

MEETING OF THE BOARD OF TRUSTEES

OF THE

UNIVERSITY OF ILLINOIS

September 11, 2003



This meeting of the Board of Trustees of the University of Illinois was held in Rooms C & D in the Public Affairs Center, Springfield campus, Springfield, Illinois, on Thursday, September 11, 2003, beginning at 8:45 a.m.

Chair Lawrence C. Eppley recalled that two years ago on this date a few hours earlier an airplane crashed into the World Trade Center in New York City, followed by another minutes later, setting off a tragic series of events on September 11, 2001. He noted that in New York City today the names of the victims of the World Trade Center attack were being read by children who are relatives of those who died in these crashes. President James J. Stukel then spoke about the pain of the living relatives and friends of the victims and the severity of the impact this tragedy has had on our way of life. Mr. Eppley asked that the board and all present observe a few seconds of silence in memory of those who lost their lives in this tragedy.

Chair Eppley then called on Dr. Kenneth D. Schmidt and Mr. Andrew M. Hollingsead, and asked Dr. Schmidt to recite the responsibilities of student trustees to Mr. Hollingsead by way of installing him as a member of the board. Following this, all members of the board welcomed Mr. Hollingsead to the body.

Chair Eppley then called the meeting to order and asked the secretary to call the roll. The following members of the board were present: Mr.

Lawrence C. Eppley, Mr. Devon C. Bruce, Dr. Frances G. Carroll, Dr. Jeffrey Gindorf, Dr. Kenneth D. Schmidt, Mr. Niranjana S. Shah, Mrs. Marjorie E. Sodemann, Mr. Robert Y. Sperling, Mr. Robert F. Vickrey. Governor Rod Blagojevich was absent. The following nonvoting student trustees were present: Mr. Nate H. Allen, Urbana-Champaign campus; Ms. Natalie A. Garcia, Chicago campus; Mr. Andrew M. Hollingsead, Springfield campus.

Also present were President James J. Stukel; Dr. Chester S. Gardner, vice president for academic affairs; Dr. Nancy Cantor, chancellor, University of Illinois at Urbana-Champaign; Dr. Sylvia Manning, 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; Mr. Lester H. McKeever, Jr., treasurer; and Dr. Michele M. Thompson, secretary. In addition, the following persons were also in attendance: Mr. Richard M. Schoell, executive director for governmental relations; Mr. Thomas P. Hardy, executive director for university relations; Ms. Susan J. Sindelar, executive assistant to the president; and Ms. Marna K. Fuesting, assistant secretary.

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

PUBLIC COMMENT

Mr. Eppley announced that there were two individuals that had requested time to address the board and had qualified to do so through the board's procedures. He stated that each would be allowed five minutes for his remarks, and called on Mr. Charles E. Finn to speak first.

Mr. Finn thanked the board for the opportunity to speak on behalf of Chief Illiniwek. He recounted that as a nine-year-old he first saw Chief Illiniwek perform at a football game at the Urbana campus, and stated: "This first exposure to the dignified symbol remains with me to this day." He then proceeded to describe the history of the symbol, Chief Illiniwek, and the chief's appearance at home football games at the Urbana campus, noting that the basis for the symbol is found in the practices of the Boy Scouts of America and a special secret honorary group within the Boy Scouts known as the Order of the Arrow of which both he and his son were members. He stressed that the essence of the chief is a sign of homage to the memory of American Indians in Illinois and the American Indian heritage generally, and that there was nothing demeaning or disrespectful about the chief. He then compared the chief to the symbol of the Florida State University's team, Osceola, a Seminole Indian who rides a horse onto the football field at games. He said that to his knowledge there had been no protest from Native Americans about Osceola's presence. He also noted that the Semi-

¹University Senates Conference and Springfield Senate: Patricia A. Langley, professor of women's studies and legal studies, Springfield campus, and Miles D. Woken, clinical instructor and interim director, Center for Teaching and Learning, Springfield campus; Chicago Senate: Elliot Kaufman, professor of molecular genetics, College of Medicine at Chicago; Urbana-Champaign Senate Council: Nancy P. O'Brien, education and social sciences librarian and professor of library administration, University Library.

nolés receive royalties from the sale of products with this symbol pictured on them. Mr. Finn concluded his remarks by saying that Chief Illiniwek stands for courage, sportsmanship, and the will to succeed, and in doing so honors the memories of American Indians who lived and struggled in central Illinois (material on file with the secretary).

The next person to address the board was Mr. Bill Silver who introduced himself as the director of the Higher Education Division of Local 73 of the Service Employees International Union (SEIU). He said that his organization represents 3,000 employees at the University of Illinois at the Urbana and Chicago campuses. He stated that he wished to comment on one item in the agenda for today's meeting that recommended contracting out the maintenance of a building on the Chicago campus (this item is entry no. 1 in the purchases item). He said that six employees of the Chicago campus were attending the board meeting with him today and that they had worked most of the night and driven to Springfield after finishing their shift at the campus. Mr. Silver expressed pride in the work of Local 73 members who clean the buildings at the Chicago campus and are doing so with reduced staff now, since budget cuts have eliminated some jobs for his members. He said that his purpose was to discourage the board from approving the recommendation to contract out the maintenance work in one building at the Chicago campus because in-house employees of the University perform better, have less turnover in their ranks, provide better security for the buildings, and have a stable workforce whereas an outside contractor will likely send different people to perform the maintenance work each day. He added that the University had tried contracting out maintenance work before and had been dissatisfied, and had brought the work back in-house. He said that University employees of his local know the University and know how to get help when needed, whereas the outside contractor's employees lack this awareness. He urged the board to take a serious look at this item and then make a commitment to the University employees, as they have made to the institution.

President Stukel then stated that the contract in question involves use of union members, and that he supports the campus's recommendation based on their review and assurance of quality. He also recognized the Chicago campus employees introduced earlier by Mr. Silver.

PRESENTATION OF AGENDA ITEMS

Mr. Eppley turned to President Stukel and asked him and those he would introduce to present background information on each item in the agenda for today's meeting.

The president then asked Chancellor Manning to begin with a presentation of those items on the agenda related to the Chicago campus.

Agenda item no. 1, "Dean, Honors College, Chicago," she stated that she recommended Professor Lon Seth Kaufman for this position, based on the advice of a search committee. For agenda item no. 17, "Lease of Space, 6160 South East Avenue, Hodgkins, Illinois, Division of Specialized Care for Children (DSCC), Chicago," she explained that this is necessitated by a

plan to establish regional offices for DSCC services throughout the State. She said that the lease would be for five years, and that in the fifth year the rate exceeds \$100,000 which requires board approval. Discussion followed about the lease process, the cost per square foot, the escalation over the five years of the lease, the role of the broker, and other bidders. Given the number of questions, the board agreed to allow staff to gather more facts and report back later in the meeting.

Following this President Stukel asked Chancellor Cantor to present information on items concerning the Urbana campus. Chancellor Cantor reported on the following items.

Agenda item no. 2, "Acting/Interim Dean, College of Communications, Urbana," she indicated that Professor Ronald E. Yates, who would continue to serve as head of the Department of Journalism, was recommended to serve as acting dean/interim dean, and that this recommendation had support within the college. Mr. Allen commented that students had high regard for Professor Yates, and Mr. Vickrey asked how long Professor Yates would serve as interim dean. The chancellor replied that this would be until the analysis of the college is complete and a search is conducted, which would probably be next semester. Dr. Gindorf then asked if admission to the college was still at the junior year and the chancellor responded that this was still the case. Next, she reported that agenda item no. 3, "Amend Multi-Year Contract and Professional Services Agreement with Head Women's Basketball Coach, Urbana," was proposed to increase the base salary for Coach Theresa Greutz. Dr. Carroll asked about radio and television appearances and Chancellor Cantor responded that these sources of payment were factored into the total salary. On agenda item no. 5, "Redesignate the Subsonic Aerodynamics Laboratory as the Aerodynamics Research Laboratory, Urbana" she explained that this was for the purpose of better specifying the purpose of the building. For agenda item no. 6, "Eliminate the Bachelor of Science Degree in Forestry, College of Agricultural, Consumer and Environmental Sciences, Urbana" she stated that this was to convert this degree program to an option within the natural resources and environmental sciences major.

President Stukel then asked Dr. Gardner to comment on agenda item no. 11, "Academic Personnel Budget for Fiscal Year 2004," and Dr. Gardner noted that all academic salaries are included in this budget, but not the salaries for the civil service staff; however, he noted that all funds for human resources expenditures are included in the operating budget. On agenda item no. 13, "Award Contracts for Resources to Assist in the Development of Programming Interface with the SCT Banner System," Dr. Gardner asked Dr. Richard Mendola, associate vice president for administrative information technology services, to discuss this with the board. Dr. Mendola explained that these contracts were recommended as estimated at about \$0.5 million to provide programming to establish basic applications for the UI-Integrate Project and other activities, such as establishing job registers at the campuses for civil service positions. He explained that the rate to be charged for these services would be the same the vendor has

charged for other work associated with UI-Integrate, and that from the beginning of the UI-Integrate Project he anticipated needing contract work such as this. He said that thus far he has been able to keep contract work to a minimum, and that this recommendation to add contract employees is necessitated by recent losses in staff since it is difficult to recruit and retain competent staff. He told the board that based on the current market, the cost for this recommendation to use contract employees for various tasks that must be completed in the next few months is fair. There was further discussion of the scope of the UI-Integrate Project and how this fits into that. Dr. Mendola said that the scope has evolved and that this contractor is now working on several aspects of the UI-Integrate Project and that the rate would remain the same for these new tasks. Mr. Shah asked for more information on rates charged for programming.

President Stukel then asked Vice President Rugg to report on other agenda items. Agenda item no. 14, "Award Contracts for Campus Recreation—Renovation and Expansion of the Intramural-Physical Education Building and Campus Recreation Center East, Urbana," Mr. Rugg noted that this project and the budget had been approved earlier by the board and had the approval of the Illinois Board of Higher Education as well, and that this recommendation was for issuing contracts to commence the work. Dr. Carroll commented that she did not see evidence of minority contractors on the bid list and asked if minority participation was included in the Request for Proposal (RFP). Mr. Rugg asked Mr. Michael B. Provenzano, senior associate vice president for business and financial services, to respond to this and Mr. Provenzano stated that the RFP asked for minority participation in the project.

For agenda item no. 15, "Employ Architect/Engineer for Instructional Facility, College of Business, Urbana," Mr. Rugg told the board that this seeks approval of the design of the building only and if fund-raising for this is successful, then another item for project approval will be brought to the board. Mr. Sperling asked if the fee for this was presented as "not to exceed," and Mr. Lyle Wachtel, associate vice president for facilities planning and programs, said that this was true.

At this juncture in the meeting Mr. Eppley asked Mr. Rugg to briefly review the process for setting priorities for facilities, and bringing items regarding these to the board for approval. Mr. Rugg reviewed the processes at the campuses for setting priorities for facilities, and the compilation of all these into one list of priorities for the University in rank order. He then stated that identifying the source of funds was next, e.g., private gift funds, Federal funds, State appropriations, or a combination, and he added that University policy and State statute require funds to be available at the outset of construction. He noted that a RFP must be circulated for an architect/engineer to produce a design and said that this process is carried out by a committee comprised of campus representatives and representatives from the University Office of Facilities Planning and Programs. He explained that the board must approve the design of a facility and later approve the beginning of construction.

Discussion of University procedures for building facilities compared to private sector construction followed and Mr. Rugg reminded the board that the University constructs a building to stand for at least 100 years. Mr. Eppley stated that the board was interested in finding ways to complete capital projects in a timely way and suggested that regulatory relief might help. He then said that in future he would like Mr. Shah's expertise brought to bear on all capital projects early on, and that Mr. Shah also be consulted on all major purchases involving facilities and leases.

Next, Mr. Rugg commented on agenda item no. 16, "Delegate Authority to the Comptroller to Advance Refund Outstanding Certificates of Participation (Utility Infrastructure Projects)," reporting that this refunding would save the University between \$1.4 and \$1.6 million. Mr. Eppley added that this is similar to refinancing. Dr. Gindorf suggested that the comptroller be given authorization to do this on an annual basis if it is warranted, and Mr. Eppley stated that a debt management policy might be devised that would give authority to the comptroller to act quickly in such matters. Mr. Rugg said that this would help the administration respond quickly on debt management.

On agenda item no. 21, "Purchases," the first entry in this item, a contract for "on-site building management, engineering and janitorial services to be provided for the UIC building located at 1747 West Roosevelt Road," elicited discussion and Mr. Rugg and Mr. Provenzano both replied to questions about this item. The bid process was described and some trustees had questions about why the lowest bidder in terms of price was not considered qualified. Mr. Mark Donovan, associate vice chancellor for facilities management, Chicago, explained that the bid required certain specific things, such as a full-time manager, that the lowest price vendor's bid did not include. He stated that he interviewed four contractors for this contract and found one to be more thorough in meeting all the University qualifications stated in the call for bids. Dr. Carroll requested copies of these requests in future. Mr. Eppley called his colleagues attention to the fact that this contract contains a "not to exceed" clause for the amount of the contract.

President Stukel turned next to Mr. Bearrows and asked him to present agenda item nos. 7, 8, and 9, since Vice President David Chicoine was absent serving on a jury.

Mr. Bearrows spoke first to agenda item no. 9, "Amend Operating Agreement of IllinoisVENTURES, LLC, and Appoint Members to the Board of IllinoisVENTURES, LLC, Vice President for Technology and Economic Development," and told the board that the purpose of this recommendation is to reduce the number of members of the Board of Managers of IllinoisVENTURES, LLC, to nine members from the present number of 11. Further, he said that this states specifically that the representatives of the governor and the president of the University would be business and industry leaders, and the vice president for technology and economic development would be a nonvoting member. The change also calls for staggered terms for the Board of Managers, to provide continuity.

On agenda item no. 8, "Amend Operating Agreement of the University of Illinois Research Park, LLC, the Services and Management Agreement Between the University and the University of Illinois Research Park, LLC, and Appointments to the Board of the University of Illinois Research Park, LLC, Vice President for Technology and Economic Development," Mr. Steven Veazie, deputy university counsel, reviewed the recommended changes to the operating agreement for the research park and the management agreement. He told the board that these changes include a reduction in the size of the board of managers of the research park, from 11 to five, and broader scope for oversight of the parks by the LLC (this includes Urbana, Chicago, and other research parks in Illinois where the University has some operating responsibility by statute or contract). He said the roles of the vice chancellors for research in the management of the University of Illinois Research Park and the Chicago Technology Park are also clarified.

Discussion followed about the appropriate background for the board member of the Chicago Technology Park, who is nominated by the chancellor at Chicago. Both Dr. Schmidt and Dr. Manning agreed that this member should be a business person nominated by the chancellor in consultation with the Illinois Medical District Commission. Since there was no objection, the language of the original item was edited to reflect this clarification before a vote was taken on the item.

Mr. Bearrows then presented agenda item no. 7, "Establish Procedure for Review and Approval of Licensing Transactions and Conflict of Interest Management Plans, Vice President for Technology and Economic Development," by first recalling that the Offices of Technology Management (OTM) at the campuses, with the assistance of IllinoisVENTURES, LLC, provides a means for commercializing University technology. He said that this may lead to licensing new technology to new companies, "start-ups," which may employ or be managed by University faculty or other employees. He noted that because the University possesses the rights to the underlying intellectual property, the start-up must enter into a licensing arrangement with the University. He told the board that the terms of licenses to start-ups have been standardized, and typically permit the start-up the non-exclusive right to use the intellectual property in exchange for compensation to the University, often in the form of an equity interest in the start-up, as well as the University's right to use the technology on a royalty-free basis, and that this non-exclusive license does not involve the expenditure of University funds.

He reviewed for the board the University's established process for reviewing and imposing appropriate restrictions (if warranted) whenever the University licenses its intellectual property rights to a company owned or controlled by a University employee. He referred to *The General Rules Concerning University Organization and Procedure*, Article II., Section 4(d) that permits contracts to be "awarded to any business entity, including those in which a University officer or employee (or members of their immediate families) serve as major officers or primary employees thereof or hold a significant equity interest therein, if such contract is deemed in the best inter-

ests of the University and has the approval of the president or the president's designee." He said that the licensing agreement between the University and a start-up constitutes such a contract, and therefore is subject to this provision. Mr. Bearrows also told the board that under the University's *Policy of Conflicts of Interest and Commitment*, the president is responsible for approving the conflict of interest management plan for University employees involved in a company commercializing University-based technologies, on the basis of reviews and recommendations of administrators responsible for research activities. He stated that neither of these provisions specifies who should review or approve contracts and conflict of interest management plans if the president or a member of his/her immediate family were to be involved with the start-up.

