

SPECIAL MEETING OF THE BOARD OF TRUSTEES

OF THE

UNIVERSITY OF ILLINOIS

December 13, 2013



This special meeting of the Board of Trustees of the University of Illinois was held in Room 270, College of Pharmacy, 833 South Wood Street, Chicago campus, Chicago, Illinois, on Friday, December 13, 2013, beginning at 2:30 p.m. Attendance via videoconference was available in Room 364, Henry Administration Building, 506 South Wright Street, Urbana campus, Urbana, Illinois; the Hatmaker Room, Room 550, Public Affairs Center, One University Plaza, Springfield campus, Springfield, Illinois; and Room S200A, 1601 Parkview Avenue, College of Medicine, Rockford, Illinois.

Chair Christopher G. Kennedy called the meeting to order and asked the secretary to call the roll. The following members of the Board were present: Mr. Ricardo Estrada, Mr. Patrick J. Fitzgerald, Ms. Karen Hasara, Ms. Patricia Brown Holmes, Mr. Christopher G. Kennedy, Dr. Timothy N. Koritz, Mr. Edward L. McMillan, Mr. James D. Montgomery, Ms. Pamela B. Strobel. Governor Pat Quinn was not present. Mr. Michael A. Cunningham, voting student trustee from the Urbana campus, was present. The following nonvoting student trustees were present: Mr. Jamaal E. Hollins, Springfield campus; Ms. Danielle M. Leibowitz, Chicago campus. President Robert A. Easter was in attendance.

Also present were the officers of the Board: Mr. Lester H. McKeever Jr., treasurer; Mr. Thomas R. Bearrows, University counsel; and Dr. Susan M. Kies, secretary. The following vice presidents were in attendance: Dr. Phyllis M. Wise, chancellor, Urbana campus, and vice president, University of Illinois; Dr. Paula Allen-Meares, chancellor, Chicago campus, and vice

president, University of Illinois; Dr. Susan J. Koch, chancellor, Springfield campus, and vice president, University of Illinois; Dr. Christophe Pierre, vice president for academic affairs; Mr. Walter K. Knorr, comptroller (and vice president/chief financial officer); Dr. Lawrence B. Schook, vice president for research; and Dr. Jerry L. Bauman, interim vice president for health affairs. Ms. Marna K. Fuesting, assistant secretary, was also present. Mr. Thomas P. Hardy, executive director for University relations, introduced members of the media that attended the meeting.

AGENDA

Mr. Kennedy announced that the agenda for this meeting would now be considered. All Board members recorded as present at the start of the meeting were in attendance. Mr. Kennedy noted that several Board members had previously discussed concerns with President Easter and other staff members regarding these items, and he said that he would welcome further discussion at this time.

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

Authorize Grant to UI LABS to Promote Research and Development Activities Related to Advanced Manufacturing

(1) In February 2013, Governor Pat Quinn announced plans to launch Illinois Manufacturing Lab (IML), designed to be an independent, not-for-profit entity designed as a public-private partnership whose mission is to enhance the competitiveness of Illinois manufacturers by providing a platform (tools, resources, training, expertise, etc.) to develop, model, prototype, and test new products and processes. The IML is envisioned to be a one-stop shop and physical hub where applied research and development, modeling, rapid prototyping (3-D printing, etc.), and simulation and advanced manufacturing capabilities are translated into new products and processes and where companies can access technologies and services that improve their competitiveness. Among other things, the IML will have a rapid prototyping facility, manufacturing experts, and most likely personnel from large manufacturers and university experts on the premises. The IML is to be seeded with \$10.0 million, including a \$5.0 million grant from the State and another \$5.0 million match from other sources. The State grant would be issued by the Illinois Department of Commerce and Economic Opportunity (IDCEO).

On March 23, 2013, UI LABS was formed as an Illinois not-for-profit corporation and a supporting organization of the University of Illinois for Internal Revenue Service (IRS) purposes. IML is proposed as the first laboratory within UI LABS, where applied research and development, modeling and simulation, and advanced manufacturing capabilities can be translated into new products and processes, and where Illinois companies access technologies that improve business competitiveness.

In furtherance of its missions of education, research, public service, and economic development, the University wishes to provide to UI LABS a grant up to the \$5.0 million match necessary for grantee to qualify for the IDCEO grant, pursuant to the University of Illinois Act, 110 ILCS 305; and Senate Resolution No. 296, 91st General Assembly, March 23, 2000, in which the Senate resolved, in part:

That the State research-based universities of Illinois be encouraged to expand their role in statewide economic development; and be it further resolved, that the State research-based universities of Illinois make good-faith efforts to work with the appropriate State and private agencies, local community leaders, and others interested in economic development initiatives; and be it further resolved that the State research-based universities of Illinois be encouraged to

use their facilities, equipment, research scientists' and staff's time and services, and other resources for the development and commercialization of new technological and scientific innovations, and that such uses be deemed to be in the public interest and not in conflict with other uses or purposes that derive from their traditional responsibilities for instruction, research and public service; and be it further resolved that the State-research-based universities (be) encouraged to seek to work with other State public and private institutions for expanding technology transfer efforts throughout the State of Illinois.

