

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

JULY 15, 2019

This meeting of the Audit, Budget, Finance, and Facilities Committee was held on Monday, July 15, 2019, at 3:00 p.m., in Room 414, Administrative Office Building, 1737 West Polk Street, Chicago, Illinois. Attendance via videoconference was available in Room 1030,¹ National Center for Supercomputing Applications, 1205 West Clark Street, Urbana, Illinois; and the Hatmaker Room, Room 550, Public Affairs Center, One University Plaza, Springfield, Illinois.

Trustee Ramón Cepeda, chair of the committee, convened the meeting and asked the secretary to call the roll. The following committee members were present: Mr. Ramón Cepeda; Mr. Donald J. Edwards; Dr. Stuart C. King; Mr. Lester H. McKeever Jr., treasurer. Mr. Trayshawn M. W. Mitchell, voting student trustee, Urbana, was absent.

President Timothy L. Killeen was in attendance. Also present were: Dr. Barbara J. Wilson, executive vice president and vice president for academic affairs; Dr. Robert J. Jones, chancellor, University of Illinois at Urbana-Champaign, and vice president, University of Illinois; Dr. Avijit Ghosh, comptroller (and vice president/chief financial officer); Mr. Thomas R. Bearrows, University counsel; Mr. Thomas P. Hardy,

¹ The location on the agenda for this meeting was listed as Room 1040. The meeting was moved to Room 1030.

executive director for University relations; and Ms. Dedra M. Williams, secretary of the Board of Trustees and of the University. President Killeen introduced Dr. James Brennan, associate professor, Department of History, Urbana, and member of the University Senates Conference's Finance, Budget and Benefits Committee. Attached is a listing of other staff members and some members of the media in attendance at this meeting.

Mr. Cepeda asked if there were any comments or corrections to the minutes from the meeting held May 6, 2019. On motion of Mr. McKeever, 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 JULY 25, 2019

Mr. Cepeda 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 July 25, 2019. All proposed agenda items discussed at the meeting are on file with the secretary.

Delegate Authority to Comptroller to
Approve Lease of Space for Academic and Support Functions, Urbana

Mr. Cepeda asked Mr. Michael B. Bass, senior associate vice president and deputy comptroller, to discuss the recommendation to delegate authority to the comptroller to approve the lease of space for academic and support functions at Urbana. Mr. Bass indicated this recommendation was previously discussed by the Board during an

executive session, and he gave an overview of the terms of the lease of space on the second, third, and fourth floors of the building to be located at 600 East Daniel Street, Champaign, and said the space is adjacent to space being acquired in the facility by the university. He told the committee the space will be used by the School of Information Sciences and the Office of the Vice Chancellor for Diversity, Equity and Inclusion. Mr. Bass gave additional background on the facility and the university's master plan. Mr. McKeever inquired about the language used in the agenda item stating that the lease is "subject to the availability of funds and the resolution of final lease terms satisfactory to the University." Mr. Bass explained that this language reflects the need for a waiver from the chief procurement officer, and Dr. Ghosh commented on the availability of funds. Committee members also discussed the proposed lease term of 10 years with the option to terminate in year five.

Capital and Real Estate Items

Mr. Cepeda asked Dr. Ghosh to report on capital and real estate items and noted that the recommendation to approve the project budget and award construction contracts for renovation at Townsend Hall and Wardall Hall, Illinois Street Residence Halls, Urbana was pulled from the agenda. Dr. Ghosh first discussed the recommendation to award a construction contract for reroofing at the Student Services Building at Chicago. He said the roof is in urgent need of repair and that the Board approved the project with a budget of \$6.29 million at its January 2019 meeting. He described the scope of the project and said that it is being recommended that a construction contract be awarded to Industria

Inc. He told the committee that this is a minority-owned business and that 100 percent of the project cost qualifies for Minority and Female Business Enterprise (MAFBE) status.

Dr. Ghosh then reported on the recommendation to amend the professional services consultant contract for the Computer Design Research and Learning Center in the College of Engineering at Chicago. He said a professional services consultant was employed in June 2019 for the conceptualization phase of the project and that the intent is to now amend the contract for full professional services so that a design can be completed that will determine scope, size, and budget. Dr. Ghosh described the project, reported on MAFBE participation rates, and reported on funding. Mr. McKeever commented on the dramatic increase in cost, and Dr. Ghosh indicated this is due to the limited scope of the initial contract. Mr. McKeever requested that MAFBE data be included in the text of these types of items in the future.

Next, Dr. Ghosh provided information on the recommendation to amend the professional services consultant contract for the Welcome Atrium at the University of Illinois Hospital at Chicago. He gave a history of the project, which will provide a new lobby to establish one central consolidated main entry point for patients and visitors of the hospital, and explained the intent is to amend the original contract for full professional services through the warranty phase. Dr. Ghosh reported that the project is designed to meet LEED Gold certification, and he discussed costs associated with the project. He said the MAFBE participation rate is 32.5 percent.

Dr. Ghosh then discussed the recommendation to name the Japan House Annex at Urbana as the Ogura/Sato Japan House Annex, in recognition of the generosity

of Dr. George Ogura, Professor Shozo Sato, and Mrs. Alice Ogura Sato for their substantial contribution toward an addition at Japan House. Dr. Ghosh provided information about their gifts and the ways in which the space in the addition will be used.