He stated that in this instance, the Urbana OTM is proposing to license software for managing complex construction projects developed by employees of the University Office of Capital Programs (now University Office for Facilities Planning and Programs) to PRZM Technologies, Inc. (PTI), a start-up. Further, he told the board the software was developed by academic professional employees who are the founders of the start-up, and that these individuals want to hire as the CEO of PTI, Mr. Paul Stukel, a son of President Stukel, based on his business experience.

Mr. Bearrows said that his office was asked for advice in this matter, and due to its complex nature, he sought and obtained a legal opinion from Jenner and Block (a copy of which he distributed to the board prior to the meeting). He reported that the opinion suggests a properly structured software license may be executed between the company and the University, providing the review process described in the University's conflict of interest policy is followed. He said that since *The General Rules Concerning University Organization and Procedure* and *Policy of Conflicts of Interest and Commitment* require that the president review and approve contracts with companies owned or controlled by University employees, Jenner and Block's recommendation is that the board or its designee sign off on conflict of interest when a relative of the president is involved.

There was discussion of these issues by the board and after consideration of several ways to handle such situations, including designating the chair as the one responsible, or the Executive Committee, or the chair and vice chair of the Legal Affairs Committee, the board agreed that the full board should approve such contracts, after receiving a thorough analysis of the matter from university counsel. The item was revised accordingly, prior to the board voting on it.

MEETING OF THE BOARD AS A COMMITTEE OF THE WHOLE

Mr. Eppley called this committee meeting to order and turned to President Stukel for comments on the University's operating budget for Fiscal Year 2004. The president stated that he was extremely proud of the faculty for their remarkable productivity and noted that in the face of a 7.8 percent decrease in State support of the University, external funding for faculty

research had increased 15 percent in the last year. He congratulated the faculty for this remarkable accomplishment, and also stressed that enrollments have gone up in the same time period, especially at the Urbana campus, necessitating greater burdens on the faculty in the form of larger classes and increased responsibilities for student advising and consultation.

The president then turned to Vice President Rugg for a presentation of the budget for operations for FY 2004 (materials on file with the secretary).

Presentation of Recommended Fiscal Year 2004 Operating Budget

Mr. Rugg began his report on the FY 2004 internal operating budget by stating that this is not a normal year and definitely does not follow a "business as usual" course. In setting the context for a discussion of the budget, he indicated that it is clear to all that the board, over the past two to three years, has become interested in increased oversight and accountability to both internal and external audiences, and that the board's interest has spanned all sources of funds, and has been especially focused on restricted funds. He described those funds as having restrictions placed on them by donors, grantors, and contracting agencies. He noted that the board has reaffirmed its commitment to the principles of the State Finance Act as they cover all of the University's funds, and that the board has moved in this direction as the State administration changed in January 2003 when it became clear that there was an interest on the part of the new administration in improved accountability, a focus on all sources of funds, and greater interest in restricted funds. He recounted early legislative efforts this year aimed at greater State level control over the resources available to the University; for example, a suggestion that line item budgets be required, and other legislation that suggested the authority of the governor's Office of Management and Budget (GOMB) to review all funds. He stated that both the board and the administration thought that the site of authority for accountability and review of funds should be the board, not the General Assembly, and that thus far, with good help from many board members, the State administration and the General Assembly have concurred in that approach. He praised the board for its leadership in this issue and added that the GOMB and the Illinois Board of Higher Education have begun to require all public universities in Illinois to exercise the same rigor in accountability and budget review that this board has taken a leadership role in providing.

Mr. Rugg then commented on the University's restricted funds in terms of the State's greater interest in this category, to make certain that the board understood that the University of Illinois receives the largest share of restricted funds among all universities in the State. He noted that \$360.0 million in restricted funds comes from the University's Hospital and Medical Service Plan, and that the University of Illinois has \$636.0 million in sponsored projects, \$100.0 million in private gifts, totaling \$41.1 billion that does not exist in any other university. He reviewed the National Science Foundation data for total research and development expenditures

for the latest year available for universities in Illinois. These showed that the University of Illinois has 48 percent of the total restricted funds among all universities and 98 percent of the total among public universities in Illinois.

Next, he reviewed changes in the presentation of the annual operating budget that have occurred since the last time the board met to review an operating budget, one year ago, and stated that these represent the board's directives and the administration's response to them for enhancing accountability. He said that one year ago the board put new limits on the president's authority to reallocate funds within the budget, instituted new reporting requirements for program reallocation, and required reporting of budget and expenditure data by campus. He noted that these changes conformed to the constraints of the Illinois Finance Act that requires board approval for a reallocation of 2 percent or more for program changes.

Mr. Rugg also recalled the action taken by the board at its meeting of March 13, 2003, to require budgeting of unrestricted funds by object of expenditure at the University level, with reporting to the board by campus, with the directive that the president must seek approval for any transfer of funds out of the personal service object (salary and wages), and the directive that the president must seek board approval for transfers among objects above 2 percent of the unrestricted total. Again, he stated that these requirements conform to the State Finance Act.

In addition, he reviewed the action taken by the board at its June 27, 2003, meeting that required budgeting of restricted funds by object of expenditure at the University level, with quarterly reports by the comptroller on the actual expenditures by object. He noted that this budget signals a change from "business as usual" and it represents an enhanced measure of accountability visible to others at the State level. He commended the board for its leadership in this area, and stated that he believed the changes introduced have helped significantly in dealings with the General Assembly and with the governor's Office of Management and Budget. Mr. Rugg then invited Mr. Provenzano to present specific details of the operating budget for FY 2004. (These are found in the *Budget Summary for Operations, FY 2004*, distributed to the board prior to the meeting and filed with the secretary of the board for record.)

Mr. Provenzano stated that he sought to accomplish three things: first was to present an overview of the FY 2004 operating budget; second was to compare the change in the FY 2003 and FY 2004 budgets, and the change for a longer period of time in order to illustrate the impact of budget differences; and third was to review current board policy regarding authority for making budget changes, and indicate what changes require board approval and what changes the president has been delegated authority to make and to report actions taken to the board. He then presented a series of slides that described the budget recommendation. The first showed the total recommendation of \$3.27 billion and the allocation of that total to the three components: (1) unrestricted funds—those available for allocation

by the board at its discretion; (2) restricted funds—those received from external sponsors in the form of grants, contracts, gifts, from governmental agencies, individuals, corporations, and other sources (these funds are restricted to special purposes and usually to specific individuals such as research investigators, and that some of these might be restricted due to State statute for the perpetuation of certain purposes); and (3) payments on behalf of the University—these were described as funds allocated to the Illinois Department of Central Management Services for employee health insurance and to the State Universities Retirement System for retirement annuities for employees (materials on file with the secretary).

In comparing the FY 2000 operating budget with the recommendation for the FY 2004 operating budget, Mr. Provenzano pointed out that both restricted funds and payments on behalf of the University have increased markedly, with the payments on behalf of the University comprising 9 percent of the FY 2000 budget and 10 percent of the FY 2004 budget, and restricted funds making up 44 percent of the FY 2000 budget and 48 percent of the FY 2004 budget recommendation. He also noted that the decline in State support has been offset by increases in student fees and in restricted funds.

In conclusion, Mr. Provenzano reviewed those budget adjustments that require board approval, as stated in Mr. Rugg's comments, and reviewed delegations to the president for budget adjustments, stating that the president is delegated authority to make transfers of any unrestricted funding from an object of expenditure, not including the personal services and benefits object of expenditure, that would not cause the total transfers to exceed 2 percent of the total unrestricted funds budget. Further, he stated the president may make individual programmatic budget adjustments up to \$2.0 million in accordance with the University's needs, the policies and institutional priorities established by the Board of Trustees, and within total income as it accrues exclusive of routine accounting transactions as defined in the glossary of *Budget Summary for Operations, FY 2004*. He indicated that individual programmatic budget adjustments greater than \$1.0 million and less than \$2.0 million, exclusive of routine accounting transactions, are to be included in quarterly reports to the Board of Trustees.

Discussion followed during which Mr. Eppley commended the Urbana campus for its support of the core mission in the face of budget reductions, and stated that the campus has looked to other sources to provide support and in doing so has held harmless essential academic programs.

Dr. Schmidt commented on increased efficiency by the faculty, and the fact that they had taken on increased teaching loads with larger classes. He also stated that the academic programs were not all held harmless, and noted that all of the Freshman Discovery courses at Urbana, taught for undergraduates by senior faculty, had been canceled for the spring semester.

Dr. Gindorf then stated that faculty productivity, defined by larger classes, was a questionable gain for the University. President Stukel

responded that productivity for the faculty included research and outreach service, and reminded the board that the University has a presence in all 102 counties of the State. He again gave praise to the faculty for outstanding service in many arenas.

In closing, Mr. Eppley asked for data comparing five-year trends in growth in major objects of expenditure, similar to the information on page 1 of the recommended FY 2004 operating budget.

Presentation of Fiscal Year 2005 Budget Request

President Stukel reviewed the process of developing a budget request for the board's approval and the steps that are necessary before the University learns of its State appropriation, beginning with the development of a budget request in the spring, followed by review of the request with the board in July, approval by the board in September, and submission to the Illinois Board of Higher Education. Following that, he said the University's budget is part of the governor's budget presented to the General Assembly in February, after which it is debated and voted on by the legislature in May or June, then approved by the governor in June or July. At the conclusion he asked Dr. Gardner to present the components of the budget request for FY 2005 (materials on file with the secretary).

Dr. Gardner summarized the major components of the budget request as: payroll, 4 percent increase, for a total of \$32,086,400; price increases, \$16,236,400; increase in Statewide initiatives in higher education, \$18,043,200; and increase in academic program initiatives, \$12,500,000. He indicated that this would make for an increase of \$78,866,000, or 7.3 percent. Also, he stressed that salary competitiveness for faculty would be very important next year, since there was not a salary program in FY 2003, and a small increase in FY 2004, and all other Big Ten institutions had a salary program in the range of 3 percent to 5 percent for FY 2004, and most AAU institutions had a salary program in the range of 2 percent to 5 percent for this year. He stated that a salary increase program for FY 2005 of 4 percent is very important.

He also said that the budget for FY 2005 must include a request for resources to restore certain faculty positions in academic programs and in the public service programs.

In summing up the request, Dr. Gardner listed the priorities upon which the budget request was developed: need for salary competitiveness; the needs of the multiple missions of the University; the need to sustain quality; the need to reaffirm stewardship of the University; the need to provide for economic development; and finally, the need to maintain the credibility of the request.

Mr. Eppley reminded his colleagues that this request is for State appropriations only. Mr. Vickrey asked for the sources of funds for the budget increase of 7.3 percent. Mr. Rugg responded that the source would be State taxes and student tuition.

Presentation of the Capital Budget for Fiscal Year 2005

Mr. Rugg presented the rank order listing of priorities for capital projects (materials on file with the secretary). He also called the board's attention to the fact that the University received \$12,735,000 in capital appropriations thus far for FY 2004, comprised of \$10,735,000 for capital renewal and \$2,000,000 for remodeling Lincoln Hall.

He then discussed the top ten projects on the list of needs for capital projects that totaled \$775.0 million (material on file with the secretary). Special discussion was had regarding the dire need for remodeling Lincoln Hall, Urbana, the principal classroom building for the College of Liberal Arts and Sciences; the Electrical and Computer Engineering Building at Urbana, for which a gift is expected that would probably cover half the cost of the building; the College of Business new facility, for which a gift might be possible; remodeling the College of Dentistry Building and the College of Medicine Building, Chicago; an addition to the College of Pharmacy Building, Chicago; as well as rehabilitation of the metal buildings and the Library at Springfield.

Mr. Rugg also commented on debt service for capital projects (materials on file with the secretary) and explained that the debt service for all of these projects resides with the State. Mr. Eppley asked if having a match in funds for a building helped in gaining approval for it from the State, and Mr. Rugg responded that this is helpful in the review of projects for approval. In response to Mr. Eppley's query about how long these projects have been on the list of top ten projects, Mr. Rugg told him that most had been on the list at least five years.

There was discussion of the need for the College of Dentistry Building remodeling based on the shortage of dentists in the State, and of the need for other capital projects on this list.

President Stukel described the process for setting priorities for capital projects, noting that information is sought from the campuses, the State legislature, and the public, as well as from the Illinois Board of Higher Education.

MEETING OF THE COMMITTEE ON BUDGET AND AUDIT

Mr. Bruce convened this committee and invited Dr. Richard Traver, executive director of university audits, to report to the board.

Dr. Traver told the board he wished to review with them a charter for the Office of University Audits, that is part of his annual report (material on file with the secretary). He explained that all internal audit operations follow State standards, and that the charter was in addition to those. He then reviewed the charter that included the mission of the audit function, its purpose, the importance of independence to this function, responsibility and authority of the office, and compliance with professional standards.

Discussion followed, including a question about the distinction between a compliance officer and an auditor. Dr. Traver explained that

compliance officers must monitor various activities on a regular basis, whereas auditors review operations on request of the president or on a periodic basis.

Mr. Eppley asked Dr. Traver and Mr. Bearrows to review the Sarbanes-Oxley Act of 2002 in terms of regulations stated therein that might apply to the University.

At the conclusion of discussion President Stukel lauded the work of the Office of University Audits for the thorough professionalism of the office.

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. Carroll, Dr. Gindorf, Dr. Schmidt, Mr. Shah, Mrs. Sodemann, Mr. Sperling, Mr. Vickrey; no, none; absent, Governor Blagojevich.

(The student advisory vote was: Aye, Mr. Allen, Ms. Garcia, Mr. Hollingshead; no, none.)

EXECUTIVE SESSION

Employee Matters

Chancellor Manning reported on plans for establishing relationships with Rush-Presbyterian-St. Luke's Medical Center for the purpose of jointly appointing faculty with the University of Illinois at Chicago College of Medicine and the University of Illinois Hospital. Dr. Charles L. Rice, vice chancellor for health affairs, was present for this discussion. Dr. Manning stated that the following faculty members at Rush would be offered appointments at the Chicago campus: Kenneth Boyer in infectious diseases; Barbara Santucci in cardiology; Peter Heydemann in neurology; and William Hayden in intensive care.

Dr. Manning explained that these joint appointments would enhance the development of training programs and strategies for education for medical students. She observed that a single faculty, made up of both institutions' faculties, is not envisioned due to cost issues and differences between the institutions' approaches to collective bargaining matters.

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

Mr. Bearrows reported that the University had prevailed in the lawsuit brought by Professor Joseph Levenstein regarding termination of his employment at the College of Medicine at Rockford. He noted that the firm of Jenner and Block had represented the University in this case.

Trustee Bruce was excused due to the nature of the material to be discussed in order to eliminate the potential for any conflict of interest.

Mr. Bearrows then summarized the facts in a medical malpractice case, *Hernandez v. Quintero, et al.*, which involved an alleged failure to properly diagnose meningitis in a 10-year-old girl, Maritza Hernandez. He described the symptoms the girl presented that included headaches, vomiting, disorientation, and an elevated temperature. He said these started at noon on May 3, 2003. He stated that the girl took Tylenol that day without relief, and that at 6:00 p.m. her mother took her to a physician who diagnosed her with gastritis and dehydration, and recommended fluids and Tylenol. Mr. Bearrows then stated that the girl was taken to the emergency room at the University of Illinois Hospital the evening of May 4, 2003, at approximately 8:00 p.m. where she was seen at about 9:45 p.m. by a resident who found that the patient did not have a fever, also did not have any signs of photophobia, and was well hydrated. Mr. Bearrows said that Compazine was prescribed for the nausea and headache, and a CAT scan was ordered to rule out an intracranial lesion. According to Mr. Bearrows, a CAT scan was performed at 12:15 a.m. and revealed evidence of sinusitis. He added that at that time the attending emergency physician considered meningitis a possibility, and ordered a lumbar puncture that was performed at 12:20 a.m. and revealed symptoms of bacterial meningitis, though the patient's temperature was still near normal. Mr. Bearrows reported that antibiotics were begun at that time. He said that at 5:30 a.m. the patient was incoherent and by 6:00 a.m., May 5, 2003, the patient was brain dead.

