

SPECIAL MEETING OF THE BOARD OF TRUSTEES

OF THE

UNIVERSITY OF ILLINOIS

June 5, 2006



This special meeting of the Board of Trustees of the University of Illinois was conducted telephonically on Monday, June 5, 2006, beginning at 10:35 a.m.

Chair Lawrence C. Eppley called the meeting to order and asked the secretary to call the roll. The following members of the board were present: Mr. Devon C. Bruce, Dr. Frances G. Carroll, Mr. David V. Dorris, Mr. Lawrence C. Eppley, Dr. Kenneth D. Schmidt, Mrs. Marjorie E. Sodemann, Mr. Robert Y. Sperling. The following members of the board were absent: Governor Rod Blagojevich, Mr. Niranjan S. Shah, Mr. Robert F. Vickrey. Mr. Nicholas W. Klitzing,¹ voting student trustee from the Urbana-Champaign campus, was present. The following nonvoting student trustees were present: Mr. Shumail Alam, Chicago campus; Ms. Carrie M. Bauer, Springfield campus.

**INTRODUCTION OF UNIVERSITY OFFICERS
AND SENATE OBSERVERS**

Mr. Eppley asked President White to introduce the University officers and senate observers. President White introduced the following: Dr. Sylvia Manning, chancellor, University of Illinois at Chicago; Dr. Richard D. Ringeisen, chancellor, University of Illinois at Springfield; Dr. Richard H. Herman,

¹Mr. Klitzing joined the meeting at 11:15 a.m.

chancellor, University of Illinois at Urbana-Champaign; Dr. David L. Chicoine, vice president for technology and economic development; and the officers of the board, Mr. Stephen K. Rugg, comptroller (and vice president for administration); Mr. Thomas R. Bearrows, university counsel; and Dr. Michele M. Thompson, secretary. The president also introduced: Mr. Richard M. Schoell, executive director for governmental relations; and Mr. Thomas P. Hardy, executive director for university relations. In addition, the following persons were also in attendance: Ms. Marna K. Fuesting and Ms. C. Ellen Foran, both assistant secretaries. President White then stated that the following persons were joining the meeting today: Dr. Douglas H. Vinzant, associate vice president for planning and budget; Mr. Lyle D. Wachtel, associate vice president for facilities planning and programs; Mr. David J. Stewart, interim associate vice president for human resources; Ms. Julie Zemaitis, executive director of university audits; Ms. Donna McNeely, university ethics officer; Mr. Mark S. Rosati, associate chancellor for public affairs, Chicago; and Ms. Sharita Forrest, editorial associate, News Bureau, Urbana.

Also, two of the student trustees elected to serve in 2006-2007 were present: Ms. Sarah M. Doyle, University of Illinois at Springfield, and Mr. Christopher Kantas, University of Illinois at Urbana-Champaign.

COMMENTS FROM THE CHAIR OF THE BOARD

Mr. Eppley welcomed all to this special meeting of the Board of Trustees and stated that the purpose of the meeting was to give President White and the chancellors an opportunity to update the board on business at the University occurring since the last regular board meeting, that the board should know of before the next regular board meeting that is several weeks away.

Mr. Eppley then indicated that before receiving these reports he would ask the president and others to present and comment on the limited number of items for action presented for the board's consideration at this meeting. To begin the presentations he asked President White to present information related to the preliminary budget for Fiscal Year 2007 and to engage others as needed.

Agenda item no. 5, "Preliminary Operating Budget for Fiscal Year 2007"—President White first called the trustees' attention to the page that is part of this item titled, "The 5/500 Plan and U of I Compact Scorecard for FY07." This presented the revenue goals for the fiscal year and illustrated that all had been accomplished. The president thanked the trustees for approving both a tuition increase and the fee for the Academic Facilities Maintenance Fund. He said that with these increases, plus reallocation of \$27.7 million within the University, it will be possible to meet increases due to inflation, address deferred maintenance for facilities, strengthen academic quality, ensure access through financial aid, and fund other needs of the campuses.

Vice President Rugg addressed the board and stated that State Statute requires approval of a preliminary budget prior to the beginning of the fis-

cal year, which is July 1, 2006, and since the next regular board meeting is scheduled for July 13, 2006, it is necessary to present the preliminary budget for FY 2007 to the board for approval at this time. He told the board that this budget, which includes a 5.9 percent increase in funding, was \$3.7 billion, and indicated that this represented all sources of funds for the University. He also said that at the July 13 regular board meeting there would be a presentation of initial plans for the FY 2008 budget. Further, he noted that the detailed operating budget for FY 2007 would be presented to the board for approval at its September 7, 2006, regular meeting.

Mr. Sperling stated that since approving the University's budget is a significant action for the board he would prefer that this item be presented to the board at a regular board meeting in future.

Mr. Eppley said he had a similar response and then stated that the reality of the matter is that the board approved a request for this budget at its September 8, 2005, meeting. He noted that what is presented today is a preliminary budget and that the final budget for FY 2007 would be presented to the board at its September 7, 2006, regular meeting.

Mr. Sperling accepted this explanation and all acknowledged that his point was well taken.

Mr. Eppley referred to the scorecard related to the 5/500 plan and asked for greater description of how the budget funds would be used in FY 2007, and requested that this information be sent to the board later.

Mr. Bruce, chair of the board's Budget and Audit Committee, stated his support for the preliminary budget and reinforced the suggestion that the budget be presented henceforward at a regular board meeting.

Agenda item no. 4, "Appointment of University Retirees"—President White referred to the list of retirees recommended for appointment after this date and said that each of these individuals was qualified to provide service for necessary purposes and in the most cost-effective manner. He noted that these recommendations represented a wise use of University retirees, that the chancellors had reviewed the list carefully, and that they recommended each of these individuals be re-hired for the purpose given.

He also said that in the interest of full disclosure, he wanted to notify the board that the hospital employs retired registered nurses on an on-call basis to work when permanent status nurses are on vacation or unable to report to work. He said that there are about 12 retired nurses in this group and, due to the familiarity and talent they possess, the hospital saved \$200,000 last year employing them temporarily rather than utilizing the services of a nurses' registry. The president told the board this category of University retirees would be added to the policy for re-hiring University retirees that would be presented to the board at its July 13, 2006, regular board meeting.

Mr. Eppley asked if the list had been reduced as a result of the chancellors' reviews and the president assured him that had occurred.