Dr. Ghosh reported on the recommendation to rename the Chez Family Foundation Center for Wounded Veterans in Higher Education to the Chez Veterans Center. He said the center houses residential and nonresidential support services for veterans who are pursuing degrees at the University of Illinois, and he described the types of services provided there. Dr. Ghosh described the problems with the center's current name and said that renaming the center addresses the need to rectify these situations and does not reflect a change in the services or activities offered or its target population. He told the committee that the principle building donor and students agree with the proposed name change.

Lastly, Dr. Ghosh provided information on the recommendation to rename the Institute of Labor and Industrial Relations building to the School of Labor and Employment Relations building. He said this proposed change better aligns the name of the building with the organizational structure of the unit.

Purchase Recommendations

Next, Mr. Cepeda asked Mr. Michael B. Bass, senior associate vice president and deputy comptroller, to report on purchase recommendations. Mr. Bass discussed the recommendation to approve a partnership to procure and operate a Siemens 7 Tesla (T) Human Magnetic Resonance Imaging (MRI) System for the Beckman Institute for

Advanced Science and Technology, Biomedical Imaging Center, at Urbana and said this purchase is exempt from the usual selection processes of the Procurement Code because it is being executed as a nongovernmental joint purchase. He said this equipment would be purchased in partnership with Carle Foundation Hospital and that the university's cost is \$7,765,644.00. Mr. Bass said this equipment would have a significant impact on the Carle Foundation Hospital, the Carle Illinois College of Medicine, and the university's research enterprise and would support better clinical outcomes. Mr. McKeever asked if there is a similar unit at Chicago and proposed that there would be potential for collaboration. Mr. Edwards asked for clarification of the potential use of the equipment, and Dr. Susan A. Martinis, interim vice chancellor for research, Urbana, indicated there would be time scheduled for research and for clinical use. She emphasized there are very few of these being used across the country, and she told the committee the closest unit is currently in Tennessee. Mr. Michael B. Zenn, chief executive officer, UI Hospital and Clinics, told the committee that there are plans to buy a similar unit at Chicago in the future. Mr. Edwards then asked for clarification of the cost of the unit, and Dr. Ghosh responded that the cost of the unit is \$15.0 million and will be split between the university and Carle Foundation Hospital. Discussion followed regarding the terms of the agreement and location of the unit, and Dr. Martinis supplied additional details about the agreement and letter of intent. Committee members then discussed the life of the equipment and length of time that the university would have access to it under the currently proposed agreement. Mr. Edwards remarked that the terms should reflect university access for the life of the equipment and said that it would be useful for the

Board to receive additional details on these types of purchases to better evaluate them going forward.

There was no objection to the items listed above going forward to the full Board for voting.

Independent External Audit Services Plan

Mr. Cepeda asked Ms. Ginger L. Velazquez, interim assistant vice president for business and finance, to report on the independent external audit services plan (materials on file with the secretary). Ms. Velazquez stated that CliftonLarsonAllen (CLA) is serving in its fifth year as special assistant to the Office of the Auditor General and said Mr. Jeff Bonick is the CLA principal over the University of Illinois audit engagement. She introduced Mr. Chris Suda, who is serving as CLA principal assisting Mr. Bonick. Mr. Suda explained that CLA was contracted by the Illinois Auditor General, and he gave an overview of the engagement scope, deliverables, and timeline. He reviewed members of the engagement team, discussed the responsibilities of the Audit, Budget, Finance, and Facilities Committee, and described University support for the audit. Mr. Cepeda thanked Mr. Suda for the presentation.

Two Year Internal Audit Plan for Fiscal Years 2020-2021

Mr. Cepeda asked Ms. Julie A. Zemaitis, executive director of University audits, to present a two year audit plan for Fiscal Years 2020-2021 (materials on file with the secretary). Ms. Zemaitis began her presentation by outlining aspects of the governance

framework pertaining to internal audits and gave a high level overview of the key elements of the audit plan development process, stating that it is flexible by design. She presented a summary of planned hours and noted that the increase in hours from Fiscal Year 2019 reflects an open position that was filled. Ms. Zemaitis then showed a chart of the mapping of the Fiscal Year 2020-2021 plan to risk and to the Strategic Framework. She emphasized that the plan is designed to be flexible and allow for the ability to respond to the monitoring of risks. Mr. McKeever commended Ms. Zemaitis and said that the results of the external review of the Office of University Audits reflect the complexity of this work.

OLD BUSINESS

Mr. Cepeda stated that a follow-up to questions raised during a previous meeting on the MAFBE status of The Chicago Lighthouse for People Who Are Blind or Visually Impaired was provided to members of the committee along with their materials for this meeting.

Dr. Ghosh announced that a detailed report on the State appropriation will be made available at the next meeting of the Board.

NEW BUSINESS

Mr. Cepeda announced that the next meeting of this committee is scheduled for Monday, September 9, 2019, at 3:00 p.m.

MEETING ADJOURNED

On motion of Mr. Edwards, seconded by Dr. King, the meeting adjourned at 3:47 p.m.

There were no “nay” votes.

Respectfully submitted,

DEDRA M. WILLIAMS
Secretary

RAMÓN CEPEDA
Chair

EILEEN B. CABLE
Special Assistant to the Secretary