Mr. Bearrows said that the only conceivable change in procedure in this case might have been to administer antibiotics and perform the CAT scan earlier. However, he added that the defense experts had concluded that the treatment rendered was appropriate. He recommended that the case be tried with a limit of \$250,000 set for possible settlement, and indicated that a court date late in October 2003 had been scheduled.

Dr. Carroll asked if this disease is usually fatal and Mr. Bearrows, joined by Dr. Gindorf, replied that it usually is.

Discussion followed with no dissent on Mr. Bearrows's recommendation to try the case, unless a settlement for \$250,000 or less was reached.

Next, Mr. Bearrows reviewed the case of the death of a newborn, *Williams v. Penn, et al.* He described the case of a 10-week-old premature baby, Isaac Williams, who had apnea that required monitoring, and indicated that the infant had undergone surgery for a bilateral hernia on May 1, 2003, that had gone well, and that the baby's vital signs were good following surgery. He said that the infant was transferred from the recovery room to the pediatric unit for monitoring and arrived there at 3:00 p.m. on May 1, 2003, alert, active, and crying. He reported that nursing responsibility changed at 3:30 p.m. and the nurse recorded normal heart rate and normal respiratory rate at 3:50 p.m. and that the resident ordered Isaac placed on a cardiopulmonary monitor as a precaution. Mr. Bearrows stated that the record shows that at 4:00 p.m. the baby was pale and not crying, and that shortly after 4:00 p.m. the nurse called the resident on duty who began cardiopulmonary resuscitation at 4:15 p.m. Mr. Bearrows said that the

resuscitation attempt failed and Isaac was pronounced dead at 5:20 p.m. due to apnea.

Mr. Bearrows advised that this case appears difficult to try based on one expert's criticism of the nursing care provided, and that he is seeking a second opinion. He recommended settling this for \$1.0 to \$1.5 million if the second expert concurs with the opinion of the first.

Dr. Schmidt asked if this included dropping claims against the physicians and Mr. Bearrows replied that it did.

There being no further business, the executive session was adjourned.

RECESS FOR LUNCHEON AND COMMITTEE MEETINGS

Following a break for luncheon the following committees met: Academic Affairs Committee, Finance and Investment Committee, University Hospital Committee, and Technology and Economic Development Committee.

MEETING OF ACADEMIC AFFAIRS COMMITTEE

Presentation on Faculty Work

Dr. Schmidt, chair of the Academic Affairs Committee, convened this meeting and reminded the board that he had announced a few months ago that he planned to invite a faculty member from the campus on which each board meeting was scheduled to make a presentation. He then invited Chancellor Ringeisen to introduce the presenter for this meeting.

Chancellor Ringeisen introduced Dr. Michael J. Lemke, assistant professor, Biology Program, Springfield, and stated that Professor Lemke conducts outstanding research in the study of the ecology of wetlands, and is consistently ranked as a good teacher on student evaluations. He added that Professor Lemke is also involved in online teaching for the campus. Further, the chancellor stated that Professor Lemke is involved nationally in his profession, serving on an editorial board of a journal and contributing to others, and he serves as senior science advisor and co-academic director of the Woodrow Wilson National Fellowship Foundation's Leadership Program on Biodiversity.

Professor Lemke presented a review of his research on the ecology of aquatic resources and bacteria of wetlands. He said that the Illinois River basin was ideal for his research, and he noted the importance of this area to the development of the field of ecology. He also stated that in his studies of the sources of pollution he studies the problem of pollution of lakes and rivers by chemicals, and he compared wetlands that had formerly been farmed with newly restored wetlands, and noted the problems caused by runoff from farms for lakes and rivers (materials on file with the secretary). In closing, he stressed the importance of scholarship to his teaching. Dr. Schmidt thanked Dr. Lemke for his presentation.

Report from Springfield Senate

Dr. Schmidt asked Dr. Patricia A. Langley, professor of women's studies and legal studies, Springfield, to report on activities of the senate at Springfield

for the past year. She spoke of the transition the campus has made and continues to make in the change from a two-year institution to a four-year institution. She also told the board that the senate decided to lower the number of hours required of students to transfer to the campus from 45 hours to 30 hours, and she reminded the board that not all students at the freshman and sophomore levels are in the Capital Scholars Program. She said that other students require special consideration in terms of curriculum. Professor Langley also reported that related to this new group of students, the senate and the provost had undertaken a review of the general education requirements for a degree from the Springfield campus, as such a review had not occurred for many years. Further, she noted that a new degree program, a Master of Science in Environmental Studies, had been approved and that the name of the Institute of Public Affairs had been changed to the Abraham Lincoln Presidential Center for Governmental Studies. She added that the structure had also been changed to include more units, and the reporting line had been changed to the Office of the Provost. She stated that the introduction of the UI-Integrate Project had been discussed with the senate and that the senate is concerned about how the data regarding individuals will be recorded. She also reported that the campus catalog is being updated and that one rule under consideration for listing courses in the catalog is that if the course has not been taught for three years, then it is dropped from the catalog.

Professor Langley also informed the board that the senate has issued a declaration on civic responsibility that emphasizes civic engagement for students as a part of coursework. In addition, she told the board that the senate has an *ad hoc* committee on salary equity. Further, she mentioned the University Senates Conference had passed an interim code of conduct for faculty and a policy on a faculty member's ability to work. In closing she said the senate continues to review the provisions of the smoking policy at Springfield and where people can and cannot smoke.

Dr. Schmidt thanked Professor Langley for her report.

Report from Chancellor Manning

Dr. Schmidt then commented on the application the Chicago campus has submitted for funding of a National Biocontainment Laboratory (NBL) and noted that the press had carried a story about the University of Chicago receiving a \$35.0 million grant linked to the same bio-defense program and that some might be confused about this grant and the Chicago campus's proposal. He asked Dr. Manning to comment on this process. Dr. Manning said that in order for an institution to receive a grant in this area, it must belong to a Research Center of Excellence, and that the National Institutes of Health has funded eight of these—one at the University of Chicago, to which the Chicago campus belongs, as well as two others, one at Washington University in St. Louis and one at Duke University. She said some saw this funding of the University of Chicago as being a negative sign for the Chicago campus's proposal, but that it is not. Rather it is merely a necessary step. She said that the Chicago campus is in fact part of two such

consortiums and one includes the University of Chicago. Thus, if one reads reports about the application, one needs to keep in mind applicants for a grant to establish an NBL are members of consortiums.

MEETING OF THE FINANCE AND INVESTMENT COMMITTEE

Dr. Gindorf, chair of this committee, introduced Mr. Douglas E. Beckmann, assistant vice president of business and finance, and asked him to present information about the University's investments for the last quarter. Mr. Beckmann said that there was good news, in that the markets were up and asked Mr. Steve Voss, consultant from the firm of Ennis Knupp + Associates, the University's financial adviser, to report the data from the second quarter of 2003. Mr. Voss stated at the outset of his report that all data he would present reflect the actual rate of return for both the University's endowment and its operating funds because all management costs have been taken out of these data. He stated that the stock market, as represented by the Wilshire 5000 Fund, was up 16.5 percent for the quarter. He then reviewed the quarterly report (on file with the secretary), noting that returns on the market were strong. He also reviewed the performance of the University's investments for the past 10 years and stated that there were significant negative returns for this time period, with one recent three-year time period being very challenging. He also reviewed the performance of the endowment and operating funds pools and the managers performance for the components of those, noting that the endowment pool totaled \$193.0 million, which is up from the end of March 2003, and that the operating funds totaled \$600.0 million. He pointed out that the operating funds are basically the University's checkbook and that most of the investments are in bonds, with an emphasis on maintaining a strong liquidity position. In conclusion he told the board that the performance for July and August 2003 had shown decent momentum too.

President Stukel then asked Mr. Beckmann to explain how the two endowments support the University's activities. Mr. Beckmann stated that the University endowment is based on gifts to the University, principally farmland and beneficial trusts, and totals approximately \$200.0 million, and the University of Illinois Foundation's endowment is based on gifts to the Foundation of farmland, beneficial trusts, and investments, and totals approximately \$625.0 million. He said that the Foundation has an 11 member investment committee that provides oversight for the investments of the endowment, and that the funds are more actively managed than those in the University's endowment. He also stated that the Foundation's endowment has a 10 percent investment in real estate in its portfolio, which is different from the University's investment portfolio. He concluded by saying that the investment strategy for the University's endowment is simpler.

MEETING OF UNIVERSITY HOSPITAL COMMITTEE

Mr. Vickrey, chair of this committee, convened the meeting. He referred to a letter sent to the board members earlier from President Stukel that related that the current state of the hospital was encouraging. Mr. Vickrey

then stated that Dr. Charles L. Rice, vice chancellor for health affairs, would report the positive news in some detail, and invited Dr. Rice to begin.

Dr. Rice reviewed the report of revenues and expenditures for Fiscal Year 2003 (on file with the secretary) and summarized this, telling the board that the number of patient days was up, the number of clinic visits was up, the number of discharges was up, outpatient visits increased to 420,000, the total revenue for the year was up, the number days for accounts receivable was 68 (compared to 60 for the Midwest average and 75 for urban average), and that the hospital finished the fiscal year with a balance of \$8.5 million.

He reported that there has been good progress in increasing revenues over expenditures in the last five years, and that a key component to this is shortening the time for accounts receivable. He stated that the cash at the end of the year was between \$25.0 and \$26.0 million and that the goal was to have \$90.0 million in order to have cash for 90 days of operation on hand.

Dr. Rice said that the use of agency nurses remains a challenge due to the high cost of hiring such nurses, which is inevitable, and probably good business, given the need for more nurses in the winter due to the change in volume of patients. He also said that costs for supplies are up, and that achieving savings in this area was a goal for FY 2004.

He told the board that this report is based on un-audited books.

Dr. Rice then turned to a summary of the budget for FY 2004 (material on file with the secretary) and said that the targets include: achieving a positive operating margin, improving the cash position, and funding critical infrastructure needs. He said that the budget is based on no change in the number of patient days for FY 2004, a 1.5 percent increase in outpatient volume, a charge rate increase of 5 percent, a Medicaid increase of 55, no change in the State appropriation, improved managed care contracts, continued improvement in the revenue cycle, and conversion of five psychiatric research beds to inpatient psychiatry beds. Further, he noted that the key elements in expenses for FY 2004 were: a 3 percent salary increase, plus funds for collective bargaining contracts; a 4.6 percent increase for supplies; and a bad debt increase based on high unemployment.

He said that initiatives to control expenses included savings on supplies, overtime pay, number of employees, and control of the pay structure. Also, he stated the following goals for FY 2004: maintaining the number of days for accounts receivable, reducing inventory, and controlling capital spending.

He also commented on the infrastructure needs of the hospital and the fact that neighboring hospitals are making major investments in infrastructure. In summary, Dr. Rice indicated that the following factors were important to maintaining and improving the hospital's positive financial status: maintaining current volume (patients); controlling expenses, both supplies and salaries; improving the revenue cycle; and addressing unmet capital needs. Discussion followed regarding the elements in the budget and the State's payment of \$48.0 million for uncompensated care, as payment for

services rendered under the Medicaid program. Mr. Vickrey also emphasized the need to consider capital improvements in order to compete.

MEETING OF THE TECHNOLOGY AND ECONOMIC DEVELOPMENT COMMITTEE

Mr. Eppley, chair of this committee, asked Dr. James Weyhenmeyer, associate vice president for technology and economic development, to present the annual report on technology commercialization for Fiscal Year 2003 in Vice President David L. Chicoine's stead (material on file with the secretary). Dr. Weyhenmeyer reviewed three components of the technology commercialization process, and explained how they function in the process. First, he described the role of the Offices of Technology Management at the Chicago and Urbana campuses as the initial contact points for faculty for making disclosures of new technology, and the places where this is assessed and faculty are assisted in making disclosures and in licensing their technology. Second, he identified IllinoisVENTURES, LLC, as an infrastructure entity that exists to accelerate or catalize start-up activity based on University developed technology. Third, he stated that the incubators at the Chicago and Urbana campuses provide the space necessary to launch start-up companies commercializing University technology.

Dr. Weyhenmeyer referred to the annual report distributed earlier, and commented on highlights from this report. He noted that at the Urbana campus, the Office of Technology Management had, after several years of developing, reached a point of considerable success in processing disclosures of technology. He said that there had been a 30 percent increase in disclosures in FY 2003 over the previous year, from 111 to 146 disclosures. Also, he said that at Urbana, the number of patents filed increased by 46 percent in 2003 over the previous year, and licenses and options had increased by 15 percent.

He also stated that the trend at the Chicago campus is down, and that that might be due to the enormous effort required to complete the proposal for the National Biocontainment Laboratory this year and to lack of staff.

Mr. Eppley commented on a backlog at Chicago in processing disclosures and said that a new process is being developed. He also remarked on the great potential at Chicago and the help the Office of Technology Management can provide.

Dr. Weyhenmeyer then commented on the activity of IllinoisVENTURES, LLC, for FY 2003 and reported that 57 start-up companies sought help from it—70 percent from Urbana and 30 percent from Chicago. He stated that IllinoisVENTURES, LLC, is at the front end of raising funds for financing of start-up companies, and that an investment vehicle with the University of Illinois Foundation has been established to assist with this.

Next, he described the incubators, saying that Enterprise Works @ Illinois, Urbana, is a facility with 43,000 square feet of space, 50 percent of which is subscribed at present, and he said that the Research Center in the

Chicago Technology Park, with 57,000 square feet, is completely subscribed. He noted that the Research Center generates two-thirds of the State of Illinois Small Business Innovative Research grants.

Discussion followed, and Dr. Schmidt inquired about the decrease in royalty and income at Urbana in FY 2003 from FY 2002. Dr. Weyhenmeyer explained that some licenses expired in 2003, and that he anticipated that there would be a significant increase in FY 2004.

In conclusion, Dr. Weyhenmeyer also reported that there are six start-up companies resulting from work by faculty members at the Chicago campus that are ready to be launched.

BOARD MEETING RECONVENED

At 2:50 p.m. when the board reconvened in regular session the members of the board recorded as present earlier were still in attendance.

MINUTES APPROVED

The secretary presented for approval the press proofs of the minutes of the Board of Trustees meetings of February 12-13, and March 13, 2003, copies of which had previously been sent to the board.

On motion of Mrs. Sodemann, these minutes were approved.

BUSINESS PRESENTED BY THE PRESIDENT OF THE UNIVERSITY

President Stukel asked Chancellor Manning to provide an update on the planning for a new facility that will house a National Rural Health Resource Center at Rockford. Chancellor Manning reported that \$1.5 million had been received from the U.S. Department of Health and Human Services for this, and that there was a request for \$600,000 from the State under the aegis of the University's repair and renovation funds. She thanked Mr. Vickrey for his help in the process of securing funding for this facility, and noted that Congressman Manzullo, who represents Rockford, was seeking more Federal funds for the facility.

BUSINESS PRESENTED BY THE CHAIR OF THE BOARD

Mr. Eppley reinforced his earlier statement that he expected Mr. Shah to work with Vice President Rugg and his staff on matters concerning purchases, major construction projects, leases, and the formula for institutional cost recovery funds. Mr. Shah acknowledged that he planned to do this.

Mr. Eppley also stated that Mr. Bruce, as chair of the Legal Affairs Committee, might give attention to an approach to ensure that board items are consistent with other board policies and State statutes.

Further, Mr. Eppley announced that as part of the Strategic Planning Committee's work he would be meeting with President Stukel; Dr. Sidney S. Micek, president of the University of Illinois Foundation; and Mr. Ronald Guenther, director of athletics, Urbana, to discuss ways in which athletic events might be used as a portal for fund-raising by the Foundation.

OLD BUSINESS

Dr. Schmidt inquired about the controversy concerning the change in the pay date for academic staff. In response, Mr. Bearrows stated that the case was ongoing and that the facts were not well stated.

Dr. Schmidt then asked if the delayed financial aid checks for students had been issued, as yet. Dr. Gardner responded that many had been issued and that a solution for issuing the rest was in process.

Next, Dr. Schmidt asked for information about the cost of providing health benefits to same-sex domestic partners of employees.