Agenda item no. 1, "Vice Chancellor for Student Affairs, Urbana"—Chancellor Herman said that Dr. C. Renée Romano is recommended for this position as a result of a national search and that the search committee

found her credentials to be impeccable. He noted that July 1, 2006, is the beginning date recommended for Dr. Romano, at a salary of \$200,000. He explained that that this salary was competitive and comparable to others in this position in peer institutions.

Agenda item no. 2, "Interim Dean, College of Education, Urbana"—Chancellor Herman explained that this appointment of Dr. Lizanne DeStefano was necessitated by the hiatus created by the departure date of the sitting dean and the beginning date of the new dean. He said that the sitting dean's departure date was based on personal reasons.

Agenda item no. 3, "Appointments to the Faculty, Administrative/ Professional Staff, and Intercollegiate Athletic Staff"—Chancellor Herman reported that Ms. Elyne G. Cole is recommended as associate provost for human resources at the Urbana campus, a position that will combine two administrative positions. He said that the board's approval is required now because the appointment is to begin June 16, 2006.

In response to a query posed by Trustee Carroll, Chancellor Herman explained that tenure would not accompany this position, as it is not a faculty position, but an academic professional position.

At this point, Mr. Eppley stated that all the agenda items presented today are items that require action before the next regular board meeting.

Agenda item no. 6, "Contract for Instructional Facility, College of Business, Urbana"—Chancellor Herman said that this contract is for the heating system in this building that is currently under construction. Mr. Wachtel noted that the board had approved a contract for the heating system at its May 11, 2006, meeting and that since then the contractor awarded the contract had withdrawn, which necessitated approval of another contractor; in this case, the next lowest responsive and responsible bidder. He stated that this contract is \$13,000 more than the contract approved at the earlier meeting; however, it was the next lowest bid and it is essential to keep construction of this project moving. He indicated that Trustee Shah, chair of the Buildings and Grounds Committee, had reviewed this contract and recommended its approval.

Agenda item no. 7, "Employ Architect/Engineer for Townhouses Phase III, Springfield"—Chancellor Ringeisen told the board that these residences on campus will be needed in fall 2007 for the expected increase in enrollment of students. Mr. Wachtel concurred that construction should begin immediately on this \$5.2 million project in order to have the townhouses completed for the students in time for the fall 2007 semester. He said the project would include six buildings with four units per building. Each unit would have four bedrooms for a total of 96 bedrooms. President White agreed that it was urgent for this project to commence. Discussion followed on the popularity of this kind of housing on the Springfield campus.

Agenda item no. 8, "Purchases and Change Orders"—Mr. Bass reported one purchase and two change orders for the board's consideration. He told the board that he had reviewed these with Trustee Shah, chair of the Buildings and Grounds Committee, and Trustees Carroll and

Vickrey, vice chairs of this committee, with whom he regularly reviews recommendations for purchases and change orders, and they supported these recommendations.

COMMENTS FROM THE CHAIR OF THE BOARD

When all items had been presented, Mr. Eppley said that he would prefer fewer items for presentation at future special meetings between regular board meetings and urged careful planning to keep these requests to a minimum. He thanked the board for participating in this meeting and said he valued his colleagues' comments on such items in a meeting that included the majority of the board. He stated that the Executive Committee may be used in future to a greater degree for approving items between regular board meetings.

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

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

Vice Chancellor for Student Affairs, Urbana

(1) The chancellor at Urbana has recommended the appointment of C. Renée Romano, presently vice president for educational and student services and associate professor of educational leadership, counseling, and postsecondary education, University of Northern Iowa, Cedar Falls, as vice chancellor for student affairs, non-tenured, on a twelve-month service basis, on 100 percent time, at an annual salary of \$200,000, beginning July 1, 2006.

Dr. Romano will succeed Dr. William L. Riley, who has served as interim vice chancellor-designate then interim vice chancellor since September 1, 2005, following the August 31, 2005, retirement of Vice Chancellor Patricia E. Askew.

The board action recommended in this item complies in all material respects with applicable state and federal laws, University of Illinois *Statutes*, *The General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.

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

The vice president for academic affairs concurs with this recommendation.

The president of the University recommends approval.

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

¹Tanya Montaleone Gallagher, professor of speech and hearing science and dean, College of Applied Life Studies, and professor and director, Disability Research Institute, College of Applied Life Studies, *chair*; John E. Collins, director, Housing Division, Office of the Vice Chancellor for Student Affairs; Quincy Means, undergraduate student in business, College of Business; Robert Dennis Palinkas, director, McKinley Health Center, Office of the Vice Chancellor for Student Affairs; Staci J. Provezis, graduate student in educational organization and leadership, College of Education; Ryan Ruzic, undergraduate student in political science, College of Liberal Arts and Sciences; Meredith C. Schaumburg, undergraduate student in media studies, College of Communications; F. William Simmons, associate professor of soil and water management, Department of Natural Resources and Environmental Sciences, and acting assistant dean for academic programs (undergraduate research, curricular development, and honors programs), College of Agricultural, Consumer and Environmental Sciences; Jesse C. Thompson, assistant dean for academic programs (diversity programs), College of Agricultural, Consumer and Environmental Sciences; Arlette I. Willis, professor of curriculum and instruction, College of Education; Barbara Jan Wilson, professor and head, Department of Speech Communication, College of Liberal Arts and Sciences.

Interim Dean, College of Education, Urbana

(2) The chancellor at Urbana has recommended the appointment of Lizanne DeStefano, presently professor of educational psychology, College of Education; associate dean for research, Bureau of Educational Research and College of Education; and professor of kinesiology and community health, College of Applied Life Studies, University of Illinois at Urbana-Champaign, as interim dean of the College of Education, from June 16, 2006, through July 31, 2006. Dr. DeStefano will receive an administrative increment totaling \$5,000 for her service as interim dean during this transition period. She will continue to hold her current positions while serving as interim dean.

Dr. DeStefano succeeds Dean Susan A. Fowler, who has served since August 21, 2000, and will resign the deanship on June 15, 2006, in order to return to full-time faculty status. Effective August 1, 2006, Mary Kalantzis will begin service as dean of the college under terms approved by the board on May 11, 2006.

The board action recommended in this item complies in all material respects with applicable State and federal laws, University of Illinois *Statutes, The General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.

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. Schmidt, this appointment was approved.

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

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

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

The board action recommended in this item complies in all material respects with applicable State and federal laws, University of Illinois *Statutes, The General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.

Administrative/Professional Staff

ELYNE G. COLE, associate provost for human resources, Office of the Provost and Vice Chancellor for Academic Affairs, Urbana-Champaign, non-tenured, on a twelve-month service basis, on 100 percent time, at an annual salary of \$156,000, beginning June 16, 2006.

