

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

MARCH 1, 2021

This meeting of the Audit, Budget, Finance, and Facilities Committee of the Board of Trustees of the University of Illinois was held via teleconference¹ on Monday, March 1, 2021, at 3:05 p.m.

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; Lester H. McKeever Jr., treasurer; Ms. Sarah C. Phalen; Ms. Jocelyn Bravo, voting student trustee, Chicago. Ms. Tami Craig Schilling; Ms. Naomi D. Jakobsson; Mr. Ali Mirza, student trustee, Urbana; and Mr. Austin Verthein, student trustee, Springfield, attended as guests.

Also present were President Timothy L. Killeen; Dr. Barbara J. Wilson, executive vice president and vice president for academic affairs; Dr. Robert J. Jones, chancellor, University of Illinois Urbana-Champaign, and vice president, University of Illinois System; Dr. Michael D. Amiridis, chancellor, University of Illinois Chicago, and vice president, University of Illinois System; Dr. Karen M. Whitney, interim chancellor, University of Illinois Springfield, and vice president, University of Illinois System; Dr. Avijit Ghosh, comptroller (and vice president/chief financial officer); Mr. Thomas R.

¹ Per Governor J. B. Pritzker's Executive Order 2021-04.

Bearrows, University counsel; Dr. Joseph T. Walsh Jr., interim vice president for economic development and innovation; Ms. Kirsten Ruby, interim executive director for University relations; and Mr. Gregory J. Knott, 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. Cepeda asked if there were any comments or corrections to the minutes from the meeting held January 11, 2021. On motion of Mr. McKeever, seconded by Mr. Edwards, the minutes were approved by the following roll call vote:² Aye, Ms. Bravo, Mr. Cepeda, Mr. Edwards, Mr. McKeever, Ms. Phalen; No, none.

PRESENTATIONS AND BOARD ITEMS

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 March 11, 2021. All proposed agenda items discussed at the meeting are on file with the secretary.

Capital and Real Estate Items

Mr. Cepeda asked Dr. Ghosh to report on recommended capital and real estate items. Dr. Ghosh first reported on the recommendation to award construction contracts for the Central Campus Parking Structures at Urbana. He explained these parking structures are in the heart of campus and are heavily used and in need of renovation. Dr. Ghosh

² Per 5 ILCS 120/7(e), all votes are conducted by roll call.

described the scope of the repairs and restoration and said this recommendation would award contracts in the amount of \$7,169,488 for the first phase of the project. He reported that the Business Enterprise Participation (BEP) rate is 21 percent. Mr. Cepeda asked if the project will be able to be completed within budget since being started in 2019, and Dr. Ghosh indicated the costs for Phase 1 are as expected.

Next, Dr. Ghosh discussed the recommendation to approve the budget for the Ubben Basketball Complex Expansion in the Division of Intercollegiate Athletics at Urbana. He said that the Board approved the project and design in September 2020 and that a budget increase is recommended at this time to replace existing roofing, air handling units, and wood gymnasium flooring. He said these renovations were scheduled to be completed soon and that adding them to the current project will achieve economies of scale benefits. Dr. Ghosh said this increase would also accommodate the addition of a photovoltaic array to meet the University's energy conservation goals. He said the total proposed increase is \$4,800,000. Brief discussion followed regarding the use of solar panels in the winter, and Dr. Ghosh explained that these are supplemental to the main power source. Mr. Cepeda commented that it makes sense to complete the additional work and take advantage of the economies of scale.

Next, Dr. Ghosh provided information on the recommendation to delegate authority to approve the lease of space at 2209 Willow Road in Urbana. He explained that The Grainger College of Engineering, Urbana, has a need for leased space for a Plasmatron X ICP Facility for the Center for Hypersonics and Entry Systems Studies (CHESS). Dr. Ghosh said CHESS is a multidisciplinary team of researchers needing

leased laboratory space to house a unique inductively coupled plasma wind tunnel, the Plasmatron X, and he briefly discussed the type of research conducted in the facility. He briefly reported on aspects of the proposed lease and sources of funding.

Dr. Ghosh then discussed the recommendation on the determination of surplus real estate and delegation of authority to the comptroller to sell surplus real estate in Rockford and said that three sites that are the subject of this resolution housed medical clinics built in the 1970s for the UIC College of Medicine Rockford (UICOMR). He told the committee that UICOMR has a diminished need for such clinical sites and the property is now vacant. Dr. Ghosh reported on failed attempts to lease the space or find units within the university to occupy these buildings. He provided additional information about the properties and said a sale process will be initiated upon approval by the Board to deem these properties surplus real estate. Dr. Ghosh stated that this recommendation includes the delegation of authority to the comptroller to conduct the sale process, execution, and delivery of the required documents to consummate the transaction, and to deposit the sale proceeds in a separate account for the purpose of deferred maintenance and emergency repair of University property.

Next, Dr. Ghosh reported on the recommendation to amend the Twenty-Sixth Supplemental System Revenue Bond Resolution authorizing the issuance of Auxiliary Facilities System Revenue Bonds. Dr. Ghosh stated the bonds are not to exceed \$168.0 million, and \$142.0 million of that amount will be used to refinance existing bonds and take advantage of low interest rates. He said \$26.0 million will be used to finance new

projects, including the parking garage renovation project previously discussed. He discussed the bidding process and said the closing will take place in July.