Mr. Rugg replied that the program had been implemented on September 1, 2003, and that it was too early to report on the cost. He did say that two employees had applied for these benefits and approximately 30 others had inquired.

NEW BUSINESS

There was no business reported under this aegis.

STUDENT TRUSTEE REPORTS

Mr. Eppley asked Ms. Garcia to present her report to the board first. She stated that new office space had been provided for student organizations on the Chicago campus that made it possible to house most student organizations together in a central location that she said has proved effective for communication among the organizations. She also said that the new student orientation program was very well received by students and probably started a new tradition at the campus. Then she told the board that a special event for student organizations called the Fun Fair had been held and that 200 student organizations were represented in this fair. Also, she announced that the dedication for the two new residence halls on the south campus, Beckham and Robinson Halls, would be September 22, 2003.

Among current student concerns she said that the late issuance of the financial aid checks to students was creating many hardships. She noted that at this time in the fall semester the financial aid office has usually issued 70 percent of the financial aid checks but that this year, due to the late notification of the tuition rates, just 40 percent of the checks have been distributed. She stated that this is extremely difficult for students at Chicago, since most receive some financial aid. She also described the difficulties students are having gaining admission to courses due to the budget cuts of the last few years that have resulted in cancellation of many course sections.

Next, Mr. Hollingshead made comments and invited his colleagues to take a look around the Springfield campus to see recent changes. He stated that with the initiation of the freshman and sophomore years there is a larger percentage of younger students on campus, and thus a greater need for student services. He stated that the students voted in a referendum and approved by a two-to-one margin a fee for a new recreation center on cam-

pus. He also noted more student involvement in athletics as evidenced by the addition of a women's softball team, and enthusiasm for the second year of men's basketball. He reported that student life activities are increasing on campus and that one piece of evidence of this is that some students recently joined the workers' rights consortium. He also called attention to a program on campus that brings students from Japan to the Springfield campus to study English and mathematics, and provides for students from the Springfield campus to go to Japan to study.

Mr. Allen spoke next and reported that he had participated as a speaker at the freshman convocation along with Chancellor Cantor. He told the board that most students at Urbana are concerned about the increase in the number of large classes, necessitated by the budget cuts of recent years. He said that he expected students to have questions for the board in future months about tuition and the University's budget.

COMMENTS

Dr. Carroll thanked Mr. Bearrows for providing thorough memoranda containing background information on litigation.

Mr. Rugg provided additional information regarding the recommendation to lease space for the Division of Services for Special Children that was discussed earlier. In response to earlier questions he provided data on build-out costs, utilities, insurance, and taxes and the total cost per square foot compared to other properties. In addition, he reported that the University did not pay a broker's fee for services in identifying this property. Following discussion, the board seemed convinced that this was a fair price to pay for the lease.

Mr. Bruce stated that he wished his colleagues to know that his concern about entry number one in agenda item no. 21, "Purchases," was dispelled by the additional information provided about the successful bidder's plan to employ union members for the work to be performed.

Mr. Vickrey requested a presentation on the endowment farms at the November 13, 2003, meeting.

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 9 inclusive. The recommendations were individually discussed but acted upon at one time.

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

Dean, Honors College, Chicago

(1) The chancellor at Chicago has recommended the appointment of Lon Seth Kaufman, currently professor and head, Department of Biological Sciences, College of Liberal Arts and Sciences, and professor of bioengineering, College of Engineering, as dean of the Honors College, on a twelve-month service basis, on 50 percent time, beginning September 15, 2003, at an annual salary of \$72,722 (equivalent to an annual nine-month

base salary of \$59,500 plus two-ninths annualization of \$13,222) and an administrative increment of \$15,000.

In addition, Dr. Kaufman will be appointed to the position of vice provost for undergraduate affairs in the Office of the Provost and Vice Chancellor for Academic Affairs, on a twelve-month service basis, on 35 percent time, at an annual salary of \$50,905. He will continue to hold the rank of professor of biological sciences, College of Liberal Arts and Sciences, on indefinite tenure on an academic year service basis, on 15 percent time, at an annual salary of \$21,817, and professor of bioengineering, College of Engineering, on zero percent time (non-tenured and non-salaried), for a total annual salary of \$160,444.

Dr. Kaufman will succeed Janet I. Madia, who has served as acting dean since May 28, 2001. Ms. Madia will return to her position as executive associate dean for planning and student affairs and campus honors faculty.

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. Gindorf, this appointment was approved.

Acting/Interim Dean, College of Communications, Urbana

(2) The chancellor at Urbana has recommended the appointment of Ronald E. Yates, presently professor and head, Department of Journalism, College of Communications, University of Illinois at Urbana-Champaign, as acting dean of the College of Communications, August 21-September 11, 2003, and as interim dean, beginning September 12, 2003, until the appointment of a permanent dean is approved by the Board of Trustees. Mr. Yates will be compensated at a rate of \$115,535 a year on a twelve-month service basis (equivalent to an annual nine-month base salary of \$94,529 plus 2/9 annualization of \$21,006) and will receive an additional increment of \$36,000 a year, for a total annual salary of \$151,535 during his service as acting/interim dean.

Mr. Yates will continue to hold the rank of professor of journalism on indefinite tenure on an academic year service basis on zero percent time. In addition, he will continue as head of the Department of Journalism, College of Communications, on an academic year service basis (non-tenured and non-salaried).

He succeeds Kim B. Rotzoll who served as dean of the college from August 21, 1992, through August 20, 2003.

This recommendation is made with the advice of the provost and vice chancellor for academic affairs.

The vice president for academic affairs concurs with this recommendation.

The president of the University recommends approval.

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

Amend Multiyear Contract and Professional Services Agreement with Head Women's Basketball Coach, Urbana

(3) In September 1995, the Board of Trustees approved an employment contract with Theresa Grentz to serve as head women's basketball coach from June 15, 1995, through June 14, 2000. The contract provided compensation for base salary, radio and television

¹Victoria J. Chou, professor and dean, College of Education, *chair*; Faith Johnson Bonecutter, clinical associate professor and director of field work, Jane Addams College of Social Work; Bette L. Bottoms, associate professor of psychology and associate dean, College of Liberal Arts and Sciences; Linda Deanna, associate vice chancellor for student affairs and dean of students; Janet L. Engstrom, associate professor of maternal-child nursing, College of Nursing; Nilda M. Flores-Gonzalez, associate professor of sociology and in the Latin American and Latino Studies Program, College of Liberal Arts and Sciences; Daniel S. Friedman, professor and director, School of Architecture, College of Architecture and the Arts; Jenna Yeon Kim, undergraduate student and president, Honors College Advisory Board; Janet I. Madia, acting dean, Honors College; James W. Pellegrino, professor of psychology, College of Liberal Arts and Sciences, and professor of education; Leslie J. Sandlow, senior associate dean for medical education, professor and head, Department of Medical Education, professor of medicine, and senior associate dean for medical education, College of Medicine at Chicago; Carole L. Snow, executive associate provost for academic and enrollment services, Office of Resource Administration.

broadcasting services, summer camp services, and educational, public relations, consulting, and promotional activities. Coach Grentz's base salary is funded by operating revenue in the Division of Intercollegiate Athletics; her radio and television broadcasting services are funded by broadcast revenue; her summer camp services are funded by camp revenue; and her educational, public relations, consulting, and promotional activities are supported by corporate contracts.

In January 1998, the Board of Trustees approved an amendment to the employment contract to remove the educational, public relations, consulting, and promotional obligations. Instead, the University entered into a separate contract with the Grentz Corporation for educational, public relations, consulting, and promotional activities to be provided by Coach Grentz.

In July 1999, the Board of Trustees approved a second amendment to the employment contract to extend the term of the contract through June 14, 2004, and increase Coach Grentz's total compensation. The board also approved extending the agreement with the Grentz Corporation through June 14, 2004.

The chancellor at Urbana recommends a third amendment to the employment contract to extend the term of the contract by four additional years, through April 15, 2008.

The chancellor at Urbana also recommends that the professional services agreement for educational, public relations, consulting, and promotional activities provided by Coach Grentz through the Grentz Corporation be extended through April 15, 2008.

Coach Grentz's base salary for coaching responsibilities will be increased from \$152,860 to \$160,000 for 2003-04. Compensation for radio and television broadcasting services via the Grentz Corporation will remain at \$75,000. These changes would result in an increase in total compensation from \$252,860 in 2002-03 to \$260,000 for 2003-04.

Funds are available from the sources listed above.

The president of the University concurs.

On motion of Dr. Gindorf, these recommendations were approved.

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

(4) 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

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

DINA BIRMAN, assistant professor of psychology, on 100 percent time, beginning August 16, 2003 (1), at an annual salary of \$58,000.

- JENNIFER BRIER, assistant professor, Gender and Women's Studies Program, on 75 percent time, and assistant professor of history, on 25 percent time, beginning August 16, 2003 (1;1), at an annual salary of \$53,000.
- AOSHUANG CHEN, assistant professor of immunology, Department of Biomedical Sciences, College of Medicine at Rockford, on 100 percent time, July 1-August 15, 2003 (N), \$10,250, and continuing on 100 percent time, effective August 16, 2003 (1), at an annual salary of \$61,500.
- HAKAN DEMIRTAS, assistant professor of biostatistics, Division of Epidemiology and Biostatistics, School of Public Health, on 100 percent time, beginning August 16, 2003 (1), at an annual salary of \$57,500.
- NURTAN A. ESMEN, professor, Division of Environmental and Occupational Health Sciences, School of Public Health, on 51 percent time; research professor, Institute for Environmental Science and Policy, Office of the Vice Chancellor for Research, on 30 percent time; and research professor, Division of Environmental and Occupational Health Sciences, School of Public Health, on 19 percent time, beginning August 16, 2003 (A51;N30;N19), at an annual salary of \$135,000.
- JAMES GILLESPIE, assistant professor of managerial studies, on 100 percent time, July 16-August 15, 2003 (N), \$9,778, and continuing on 100 percent time, effective August 16, 2003 (1), at an annual salary of \$88,000.
- ILENE B. HARRIS, professor of medical education, College of Medicine at Chicago, on 100 percent time, beginning October 1, 2003 (A), at an annual salary of \$102,273.
- JULIAN JWCHUN LIN, assistant professor of neurosurgery, College of Medicine at Peoria, on 60 percent time, August 1, 2003 (NY), at an annual salary of \$75,000, and continuing on 60 percent time, effective August 16, 2003 (1Y), at an annual salary of \$75,000.
- JENNIFER MONTGOMERY, assistant professor, School of Art and Design, on 100 percent time, beginning August 16, 2003 (1), at an annual salary of \$45,000.
- DAN PETERMAN, associate professor, School of Art and Design, on 100 percent time, for three years beginning August 16, 2003 (Q), at an annual salary of \$70,000.
- CARL POPE, assistant professor, School of Art and Design, on 100 percent time, beginning August 16, 2003 (1), at an annual salary of \$60,000.
- KERRY ANN ROCKQUEMORE, associate professor of African-American Studies, on 50 percent time, and associate professor of sociology, on 50 percent time, beginning August 16, 2003 (A50;A50), at an annual salary of \$84,000.
- SALLY SEDGWICK, professor of philosophy, on 100 percent time, June 26-August 15, 2003 (N), \$11,908, and continuing on 100 percent time, effective August 16, 2003 (A), at an annual salary of \$88,080.
- BROOKE E. SHIPLEY, associate professor of mathematics, statistics and computer science, on 100 percent time, beginning August 16, 2003 (A), at an annual salary of \$82,000.
- H. STEVEN SIMS, assistant professor of otolaryngology-head and neck surgery, on 55 percent time, and physician surgeon, otolaryngology-head and neck surgery, on 45 percent time, College of Medicine at Chicago, beginning September 1, 2003 (1Y55;NY45), at an annual salary of \$170,000.

Emeriti Appointments

- MICHAEL A. ANANIA, professor emeritus of English, August 1, 2003
- EDWIN H. CHEN, professor emeritus, Division of Epidemiology and Biostatistics, School of Public Health, June 1, 2003
- JOHN V. MASSEY, research professor emeritus, School of Art and Design, September 1, 2001
- RICHARD A. WADDEN, professor emeritus, Division of Environmental and Occupational Health Sciences, School of Public Health, September 1, 2003

Springfield

- SARA FRANCES CORDELL, assistant professor, English Program, on 100 percent time, beginning August 16, 2003 (1), at an annual salary of \$38,000.

- ANGAPPA GUNASEKARAN, professor of business administration, on 100 percent time, beginning August 16, 2003 (A), at an annual salary of \$104,000.
- MEREDITH A. NEWMAN, associate professor of public administration, College of Public Affairs and Administration, on indefinite tenure on an academic year service basis, on 100 percent time, beginning August 16, 2003 (A100), at an annual salary of \$90,000. In addition, Dr. Newman will be appointed as chair of the Department of Public Administration, College of Public Affairs and Administration, Springfield, on zero percent time (non-salaried), beginning September 15, 2003 (NG). She will receive an amount equal to one-ninth of her annual salary for one month's service during each summer of her appointment as department chair (\$10,000 for 2003-04). Dr. Newman was appointed to serve as interim department chair under the same conditions and salary arrangement beginning August 16, 2003, for a total 2003-04 salary of \$100,000.
- XIA PAN, assistant professor of business administration, on 100 percent time, beginning August 16, 2003 (1), at an annual salary of \$75,000.

Urbana-Champaign

- JONT ALLEN, associate professor of electrical and computer engineering, on 100 percent time on zero percent time (non-salaried), August 16, 2003-August 15, 2007 (Q100;N), at an annual salary of \$92,000.
- TAMI C. BOND, assistant professor of civil and environmental engineering, on 100 percent time, August 1-August 15, 2003 (N), \$3,833, and continuing on 100 percent time, effective August 16, 2003 (1), at an annual salary of \$69,000.
- NICHOLAS BROZOVIC, assistant professor of agricultural and consumer economics, on 100 percent time, July 16-August 15, 2003 (N), \$7,250, and continuing on 100 percent time, effective August 16, 2003 (1), at an annual salary of \$65,250.
- ANDREA D. ELLINGER, assistant professor of human resource education, on 100 percent time, beginning August 16, 2003 (3), at an annual salary of \$57,000.
- MATTHEW I. FRANK, assistant professor of electrical and computer engineering, on 100 percent time, and research assistant professor, Coordinated Science Laboratory, on zero percent time (non-salaried), beginning August 16, 2003 (1;N), at an annual salary of \$74,000.
- FRANCES GATEWARD, assistant professor, Program in Comparative and World Literature, on 50 percent time, and assistant professor, Unit for Cinema Studies, on 50 percent time, beginning August 16, 2003 (3;3), at an annual salary of \$60,000.
- JENNIFER LEANN HARDESTY, assistant professor of human and community development, on 100 percent time, beginning August 16, 2003 (1), at an annual salary of \$55,000.
- SHUYONG JIANG, Chinese studies librarian cataloging coordinator and assistant professor of library administration, University Library, on 100 percent time, beginning June 23, 2003 (NY), at an annual salary of \$46,000.
- JONATHAN KEEBLE, assistant professor, School of Music, on 100 percent time, beginning August 16, 2003 (1), at an annual salary of \$50,000.
- JANE KUNTZ, assistant professor of French, on 100 percent time, beginning August 16, 2003 (1), at an annual salary of \$49,000.
- CAROL W. MADDOX, associate professor of veterinary pathobiology, on 51 percent time (QY51), and associate professor of medicine, Veterinary Diagnostic Laboratory, on 49 percent time (NY49); tenure eligibility will be maintained on 100 percent time in the Department of Veterinary Pathobiology, August 21, 2003-August 15, 2007, at an annual salary of \$102,630.
- ANNE M. MARTINEZ, assistant professor of history, on 50 percent time, and assistant professor, Latina/Latino Studies Program, on 50 percent time, beginning August 16, 2003 (1;1), at an annual salary of \$52,000.
- EILEEN DIAZ MCCONNELL, assistant professor of sociology, on 50 percent time, and assistant professor, Latina/Latino Studies Program, on 50 percent time, beginning August 16, 2003 (1;1), at an annual salary of \$58,000.
- ISABEL MOLINA, assistant professor, Latina/Latino Studies Program, College of Liberal Arts and Sciences, on 50 percent time, and assistant professor, Institute of Communi-

- cations Research, College of Communications, on 50 percent time, beginning August 16, 2003 (1;1), at an annual salary of \$55,000.
- LAN NGUYEN, assistant professor of business administration, on 100 percent time, June 16-August 15, 2003 (N), \$22,222, and continuing on 100 percent time, effective August 16, 2003 (1), at an annual salary of \$100,000.
- ANTONY ONYANGO OLUOCH, assistant professor of veterinary biosciences, on 100 percent time, beginning August 16, 2003 (1), at an annual salary of \$70,000.
- FENIOSKY A. PEÑA-MORA, associate professor of civil and environmental engineering, on 100 percent time, June 21-August 15, 2003 (N), \$17,926, and continuing on 100 percent time, effective August 16, 2003 (A), at an annual salary of \$88,000.
- JOEL E. PIKE, assistant professor of accountancy, on 100 percent time, June 16-August 15, 2003 (N), \$31,111, and continuing on 100 percent time, effective August 16, 2003 (1), at an annual salary of \$140,000.
- MISUMI SADLER, assistant professor of East Asian languages and cultures, on 100 percent time, beginning August 16, 2003 (1), at an annual salary of \$49,000.
- RACHEL SCHWARTZ, associate professor of accountancy, on 100 percent time, June 16-August 15, 2003 (N), \$34,444, and continuing on 100 percent time, for four years effective August 16, 2003 (Q), at an annual salary of \$155,000.
- DANUTA SHANZER, professor of the Classics, on 100 percent time, and professor, Program in Medieval Studies, on zero percent time (non-salaried), beginning August 16, 2003 (A100;N), at an annual salary of \$117,500.
- WILLIAM E. UNDERWOOD, assistant professor of English, on 100 percent time, beginning August 16, 2003 (3), at an annual salary of \$55,000.
- YUTIAN WONG, assistant professor, Asian-American Studies Program, College of Liberal Arts and Sciences, on 50 percent time, and assistant professor of dance, College of Fine and Applied Arts, on 50 percent time, beginning August 16, 2003 (1;1), at an annual salary of \$50,000.