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

Appointment of University Retirees

(4) The following recommendations for appointment of University retirees are presented for approval. The president of the University concurs.

The board action recommended in this item complies in all material respects with applicable State and federal laws, University of Illinois *Statutes, The General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.

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

Recommended Retiree Hires, Chicago, With Start Dates Between June 5 and July 13, 2006

Name	Job Title (Before Retirement)	Proposed Employing Unit	Proposed Job Title	Proposed Job Description	Service Dates	Salary
Geoffrey Cordell	Professor of Pharmacognosy, Department of Medicinal Chemistry and	Center for Advanced Design, Research and Exploration (CADRE), Vice Chancellor for Research Pharmacognosy	Visiting Director	Co-Principal Investigator on USAF grant (40%)	07/01/06 thru 06/30/07	\$8,891.25/month (total paid for period of service \$184,695) <i>Grant Funds:</i> \$3.13M
George Yanos	Network Analyst	Urban Transportation Center, College of Urban Planning and Public Affairs	Principle Research Programmer	Search conducted: Selected Candidate (80%); Position written into grant based on his professional expertise; Oversees computer hardware/software activities that are essential for classroom instruction and academic research	07/01/06 thru 11/15/06	\$5,331.93/month (total paid for period of service \$15,995.79) <i>Grant Funds</i>

Recommended Retiree Hires, Urbana, With Start Dates Between June 5 and July 13, 2006

Ararat Babakhania	Associate Professor, Department of Mathematics	Department of Mathematics	Associate Professor Emeritus	Will teach MATH 385: The department's summer program is of sufficient size that additional temporary faculty hires are needed in order to cover the courses. Current faculty members are offered the opportunity to teach summer courses prior to the department seeking temporary faculty hires. No current faculty member is available to teach Math 385, a course in differential equations, this summer. Dr. Babakhania, now retired, previously taught courses on this topic at both the undergraduate and graduate levels and will provide experienced instruction.	06/16/06 thru 08/15/06	\$4,746/month (total of \$9,492) <i>Institutional Funds</i>
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Name	Job Title (Before Retirement)	Proposed Employing Unit	Proposed Job Title	Proposed Job Description	Service Dates	Salary
Cheryl Cain	Ticket Manager, Division of Interscholastic Athletics	Division of Intercollegiate Athletics	Extra Help Clerical Assistant	Provide clerical assistance to the sports office covering volleyball, women's swimming and softball.	07/01/06 thru 08/15/06	\$20/hr. (30 hrs/wk) <i>Institutional Funds</i>
H. George Friedman	Associate Professor, Department of Computer Science	College of Engineering	Summer Advisor	Will advise students during the summer registration program.	06/16/06 thru 08/15/06	\$1900/month (total \$3,800) <i>Institutional Funds</i>
Enrico Gratton	Professor, Department of Physics	Department of Physics	Adjunct Professor	Research activities. Work is required to support obligations of biological physics research sponsored by National Institutes of Health (NIH). Professor Gratton is the principle investigator on the grant and his involvement is essential to the completion of the research project.	06/16/06 thru 07/31/06	\$14,529/month (total \$21,793.50) <i>Grant Funds</i>
German Gurfinkel	Professor, Department of Civil and Environmental Engineering	Department of Civil and Environmental Engineering	Professor Emeritus	Will teach CEE469 - Wood Structures. Professor Gurfinkel has taught this course for several years after his retirement. There is no one available in the department with his expertise.	06/16/06 thru 08/15/06	\$6,000/month (total \$12,000) <i>Institutional Funds</i>
David Kay	Professor, Department of English	Department of English	Professor Emeritus	Will teach English 461 - Due to recent retirements and continued student demand, the department has great need for teachers for courses in all areas of Renaissance literature. Efforts are under way to recruit additional faculty in this area, but until two more Renaissance specialists are hired, the department will continue to depend on qualified and experienced retired faculty to make up the staffing deficit in this central component of the curriculum.	06/16/06 thru 08/15/06	\$2,750/month (total \$5,500) <i>Institutional Funds</i>

Name	Job Title (Before Retirement)	Proposed Employing Unit	Proposed Job Title	Proposed Job Description	Service Dates	Salary
David Lesny	Senior Research Physicist, Department of Physics	Department of Physics	Senior Research Physicist	Will provide computer support of High Energy research activities. Mr. Lesny's work is required to support obligations of research sponsored by Department of Energy. His involvement is essential to the research project. A search has not been undertaken as the Business Manager for the High Energy group was occupied with the grant renewal. It is our intention to conduct a search during the summer.	07/01/06 thru 09/30/07	\$4,600/month (total \$13,920.48) <i>Grant Funds</i>
George W. Ordal	Professor, Department of Biochemistry	Department of Basic Sciences, College of Medicine	Professor Emeritus	Will continue research activities. Arrangement in place pursuant to a retirement agreement entered into prior to May 1, 2005. Salary entirely supported by his current National Institutes of Health (NIH) grant. The salary from the grant supports his research program and supervision of lab students. The current National Institutes of Health (NIH) grant is set to end on 05/31/08.	06/16/06 thru 08/15/06	\$6,569.58/month (total \$13,139.16) <i>Grant Funds</i>
Stephen L. Portnoy	Professor, Department of Statistics	Department of Statistics	Professor Emeritus	Continue as Co-Principal Investigator on a National Security Agency (NSA) grant-supported project pertaining to censored regression quantiles.	06/16/06 thru 07/15/06	total \$12,000 <i>Grant Funds</i>
Sylvian R. Ray	Professor, Department of Computer Science	Beckman Institute for Advanced Science and Technology	Professor Emeritus	Provide supervision of the technical aspects of a research project, including system programming, hardware interfacing, web site design, and equipment procurement.	06/16/06 thru 07/15/06	total \$10,000 <i>Grant Funds</i>

