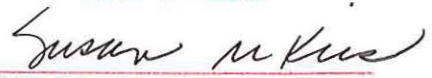


APPROVED BY THE
COMMITTEE

JAN 14 2013


SECRETARY OF THE BOARD

MEETING OF THE AUDIT, BUDGET, FINANCE, AND FACILITIES COMMITTEE
OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS

October 29, 2012

This meeting of the Audit, Budget, Finance, and Facilities Committee was held on Monday, October 29, 2012, beginning at 1:00 p.m. in Room D, UIC Forum, 725 Roosevelt Road, Chicago. Attendance via videoconference was also available in Room 364, Henry Administration Building, 506 South Wright Street, Urbana, and the Hatmaker Room, Room 550, Public Affairs Center, One University Plaza, Springfield. Trustee Edward L. McMillan, chair of the committee, convened the meeting and asked the clerk to call the roll. The following committee members were present: Mr. Edward L. McMillan, Mr. James D. Montgomery, Mr. Lawrence Oliver. Ms. Pamela B. Strobel was absent. Mr. John W. Tienken, voting student trustee from the Springfield campus, and Mr. David Pileski, student trustee from the Urbana campus, were present. Mr. Kenneth Thomas, student trustee from the Chicago campus, also attended the meeting.

Also present were President Robert A. Easter; Dr. Phyllis M. Wise, vice president, University of Illinois and chancellor, Urbana campus; Mr. Walter K. Knorr, vice president/chief financial officer and comptroller; Dr. Christophe Pierre, vice president for academic affairs; Dr. Lawrence Schook, vice president for research; Dr.

Avijit Ghosh, special assistant to the president; Mr. Thomas R. Bearrows, University counsel; and Dr. Susan M. Kies, secretary.

Attached is a listing of other staff members in attendance at this meeting, as well as some members of the media.

Mr. McMillan welcomed everyone to the meeting and asked if there were any comments or corrections to the minutes from the meeting that was held on September 4, 2012. On motion of Mr. Montgomery, seconded by Mr. Oliver, the minutes were approved. There were no “nay” votes.

PRESENTATIONS

Fiscal Year 2014 Tuition and Financial Aid Context

Mr. McMillan asked Dr. Pierre to provide a presentation on the context for tuition and financial aid for 2014 (materials on file with the clerk). Dr. Pierre reviewed the University's tuition policy and guaranteed tuition program and referred to the benefits of early approval of tuition, noting that the goal is to bring an agenda item regarding tuition to the Board in January. He discussed the decreasing State appropriation and unpaid vouchers, and stated that this leads to much uncertainty and planning difficulties. He reported on increased tuition revenue, which he said is not all generated by increased undergraduate tuition rates, and compared State support per student among research universities. Next, Dr. Pierre reviewed the Fiscal Year 2013 tuition, fees, and costs for room and board, and he showed the net tuition revenue among various groups of students.

Next, Dr. Pierre discussed financial aid policies and guidelines and provided data regarding various forms of financial aid. He also provided a chart depicting an analysis of the net cost of students to attend the University, and he showed the level of debt among graduating seniors, noting that many middle-income families are taking on larger loans. He briefly discussed the economic advantages of obtaining a college degree. Dr. Pierre compared undergraduate tuition at the University to others in the Big Ten and discussed the decrease in yield at Urbana and Chicago. He explained that while students are now applying to more schools than they may have in previous years, the cost of attending the University has also affected the number of accepted students who decide to attend the University.

Discussion regarding tuition rates at other Big Ten universities followed, and Dr. Pierre stated that this is currently being studied. Mr. McMillan referred to recent success in reducing costs throughout the University. He thanked Dr. Pierre for the presentation.

REVIEW OF RECOMMENDED BOARD ITEMS FOR THE MEETING OF THE BOARD
OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS ON NOVEMBER 8, 2012

Approve Health Services Facilities System Revenue Bonds

At 1:48 p.m., Mr. Knorr provided information regarding an agenda item recommending the approval of health service facilities system revenue bonds (materials on file with the clerk). Mr. Knorr provided an overview of the approval process and described the purpose of the financing, which he said would be used to finance Board-approved

infrastructure and renovation projects at the University Medical Center. He stated that proceeds of the financing may be used to reimburse the Medical Center for some payments already made for approved project expenditures. He then provided information regarding financing considerations and reviewed the proposed financing team. There were no comments or questions regarding this proposed item.

Capital Projects

Mr. McMillan then asked Mr. Michael B. Bass, senior associate vice president for business and finance and deputy comptroller, to report on agenda items related to proposed capital projects and real estate that will be on the agenda at the Board meeting on November 8, 2012 (materials on file with the clerk). Mr. Bass provided information regarding an item proposing to name the road connecting Old Timber Road to the park's south entrance and Allerton Road as Old Levee Road. He then discussed a proposed project for façade repair and window replacement at the College of Medicine West Tower, Chicago, and a proposed project for an addition to the Engineer Research and Development Center, Construction Engineering Research Laboratory, Urbana. Brief discussion followed, and Mr. Bass then discussed the recommendation to authorize the execution of an agreement with the University of Illinois Foundation to transfer the University of Illinois building at 201 East John Street in Champaign for like-valued Foundation-owned property at 1110 West Stoughton Street in Urbana. He stated that this will increase flexibility for the campus, and he responded to brief questions from

committee members regarding the proposed agreement. Lastly, Mr. Bass provided information regarding a proposed project budget increase for infrastructure replacement and renovations, University of Illinois Medical Center, Chicago. Brief discussion followed, and there was no opposition to moving these items forward to the full Board.