To the Rank of Associate Professor on Indefinite Tenure:

- GEORGE DELTAS, from assistant professor of economics, to associate professor of economics, College of Business, on indefinite tenure, effective August 16, 2003

Emeriti Appointments

- KENNETH V. K. BEARD, professor emeritus of atmospheric sciences, September 1, 2003
- PETER F. COLWELL, professor emeritus of finance, August 1, 2003
- CAROLYN DRY, professor emerita, School of Architecture, May 21, 2003
- MICHAEL GABRIEL, professor emeritus of psychology, August 21, 2003
- WILLIAM L. GAMBLE, professor emeritus of civil and environmental engineering, August 21, 2003
- SANDY I. HELMAN, professor emeritus of molecular and integrative physiology, September 1, 2003
- NEIL M. HAWKINS, professor emeritus of civil and environmental engineering, March 1, 2000
- JOHN A. JAKLE, professor emeritus of geography, June 21, 2003
- DONALD LEE JOHNSON, professor emeritus of geography, June 21, 2003
- RICHARD A. LARSON, professor emeritus of natural resources and environmental sciences, August 1, 2003
- GEORGE W. MCCONKIE, professor emeritus of educational psychology, July 1, 2003
- VICTOR D. RAMIREZ, professor emeritus of physiology in the Department of Molecular and Integrative Physiology, February 1, 2003
- GARY L. ROLFE, professor emeritus of natural resources and environmental sciences, August 21, 2003
- JOHN E. WALSH, JR., professor emeritus of atmospheric sciences, August 21, 2003

Administrative/Professional Staff

- THOMAS GUSTAV HEINRICH DIEKWISCH, head of the Department of Oral Biology, College of Dentistry, Chicago, on a twelve-month service basis with an administrative increment of \$12,000, beginning September 15, 2003 (KY). Dr. Diekwisch was appointed

to serve as interim head under the same conditions and salary arrangement beginning August 1, 2003. In addition, Dr. Diekwisch will be appointed to the rank of associate professor of oral biology, College of Dentistry, on indefinite tenure on a twelve-month service basis, on 50 percent time, at an annual salary of \$74,675; and associate professor of orthodontics, College of Dentistry (non-tenured) on a twelve-month service basis, on 50 percent time, at an annual salary of \$74,675, effective September 1, 2003 (AY50;NY50). He will continue to hold the rank of associate professor of orthodontics, College of Dentistry, on zero percent time (non-tenured and non-salaried); associate professor, Center for Molecular Biology of Oral Diseases, College of Dentistry, on zero percent time (non-tenured and non-salaried); associate professor of anatomy and cell biology, College of Medicine at Chicago, on zero percent time (non-tenured and non-salaried); and adjunct associate professor of periodontics, College of Dentistry, on zero percent time (non-tenured and non-salaried), for a total salary of \$161,350.

THOMAS E. GLENN, executive director of admissions, Office of Admissions and Records, Chicago, on a twelve-month service basis, on 100 percent time, beginning September 15, 2003 (NY), at an annual salary of \$130,000. Mr. Glenn was appointed to serve as visiting executive director of admissions under the same conditions and salary arrangement beginning September 1, 2003.

MARK DEAN GRABINER, head of the Department of Movement Sciences, College of Applied Health Sciences, Chicago, on an academic year service basis with an administrative increment of \$4,090, beginning September 15, 2003 (K). This change in position is due to the reorganization and redesignation of the School of Kinesiology as the Department of Movement Sciences in the College of Applied Health Sciences. Dr. Grabiner will continue to hold the rank of professor of movement sciences, on indefinite tenure on an academic year service basis, on 100 percent time, beginning September 15, 2003 (A100), at an annual salary of \$140,000. In addition, he will continue to hold the rank of professor of bioengineering, College of Engineering, on zero percent time (non-tenured and non-salaried), for a total salary of \$144,090.

WILLIAM R. MCKINNEY, director of the Office of Recreation and Tourism Development, Department of Leisure Studies, College of Applied Life Studies, Urbana-Champaign, on an academic year service basis with an administrative increment of \$3,000, beginning September 15, 2003 (N). Dr. McKinney was appointed to serve as interim director under the same conditions and salary arrangement beginning August 16, 2003. In addition, Dr. McKinney will continue to hold the rank of associate professor of leisure studies, on indefinite tenure on an academic year service basis, on 100 percent time, at an annual salary of \$92,074; and associate professor, University of Illinois Extension and Outreach, College of Agricultural, Consumer and Environmental Sciences, on zero percent time (non-tenured and non-salaried), effective September 15, 2003 (A100;N), for a total salary of \$95,074.

HOWARD NEWMAN, chief development officer for the Medical Center, Office of the Chancellor, Chicago, on 82 percent time, and vice president, University of Illinois Foundation, on 18 percent time, beginning September 1, 2003 (NY82;NY18), at an annual salary of \$208,000.

NINA M. OLESINSKI, director, Health Insurance Privacy and Accountability Act (HIPAA) Program Management Office, University of Illinois Hospital and Clinics, Chicago, on a twelve-month service basis, on 100 percent time, beginning September 15, 2003 (NY), at an annual salary of \$99,698. Dr. Olesinski was appointed to serve as visiting director under the same conditions and salary arrangement beginning July 1, 2003.

STEVEN T. OLSON, director of the Center for Molecular Biology of Oral Diseases, College of Dentistry, Chicago, on an academic year service basis with an administrative increment of \$9,000, beginning September 15, 2003 (N). Dr. Olson was appointed to serve as visiting director under the same conditions and salary arrangement beginning August 16, 2003. In addition, Dr. Olson will continue to hold the rank of professor, Center for Molecular Biology of Oral Diseases, on indefinite tenure on an academic year service basis, on 100 percent time (A100), at an annual salary of \$123,790. He will continue to hold the rank of professor of bioengineering, College

- of Engineering, on zero percent time (non-tenured and non-salaried), for a total salary of \$132,790.
- NEIL D. PEARSON, director of the Finance Ph.D. Program, College of Business, Urbana-Champaign, on an academic year service basis with an administrative increment of \$12,000, beginning September 15, 2003 (NY). Dr. Pearson was appointed to serve as interim director of the Finance Ph.D. Program under the same conditions and salary arrangement beginning August 16, 2003. In addition, Dr. Pearson will continue to hold the rank of professor of finance on indefinite tenure on an academic year service basis, on 100 percent time, effective August 16, 2003 (A100), at an annual salary of \$162,250. Dr. Pearson will continue as an Investors in Business Education Faculty Fellow (non-tenured) on an academic year service basis with an increment of \$7,500 (N), for a total salary of \$181,750.
- GARY E. RANEY, chair of the Department of Psychology, College of Liberal Arts and Sciences, Chicago, on an academic year service basis with an administrative increment of \$7,000, beginning September 15, 2003 (N). Dr. Raney was appointed to serve as acting chair of the department under the same conditions and salary arrangement beginning August 16, 2003. In addition, Dr. Raney will continue to hold the rank of associate professor of psychology, on indefinite tenure on an academic year service basis, on 100 percent time, effective September 15, 2003 (A100), at an annual salary of \$72,000, for a total salary of \$79,000.
- LAWRENCE R. SCHEHR, associate dean, College of Liberal Arts and Sciences, Urbana-Champaign, on an academic year service basis, on 50 percent time, beginning September 15, 2003 (N50), at an annual salary of \$59,000. In addition, for service as associate dean, Dr. Schehr will receive an administrative increment of \$15,000 on an academic year service basis (N). He was appointed to serve as interim associate dean under the same conditions and salary arrangement beginning August 16, 2003. Dr. Schehr will continue to hold the rank of professor of French, on indefinite tenure on an academic year service basis, on 50 percent time, effective September 15, 2003 (A50), at an annual salary of \$59,000; professor, Gender and Women's Studies Program, on zero percent time (non-tenured and non-salaried); professor, Unit for Criticism and Interpretive Theory, on zero percent time (non-tenured and non-salaried); and professor, Program in Comparative and World Literature, on zero percent time (non-tenured and non-salaried), for a total salary of \$133,000.
- SUSAN SINGLETON, director, Center for Library Initiatives, Committee on Institutional Cooperation, Urbana-Champaign, on a twelve-month service basis, on 100 percent time, beginning September 16, 2003 (NY), at an annual salary of \$92,000. Ms. Singleton was appointed to serve as interim director under the same conditions and salary arrangement beginning July 28, 2003.
- DJAJA DJENDOEL SOEJARTO, director, Program for the Collaborative Research in the Pharmaceutical Sciences (PCRPS) Field Station, College of Pharmacy, Chicago, on a twelve-month service basis with an administrative increment of \$2,000, beginning September 15, 2003 (NY). Dr. Soejarto was appointed to serve as visiting director under the same conditions and salary arrangement beginning July 1, 2003. In addition, he will continue to hold the rank of professor of pharmacognosy, in the Department of Medicinal Chemistry and Pharmacognosy, on indefinite tenure on a twelve-month service basis, on 100 percent time, effective September 15, 2003 (AY100), at an annual salary of \$115,054. Dr. Soejarto will continue as adjunct professor of forensic science, in the Department of Biopharmaceutical Sciences, on zero percent time (non-tenured and non-salaried), for a total salary of \$117,054.
- LESLIE THOMAS STAYNER, director, Division of Epidemiology and Biostatistics, School of Public Health, Chicago, on an academic year service basis with an administrative increment of \$10,000, beginning September 15, 2003 (N). He will receive an amount equal to one-ninth of his academic year faculty base salary for one month's service during each summer of his appointment as director (\$16,667 for 2003-04). Dr. Stayner was appointed to serve as interim director under the same conditions and salary arrangement beginning August 16, 2003. Dr. Stayner was appointed to the rank of professor, Division of Epidemiology and Biostatistics, on indefinite ten-

ure on an academic year service basis, on 100 percent time, beginning September 16, 2003 (A100), at an annual salary of \$150,000, for a total 2003-04 salary of \$176,667. He was appointed to serve as visiting professor under the same conditions and salary arrangement beginning August 16, 2003.

ANNETTE L. VALENTA, head of the Department of Biomedical and Health Information Sciences, College of Applied Health Sciences, Chicago, on an academic year service basis with an administrative increment of \$8,182, beginning September 16, 2003 (K). Dr. Valenta will receive an amount equal to two-ninths of her administrative increment for two months' service during each summer of her appointment as Head (\$1,818 for 2003-04). In addition, she will receive an amount equal to one-ninth of her academic base salary for one month's service during each summer of her appointment as head (\$12,778 for 2003-04). Dr. Valenta was appointed to serve as interim head, under the same conditions and salary arrangement beginning August 16, 2003. In addition, Dr. Valenta will be promoted to the rank of professor of biomedical and health information sciences, on indefinite tenure on an academic year service basis, on 100 percent time, beginning September 16, 2003 (A100), at an annual salary of \$115,000. She will continue to hold the rank of associate professor of information and decision sciences, College of Business Administration, on zero percent time (non-tenured and non-salaried); adjunct associate professor of medical education, College of Medicine at Chicago, on zero percent time (non-tenured and non-salaried); adjunct associate professor, Division of Health Policy and Administration, School of Public Health, on zero percent time (non-tenured and non-salaried); and director of graduate studies, School of Biomedical and Health Information Sciences, on zero percent time (non-tenured and non-salaried), for a total salary of \$123,182.

PAMELA JAMES VOITIK, director of Campus Services, Division of Facilities and Services, Office of the Chancellor, Urbana-Champaign, on a twelve-month service basis, on 100 percent time, beginning September 15, 2003 (NY), at an annual salary of \$91,480. Ms. Voitik was appointed to serve as interim director of Campus Services under the same conditions and salary arrangement beginning August 21, 2003.

RUTH V. WATKINS, associate provost, Office of the Provost and Vice Chancellor for Academic Affairs, Urbana-Champaign, on a twelve-month service basis, on 100 percent time, beginning September 15, 2003 (NY), at an annual salary of \$110,000. Dr. Watkins was appointed to serve as interim associate provost under the same conditions and salary arrangement beginning August 16, 2003. She will continue to hold the rank of associate professor of speech and hearing science, on indefinite tenure on an academic year service basis, on zero percent time (non-salaried), for a total salary of \$110,000.

Intercollegiate Athletic Staff

HARRY K. HIESTAND, assistant varsity coach-football, Division of Intercollegiate Athletics, Urbana-Champaign, on a ten months' service paid over twelve months service basis, multi-year agreement, on 100 percent time, effective August 21, 2003, through February 28, 2006 (NB), at an annual salary of \$119,244. A performance review will be held in January of each contract year to determine any compensation increases after February 28, 2004.

CRAIG S. TILEY, head varsity coach, men's tennis, Division of Intercollegiate Athletics, Urbana-Champaign, a first amendment to extend the current multi-year agreement, on a twelve-month service basis, on 100 percent time, effective August 21, 2003, through August 15, 2006 (NY100), at an annual base salary of \$90,000. In addition, for television and radio appearances required by the University, Coach Tiley will receive an increment on a twelve-month service basis at an annual rate of \$10,000 (NY). A performance review will be held in May of each contract year to determine any compensation increases after August 15, 2004. In addition, for service as head men's tennis coach of the University's summer men's tennis camp at the Urbana-Champaign campus, Coach Tiley will receive 90 percent of the net profit of the camp. Coach Tiley will be provided a tax deferred annuity of \$10,000 per year dur-

ing the three-year term of the new agreement. Coach Tiley will be entitled to receive the accumulated \$30,000 plus accumulated income or losses on investments if he is still employed as head varsity coach of men's tennis on August 15, 2006. This first amendment supersedes Coach Tiley's current employment contract effective from August 21, 2000, through August 20, 2005.

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

**Redesignate the Subsonic Aerodynamics Laboratory
as the Aerodynamics Research Laboratory, Urbana**

(5) The chancellor at Urbana recommends for approval a proposal from the College of Engineering to change the name of the Subsonic Aerodynamics Laboratory to the Aerodynamics Research Laboratory.

The Subsonic Aerodynamics Laboratory is moving from Engineering Warehouse Number One to a new building currently under construction and referred to as the Subsonic Aerodynamics Laboratory. However, the research includes other aerodynamic research utilizing the wind tunnel and other facilities for building and bridge aerodynamics. The new name will more accurately reflect the breadth of the purpose of the laboratory building.

The president of the University concurs.