Name	Job Title (Before Retirement)	Proposed Employing Unit	Proposed Job Title	Proposed Job Description	Service Dates	Salary
Sharon L. Scott	Specialist in Education, Office of Instructional Resources	College of Liberal Arts and Sciences	Interim Associate Director, Teaching Academy; and Interim Associate Director, Global Studies Program	Leadership of the Teaching Academy and the Global Studies Program is in transition and Dr. Scott's exceptional skills and experience in advancing teaching at UIUC through her pre-retirement position in the Office of Instructional Resources enable her to step into temporary leadership roles for these two units at this time. An open search was conducted during Spring 2006; a permanent appointment as a result of the search will be forthcoming for Fall 2006.	06/16/06 thru 08/15/06	\$2,350.56/month (total \$4,701.11) <i>Institutional Funds</i>
Clarence Shelley	Associate Vice Chancellor for Student Affairs	Office of the Chancellor	Special Assistant to the Chancellor	Will direct all aspects of the Educational Opportunities Program and has acquired significant experience in dealing with students and diversity issues on the Urbana-Champaign campus, and has developed unique and invaluable relationships with alumni from underrepresented groups. As the University seeks to strengthen its presence in Chicago and establish stronger ties with alumni of color, Mr. Shelley will serve as an ambassador/advocate for the Office of the Chancellor on campus diversity and other issues. He will assist with recruitment and retention of minority faculty, staff, and students.	06/07/06 thru 08/15/06	\$2,466.75/month (total \$5,684.25) <i>Institutional Funds</i>
Lewis E. Snyder	Professor Emeritus and Chair, Department of Astronomy	Department of Astronomy	Professor Emeritus	Will continue research-related activities. There is a pre-existing agreement to work one summer month to carry out Combined Array for Research in Millimeter-Wave	06/16/06 thru 07/15/06	total \$13,667 <i>Grant Funds</i>

Name	Job Title (Before Retirement)	Proposed Employing Unit	Proposed Job Title	Proposed Job Description	Service Dates	Salary
Paul M. Weichsel	Professor, Department of Mathematics	Department of Mathematics	Professor Emeritus	<p>Astronomy (CARMA)-related research and service. Salary will be paid by National Science Foundation Combined Array for Research in Millimeter-Wave Astronomy (NIH CARMA) grant.</p> <p>Will teach MATH 347: department's summer program is of sufficient size that additional temporary faculty hires are needed in order to cover the courses. Current faculty members are offered the opportunity to teach summer courses prior to the department seeking temporary faculty hires. No current faculty member is available to teach Math 347; a proof driven course that requires experience and care, this summer. Professor Weichsel, now retired, is quite familiar with the course and will provide excellent instruction.</p>	06/16/06 thru 08/15/06	\$4,746/month (total \$9,492) <i>Institutional Funds</i>
David Whitford	Associate Professor, Department of Finance	Department of Finance	Associate Professor Emeritus	Will teach a portion of the Chartered Financial Analyst (CFA) Review Course.	06/16/06 thru 08/15/06	\$7,750/month (total \$15,500) <i>Institutional Funds</i>
Michael J. Williams	Research Engineer, Materials Research Laboratory	Department of Nuclear, Plasma, and Radiological Engineering	Research Engineer	Will consult with researchers and be involved with design and development of Radio Frequency (RF) and high voltage pulsing circuitry. The position would also include assistance in design and diagnostic techniques to assure Radio Frequency (RF) equipment operates safely to avoid interference to other devices in the radio spectrum.	06/16/06 thru 08/15/06	total \$11,000 <i>Grant Funds</i>
Richard E. Ziegler	Associate Professor, Department of Accountancy	Department of Accountancy	Associate Professor Emeritus	Will teach accounting courses in the Accounting graduate program and Practical Problems.	06/16/06 thru 08/15/06	\$10,511/month (total \$21,022) <i>Institutional Funds</i>

By consensus, the board agreed that one roll call vote would be taken and considered the vote on each agenda item nos. 5 through 8 inclusive. The recommendations were individually discussed but acted upon at one time.

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

Preliminary Operating Budget for Fiscal Year 2007

(5) The University's preliminary operating budget from all sources of funds for the fiscal year beginning July 1, 2006 (Fiscal Year 2007) is presented for approval as outlined in Attachment A (copy filed with the secretary). State statutes require governing board approval of operating budgets prior to the beginning of a fiscal year. Review of FY 2007 budget plans will also occur at the July board meeting in the context of initial discussion of the FY 2008 operating budget request. Final approval of the detailed operating budget will be brought to the board at its September meeting.

Consideration of FY 2007 budget issues began in July 2005 with the board's review of the preliminary FY 2007 request, and its approval of that request in September 2005. Discussion of FY 2007 funding requirements and University-wide priorities occurred during the board's review of several items throughout the year, including strategic planning discussions at several points in the year, tuition increase issues in November 2005, and in April 2006 when FY 2007 tuition increases were approved.

The revenue estimates included in the preliminary operating budget are built upon the following assumptions that include the most current information for the University's primary sources of support:

- State tax support is based upon the FY 2007 budget passed by the General Assembly and approved by the Governor. The budget calls for an increase of approximately \$12.8 million or 1.8 percent in FY 2007 total state tax support for the University of Illinois from current-year levels.
- Incremental tuition income of \$53.5 million based upon board-approved tuition increases along with more targeted rate changes for specific programs, adjustments for enrollment levels and projections, and other technical adjustments.
- Sponsored program support (primarily federally funded research grants and contracts) and indirect cost recovery (ICR) income rising at a 2.8 percent rate. This estimate reflects continued strong and successful competitive efforts by University of Illinois faculty to secure research support, even as federal funding for research is expected to remain flat in most areas. Adjustments to indirect cost amounts also reflect lower carry-forward amounts as those funds are used to offset the impact of substantial rises in energy costs.
- Hospital and Medical Service Plan increases of 5.4 percent and 2.8 percent respectively, reflecting improved patient volume in general, targeted increases in selected specific patient care areas, and improved reimbursement rates.
- Incremental endowment and private giving revenue of \$10.5 million or 8.4 percent, reflecting increasing efforts to generate gift support.
- The new Academic Facility Maintenance Fee of \$250 per semester for newly enrolled students, which is projected to generate \$7.4 million for the first year in which it is in place.
- "Payments on Behalf" of University employees to the Department of Central Management Services and to the State Universities Retirement System that grow by an estimated \$61.8 million, or 18.9 percent, for the employer's share of health insurance and retirement based upon current statutory requirements. These funds are not under the direct control of the University and cannot be reassigned for any other purpose. They are included within the University's formal operating budget based upon directives from the Governmental Accounting Standards Board.

As outlined in earlier presentations, the University's primary budget priorities for FY 2007 are strengthening academic quality, ensuring access, addressing deferred maintenance, and meeting inflationary cost increases. An allocation of \$50.2 million is planned

for academic quality initiatives that include a salary increase program for faculty and staff between 2.5 percent and 3.0 percent at a cost of \$26.2 million, \$22.0 million for academic programs and new faculty, and \$2.0 million for IllinoisVENTURES. Support for financial aid programs is increased by \$3.9 million, and deferred maintenance is increased by \$6.5 million as a result of the Academic Facilities Maintenance Fund Assessment. Finally, \$15.5 million is set aside for meeting inflationary costs in areas such as insurance, operations and maintenance of new facilities, energy price increases, and so on.

