student advisory vote was: Aye, Mr. Moore; absent, Mr. Stewart.)

Purchases

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

The purchases were presented in one category— purchases from institutional funds. The term designates funds received by the University under contracts with the United States government, private corporations, and other organizations; grants from foundations, corporations, and other donors; and University revolving funds authorized by law.

The total amount of these purchases from institutional funds was \$8,376,645.

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 Dr. Gindorf, the purchases recommended were authorized by the following vote: Aye, Mr. Eppley, Mr. Bruce, Dr. Gindorf, Dr. Schmidt, Mr. Shah, Mrs. Sodemann, Mr. Sperling, Mr. Vickrey, Mr. Wolfe; no, none; absent, Governor Blagojevich, Mr. Lamont.

(The student advisory vote was: Aye, Mr. Moore; absent, Mr. Stewart.)

SECRETARY'S REPORT

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

ANNOUNCEMENTS FROM THE CHAIR OF THE BOARD

Chair Eppley called attention to the schedule of meetings for the next few months: May 14-15, 2003, Urbana; July 16-17, Urbana.

There being no further business, the board adjourned.

MICHELE M. THOMPSON
Secretary

LAWRENCE C. EPPLEY
Chair