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

**Eliminate the Bachelor of Science Degree in Forestry,
College of Agricultural, Consumer
and Environmental Sciences, Urbana**

(6) The chancellor at Urbana with the advice of the Urbana-Champaign Senate, recommends for approval a proposal from the Department of Natural Resources and Environmental Sciences in the College of Agricultural, Consumer and Environmental Sciences to eliminate the Bachelor of Science in Forestry.

As part of a larger curriculum revision, the Department of Natural Resources and Environmental Sciences plans to eliminate the current B.S. in Forestry and replace it with a new forestry option under the B.S. in Natural Resources and Environmental Sciences (see the "President's Report on Actions of the Senates"). Eliminating the separate forestry degree and creating a new forestry option will produce a more consistent and efficient program and better serve students by ensuring they have an academic foundation in the broader area of natural resources and environmental sciences.

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

The president of the University concurs, pending further review by the Illinois Board of Higher Education.

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

**Establish Procedure for Review and Approval of Licensing
Transactions and Conflict of Interest Management Plans,
Vice President for Technology and Economic Development**

(7) The Offices of Technology Management (OTM) in Chicago and Urbana are actively engaged in licensing University technology. These efforts may lead to a licensing of University technology to new companies ("start-ups"), which may employ and/or involve University faculty or other employees. These start-ups are often assisted by Illinois VENTURES, LLC. The terms of licenses to start-ups have been standardized, and typically permit the start-up the non-exclusive right to use the intellectual property in exchange for compensation to the University, often in the form of an equity interest in the start-up, as well as the University's right to use the technology on a royalty-free basis. Thus, the standard non-exclusive license does not involve the expenditure of University funds.

The University has an established process for reviewing and imposing appropriate restrictions (if warranted) whenever the University licenses its intellectual property rights to a company owned or controlled by a University employee. Specifically, Article II., 4, (d) in the University's *The General Rules Concerning University Organization and Procedure* permits contracts to be "awarded to any business entity, including those in which a university officer or employee (or members of their immediate families) serve as major officers or primary employees thereof or hold a significant equity interest therein, if such contract is deemed in the best interests of the University and has the approval of the president or the president's designee." The licensing agreement between the University and a start-up constitutes such a contract and therefore is subject to this provision. In addition, under the University's *Policy of Conflicts of Interest and Commitment*, the president is responsible for approving the Conflict of Interest management plan for University employees involved in a company commercializing University-based technologies, based upon review and recommendations of administrators responsible for research activities. Neither of these provisions, however, specifies who should review or approve contracts and conflict of interest management plans if the president or a member of his/her immediate family were to be involved with the start-up.

To clarify this situation, the vice president for technology and economic development and the university counsel recommend that the Board of Trustees, having received the recommendation of the university counsel, review and approve licenses and/or conflict of interest management plans involving companies or transactions when it is necessary for the president to recuse himself from approving the transaction and the plan based on an interest held by the president or his/her immediate family.

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

**Amend Operating Agreement of the University of Illinois
Research Park, LLC, the Services and Management Agreement
Between the University and the University of Illinois
Research Park, LLC, and Appointments to the Board
of the University of Illinois Research Park, LLC,
Vice President for Technology and Economic Development**

(8) The administrative review directed by the Board of Trustees in March 2003 included research park management as a functional area. The research park management subcommittee, chaired by Dr. Eric Gislason, vice chancellor for research, Chicago, was charged to review research park management and activities. The recommendations of the research park subcommittee are implemented by amendment of the Operating Agreement (bylaws) of the University of Illinois Research Park, LLC (LLC), incorporated in the State of Illinois by the University in March 2000, and by amendment of the Services and Management Agreement between the University and the LLC. The effect of the changes to the two agreements is to broaden the jurisdiction of the LLC to oversight of the research parks at Urbana campus, the Chicago campus, and other research parks in Illinois where the University has some operating responsibility by statute or contract. The Board of Managers of the LLC supports the recommendations of the research park subcommittee, as endorsed and brought forth by the administrative review process.

The recommended Operating Agreement, as amended, and the recommended Services and Management Agreement, as amended, are attached to this item and incorporated herein. (Copies of these documents are filed with the secretary of the board for record.)

The research park management subcommittee also recommended that the Board of Managers of the LLC be reduced from eleven members to five, who would be appointed as follows:

1. The chair (or designee) of the Technology and Economic Development Committee of the Board of Trustees of the University of Illinois, appointed in the same manner as appointments to Board of Trustees' committees;

2. The vice chancellor for research for the University's Urbana-Champaign campus;
3. Vice chancellor for research for the University's Chicago campus;
4. A business leader nominated by the chancellor of the University's Urbana-Champaign campus in consultation with the Research and Technology Transfer Council (or successor entity) for the Urbana-Champaign campus, and
5. A business leader nominated by the chancellor of the University's Chicago campus in consultation with the Illinois Medical District Commission.

In order to implement these amendments, the president of the University recommends that the comptroller of the board and secretary of the board be authorized to execute the amended Operating Agreement, and Services and Management Agreement as described in this item. The vice president for technology and economic development recommends delegation of authority to the president of the University to appoint the two external members of the Board of Managers described in sections 4 and 5 above.

The vice president for technology and economic development concurs.

The president of the University recommends approval.

On motion of Dr. Gindorf, these recommendations were approved.

**Amend Operating Agreement of IllinoisVENTURES, LLC,
and Appoint Members to the Board of IllinoisVENTURES, LLC,
Vice President for Technology and Economic Development**

(9) At the Board of Trustees meeting of April 13, 2000, the board authorized formation of the IllinoisVENTURES, LLC (LLC), a limited liability company which promotes the development of new companies commercializing University technologies through such activities as assisting companies in obtaining early-stage capital, recruiting management talent, developing business plans, and obtaining necessary business services, to help these companies succeed. The Operating Agreement (bylaws) of the LLC specifies an eleven-member Board of Managers, appointed by the Board of Trustees, consisting of two members of the Board of Trustees, the vice chancellors for research at the Urbana-Champaign and Chicago campuses, five business and industry leaders, one representative of the president of the University, and one member recommended by the governor.

It is recommended that the Operating Agreement be amended (Section 5.2) to reduce the size of the Board of Managers to nine and to specify the representative of the president of the University and the member recommended by the governor be business and industry leaders. The amended Section 5.2 would read:

5.2 COMPOSITION OF THE BOARD OF MANAGERS. The Board of Managers shall consist initially of those individuals named in the company's Articles of Organization who shall serve until such time as the member appoints the Board of Managers. At that time, the Board of Managers shall consist of nine (9) individuals. The nine (9) individuals shall include:

Two members of the Board of Trustees of the University of Illinois, appointed in the same manner as appointments to Board of Trustees committees.

The vice chancellor for research of the University Illinois at Urbana-Champaign;

The vice chancellor for research of the University Illinois at Chicago;

External members who shall be business and industry leaders:

One member recommended by the governor;

One representative of the president of the University; and

Three (3) additional business and industry leaders.

The president, the vice president for technology and economic development, and the Board of Managers of the LLC recommend this amendment of the Operating Agreement.

The position of representative of the president of the University on the Board of Managers is vacant and three current members of the Board of Managers, who are business and industry leaders, are completing their first three-year terms. These are James Foght, Vector Securities, Winnetka, Illinois; Warren Holtsberg, vice president and director, Motorola Ventures, Schaumburg, Illinois; and Michael Tokarz, The Tokarz Group, Purchase, New York.

It is recommended that (1) the president of the University be delegated the authority to appoint his representative to the Board of Managers, and (2) James Foght, Warren Holtsberg, and Michael Tokarz be reappointed to the Board of Managers. It is recommended also, that the Board of Managers establish staggered terms for the business and industry leader members considering the three-year terms specified in Section 5.7 of the Operating Agreement and the need for continuity on the Board of Managers as terms expire. Upon the determination by the Board of Managers, the terms of the five business and industry leader members of the Board of Managers shall be reported to the vice president for technology and economic development, the University's principal officer to the LLC and to the secretary of the LLC.

The vice president for technology and economic development, in consultation with members of the Board of Managers, recommends the authorization for the president to appoint his representative to the Board of Managers.

The president of the University and the vice president for technology and economic development recommend the appointments of James Foght, Warren Holtsberg, and Michael Tokarz to the Board of Managers.

On motion of Dr. Gindorf, these recommendations were approved.

By consensus, the board agreed that one roll call vote would be taken and considered the vote on each agenda item nos. 10 through 21 inclusive. The recommendations were individually discussed but acted upon at one time.

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

Annual Operating Budget for Fiscal Year 2004

(10) The vice president for administration recommends approval by the Board of Trustees of the University's Fiscal Year 2004 operating budget, covering the allocation of estimated operating income from all sources, as presented in the document titled *Budget Summary for Operations, FY 2004*.

Consistent with Board of Trustees directives on configuration of the internal operating budget adopted by the board at the March 13 and June 27, 2003, meetings, the vice president for academic affairs and the vice president for administration prepared the budget based upon: (1) the policies and institutional priorities established by the Board of Trustees in consultation with senior academic leaders, (2) recommendations of the chancellors, after consultation with deans, directors, and other University officers on the methods and means of best executing the board's policies and institutional priorities, and (3) recommendations from the president. The allocation of restricted funds is in accord with the terms and conditions of the restrictions, and the allocation of unrestricted funds follows the board's policies and institutional priorities.

The vice president for academic affairs and the vice president for administration also recommend that prior Board of Trustees approval is required to authorize:

- The transfer of any unrestricted funding from the Personal Services and Benefits object of expenditure to any other object of expenditure.
- The transfer of any unrestricted funding from an object of expenditure that will cause the total transfers to exceed two percent of the total unrestricted funds budget.
- Individual programmatic budget adjustments greater than \$2.0 million, exclusive of routine accounting transactions as defined in the glossary.

- The allocation or expenditure of a supplemental state appropriation, additional University Income Fund revenue, and additional Institutional Fund revenue.

The Board of Trustees delegates to the president authority for:

- The transfer of any unrestricted funding from an object of expenditure, not including Personal Services and Benefits object of expenditure, that will not cause the total transfers to exceed two percent of the total unrestricted funds budget.
- Individual programmatic budget adjustments up to \$2.0 million in accordance with the University's needs, the policies and institutional priorities established by the Board of Trustees and within total income as it accrues, exclusive of routine accounting transactions, as defined in the glossary. Individual programmatic budget adjustments greater than \$1.0 million and less than \$2.0 million, exclusive of routine accounting transactions will be included in quarterly reports to the Board of Trustees.
- The reduction of departmental allocations necessitated by a decrease in the State appropriation, University Income Fund revenue, or Institutional Fund revenue, consistent with the board's policies and institutional priorities.
- The acceptance of restricted fund revenue. The board recognizes that restricted funds revenue and the object of expenditure categories of such revenue may vary from the FY 2004 estimated restricted funds operating budget approved by the board. Consequently, the board authorizes departmental restricted funds budgets and expenditures for the restricted purposes of the funds within total income as it accrues. The board delegates authority to the president to oversee restricted funds revenue for the restricted purposes for which it is provided, and to allocate such restricted funds as the revenue accrues.

The Board of Trustees requires quarterly reporting as follows:

- Comparison of unrestricted fund budgets and projected expenditures by object of expenditure category
- Unrestricted fund expenditures by campus and object of expenditure category
- Restricted fund expenditures by campus and object of expenditure category
- Comparison of University Income Fund revenue to budget
- Comparison of ICR fund budget and projected expenditures
- Comparison of ICR fund revenue to budget
- Report of programmatic budget transfers, exclusive of routine accounting transactions, in excess of \$1.0 million but not greater than \$2.0 million

The president of the University concurs with this recommendation.

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

(The student advisory vote was: Aye, Mr. Allen, Ms. Garcia, Mr. Hollingsead; no, none.)

Academic Personnel Budget for Fiscal Year 2004

(11) In May 2003, the Board of Trustees approved the continuation of the Fiscal Year 2003 budget into FY 2004 until such time as the University appropriation process was completed and could be translated into detailed budget recommendations. With the finalization of the detailed budget, recommendations for academic and administrative appointments beginning August 21, 2003, have been completed within the funds available to the University.

Accordingly, the president of the University recommends approval of the budget document entitled *Academic Personnel, 2003-2004* and requests authorization, in accord with the needs of the University and the equitable interests involved, and within total income as it accrues: (1) to accept resignations; (2) to make such additional appointments as are necessary and to approve the issuance of notices of nonreappointment, subject to the provisions of the University of Illinois Statutes, *The General Rules Concerning University Organization and Procedure*, and *Policy and Rules*; and (3) to make such other personnel adjustments as needed, such adjustments to be covered in periodic reports to the Board of Trustees (Secretary's Report).

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

(The student advisory vote was: Aye, Mr. Allen, Ms. Garcia, Mr. Hollingsead; no, none.)

Requests for New Operating and Capital Appropriations, Fiscal Year 2005

(12) Requests for incremental operating funds and for new capital appropriations for the University of Illinois for the fiscal year commencing July 1, 2004, are presented herewith for action by the Board of Trustees. Following board action, these requests will be submitted to the Illinois Board of Higher Education for review. The accompanying tables summarize the major elements of each request, and the document, *Fiscal Year 2005 Budget Request for Operating and Capital Funds*, provides detailed descriptions of each program and project included in the request.

The Fiscal Year 2005 Operating Budget Request is outlined in Table 1. The University seeks \$78.9 million in new funds, an increase of 7.3 percent above the current year's budget. The FY 2005 request focuses primarily upon needs for restoration of faculty strength, salary competitiveness for faculty and staff, and a variety of academic program improvements including strengthening the academic base, recovering lost capacity in library materials in both print and electronic forms, and increased links to the State of Illinois. The FY 2005 request expands prior efforts to secure facilities renovation resources in the operating budget. The request presents the most urgent funding needs confronting the University, recognizing the fiscal condition of the State of Illinois.

Table 2 identifies the ten projects in the FY 2005 Capital Budget Request in priority order. Together, these projects represent an investment of \$346.8 million, devoted to preserving and extending facilities already in place at the campuses and to critically important new initiatives. Remodeling and renovation projects comprise a large part of the total funds requested with the highest priority given to repair and renovation projects at the three campuses. In addition, the next highest priority is the deferred maintenance request. Both requests clearly emphasize the importance the University places on the maintenance and upkeep of its facilities, highlighting the need to adequately fund multiple aspects of the facility plant assets.

The operating and capital requests summarized here reflect the University's highest priority budget needs, focusing on the University's mission of instruction, research, public service, and economic development. Both the operating and capital requests presented here are consistent with the preliminary requests presented to the board in July.

The University's operating and capital requests for FY 2005 have been prepared by the vice president for academic affairs based upon advice from the Academic Affairs Management Team and review by the University Policy Council.

The vice president for academic affairs recommends approval.

The president of the University concurs.

Table 1
FY 2005 Operating Budget Request

I. Continuing Components		\$48,322.8
<i>% of FY 2004 Base*</i>		<i>4.47%</i>
A. Compensation Improvements		\$32,086.4
1. Salary Improvements - 4%	\$ 32,086.4	
B. Other Payroll Costs		\$ 1,724.0
1. Medicare	\$ 300.0	
2. Workers' Compensation	924.0	
3. Legal Liability	500.0	
C. Price Increases		\$10,307.3
1. General Price Increases - 3%	\$4,218.0	
2. Utilities Price Increase - 6%	3,585.7	
3. Library Price Increase - 10%	1,914.2	
4. Technology Price Increases - 5%	589.4	
D. O & M New Areas		\$ 4,205.1
1. Chicago Projects	\$2,589.2	
2. Springfield Projects	950.0	
3. Urbana-Champaign Projects	665.9	
II. Statewide Initiatives in Higher Education		\$18,043.2
A. Recruitment & Retention of Critical Faculty & Staff - 2%	\$16,043.2	
B. Facilities Renovation Support	2,000.0	
III. Academic Program Initiatives		\$10,000.0
A. Strengthening the Academic Base	\$6,595.0	
B. Investing in Instructional Technology	1,450.0	
C. Increased Links to the State of Illinois	1,955.0	
IV. Academic Program Initiatives (University-wide)		\$2,500.0
A. Online Instruction	\$250.0	
B. P-16 Programs	250.0	
C. UI-Integrate	1,000.0	
D. Economic Development	1,000.0	
Total Request		\$78,866.0
<i>% of FY 2004 Base*</i>		<i>7.30%</i>
V. Statewide Programs (FSI, IDAL and ION)		\$ 961.6
VI. Addenda (DSCC)**		\$2,000.0

All numbers are dollars in thousands.