Based upon these revenue estimates and expenditure priorities the vice president for academic affairs and vice president for administration recommend approval of a \$3.7 billion preliminary FY 2007 unrestricted and restricted funds operating budget, beginning July 1, 2006, as outlined in Attachment A. The University's final Fiscal Year 2007 appropriation of State tax support established via the State's appropriation process shall supercede the estimated appropriation contained within this item, once that process is complete. Unrestricted funds are available for allocation at the discretion of the University. Restricted funds are designated for specific uses by the donor, grantor, contractor, or State statute. Unrestricted funds include State appropriations, University income fund revenue, ICR, royalty, and administrative allowance funds. Restricted funds include estimated revenue from grants and contracts, federal appropriations, private gifts, endowment income, Medical Service Plan, Auxiliary Enterprises, University Hospital, departmental activities, and State payments on behalf of the University.

The preliminary FY 2007 unrestricted funds operating budget estimate of \$1.58 billion represents a \$67.9 million (4.5 percent) increase over FY 2006. The FY 2007 restricted funds operating budget recommendation of \$2.1 billion represents a \$136.6 million (6.9 percent) increase from FY 2006. (Excluding "Payments on Behalf," over which the University has no direct control, the restricted funds total represents a 4.5 percent increase over the current year.) Refinements in any of the estimates in this preliminary budget will be reflected in the final FY 2007 Budget Summary for Operations presented at the September meeting of the Board of Trustees.

Subject to the foregoing and the parameters created in the board's March 2003 and June 2003 resolutions concerning establishment of University of Illinois budgets (summarized in Attachment B [copy filed with the secretary]), authorization is also requested in accord with the needs of the University and the equitable interest involved and within total resources: (a) to accept resignations; (b) to make such additional appointments as are necessary, and to approve the issuance of notices of non-reappointment, subject to the provisions of the University of Illinois *Statutes, The General Rules Concerning University Organization and Procedure*, and the *Policy and Rules*; and (c) to make such changes and adjustments in items included in the preliminary budget as are needed.

The board action recommended in this item complies in all material aspects respects with applicable State and federal laws, University of Illinois *Statutes, The General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.

The president of the University concurs.

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

(The student advisory vote was: Aye, Mr. Alam, Ms. Bauer; no, none.)

Award Contract for Instructional Facility, College of Business, Urbana

(6) The new \$62.0 million state-of-the-art facility of approximately 153,900 gross square feet for the College of Business will accommodate the MBA Program, the Undergraduate Affairs Program, and the Accountancy Program, and other instructional activities. 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.

On April 11, 2006, the board approved the award of contracts for construction for the project. Subsequently, the low bidder for Division 3, heating work, withdrew its bid, and the contract for that division of work needs to be awarded to the lowest responsive, responsible bidder, Nogle & Black Mechanical, Inc., Urbana, Illinois, in the amount of \$1,700,090.

Accordingly, the chancellor at Urbana with the concurrence of the appropriate administrative officers recommends the April 11, 2006, board action to award a contract for Division 3, heating work, to Gingher Process Piping, Inc., East Peoria, Illinois, in the amount of \$1,687,000 be rescinded and that the following contract be awarded based on competitive bidding procedures in accordance with the Illinois Procurement Code to the lowest responsible bidder on the basis of its base bid plus acceptance of the indicated alternates¹:

Division 3—Heating Work

Nogle & Black Mechanical, Inc., Urbana	Base Bid	\$1,565,500
	Alt. 1	42,250
	Alt. 14	65,440
	Alt. 15	20,700
	Alt. 16	<u>6,200</u>
<i>Total</i>		<u>\$1,700,090</u>

Funds for this project are available from private gift funds and proceeds from the future sale of certificates of participation.

The board action recommended in this item complies in all material respects with applicable State and federal laws, University of Illinois *Statutes, The General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.

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

(The student advisory vote was: Aye, Mr. Alam, Ms. Bauer; no, none.)

Employ Architect/Engineer for Townhouses Phase III, Springfield

(7) In May 2006, the board approved a multi-phased housing complex planned to accommodate 480 students. The Townhouses Phase III project is to consist of six buildings, each with four, four-bedroom units for a total of 96 bedrooms.

In order for the project to proceed, it is necessary to employ an architect/engineer for the required professional services. The selection of the architect/engineer for this project was in accordance with the requirements and provisions of Public Act 87-673 (Architectural, Engineering, and Land Surveying Qualifications-Based Selection Act).²

Accordingly, the chancellor at Springfield with the concurrence of the appropriate administrative officers recommends that BLDD Architects, Inc., Decatur, Illinois, be employed for the professional services required. The firm's fee through the warranty

¹Description of Alternates: Alt. 1—finishes out 4th floor area; Alt. 14—provides chilled water and compressed air services to buildings; Alt. 15—provides raw water service to building; and Alt. 16—provides chilled water meter assembly in indicated locations.

²A selection committee consisting of David Barrows (Facilities and Services), Michael Doerr (Facilities and Services), John Ringle (Housing), and Chris Rogan (University Office for Facilities Planning and Programs) evaluated the following firms: BLDD Architects, Inc., Decatur, Illinois; fwai architects inc., Springfield, Illinois; and RADA Architects, Chicago, Illinois. The committee recommends the employment of the BLDD Architects, Inc., Decatur, Illinois, as best meeting the criteria.

phase will be a fixed fee of \$192,600; on-site observation on an hourly basis, the total not to exceed \$32,000; and authorized reimbursable expenses estimated at \$27,000.

The board action recommended in this item complies in all material respects with applicable State and federal laws, University of Illinois *Statutes, The General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.

Funds for the contract are available from proceeds from the future sale of the Auxiliary Facilities Systems Revenue Bonds. Any project planning and construction costs incurred prior to the sale of the revenue bonds will be funded initially from institutional funds operating budget with anticipated reimbursement from the subsequent proceeds of Auxiliary Facilities Systems Revenue Bonds.

The president of the University concurs.

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

(The student advisory vote was: Aye, Mr. Alam, Ms. Bauer; no, none.)

Purchases and Change Orders

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

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

The total amounts of these purchases and change orders were:

From Institutional Funds

Purchases	\$2,400,000
Change Orders	379,000

A complete list of the purchases and change orders, with supporting information (including the quotations received), was sent to each member of the board in advance of the meeting. A copy is being filed with the secretary of the board for record.

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

(The student advisory vote was: Aye, Mr. Alam, Ms. Bauer; no, none.)