The grant is expected to advance research opportunities for the University and its faculty and staff through subcontracts and subawards and to provide future funding opportunities benefitting the University. It is anticipated that the grant will involve an advance payment of a specific amount, with the remainder to be paid incrementally based on authorized expenditures.

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.

President Easter recommends that the Board of Trustees authorize University officials designated by the president to negotiate and execute a grant to UI LABS not to exceed \$5.0 million, subject to appropriate terms, conditions and benchmarks to be included in the grant agreement, which are normally required by the University in making grants and subawards to third parties. The terms of the final grant will be reported to the Board.

On motion of Mr. Montgomery, seconded by Mr. Estrada, this recommendation was approved and authority was given as recommended by the following vote: Aye, Mr. Estrada, Mr. Fitzgerald, Ms. Hasara, Ms. Holmes, Mr. Kennedy, Dr. Koritz, Mr. McMillan, Mr. Montgomery, Ms. Strobel, Mr. Cunningham; No, none; Absent, Governor Quinn.

(The student advisory vote was: Aye, Mr. Hollins, Ms. Leibowitz.)

Approve Change Order for Curtis Granderson Stadium, Chicago

(2) In May 2013, the University of Illinois at Chicago received Board approval to proceed with the \$7.0 million project and design of the Curtis Granderson Stadium as a result of a gift from alumnus Curtis Granderson. The 14,114 square foot open-air, brick and stone clad ballpark will feature 1,200 chair-back seats and grassy berms for fan seating and is located at Les Miller Field south of the Physical Education Building along Roosevelt Road. Granderson Stadium will be the home for UIC Flames Baseball and will serve area youth and the Chicago community.

The gift agreement stipulates that the Granderson Stadium will be built by design/build project delivery method and with an aggressive delivery schedule using Turner Construction Company as the contractor and Populous as architect. In accordance with the design/build project delivery method, Turner Construction Company will be responsible for construction and design services. In order to proceed with preliminary utility and site construction and the design, a \$2.4 million contract was written for Turner Construction Company of Chicago, Illinois. In order for the project to proceed, it is necessary to increase Turner's contract.

Accordingly, the chancellor, University of Illinois at Chicago, and vice president, University of Illinois, with the concurrence of the appropriate administrative officers, recommends that Turner Construction Company, Chicago, Illinois, continue to be employed and that a change order to the contract be approved for the services required for the construction documents, construction administration, and postconstruction phases of the project. The increase to the firm's professional services agreement for fixed basic services fee will be \$4.6 million, for a total contract of \$7.0 million.

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 this project are available from gift funds and institutional funds operating budget of the Chicago campus.

The president of the University concurs.

On motion of Mr. Montgomery, seconded by Mr. Estrada, this recommendation was approved by the following vote: Aye, Mr. Estrada, Mr. Fitzgerald, Ms. Hasara, Ms. Holmes, Mr. Kennedy, Dr. Koritz, Mr. McMillan, Mr. Montgomery, Ms. Strobel, Mr. Cunningham; No, none; Absent, Governor Quinn.

(The student advisory vote was: Aye, Mr. Hollins, Ms. Leibowitz.)

UPDATE ON ECONOMIC DEVELOPMENT

Discovery, Innovation, and Economic Development at the University of Illinois

At 2:38 p.m., Mr. Kennedy asked Dr. Schook to provide a presentation on economic development (materials on file with the secretary). Dr. Schook commented on the role of the land-grant university and the goal of economic development, and he acknowledged the leadership of his predecessors. He summarized a document from 2000, titled *At the Crossroads*, and discussed the economic impact of research. Dr. Schook commented on the creation of new technologies through research and described the positive impact of research funding on the economy and job creation. He provided examples of successful global business start-ups and said that the University provides human capital through its faculty. Dr. Schook discussed the role of public-private partnerships and referred to comments made by Governor Quinn earlier in the day regarding the Illinois Manufacturing Lab and a partnership with the University. Dr. Schook emphasized the need to be proactive and take calculated risks, and said this can lead to dynamic public-private partnerships.

Promise Realized: Outcomes from Investment in U of I Economic Development Mission

Next, Dr. Wise made a presentation on research and education as engines of economic development (materials on file with the secretary) and stated that her comments reflected those of the three chancellors. She presented data demonstrating the economic impact of the University and its capacity for engineering and development. Dr. Wise provided examples of ways in which research funding and public-private partnerships have brought research to market and funding to Illinois. She demonstrated that the University has a mature infrastructure and successful track record of public-private partnerships and listed some accomplishments. Dr. Wise stated that the University can be a leader in the future of global manufacturing.

UI LABS: An Update on the Public-Private Initiative to Support University-Industry Partnerships

Mr. Kennedy then asked Dr. Caralynn Nowinski, associate vice president for innovation and economic development, to provide an update on UI LABS

(materials on file with the secretary). Dr. Nowinski presented the history of UI LABS and discussed its mission and vision, stating that it is a platform for partnerships between the University and industry. She described the University as a destination for talent and provided information about the launch of advanced manufacturing, the first UI LABS program. Dr. Nowinski discussed industry support and opportunities associated with advanced manufacturing, and she described aspects of the program. She stated that future programs will be driven by industry needs.