**FY 2004 Base: \$1,080,111.5*

*** See Addendum II for discussion of funding request for DSCC.*

Table 2
FY 2005 Capital Budget Request Summary by Priority and Campus
(Dollars in Thousands)

<i>Priority</i>	<i>Project</i>	<i>Chicago</i>	<i>Springfield</i>	<i>Urbana</i>	<i>Total</i>	<i>Cumulative</i>
1	Repair and Renovation	\$ 4,165.9	\$ 343.7	\$ 6,225.4	\$ 10,735.0	\$ 10,735.0
2	Deferred Maintenance	8,000.0	125.0	12,000.0	20,125.0	30,860.0
3	Lincoln Hall Remodeling			51,560.0	51,560.0	82,420.0
4	Campus Infrastructure Program	20,000.0			20,000.0	102,420.0
5	Electrical & Computer Engr. Bldg.			83,430.0	83,430.0	185,850.0
6	Pharmacy Addition	57,745.0			57,745.0	243,595.0
7	College of Business Building			27,000.0	27,000.0	270,595.0
8	Dentistry Renovations	61,800.0			61,800.0	332,395.0
9	COM/RRC Renovations	10,400.0			10,400.0	342,795.0
10	Rehab Metal Buildings/Library		4,000.0		4,000.0	346,795.0
	Total	\$162,110.9	\$4,468.7	\$180,215.4	\$346,795.0	\$346,795.0

Special State support will be requested for the National Bio-Containment Lab at UIC contingent on Federal funding approval.

On motion of Mr. Vickrey, the requests for operating and capital appropriations for Fiscal Year 2005 were approved as recommended by the following vote: Aye, Mr. Eppley, Mr. Bruce, Dr. Carroll, Dr. Gindorf, Dr. Schmidt, Mr. Shah, Mrs. Sodemann, Mr. Sperling, Mr. Vickrey; no, none; absent, Governor Blagojevich.

(The student advisory vote was: Aye, Mr. Allen, Ms. Garcia, Mr. Hollingsead; no, none.)

Award Contract for Resources to Assist in the Development of Programming Interface with the SCT Banner System

(13) In August 2002, a contract for \$1,500,000 was approved for TEK Systems with an end date of June 2005. The temporary resources required are for development of medium to complex applications in the Java language that will allow SCT Banner to interface with current programs. The contract also included resources needed to develop approved modifications to SCT code that will be written in the "C" language. At that time, only generic application development estimates could be planned for the UI-Integrate Project. Since the time of the contract signing, better estimates of the volume of UI-Integrate work have become available. Additionally, internal funding for several additional application development projects (Personnel Register Management System, Banner security application, and Codebook) have been allocated to this project. The estimate for this service required from TEK Systems is now \$2,750,000 based on the revised estimates. The final amount may be more or less depending on the amount of resources required to complete the project.

Through a request for proposal process, TEK Systems was selected to provide these temporary-as-needed resources. The company was selected based on their ability to provide the range of resources required for this project.

Accordingly, the president of the University, with the concurrence of the appropriate University officers, recommends approval to amend the current contract with TEK Systems for the services described above. Procedures for renewing this contract will be followed in accordance with the Procurement Rules of the Chief Procurement Officer for Public Institutions of Higher Education.

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

(The student advisory vote was: Aye, Mr. Allen, Ms. Garcia, Mr. Hollingshead; no, none.)

**Award Contracts for Campus Recreation—Renovation
and Expansion of the Intramural Physical Education Building
and Campus Recreation Center East, Urbana**

(14) The president of the University with the concurrence of the appropriate University officers recommends that the following contracts be awarded. Competitive bidding procedures in accordance with the Illinois Procurement Code were followed; and the award is to the lowest responsible bidder on the basis of its base bid plus acceptance of the indicated alternates.¹

IMPE Phase I

Division I—General

Williams Brothers, Peoria	Base Bid	\$2,620,000
	Alt. G1	<u>7,100</u>
		\$2,627,100
<i>Total All Divisions of Work</i>		\$4,694,300 ²

CRCE Phase I

Division I—General

Williams Brothers, Peoria	Base Bid	\$11,330,000
	Alt. G1	30,900
	Alt. G2	66,000
	Alt. G3	(100,000)
	Alt. G4	43,000
	Alt. G5	9,500
	Alt. G7	6,000
	Alt. G8	<u>30,000</u>
		\$11,415,400
<i>Total All Divisions of Work</i>		\$16,848,811 ³

¹Description of Alternates: Alt. G-1 assigns other contract divisions of work to general contractor; Alt. G-2 revises the chlorination system and adds a supplemental ozone system; Alt. G-3 revises the specified welded seam; Alt. G-4 revises flooring and base to terrazzo and precast terrazzo; Alt. G-5 revises the pool finish with a ceramic tile; Alt. G-7 adds a nine-screen visual display wall system; Alt. G-8 revises precast concrete and cast stone to limestone.

²Contracts for other bid packages were awarded that were within the delegated approval levels (Plumbing: McWilliams Mechanical, Inc., Champaign—\$253,900; Heating, Piping, Refrigeration, & Temperature Control: Nogle & Black Mechanical, Inc., Champaign—\$634,500; Ventilation & Air Distribution Work: A & R Mechanical Contractors, Inc., Urbana—\$397,800; Electrical: Bodine Electric, Champaign—\$712,000; Fire Protection: Automatic Fire Sprinkler, Bloomington—\$69,000) making a total award of \$4,694,300.

³Contracts for other bid packages were awarded that were within the delegated approval levels (Plumbing: A & R Mechanical Contractors, Inc., Urbana—\$656,790; Heating, Piping, Refrigeration, & Temperature Control: A & R Mechanical Contractors, Inc., Urbana—\$1,025,000; Ventilation & Air Distribution Work: A & R Mechanical Contractors, Inc., Urbana—\$1,312,200; Electrical: Coleman Electric, Inc., Mansfield—\$2,265,527 (includes Alt. E-7 adds nine-screen visual wall system—\$192,000; Alt. E-11 provides a custom version of H1 light fixture—no charge; and E-12 provides electrical controls and feeders for ozone system—\$4,369); Fire Protection: FJ Murphy & Son, Inc., Springfield—\$173,894) making a total award of \$16,848,811.

At its meeting January 17, 2002, the board approved the campus recreation—renovation and expansion of the Intramural Physical Education Building and the Campus Recreation Center East project. In a student referendum on this project, held November 12 and 13, 2001, 74 percent of the students voting approved of an increase in the general fee not to exceed \$77 per semester to be phased in over a three-year period (Fiscal Year 2005 through FY 2007). 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 to include 10,000 square feet of strength and conditioning space; a 1/8 mile track; three additional basketball/volleyball courts; additional locker rooms; two multi-purpose rooms; a recreational pool; three racquetball courts; a lounge area; and game rooms. In the Intramural Physical Education Building changes include the addition of two basketball courts at the north end of gym on, and renovation of the existing four basketball courts.
- Phase II. The expansion and renovation of the Intramural Physical Education Building to include 30,000 square feet of strength and conditioning space; a 1/4 mile track; four additional basketball/volleyball courts; one oversized multi-activity court, and a climbing wall. IMPE renovations will add five multi-purpose rooms; renovation of all existing activity space, racquetball courts, SportWell, and locker rooms; upgrades to the equipment/laundry room; and addition of a food service option, and lounge.

Funds for the project are available from Auxiliary Facilities System Revenue Bonds.

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

On motion of Mr. Vickrey, these contracts were awarded by the following vote: Aye, Mr. Eppley, Mr. Bruce, Dr. Carroll, Dr. Gindorf, Dr. Schmidt, Mr. Shah, Mrs. Sodemann, Mr. Sperling, Mr. Vickrey; no, none; absent, Governor Blagojevich.

(The student advisory vote was: Aye, Mr. Allen, Ms. Garcia, Mr. Hollingsead; no, none.)

Employ Architect/Engineer for Instructional Facility, College of Business, Urbana

(15) This proposed project for the College of Business calls for construction of a new state-of-the-art instructional facility of approximately 153,900 gross square feet to be located immediately west of Wohlers Hall at the Urbana campus. At least three units in the college will be accommodated in this new facility—the MBA Program, the Undergraduate Affairs Program, and the Accountancy Program. Also, off-campus guests, i.e., alumni, recruiters, speakers, etc., will be accommodated here. The new building will address both quantitative and qualitative space needs to support modern instructional styles. All program elements embody the college's long-standing commitment to excellence in scholarship, teaching, and service.

In order to proceed with project planning, it is necessary to employ an architect/engineer for the required professional services through the design development phase. The selection of the architect/engineer was in accordance with the requirements and provisions of Public Act 87-673 (Architectural, Engineering, and Land Surveying Qualifications-Based Selection Act).¹ The board will be asked to approve additional phases for professional services and project approval at the time funds for construction are identified.

Accordingly, the president of the University with the concurrence of the appropriate University officers recommends that Phillips Swager Associates (with Cesar Pelli & Associ-

ates), Peoria, Illinois, be employed for the professional services required through the design development phase at a fee of \$1,455,000, including reimbursables.

Funds for the contract are available from private gift funds.

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

(The student advisory vote was: Aye, Mr. Allen, Ms. Garcia, Mr. Hollingshead; no, none.)

Delegate Authority to the Comptroller to Advance Refund Outstanding Certificates of Participation (Utility Infrastructure Projects)

(16) The vice president for administration recommends the delegation of authority to the comptroller for an advance refunding of outstanding utility-related certificates of participation. An advance refunding includes issuing certificates of participation, depositing the proceeds into an escrow account, and investing the funds in U.S. Treasury securities maturing on the future call date of the outstanding certificates of participation. The new certificates of participation are issued at an amount that, when added to the investment income on the U.S. Treasury securities, will provide the necessary funding to call the outstanding certificates of participation. There is no guarantee that this opportunity will be presented by the market, and action will only be pursued if the transaction offers considerable financial benefit to the University. If this action were pursued it would have limited impact on the level of outstanding debt; in general, new debt would replace existing debt. (Note: there may be a small increase in total principal outstanding, even though the total debt service requirement would be reduced, as the new certificates would pay a lower rate of interest.)

Since 1999, the board has issued several series of Certificates of Participation (Utility Infrastructure Projects) at varying interest rate levels. In the present interest rate environment, several of these issues can be refinanced, in whole or in part, at rates lower than their original issuance. Such issues include the Series 1999 Certificates of Participation (\$67,955,000 outstanding), Series 2001A Certificates of Participation (\$74,080,000 outstanding), and Series 2001B Certificates of Participation (\$56,900,000 outstanding). The principal amount of certificates of participation to be issued to accomplish the advance refunding and the reduced level of debt service to be derived there from will depend upon market conditions at the time of sale. The principal amount of certificates of participation issued could range from \$60.0 million up to \$235.0 million and present value of the reduction in debt service could range from three percent to seven percent of the principal amount of the refunded certificates.

The decision as to the timing and size of the advance refunding issue (or issues) will rest with the comptroller and will be based upon the trade-off between a current opportunity to reduce future debt service versus the reasonable expectation of future opportunities arising from further market improvement. In no event will the aggregate principal amount of the advance refunding issue (or issues) exceed \$235.0 million and the final maturity of such issues will not exceed the maximum term allowed by law.

This authorization will be effective for one year from the date hereof and may be renewed by action of the board. Following request for proposal (RFP) selection procedures under the State's Procurement Code, Lehman Brothers Inc., Morgan Stanley & Co. Incorporated, and UBS Financial Services Inc. (formerly UBS PaineWebber Inc.), have

¹A selection committee consisting of William Beard, Clif Carey, and Roland Kehe (Planning, Construction & Maintenance), George Freeman, Mark Neville, and Mary Miller (College of Business), Michael Doerr (University Office for Capital Programs), interviewed the following firms (listed in ranking order): (1) Phillips Swager Associates (with Cesar Pelli & Associates), Peoria, Illinois; (2) URS (with Robert A.M. Stern Architects), Chicago, Illinois; and (3) Lohan Caprille & Goetsch, Chicago, Illinois. The committee recommends Phillips Swager Associates (with Cesar Pelli & Associates), Peoria, Illinois, as best meeting the criteria for the project.

been appointed as senior managing underwriters for University bond and certificate issues. Any one or combination of these firms will serve as a senior manager or co-managers on these advance refunding issues. Other co-managing underwriters, previously approved by the same RFP process for such a role, will be assigned to the advance refunding certificates of participation financings on an issue-by-issue basis. Chapman and Cutler LLP, has been engaged to serve as bond counsel, John S. Vincent & Co., LLC, to serve as financial advisor and Bank One, National Association, acting through its corporate trust office or the successor of such corporate trust office at the comptroller's direction to serve as trustee and vendor on the advance refunding issues authorized hereunder; provided, however, the comptroller is hereby authorized, at his discretion and upon compliance with applicable State law requirements, to designate a different bank or trust company to serve as trustee and vendor on the advance refunding issues. Special issuer's counsel will be designated through the RFP selection procedure now in progress. In order to proceed with the final preparation, sale and issuance of advance refunding certificates of participation, contingent upon realizing at least a three percent savings and approval by the comptroller, the vice president for administration recommends that the board approve:

1. The sale and issuance of up to \$235.0 million of certificates of participation (net of original issue discount or premium, if any), with a final maturity not to exceed the maximum term allowed by law, for the purpose of advance refunding outstanding certificates of participation (utility infrastructure projects) to reduce future debt service. The true interest cost of such advance refunding issues shall not exceed 4.75 percent.
2. Application for certificate ratings.
3. Negotiation with bond insurers and other credit enhancement and liquidity support providers, as needed and deemed economically beneficial following consultation with the senior managing underwriter and the financial advisor.
4. Negotiation with the underwriter(s) to enter into an interest rate swap agreement in conjunction with the issuance of advance refunding certificates of participation if such agreement is deemed to be in the financial interests of the University by the vice president for administration and comptroller.
5. Preparation of a Preliminary Official Statement(s) and Official Statement(s) in substantially the same form as the board's Official Statement dated December 13, 2001, updated accordingly to reflect the terms of the certificates of participation and the University's current disclosure information.
6. Preparation of the Continuing Disclosure Undertaking in substantially the same form as the Continuing Disclosure Undertaking entered into by the board on January 8, 2002.
7. Preparation of an Installment Purchase Contract, an Acquisition Agreement, an Indenture of Trust and Assignment of Purchase Contract, and a Certificate Purchase Agreement in substantially the same forms as such documents entered into by the board as of December 1, 2001, for each series of certificates to be issued hereunder.
8. Preparation of Escrow Agreements in substantially the same form as entered into by the board as of August 1, 2001, to provide for the deposit of obligations of or fully guaranteed by the United States of America sufficient, together with the investment income thereon, to provide for the payments of such outstanding certificates of participation to be refunded.
9. Ratification and confirmation of all actions taken or to be taken by the officers and members of the board in connection with the sale and delivery of certificates of participation to the underwriters.
10. The comptroller and other authorized officers of the board be and they are hereby authorized and empowered to do and perform such other acts and things and to make, execute, and deliver all such other instruments and documents on behalf of the board as may be by them deemed necessary or appropriate including the authorization and distribution of a Preliminary Official Statement and a final Official Statement with respect to the sale of the certifi-

cates of participation, and all acts and things whether heretofore or hereafter done or performed by the officers of this board which are in conformity with the intents and purposes hereof shall be and the same are hereby, in all respects, ratified, confirmed, and approved.

The president of the University concurs.

On motion of Mr. Vickrey, these recommendations were approved by the following vote: Aye, Mr. Eppley, Mr. Bruce, Dr. Carroll, Dr. Gindorf, Dr. Schmidt, Mr. Shah, Mrs. Sodemann, Mr. Sperling, Mr. Vickrey; no, none; absent, Governor Blagojevich.

(The student advisory vote was: Aye, Mr. Allen, Ms. Garcia, Mr. Hollingsead; no, none.)