APPOINTMENTS OF RETIREES INITIATED PRIOR TO DIRECTIVE FROM PRESIDENT OF THE UNIVERSITY, MAY 15, 2006

The secretary presented for record a list of retirees appointed prior to the president's directive of May 15, 2006, requiring that all appointments of retirees be presented to the board for approval. A copy has been filed with the secretary of the board.

DEGREES CONFERRED

The secretary presented for record the following list of degrees conferred on candidates at the Chicago, Springfield, and Urbana-Champaign campuses on the dates indicated.

Summary**Chicago***Degrees Conferred July 23, 2005*

College of Applied Health Sciences	
Bachelor of Science	9
College of Architecture and the Arts	
Bachelor of Arts	6
Bachelor of Fine Arts	5
<i>Total, College of Architecture and the Arts</i>	(11)
College of Business Administration	
Bachelor of Science	101
College of Dentistry	
Advance Certificates	1
Doctor of Dental Surgery	2
<i>Total, College of Dentistry</i>	(3)
College of Education	
Bachelor of Arts	8
College of Engineering	
Bachelor of Science	15
Graduate Programs	
Doctor of Philosophy	83
Master of Arts	27
Master of Business Administration	67
Master of Education	44
Master of Fine Arts	7
Master of Health Professions Education	7
Master of Public Administration	11
Master of Science	151
Master of Science in Teaching	2
Master of Social Work	3
Master of Urban Planning and Policy	21
<i>Total, Graduate Programs</i>	(423)
College of Liberal Arts and Sciences	
Bachelor of Arts	147
Bachelor of Science	64
<i>Total, College of Liberal Arts and Sciences</i>	(211)
College of Medicine	
Doctor of Medicine (Chicago)	18
Doctor of Medicine (Peoria)	2
Doctor of Medicine (Rockford)	1
<i>Total, College of Medicine</i>	(21)
College of Nursing	
Bachelor of Science	2
College of Pharmacy	
Doctor of Pharmacy	1
School of Public Health	
Master of Public Health	25
<i>Total, Degrees Conferred July 23, 2005</i>	830

Degrees Conferred December 10, 2005

College of Applied Health Sciences	
Bachelor of Science	36
College of Architecture and the Arts	
Bachelor of Arts	10
Bachelor of Fine Arts	35
<i>Total, College of Architecture and the Arts.</i>	(45)
College of Business Administration	
Bachelor of Science	249
College of Dentistry	
Bachelor of Science	44
College of Education	
Bachelor of Arts	7
College of Engineering	
Bachelor of Science	138
Graduate Programs	
Doctor of Arts	1
Doctor of Philosophy	88
Master of Architecture	1
Master of Arts	32
Master of Business Administration	54
Master of Education	54
Master of Engineering	7
Master of Fine Arts	4
Master of Health Professions Education	4
Master of Public Administration	4
Master of Science	168
Master of Science in Teaching	7
Master of Social Work	3
Master of Urban Planning and Policy	21
<i>Total, Graduate Programs</i>	(448)
College of Liberal Arts and Sciences	
Bachelor of Arts	326
Bachelor of Science	146
<i>Total, College of Liberal Arts and Sciences.</i>	(472)
College of Medicine	
Doctor of Medicine (Chicago)	4
Doctor of Medicine (Peoria)	1
Doctor of Medicine (Rockford)	1
Doctor of Medicine (Urbana)	2
<i>Total, College of Medicine.</i>	(8)
College of Nursing	
Bachelor of Science	2
College of Pharmacy	
Doctor of Pharmacy	2
School of Public Health	
Master of Public Health	22
<i>Total, Degrees Conferred December 10, 2005</i>	1,473

Degrees Conferred May 8, 2006

College of Applied Health Sciences	
Bachelor of Science	66
Doctor of Physical Therapy	34
<i>Total, College of Applied Health Sciences</i>	(100)
College of Architecture and the Arts	
Bachelor of Arts	82
Bachelor of Fine Arts	84
<i>Total, College of Architecture and the Arts</i>	(166)
College of Business Administration	
Bachelor of Science	306
College of Dentistry	
Advance Certificates	24
Doctor of Dental Surgery	60
<i>Total, College of Dentistry</i>	(84)
College of Education	
Bachelor of Arts	21
College of Engineering	
Bachelor of Science	190
Graduate Programs	
Doctor of Philosophy	103
Master of Architecture	37
Master of Arts	85
Master of Arts in Teaching	6
Master of Business Administration	153
Master of Education	132
Master of Engineering	11
Master of Fine Arts	9
Master of Public Administration	13
Master of Science	267
Master of Science in Teaching	10
Master of Social Work	209
Master of Urban Planning and Policy	29
<i>Total, Graduate Programs</i>	(1,064)
College of Liberal Arts and Sciences	
Bachelor of Arts	646
Bachelor of Science	285
<i>Total, College of Liberal Arts and Sciences</i>	(931)
College of Medicine	
Doctor of Medicine (Chicago)	146
Doctor of Medicine (Peoria)	44
Doctor of Medicine (Rockford)	44
Doctor of Medicine (Urbana)	17
<i>Total, College of Medicine</i>	(251)
College of Nursing	
Bachelor of Science	153
College of Pharmacy	
Doctor of Pharmacy	151
School of Public Health	
Doctor of Public Health	2
Master of Public Health	58
<i>Total, School of Public Health</i>	(60)

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Jane Addams College of Social Work	
Bachelor of Social Work	1
<i>Total, Degrees Conferred May 8, 2006.</i>	<i>3,478</i>

Springfield

Degrees Conferred July 30, 2005

College of Business and Management	
Bachelor of Arts	19
Bachelor of Business Administration	15
Master of Arts	3
Master of Business Administration	11
Master of Science	2
<i>Total, College of Business and Management</i>	<i>(50)</i>
College of Education and Human Services	
Bachelor of Social Work	12
Master of Arts	22
<i>Total, College of Education and Human Services</i>	<i>(34)</i>
College of Liberal Arts and Sciences	
Bachelor of Arts	45
Bachelor of Science	12
Master of Arts	8
Master of Science	8
<i>Total, College of Liberal Arts and Sciences.</i>	<i>(73)</i>
College of Public Affairs and Administration	
Bachelor of Arts	18
Master of Arts	27
Master of Public Administration	6
Master of Public Health	1
Graduate Certificate (Management of Non Profit Organization)	2
<i>Total, College of Public Affairs and Administration.</i>	<i>(54)</i>
<i>Total, Degrees Conferred July 30, 2005</i>	<i>211</i>

