

APPROVED BY THE
COMMITTEE

JAN 11 2016


SECRETARY OF THE BOARD

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

NOVEMBER 2, 2015

This meeting of the Audit, Budget, Finance, and Facilities Committee was held on Monday, November 2, 2015, at 1:00 p.m., in Room 1030, National Center for Supercomputing Applications, 1205 West Clark Street, Urbana campus, Urbana, Illinois. Attendance via videoconference was available in Room 270, College of Pharmacy, 833 South Wood Street, Chicago campus, Chicago, Illinois; and the Hatmaker Room, Room 550, Public Affairs Center, One University Plaza, Springfield campus, Springfield, Illinois.

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. Ramón Cepeda; Mr. Lester H. McKeever Jr., treasurer; Mr. Edward L. McMillan. Mr. James D. Montgomery was absent. The following student trustees were present: Mr. Dominique Wilson, voting student trustee, Springfield campus; Mr. Jauwan Hall, Chicago campus; Mr. Jaylin D. McClinton, Urbana campus. President Timothy L. Killeen was present.

Also in attendance were 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; Mr. Thomas R. Bearrows, University counsel; and Dr. Susan M. Kies, secretary of the Board of Trustees and of the University. Attached is a listing of other staff members and some members of the media in attendance at this meeting.

Mr. McMillan welcomed everyone to the meeting and asked if there were any comments or corrections to the minutes from the meetings held July 13, 2015, and August 31, 2015, and there were none. On motion of Mr. McKeever, seconded by Mr. Cepeda, the minutes were approved. There were no "nay" votes.

PRESENTATIONS AND REVIEW OF RECOMMENDED BOARD ITEMS
FOR THE MEETING OF THE BOARD OF TRUSTEES
OF THE UNIVERSITY OF ILLINOIS ON NOVEMBER 12, 2015

Mr. McMillan asked certain individuals in attendance to provide presentations and report on the items that will appear on the Board's agenda at its meeting on November 12, 2015. All proposed agenda items discussed at the meeting are on file with the clerk.

Minutes Prairieland Energy, Inc., Meeting

Mr. McMillan asked Mr. Michael B. Bass, senior associate vice president and deputy comptroller, to comment on the agenda item recommending approval of the minutes of the meeting of Prairieland Energy, Inc., that was held January 15, 2015. Mr. Bass stated that the annual meeting of Prairieland Energy, Inc. will take place immediately before the

Board meeting on November 12, 2015, and that the Board will vote to approve the minutes at that time. He provided additional details about the last meeting of Prairieland Energy, Inc., and described the composition of its board of managers.

Appoint Interim President, Prairieland Energy, Inc.

Mr. McMillan asked Mr. Knorr to discuss the recommendation to appoint Mr. Bass as interim president of Prairieland Energy, Inc. Mr. Knorr explained that Prairieland Energy, Inc., is a University-Related Organization that purchases gas and electricity for the University at low rates. He stated that Mr. Daniel Mortland, the previous president of Prairieland Energy, Inc., retired from the University in September 2015, and that the Board of Trustees, as the sole member of Prairieland Energy, Inc., is responsible for approving this appointment. Mr. Knorr noted that there is no compensation for serving in this role.

Employ Professional Services Consultant for the Master Plan Update, Urbana

Mr. McMillan then asked Mr. Bass to provide information on the recommendation to employ a professional services consultant for the master plan update at Urbana. Mr. Bass reported that it is being recommended that SmithGroupJJR, be employed for the professional services necessary to complete the master plan update for the Urbana campus. He discussed the selection of the firm, cost, and funding for the project. Mr. Bass also described components of the master plan update and said it will be based on the 2007 master plan and will incorporate master plans for the Research Park and campus

parking, campus bicycle plan, and the Illinois Climate Action Plan. He emphasized a focus on sustainability. Discussion followed regarding the selection of the firm and the rate of Minority and Female Business Enterprise (MAFBE) participation, and Mr. Bass provided additional information regarding the possible schedule of payments to the firm.