Lease of Space, 6160 South East Avenue, Hodgkins, Illinois, Division of Specialized Care for Children, Chicago

(17) The chancellor at Chicago recommends that the University lease from Quarry Office Center, LLC, 4,700 square feet of office space on the first floor of the Quarry Office Center building located at 6160 South East Avenue, Hodgkins, Illinois, for the period November 1, 2003, through October 31, 2008. The leased space would accommodate the relocation of an office of the Division of Specialized Care for Children from its current location at the Chicago campus in order to better serve its clients. Proposals were solicited from alternative buildings in the same general area and the Hodgkins location has been determined to be the most economical and suitable choice for its purposes.

The term of the proposed lease is five years, with an option to renew for one additional five year period. Annual base rental costs start at \$20.00/sq. ft., with one month of free rent in year one, for a total cost of \$86,166.63. Thereafter, rent escalates at 3.0 percent annually, and by year five the base rent would equal \$105,797.88. The lease rate is full service and includes rubbish removal, common area maintenance, heating and cooling during normal business hours, insurance and taxes. The University will be responsible for its own electrical and telephone charges, and for janitorial service (except rubbish removal) for its premises.

Funds for Fiscal Year 2004 are available in the institutional funds operating budget of the Division of Specialized Care for Children. Funds for future fiscal years will be included in the institutional funds operating budget request to be submitted to the Board of Trustees. The lease is subject to the Board of Trustees approval of the budget.

The vice president for administration concurs.

The president of the University recommends approval.

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

(The student advisory vote was: Aye, Mr. Allen, Ms. Garcia, Mr. Hollingsead; no, none.)

Authorization for Settlement

(18) The university counsel recommends that the board approve settlement of *Akins v. Schraufnagel, et al.* in the amount of \$1,500,000. The plaintiff, Shirley Akins, alleges that defendants failed to properly monitor and resuscitate 22-year-old Lakisha Akins during a bronchoscopy procedure, resulting in her cardiac arrest and death.

The vice president for administration concurs.

The president of the University recommends approval.

On motion of Mr. Vickrey, this recommendation was approved by the following vote: Aye, Mr. Eppley, Mr. Bruce, Dr. Carroll, Dr. Gindorf, Dr. Schmidt, Mr. Shah, Mrs. Sodemann, Mr. Sperling, Mr. Vickrey; no, none; absent, Governor Blagojevich. (Mr. Bruce asked to be recorded as not voting on this item.)

(The student advisory vote was: Aye, Mr. Allen, Ms. Garcia, Mr. Hollingsead; no, none.)

Authorization for Settlement

(19) The university counsel recommends that the board approve settlement of *Newsome v. Roitberg, et al.* in the amount of \$800,000. The plaintiff, Hatler Newsome, alleges that defendants improperly administered a pain medication (Codeine) to his wife, 55-year-old Rose Newsome, resulting in permanent neurological impairment to her.

The vice president for administration concurs.

The president of the University recommends approval.

On motion of Mr. Vickrey, this recommendation was approved by the following vote: Aye, Mr. Eppley, Dr. Carroll, Dr. Gindorf, Dr. Schmidt, Mr. Shah, Mrs. Sodemann, Mr. Sperling, Mr. Vickrey; no, none; absent, Governor Blagojevich. (Mr. Bruce asked to be recorded as not voting on this item.)

(The student advisory vote was: Aye, Mr. Allen, Ms. Garcia, Mr. Hollingsead; no, none.)

Authorization for Settlement

(20) The chancellor at Chicago recommends that the board delegate to the university counsel the authority to negotiate, and to the vice president for administration the authority to approve, a settlement in *United States ex rel. Pollak v. Board of Trustees of the University of Illinois* in an amount discussed previously in closed session, and to execute any and all documents and agreements related thereto.

The president of the University concurs.

On motion of Mr. Vickrey, this recommendation was approved by the following vote: Aye, Mr. Eppley, Dr. Carroll, Dr. Gindorf, Dr. Schmidt, Mr. Shah, Mrs. Sodemann, Mr. Sperling, Mr. Vickrey; no, none; absent, Governor Blagojevich. (Mr. Bruce asked to be recorded as not voting on this item.)

(The student advisory vote was: Aye, Mr. Allen, Ms. Garcia, Mr. Hollingsead; no, none.)

Purchases

(21) 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 two categories: purchases from appropriated funds (i.e., from State appropriations to the University); and purchases from institutional funds. The latter term designates funds received by the University under contracts with the United States government, private corporations, and other organizations; grants from foundations, corporations, and other donors; and University revolving funds authorized by law.

The total amounts of these purchases were:

<i>From Appropriated Funds</i>	
Recommended	\$ 530,471
<i>From Institutional Funds</i>	
Recommended	2,424,092
<i>Grand Total</i>	\$2,954,563

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.

Dr. Gindorf asked to be recorded as not voting on purchase item no. 1.

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

(The student advisory vote was: Aye, Mr. Allen, Ms. Garcia, Mr. Hollingsead; no, none.)

Report of Meeting by the Executive Committee

(22) This is to make record of a meeting by the Executive Committee since the last meeting of the board.

The Executive Committee met via telephone conference on Friday, August 1, 2003, beginning at 2:00 p.m. In closed session, the Executive Committee considered University employee matters and pending, probable, or imminent litigation against, affecting, or on behalf of the University. There were no transactions.

This report was received and confirmed.

President's Report on Actions of the Senates

(23) The president presented the following report:

Revision of the M.Ed. in Instructional Leadership: Early Childhood Education, College of Education, Chicago

The Chicago Senate, with the recommendation of the College of Education, has approved a proposal to revise the Master of Education in Instructional Leadership: Early Childhood Education.

This program leads to State of Illinois Type 04 Teaching Certificate (for teaching children up to and including the age of eight years). The major impetus for revising the program emerges from policy shifts in the teacher certification accreditation process and structure in Illinois. Illinois universities will be accredited according to how well they prepare students to specific standards, and how well graduates of the program perform in their beginning years of teaching, as measured by standardized instruments of student achievement. The program was updated to reflect the current understanding about the information and skills teachers of young children need to be effective, and better prepares students for the contemporary realities of teaching young children.

Establish the Mental Health Nurse Practitioner Concentration in the M.S. in Nursing, College of Nursing, Chicago

The Chicago Senate, with the recommendation of the College of Nursing, has approved the addition of a new concentration, the Mental Health Nurse Practitioner concentration, to the Master of Science in Nursing program. The Mental Health Nurse Practitioner concentration emphasizes clinical practice, education, research, and consultation related to the care of adults with mental health disorders.

In addition to the courses currently required for the clinical nurse specialist, the Mental Health Nurse Practitioner concentration requires additional course work in neuroscience and practica in behavioral health.

The Mental Health Nurse Practitioner concentration expands the graduate mental health nursing options and responds to the demand for the availability of a Mental Health Nurse Practitioner program in the College of Nursing.

**Establish the Adult Nurse Practitioner and Adult/Geriatric Nursing
Practitioner Concentrations in the M.S. in Nursing Program,
College of Nursing, Chicago**

The Chicago Senate, with the advice of the College of Nursing, approved the addition of two new concentrations to the Master of Science in Nursing program, the Adult Nurse Practitioner and the Adult/Geriatric Nurse Practitioner. These concentrations emphasize clinical practice, education, research, and consultation related to the care of adults and older adults with common, acute, and chronic conditions. The Adult Nurse Practitioner concentration emphasizes practice evaluation and chronic care of adult health problems in the primary care setting, while the Adult/Geriatric Nurse Practitioner concentration emphasizes practice evaluation and management of common and uncomplicated problems in adults and older adults across the care continuum.

It is estimated that in the next two decades, the current percentage (13 percent) of persons age 65 will rise to 20 percent of the population, representing an additional 30 million senior citizens. In addition to the increased burden this growing adult/geriatric population places on the total health care system, the concomitant decline in the nursing workforce has created a significant gap in the number of advanced practice nurses prepared in adult and geriatric care compared to the demand for advanced practice nurses with these specialty preparations. This situation has already heightened concerns regarding the quality of care delivered across settings, from institutionalized care provided in long-term facilities to the hospitals.

Past, current, and prospective students have expressed interest in graduate adult, and adult/geriatric nursing. Graduates of the concentrations will be eligible to take certification examinations by both the American Nurses Credentialing Center and the American Academy of Nurse Practitioners.

**Revision of the B.S. in Human Nutrition,
College of Applied Health Sciences, Chicago**

The Chicago Senate, with the recommendation of the College of Applied Health Sciences, has approved a proposal to add a standard didactic option to the Bachelor of Science in Human Nutrition program.

The standard didactic option of the B.S. in Human Nutrition allows students to complete a course of study that does not have a clinical practice component and does not lead to the credential of registered dietitian.

Typically, departments of nutrition offer two undergraduate tracks: one focused on didactic training in nutrition science, and the other on the practice of nutrition (i.e., dietetics) culminating in a B.S. with eligibility to become a registered dietitian. Students in the new standard didactic nutrition science track would use the degree as preprofessional training for graduate school in biomedical science, to enter the job market, or to continue on in an internship program to become a registered dietitian. The new standard didactic track will provide for increased opportunities for future graduate work or as an adjunct to other related degrees (kinesiology, public health, etc.), while the typical dietetics program, such as human nutrition's current professional bachelor's degree, prepare students for the practice of nutrition.

The goal of the Department of Human Nutrition is to become a leader in both education and research in the area of human nutrition. Leading programs in nutrition across the country offer a broad-based undergraduate degree. In order to be in the mainstream and to be competitive with other programs, it is essential for the Department of Human

Nutrition at Chicago to expand its undergraduate program beyond one that is exclusively a professional bachelor's degree program.

**Revision of the B.S. in Movement Sciences (formerly Kinesiology),
College of Applied Health Sciences, Chicago**

The Chicago Senate, with the recommendation of the College of Applied Health Sciences, has approved a proposal to revise the Bachelor of Science in Movement Sciences (formerly the B.S. in Kinesiology).

The B.S. in Movement Sciences has been reconfigured to have two areas of concentration: (1) movement science (formerly exercise physiology) and (2) exercise and fitness. The movement science concentration consists of 44 hours of course work in biology, chemistry, mathematics, physics, and advanced movement sciences. Upper level movement sciences courses cover exercise physiology, motor control and learning, and musculoskeletal biomechanics. The new exercise and fitness concentration provides fundamental background for evidence-based exercise and fitness regimens for persons of all ages, ranging from healthy to disabled. The concentration consists of 45 hours of required courses, most in movement sciences, and 24 hours of electives in fitness and exercise.

The curricular changes were made to reflect the expertise and research strength of the faculty in movement sciences, as noted in the July 17, 2003, item to the board on the reorganization and redesignation of the School of Kinesiology. Also as a result of the revision of the undergraduate curriculum, movement sciences eliminated the physical education options (K-12 teacher certification, 6-12 teacher certification, and community physical education) in order to strengthen the core competencies of movement sciences that are consistent with faculty strength and the mission of a Research I university. Other local and state universities continue to offer physical education teacher preparation programs, including Northeastern Illinois University, Chicago State University, Northern Illinois University, Illinois State University, and the University of Illinois at Urbana-Champaign.

Movement sciences also eliminated its athletic training program because of substantial changes in the National Athletic Trainers Association certification requirements, an absence of critical faculty mass possessing the expertise to contribute to the program, and an historically small student enrollment. Similarly, the minor in coaching has been eliminated due to its reliance on the curriculum involved in the physical education area and its faculty.

The potential impact of movement sciences' curricular changes is also reflected by *Healthy People 2010*, the national 10-year health program to maintain and improve health. The first goal of *Healthy People 2010* is to help individuals of all ages to increase life expectancy and improve their quality of life. The undergraduate concentrations in movement sciences are responsive to these identified national needs and challenges related to physical activity. The movement science concentration will provide the framework of basic science related to physical activity to those students who represent the future health care providers and basic researchers. Students in the exercise and fitness concentration will be the larger direct point of contact between the physical activity goals and target populations of *Healthy People 2010*.

**Establish the Joint PharmD/MBA Program,
Colleges of Pharmacy and Business Administration, Chicago**

The Chicago Senate, with the recommendation of the College of Pharmacy and the College of Business Administration, has approved a proposal to establish the joint Doctor of Pharmacy/Master of Business Administration program. The joint program allows students to earn both a Doctor of Pharmacy degree and a Master of Business Administration degree. Some course work is shared and simultaneously applied to both degrees.

Given the rapidly changing, competitive health care systems, there is a great demand for health care professionals with business education training. Both the PharmD and MBA degrees are highly sought after as many pharmacists return to school to earn the

MBA after they enter practice. The joint degree satisfies that demand by making both degrees attainable in five years rather than the usual six years, thereby giving students the incentive to complete both degrees. Establishing such a joint program at UIC will attract more top students to the UIC College of Pharmacy.

Revisions of Options in the B.S. in Natural Resources and Environmental Sciences, Urbana

The Urbana-Champaign Senate has approved a proposal from the College of Agricultural, Consumer and Environmental Sciences for the elimination of the existing options and addition of new options in the B.S. in Natural Resources and Environmental Sciences in the Department of Natural Resources and Environmental Sciences. Currently, there are four options in this degree: biological science, social science, environmental soil and water science, and fish and wildlife conservation. The department proposes to eliminate these options and add new options in fish and wildlife conservation, forest science (to replace the eliminated B.S. in Forestry), human dimensions, resource ecology, and soil and water science. Students in all five options will take core courses in physical, biological, chemical, and social sciences, and additional specialization courses relevant to the option. The new options are more consistent with current faculty research interests and the current and future direction of the department and will better serve students by providing them with the knowledge and skills needed to succeed in today's marketplace.

This report was received for record.

Comptroller's Report of Contracts for the Period July 1, 2002-June 30, 2003

(24) The comptroller submitted the report of contracts. The report included contractual agreements for payments to the University in amounts of \$50,000 or more and for payments made by the University for subcontracts under sponsored research agreements. A copy of this report is filed with the secretary.

This report was received for record.

Comptroller's Report of Investment Transactions July 1, 2002, through June 30, 2003

(25) The comptroller presented the above report which includes transactions under Finance and Audit Committee guidelines. A copy of this report is filed with the secretary of the board.

This report was received for record.

Capital Projects Status Report

(26) Mr. Robert K. Todd, associate vice president for administration and human resources, presented this report of active projects in excess of \$5.0 million. A copy has been filed with the secretary of the board.

This report was received for record.

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.

DEGREES CONFERRED

The secretary presented for record the following list of degrees conferred on candidates at the Urbana-Champaign campus on August 11, 2003.

Summary

<i>Graduate Degrees</i>	
Master of Accounting Science	8
Master of Architecture	10
Master of Arts	44
Master of Business Administration	1
Master of Computer Science	10
Master of Education	80
Master of Fine Arts	3
Master of Landscape Architecture	3
Master of Laws	1
Master of Music	3
Master of Music Education	11
Master of Science	350
Master of Science in Public Health	1
Master of Social Work	29
Master of Urban Planning	4
<i>Total, Masters</i>	(558)
Certificate of Advanced Study in Library and Information Science	1
<i>Total, Graduate Degrees</i>	559
<i>Professional Degrees</i>	
College of Law	
Juris Doctor	3
<i>Total, Professional Degrees</i>	3
<i>Undergraduate Degrees</i>	
College of Agricultural, Consumer and Environmental Sciences	
Bachelor of Science	34
College of Applied Life Studies	
Bachelor of Science	27
College of Business	
Bachelor of Science	92
College of Communications	
Bachelor of Science	14
College of Education	
Bachelor of Science	17
College of Engineering	
Bachelor of Science	99
College of Fine and Applied Arts	
Bachelor of Fine Arts	10
Bachelor of Landscape Architecture	2
Bachelor of Music	2
Bachelor of Music Education	2
Bachelor of Science	9
<i>Total, College of Fine and Applied Arts</i>	(25)
College of Liberal Arts and Sciences	
Bachelor of Arts	191
Bachelor of Science	131
<i>Total, College of Liberal Arts and Sciences</i>	(322)
<i>Total, Undergraduate Degrees</i>	635
<i>Total, Degrees Conferred August 11, 2003</i>	1,197

ANNOUNCEMENTS FROM THE CHAIR OF THE BOARD

Chair Eppley called attention to the schedule of meetings for the next few months: November 13, Urbana; January 15, 2004 (Annual Meeting), Chicago; March 11, Urbana.

There being no further business, the board adjourned.

MICHELE M. THOMPSON
Secretary

LAWRENCE C. EPPLEY
Chair