Degrees Conferred December 17, 2005

College of Business and Management	
Bachelor of Arts	28
Bachelor of Business Administration	13
Master of Arts	6
Master of Business Administration	5
Master of Science	17
<i>Total, College of Business and Management</i>	<i>(69)</i>
College of Education and Human Services	
Bachelor of Social Work	6
Master of Arts	57
<i>Total, College of Education and Human Services</i>	<i>(63)</i>
College of Liberal Arts and Sciences	
Bachelor of Arts	84
Bachelor of Science	26
Master of Arts	12
Master of Science	20
<i>Total, College of Liberal Arts and Sciences.</i>	<i>(142)</i>
College of Public Affairs and Administration	
Bachelor of Arts	27
Master of Arts	4

Master of Public Administration	9
Master of Public Health	7
Master of Science	1
<i>Total, College of Public Affairs and Administration</i>	<i>(48)</i>
<i>Total, Degrees Conferred December 17, 2005</i>	<i>322</i>
<i>Degrees Conferred May 13, 2006</i>	
College of Business and Management	
Bachelor of Arts	48
Bachelor of Business Administration	26
Master of Arts	11
Master of Business Administration	28
Master of Science	26
<i>Total, College of Business and Management</i>	<i>(139)</i>
College of Education and Human Services	
Bachelor of Social Work	17
Master of Arts	84
<i>Total, College of Education and Human Services</i>	<i>(101)</i>
College of Liberal Arts and Sciences	
Bachelor of Arts	166
Bachelor of Science	64
Master of Arts	24
Master of Science	13
<i>Total, College of Liberal Arts and Sciences</i>	<i>(267)</i>
College of Public Affairs and Administration	
Bachelor of Arts	48
Master of Arts	17
Master of Public Administration	22
Master of Public Health	9
Master of Science	1
Doctor of Public Administration	2
<i>Total, College of Public Affairs and Administration</i>	<i>(99)</i>
<i>Total, Degrees Conferred May 13, 2006</i>	<i>606</i>

Urbana-Champaign*Degrees Conferred May 14, 2006**Graduate Degrees*

Doctor of Education	9
Doctor of Musical Arts	4
Doctor of Philosophy	219
<i>Total, Doctors</i>	<i>(232)</i>
Master of Accounting Science	96
Master of Architecture	54
Master of Arts	109
Master of Business Administration	123
Master of Computer Science	16
Master of Education	80
Master of Fine Arts	32
Master of Human Resources and Industrial Relations	17
Master of Landscape Architecture	4
Master of Laws	33
Master of Music	26
Master of Music Education	4
Master of Science	621

Master of Social Work	54
Master of Urban Planning	14
<i>Total, Masters</i>	<i>(1,283)</i>
Certificate of Advanced Study	
Educational Organization and Leadership	2
Elementary Education	1
Special Education	1
Human Resource Education	1
Library and Information Science	1
<i>Total, Certificates</i>	<i>(6)</i>
<i>Total, Graduate Degrees</i>	<i>1,521</i>
<i>Professional Degrees</i>	
College of Law	
Juris Doctor	198
College of Veterinary Medicine	
Doctor of Veterinary Medicine	94
<i>Total, Professional Degrees</i>	<i>292</i>
<i>Undergraduate Degrees</i>	
College of Agricultural, Consumer and Environmental Sciences	
Bachelor of Science	376
College of Applied Life Studies	
Bachelor of Science	282
College of Business	
Bachelor of Science	641
College of Communications	
Bachelor of Science	140
Bachelor of Science in Journalism	77
<i>Total, College of Communications</i>	<i>(217)</i>
College of Education	
Bachelor of Science	163
College of Engineering	
Bachelor of Science	736
College of Fine and Applied Arts	
Bachelor of Arts in Urban Planning	20
Bachelor of Fine Arts	148
Bachelor of Landscape Architecture	24
Bachelor of Music	34
Bachelor of Music Education	30
Bachelor of Science in Architectural Studies	116
<i>Total, College of Fine and Applied Arts</i>	<i>(372)</i>
College of Liberal Arts and Sciences	
Bachelor of Arts	1,001
Bachelor of Science	949
<i>Total, College of Liberal Arts and Sciences</i>	<i>(1,950)</i>
Institute of Aviation	
Bachelor of Science in Aviation Human Factors	19
<i>Total, Undergraduate Degrees</i>	<i>4,756</i>
<i>Total, Degrees Conferred May 14, 2006</i>	<i>6,569</i>

REPORTS FROM THE PRESIDENT AND THE CHANCELLORS

Mr. Eppley asked President White to present an update report to the board.

President White's Report

President White reported that a policy for re-hiring University retirees was in preparation for presentation to the board at its July 13 regular board meeting. He said he wanted to ensure that the board had control of this matter and thanked Trustee Sodemann for her leadership on the issue.

Next, he referred to the final report on plans for the Global Campus that had been sent to the board members recently and thanked Trustees Schmidt and Vickrey for their participation in the committee to study this matter that Vice President Gardner had chaired.

He also told the board that the project for expansion and remodeling of the University of Illinois Hospital would be revised to include a plan for completing the project in phases and that this would be presented to the board as soon as possible.

The president then reported that the Illinois Board of Higher Education (IBHE) had approved the Board of Trustees recommendation to re-develop Memorial Stadium. He said he spoke on behalf of the project and Trustee Carroll, a member of the IBHE, was present at the meeting and supported it.

In addition, President White informed the board that he had recently been appointed to the Executive Committee of the Board of Directors of the American Council of Education and had attended a briefing session on national political issues affecting higher education that President Emeritus Stanley O. Ikenberry had conducted.

In closing, he told of visiting the Phillips Collection in Washington, D. C., and observing a new program at the Phillips begun by the College of Fine and Applied Arts at Urbana. He said this involves use of a carriage house at the gallery for lecture programs and instruction in studio art and commented that this is a very good development for the Urbana campus.

On another topic he complimented the Chicago campus on its dedication of the James Turrell sculpture, "UICSkyspace," at the Earl Neal Plaza on campus. He noted that this is a wonderful addition to the art of the Chicago campus.

Chancellor Ringeisen's Report

Chancellor Ringeisen reported that the campus was expanding and said that there were 30 new faculty members recently hired for fall 2006, of a total of approximately 170, and that 15 of these would be offering courses for the new freshmen class. He also said that the campus had made arrangements for housing to accommodate these new freshmen students.