A Winning Coalition: A Competitive and Complementary Team in Washington and the Midwest

At 3:12 p.m., Mr. Jon Pyatt, director of federal relations, began a presentation on partnerships surrounding economic development from Illinois, Chicago, and the congressional delegation (materials on file with the secretary). He referred to a trend in federal research funding under the Obama administration shifting toward grants for major public-private partnerships, and he reported on the creation of three new advanced manufacturing institutes that President Barack Obama announced in the State of the Union address in January 2013. Mr. Pyatt reported on the National Network for Manufacturing Innovation and stated that President Obama's vision aligns with that of the State of Illinois, City of Chicago, and the University. Mr. Pyatt referenced Governor Quinn's commitment to advanced manufacturing and the announcement of the Illinois Manufacturing Lab, and said that Mayor Rahm Emanuel listed advanced manufacturing as a strategic priority for the City of Chicago. Mr. Pyatt told the Board that both Governor Quinn and Mayor Emanuel have embraced UI LABS. Mr. Pyatt stated that the University is working with peer institutions to collaborate on this and other issues, and he discussed support from Congress for economic development initiatives. He expressed appreciation for the support and leadership of the governor, the mayor, Sen. Dick Durbin, and the Illinois delegation.

Advocacy and Illinois Connection: Activating the Alumni Association

Next, Ms. Amy F. Eichhorst, vice president of alumni advocacy and outreach, University of Illinois Alumni Association, made a presentation on advocacy and Illinois Connection (materials on file with the secretary). She reported on the University's alumni, its active alumni base, and influential alumni. Ms. Eichhorst discussed Illinois Connection and its advocacy work at the legislative level, and she provided examples of issue advocacy on behalf of the University, which include federal research funding and economic development.

Competitive Strengths and Challenges

At 3:28 p.m., Dr. David F. Merriman, associate director, Institute of Government and Public Affairs, provided a presentation on competitive strengths and challenges faced by the City of Chicago, the State of Illinois, and the regional economy (materials on file with the secretary). He discussed theories that relate the location of activity to innovation and productivity growth and those that emphasize the importance of education and the impact of a

well-educated population on economic growth. Dr. Merriman reported on Chicago's ranking as a global city and described long-term and recent challenges in Illinois, including the lagging recovery from the 2008 recession and long-term fiscal imbalances. He reported that Illinois contributes more in federal taxes than it receives in federal spending and stated that 46 states received more economic benefit from the federal government than Illinois from 1990 to 2009. Dr. Merriman stated that despite these challenges, the City of Chicago, the State of Illinois, and the Great Lakes region have tremendous potential to be a source of innovation and growth.

Investment in the Future: Private Philanthropy A Critical Partner with the Public Sector

Next, Dr. Thomas J. Farrell, president of the University of Illinois Foundation, reported on philanthropy (materials on file with the secretary). Dr. Farrell stated that the University is the fifth-largest charity in Illinois and provided data regarding gifts and donors. He discussed corporate giving and gave examples of renowned companies that have given to the University. Dr. Farrell commented on public-private partnerships and said the Foundation's current planning model strives to double giving and engagement in the next year.

Conclusion: No Boundaries

Mr. Kennedy then asked President Easter to make a presentation (materials on file with the secretary). President Easter commented on the capacity for innovation and economic development and discussed the history of innovation in Illinois and its role in transportation and aviation. He briefly discussed the future of advanced manufacturing and said there are no limits to what can be achieved.

DISCUSSION

At 3:45 p.m., the presentations concluded. Mr. Kennedy asked Dr. Schook to discuss UI LABS, the National Network for Manufacturing Innovation, the Illinois Manufacturing Lab, and advanced manufacturing. Dr. Schook described these and emphasized that much of this work is based on a shared vision of public-private partnerships and that UI LABS aims to convene the right people in the right place. Ms. Strobel referred to the transformation of the economy that occurred when her grandmother, the first woman to receive a degree in physics from the University, was a researcher at Consolidated Edison. She said her grandmother would be proud of the University for pursuing these initiatives. Dr. Schook highlighted the importance of connecting with people and the legacy at the University of Illinois. Mr. McMillan commented on the importance of technology commercialization. Dr. Allen-Mearns thanked Dr. Wise for presenting on behalf of the chancellors and stated that she looks forward to the Chicago campus being part of this journey and solution. Mr. Montgomery inquired about preparation for careers in advanced manufacturing, and Dr. Schook commented on this. Mr. Kennedy then briefly discussed the importance of obtaining a college degree and thanked participants for the presentations. President Easter

commented that one goal of a land-grant university is to enhance the well-being of its citizens.

MOTION TO ADJOURN

At 3:58 p.m., Mr. Kennedy requested a motion to adjourn the meeting. On motion of Mr. Montgomery, seconded by Ms. Leibowitz, the meeting adjourned. There were no “nay” votes.

SUSAN M. KIES

Secretary

CHRISTOPHER G. KENNEDY

Chair