Purchase Recommendations

Next, Mr. McMillan asked Mr. Richard D. Elmore, assistant vice president for procurement services, to report on purchase recommendations. Mr. Elmore provided information regarding the recommended purchase of study abroad foreign services for students at Urbana enrolled in the study abroad program in Barcelona, Spain. He discussed the cost, which he said will be paid by self-supporting funds through the study abroad program, and described services that will be provided. Mr. Elmore gave additional details about the vendor. Brief discussion followed regarding similar programs at other campuses, and Mr. Elmore stated that Chicago offers a similar program but not at the same scale.

Mr. Elmore then reported on the recommended change order to an existing contract with The Chicago Lighthouse for People Who are Blind or Visually Impaired. He described details of the original contract and said that the determination has been made to expand the services provided by The Chicago Lighthouse to include additional University of Illinois Hospital and Health Sciences System clinics. Mr. Elmore described the services provided and discussed the Minority and Female Business Enterprise (MAFBE) participation rate for this vendor. Brief discussion followed, and Mr. Elmore

told committee members that there are currently no specific goals regarding minority vendors in the area of purchasing. Mr. Elmore also responded to a question from Mr. McKeever regarding cost analysis and estimated savings, and provided information regarding the estimates received from the original request for proposal.

Name the Dale C. and Caren C. Nickelsen Postgraduate
Pediatric Dentistry Clinic, College of Dentistry, Chicago

Next, Mr. McMillan asked Dr. Eric A. Gislason, interim vice chancellor for academic affairs and provost, Chicago, to discuss the recommendation to name the postgraduate pediatric dentistry clinic in the College of Dentistry at Chicago in recognition of Dr. and Mrs. Nickelsen's personal support of the clinic renovation. Dr. Gislason referred to Dr. and Mrs. Nickelsen's gift of \$250,000 and said that they helped secure \$800,000 in additional gifts in support of the \$1.4 million renovation. He said that they are well deserving of this naming honor, and he told the committee that Dr. Nickelsen is an alum of the College of Dentistry at Chicago. Brief discussion followed regarding the criteria used in naming rooms, buildings, or other areas at the University.

There were no objections to the items listed above going forward to the full Board for voting.

Legislative, Budget, and Financial Updates

Mr. McMillan then asked Mr. Knorr to give legislative, budget, and financial updates. Mr. Knorr reported that Moody's reaffirmed the credit rating for the hospital and

University and said he expects that Standard and Poor's will issue a credit rating soon. He then discussed the National Science Foundation's audit on \$435.0 million grant expenditures to the University and said that \$102,000 was disallowed, noting that this is 0.02 percent of grant expenditures. He said this is a very positive result and thanked the Office of Grants and Contracts for their hard work. Next, Mr. Knorr commented on the State budget impasse and its impact on the University. He referred to the absence of Monetary Award Program (MAP) funding and the University's appropriation, and he discussed concerns related to the shortfall of funding of the Medicaid trust fund. Lastly, Mr. Knorr gave an update on the purchase of health insurance for employees who are eligible under the Patient Protection and Affordable Care Act (PPACA) but ineligible through the State of Illinois Central Management Systems, and said the cost will be under \$1.0 million per year. Brief discussion followed regarding the timing of a potential credit rating decision from Standard and Poor's.

MOTION FOR EXECUTIVE SESSION

At 1:31 p.m., Mr. McMillan stated that a motion was in order to convene an executive session to consider the discussion of minutes of meetings lawfully closed under the Open Meetings Act and internal control weaknesses. On motion of Mr. McKeever, seconded by Mr. Hall, this motion was approved. There were no "nay" votes.

EXECUTIVE SESSION

Mr. McMillan convened this executive session at 1:35 p.m. All committee members were present. Also present were President Timothy L. Killeen; Mr. Thomas R. Bearrows, University counsel; Dr. Susan M. Kies, secretary of the Board of Trustees and of the University; and Ms. Julie A. Zemaitis, executive director of University audits.