In addition, the chancellor said that recruiting for the campus, though a new practice for the campus, is ongoing and strong and noted that the campus had set a goal of obtaining 800 applications for admission and surpassed it with receipt of 1,000 applications. He told the board that two-thirds

of the places available for freshmen students had been filled and noted that just 140 students admitted declined to accept the offers of admission.

Next, the chancellor reported on a program the campus has initiated with the city of Springfield Police Department to increase minority members on the force. He explained that the campus is providing training to potential recruits focused on tutoring these individuals to prepare to take the entrance examination.

Next, he described an effort that comes from the campus's strategic plan and is intended to improve campus culture. He stated that nearly 100 employees at the campus had participated in a seminar for improving customer service on campus that involves special training for supervisory staff and other employees. He said the training seems to have been effective.

In addition, the chancellor said the long awaited campus recreation center was under construction.

In closing, he said that June 7 had been established as Founder's Day at the campus and added that many of the founders of the campus were still living in the area.

Trustee Carroll requested additional information on the program the campus had started with the police department of Springfield.

Chancellor Herman's Report

Chancellor Herman noted that at commencement this spring, the Urbana campus awarded its 500,000th degree. He also noted that Trustee Dorris' son, Daniel Dorris, was a graduate. Further, he said that Thomas M. Siebel, an alumnus and successful entrepreneur in the computer information industry, gave an excellent commencement address.

Next, the chancellor told the board that Professor Carl Woese had been admitted to the Royal Society as one of six new foreign members. He recalled that this is the society of which Sir Francis Newton was a member and said that no other sitting faculty member at Urbana is a member.

He also reported on a student exchange agreement with the National University of Singapore and the Urbana campus to study in joint programs. He said that it will afford Urbana students first-hand experience in Asia.

He also told the board of the renewal of an agreement with the French national science foundation and the Urbana campus. He said that this exchange is for cooperation on basic research with an emphasis on agricultural research.

In addition, he reported on a conference conducted by the Information Trust Institute, located at the University of Illinois Research Park, and thanked Trustee Schmidt for his participation in this. He stated that Boeing had contributed \$3.0 million to the Trust recently.

The chancellor then told the board of a grant received from the Doris Duke Foundation to the Krannert Center to be applied toward the creation of new works of art, and he saluted Michael D. Ross, director of the Krannert Center, for his leadership in securing this award.

Also, Chancellor Herman expanded on the earlier comments concerning the Urbana campus' program at the Phillips Collection in Washington,

D.C., and said that Jonathan D. Fineberg, professor of art, had conceived the idea of the program and worked to establish it in a carriage house at the Phillips. He added the campus planned to send 100 students to Washington, D.C., each semester for various programs in the capitol.

In closing, the chancellor commented on plans for expanding the University of Illinois Research Park by extending the boundaries east of First Street. He also noted that the latest firm to establish a presence in the park is John Deere.

Trustee Schmidt, who is a member of the Board of Managers of the Research Park, said that the park is working on establishing relationships with more firms as corporate partners, similar to the new relationship with John Deere. He commented that the conference conducted by the Information Trust Institute this past week was focused on increasing the number of corporate partners.

Chancellor Manning's Report

Chancellor Manning reported that the project for expansion and remodeling of the University of Illinois Hospital and related clinical facilities was under review and that options for pursuing this project in phases by fiscal years were being developed. She indicated that this new approach would be reviewed at the next quarterly briefing of the chair and vice chair of the board's Hospital Committee (Trustees Vickrey and Shah) and Trustee Schmidt, the board chair's representative to this group, at a meeting on June 29. She indicated that there would be an attempt to demonstrate how the scope of the project changed between November 2003 and the present.

She said that the Certificate of Need process must be pursued first for approval of a master design for the project.

She also told the board that Congressman Donald A. Manzullo had been informed of the board's action at its May 11, 2006, meeting to approve \$14.0 million for a building addition at the College of Medicine at Rockford for the National Center for Rural Health Professions, and stated that the college was also working on fundraising for this project.

Next, the chancellor reported on the Chicago campus' receipt of funds from the National Science Foundation to establish a program known as Integrated Graduate Education, Research, and Training, and noted that the first two graduate students to receive funds under this program were Chicago campus students.

She also reported on a Minority and Female Business Enterprise (MAFBE) fair held at the campus to increase the number of MAFBE contractors. She said that 80 MAFBE contractors and vendors registered for this fair and 240 purchasing agents from public universities in Illinois attended.

In addition, she commented on the James Turrell sculpture, "UIC Skyspace," that has been dedicated recently and is open for viewing. She said this is a special piece of art for the campus and for the city of Chicago, and that it is always available for viewing.

In closing, she said that on June 13 there would be a pre-construction dedication of the Sandi Port Errant Language and Culture Learning Center

at Grant Hall and cited the planned remodeling of this building as a demonstration of energy efficiency. She said it was a \$107.0 million project and that the family and friends of Sandi Port Errant had provided \$100.0 million.

Trustee Schmidt asked the chancellor if the Energy Resources Center on the Chicago campus had been involved in this project. The chancellor said she did not know, but that the Center had been asked to review the entire campus and to suggest ways to conserve energy.

AN UPDATE ON THE HEALTHCARE PROFESSIONAL LIABILITY PROGRAM

Trustee Schmidt thanked the staff for making inquiry into the viability of securing healthcare liability insurance from the Illinois State Medical Society and for informing him in detail about this possibility which, in the end, was not feasible for the University's needs.

Mr. Beckmann reported to the board that the cost of procuring this liability insurance (materials on file with the secretary) for the University's healthcare professionals and students in healthcare training programs is provided through the medical professional self-insurance program, combined with excess liability insurance.

He said the cost of this for Fiscal Year 2007 is the same as for this current year, \$38.5 million, and he attributed the location of the University's healthcare enterprise in Cook County, Illinois, as one reason for the cost since settlements in that venue are higher than in many other areas. He added that the structure of the program recommended is the same as the program that is in place, and said that the University's liability program compares favorably with peers in the Chicago area, except that the medical center at UIC serves more Medicaid patients than many others.

Mr. Beckmann told the board that Zurich Insurance provided the best offer for purchasing excess healthcare liability insurance, and that this cost would be less than the previous year, by more than \$200,000. He indicated that this was due to a presentation made to Zurich about the hospital's initiatives at improving risk management and patient safety.

Dr. Schmidt asked if the policy covered all sites of the College of Medicine and Mr. Beckmann responded that it did.

CLOSING REMARKS FROM CHAIR EPPLEY

Mr. Eppley thanked all involved in this conference call for their participation.

There being no further business, the board adjourned.

MICHELE M. THOMPSON
Secretary

LAWRENCE C. EPPLEY
Chair