Purchase Recommendations

Next, Mr. McMillan asked Dr. Heather J. Haberaecker, executive assistant vice president for business and finance, to review the purchase recommendations that will be on the agenda for the meeting of the Board of Trustees on November 8, 2012 (materials on file with the clerk). Dr. Haberaecker provided information regarding the following purchase recommendations: proposed design, construction, operation, and maintenance of a solar panel farm at Urbana; a subscription to electronic journals and books for all three University campus libraries for the period January 1, 2013, through December 31, 2017; the purchase of one dual-fuel steam-generating boiler for the Abbott Power Plant at Urbana; temporary physician services for the University of Illinois Hospital, Hospital clinics, College of Medicine at Rockford, and College of Medicine at Peoria for the period November 9, 2012 through October 31, 2014; and the purchase and installation of a reverse osmosis system at Chicago, which includes a five-year service plan on parts and repairs. Some discussion followed, and there was no objection to forwarding these recommendations on to the full Board.

PRESENTATIONS TO THE COMMITTEE

Diversity Report on Construction Contract Awards

At 2:11 p.m., Mr. McMillan asked Mr. Bass to provide a diversity report on construction contract awards (materials on file with the clerk). Mr. Bass discussed State Minority and Female Business Enterprise (MAFBE) goals, the University's high aspirational goals, and the performance of each campus in meeting these goals in Fiscal Year 2012. He provided an overview of MAFBE participation in Fiscal Year 2012 on each campus and provided charts depicting the participation of minority and female vendors in capital construction and supplier distribution. He also presented data reflecting the percentage of MAFBE and non-MAFBE vendors in Urbana, Chicago, Springfield, Peoria, and Rockford, and he compared the percentage of minority and female vendor contractors and supplier distributors in these same geographical areas. He provided a chart depicting the ethnicity of minority and female construction contractors in Urbana, Chicago, Peoria, and Rockford. He then commented briefly on the University's high aspiration goals and described contributing factors that lead to success in Fiscal Year 2012. He briefly discussed plans for the upcoming year to continue increasing MAFBE participation.

Brief discussion followed, and Mr. Bass provided additional information regarding the use of subcontractors. He also commented on potential changes that may take place later this year, and he provided an update on the use of a consultant to help promote greater diversity.

PRESENTATIONS BY UNIVERSITY SUPPLIERS

Mr. Bass introduced presentations by University suppliers and said they were asked to discuss diversity culture and strategies to increase supplier diversity. He introduced Ms. Carolynn Brooks, vice president, chief diversity officer for OfficeMax, to provide the first presentation (materials on file with the clerk).

Ms. Brooks commended the University for its aggressive diversity goals and discussed the commitment to diversity at OfficeMax. She referred to a focus on diversity in the workforce, workplace, community and marketplace, and emphasized the importance of diversity and inclusion in all aspects of their work. She provided an overview of the OfficeMax workforce and workplace and provided information regarding its office of diversity and other diversity initiatives. She described community partnerships and a commitment to the community and provided information regarding its Goodworks Volunteer Program. She discussed the responsibilities of the office of diversity and reported that OfficeMax has a history in supplier diversity dating back to 1972. She described steps that were taken to increase supplier diversity by 40percent and discussed best practices, and she stated that the emphasis on supplier diversity is supported by senior management. She discussed the role of diversity in the request for proposal process, and she stated that a robust supplier diversity program is part of an executive growth initiative.

Next, Mr. Bass introduced Ms. Heather Vono, diversity supplier manager, and Ms. Jennifer Ferguson, industry director, academic segment, both from Thermo Fisher Scientific, to provide a presentation on their supplier diversity program (materials on file with the clerk). Ms. Ferguson discussed the structure of Thermo Fisher Scientific. Ms. Bono then provided an overview of its tier-one supplier diversity program and described the tier-one supplier diversity partner transaction path. She provided information regarding their tier-two supplier diversity program and stated that one aspect of the program involves an agreement with CVM Solutions, which uses a proprietary database of 2 million minority and women-owned business based on aggregate data from more than 300 certifying agencies to provide standardized and comprehensive supplier records. She described the tier-two supplier diversity vendor transaction path and discussed processes for increasing diverse spend.

Mr. Bass then introduced Mr. Mike Kovarik, director of procurement controls and product information management for US Foods, and asked him to provide a presentation on supplier diversity at US Foods (materials on file with the clerk). Mr. Kovarik discussed the importance of supplier diversity and provided data concerning supplier diversity spend at US Foods. He described the process by which diversity spend is tracked, and stated that diversity suppliers are certified or classified using several categories and may be self-certified or identified through CVM Solutions. He said that US Foods also promotes local suppliers and products, and he demonstrated how the use of technology assists in identifying local sources. He provided an example of a customer

testimonial and reviewed current goals and initiatives related to supplier diversity at US Foods. Brief discussion followed, and the presentations concluded at 3:24 p.m.

OLD BUSINESS

There was no business presented under this aegis.

NEW BUSINESS

Mr. McMillan announced that the next meeting of this committee is scheduled for Monday, January 14, at 1:00 p.m.

MEETING ADJOURNED

On motion of Mr. Montgomery, seconded by Mr. Oliver, the meeting adjourned at 3:25 p.m. There were no "nay" votes.

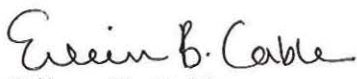
Respectfully submitted,



Susan M. Kies
Clerk



Edward L. McMillan
Chair



Eileen B. Cable
Assistant Clerk