Discussion of Minutes of Meetings Lawfully Closed Under the Open Meetings Act

Dr. Kies stated that the Open Meetings Act requires that minutes from business conducted under exceptions specified in the act must, at least every six months, be reviewed to determine whether the need for confidentiality still exists with respect to each item considered under such exception. She reported that she and Mr. Bearrows reviewed all sequestered items and recommend that one matter discussed in executive session during the meeting on April 27, 2015, be made available to the public, and that all other matters continue to be sequestered. There were no questions or comments regarding this recommendation.

Material redacted pursuant to the Illinois Open Meetings Act (5 ILCS 120/2.06d)

EXECUTIVE SESSION ADJOURNED

There being no further business, the executive session adjourned at 1:50 p.m.

AGENDA

At 1:51 p.m., the open session resumed. Mr. McMillan stated that there was one agenda item requiring action by the committee, and he asked Dr. Kies to read aloud the title of the item, "Disclose Certain Minutes of Executive Sessions Pursuant to the Open Meetings Act." The committee agreed that one roll call vote would be taken and considered the vote on the agenda item as listed below.

Disclose Certain Minutes of Executive Sessions Pursuant to Open Meetings Act

(1) Under the Open Meetings Act passed by the General Assembly, public bodies subject to the Act that conduct business under exceptions specified in the Act must, at least every six months, determine whether the need for confidentiality still exists with respect to each item considered under such exception.

An item from May 2012 through April 2015 that has been heretofore unreleased is recommended for release at this time.

The University Counsel and the Secretary of the Board, having consulted with appropriate University officers, recommends that the following matter considered in executive session for the time period above be made available to the public at this time.

The committee 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.

The President of the University concurs.

Executive Session Minutes Released to Public

April 27, 2015, Audit, Budget, Finance, and Facilities Committee

Mr. McMillan convened this executive session at 1:57 p.m. All committee members were present. Also present were Mr. Thomas R. Bearrows, University counsel, and Dr. Susan M. Kies, secretary of the Board of Trustees and of the University.

Discussion of Minutes of Meetings Lawfully Closed Under the Open Meetings Act

Dr. Kies stated that the Open Meetings Act requires that minutes from business conducted under exceptions specified in the Act must, at least every six months, be reviewed to determine whether the need for confidentiality still exists with respect to

each item considered under such exception. Dr. Kies reported that she and Mr. Bearrows reviewed all sequestered items considered in executive session during meetings of the Audit, Budget, Finance, and Facilities Committee and recommend that one matter discussed in executive session during the November 3, 2014, meeting be made available to the public. Dr. Kies said this portion concerns the discussion of minutes lawfully closed under the Open Meetings Act, and that she and Mr. Bearrows recommend that all other matters continue to be sequestered. Dr. Kies outlined the topics discussed in the executive sessions that will continue to be sequestered. There were no additional comments or concerns expressed regarding this recommendation.

On motion of Mr. Cepeda, seconded by Mr. Hall, this recommendation was approved by the following vote: Aye, Dr. Koritz, Mr. McKeever, Mr. McMillan, Mr. Wilson; No, none; Absent, Mr. Montgomery.

(The student advisory vote was: Aye, Mr. McClinton, Mr. Hall; No, none.)

OLD BUSINESS

There was no business presented under this aegis.

NEW BUSINESS

Mr. McMillan announced that the next meeting is scheduled for Monday, January 11, 2016, at 1:00 p.m.

MEETING ADJOURNED

On motion of Mr. Cepeda, seconded by Mr. Hall, the meeting adjourned at 1:52 p.m.

There were no "nay" votes.

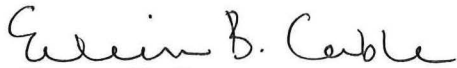
Respectfully submitted,



SUSAN M. KIES
Clerk



EDWARD L. MCMILLAN
Chair



EILEEN B. CABLE
Assistant Clerk