Dr. Ghosh then reviewed the proposed new projects to be financed by the Auxiliary Services Revenue Bonds, Series 2018. He explained that excess proceeds from these bonds due to reduced project costs must be used for an Auxiliary Facilities System purpose, and that it is recommended to use these proceeds toward the renovation and addition of the Ubben Basketball Complex Expansion.

Next, Dr. Ghosh discussed the proposed resolution supporting the request for Cook County Community Development Block Grant to fund the Law School Clinic at Chicago. He said this grant would provide salary support for a staff attorney in the Community Enterprise and Solidarity Economy Clinic (CESEC) at the UIC John Marshall Law School. He described the legal services provided by CESEC and said it gives students an opportunity to train and gain experience in the pro bono community. He noted this is similar to the resolution supporting the block grant to fund CESEC that was approved by the Board last year.

Mr. Cepeda asked if there were any questions regarding these recommendations and asked Dr. Ghosh to comment on efforts to utilize diverse firms as part of the bond issuance process. Dr. Ghosh stated that opportunities are broadly marketed and asked Ms. Sarah Crane, senior director for capital financing, to provide additional information. Ms. Crane stated that this Request for Proposal (RFP) was completed in 2017 and established a pool that is valid for 10 years. Mr. McKeever inquired about diversity opportunities in the next RFP, and Ms. Crane explained that the

sale process is driven by the lowest price and does not consider diversity goals. Dr. Ghosh added that diverse suppliers are utilized by other means.

Purchase Recommendations

Dr. Ghosh then reported on purchase recommendations, beginning with the proposed purchase of a comprehensive media buying plan to target prospective students and promote the innovative programs at the Gies College of Business, Urbana. He described the rationale for this purchase, stating it would increase brand synergy, reduce costs, and increase reach effectiveness.

Next, Dr. Ghosh reported on the recommended purchase of Intuitive Surgical robotic accessories and ancillary supplies for the UI Hospital and Clinics, Chicago. He referred to an increase in robotic surgery and said the volume is expected to increase at the hospital. He told the committee this is a sole source purchase and is exempt from the requirements of the Procurement Code, including the establishment of Business Enterprise Program (BEP) goals.

Dr. Ghosh then discussed the recommended purchase of GE Discovery Molecular Imaging PET/CT imaging equipment and a Siemens 3T Magnetom Vida MRI Scanner for the new Outpatient Surgery Center and Specialty Clinics (OSC) at the University of Illinois Chicago. Dr. Ghosh said these are both part of the approved medical equipment budget and require delivery this year in accordance with the project's construction schedule. He told the committee these are exempt from competitive selection procedures in accordance with the Illinois Procurement Code.

Next, Dr. Ghosh reported on the recommended purchase of a student accident and illness insurance plan from Academic Health Plans for the University of Illinois Springfield. He said the cost is paid through student fees, which are subject to approval by the Board. He said this student fee is on the agenda for the upcoming meeting of the Academic and Student Affairs Committee. Dr. Ghosh said competitive bidding procedures were followed in accordance with the Illinois Procurement Code.

Dr. Ghosh provided information about a renewal option for the purchase and delivery of coal, including by-product and waste disposal services, for the University of Illinois Urbana-Champaign. He said this is the second of five renewal options and that there is no increase in the price this year as a result of negotiations. He discussed the use of coal and said the vendor will provide approximately 80,000 tons of coal from July 1, 2021, through June 30, 2022.

Lastly, Dr. Ghosh discussed the recommended renewal of reagents for DNA Analyzer Systems from Illumina for the Roy J. Carver Biotechnology Center at the University of Illinois Urbana-Champaign. He explained this is a sole source purchase because the items are patented, uniquely compatible with existing equipment, and the vendor is the only manufacturer and distributor.

PRESENTATION

Presentation of the Summary of Internal Audit Activity
through the Second Quarter Ended December 31, 2020

Mr. Cepeda asked Ms. Julie A. Zemaitis, executive director of University audits, to present a summary of internal audit activity through the second quarter ended December 31, 2020. Ms. Zemaitis showed the Fiscal Year 2021 audit plan completion status and said that there are 32 projects in progress, not including co-sourced construction audits. She reported on the implementation of audit recommendations for Fiscal Years 2019, 2020, and 2021 and said that there are 268 open recommendations for Fiscal Year 2021. Ms. Zemaitis showed the year-to-date audit report findings from July 1, 2020, through December 31, 2020, and presented the aging of outstanding recommendations by management's original implementation date. She told the committee there are 42 recommendations that were scheduled to be complete from Fiscal Years 2018 through 2020, and she showed the risk and priority rating, as well as location, for these aging recommendations. Ms. Zemaitis then reviewed the Office of University Audits Strategic Plan Summary, which was updated in December 2020, and she presented the strategic principles for the office.

Mr. Cepeda thanked Ms. Zemaitis for the presentation, and Mr. McKeever expressed pride in the performance of the Office of University Audits. Ms. Zemaitis described adherence to The Institute of Internal Auditors (IIA) standards and said that this includes periodic review and approval of the internal audit charter. She provided information about the charter, which she said includes the internal audit mission, definition of internal auditing, purpose, responsibilities, and authority. Ms. Zemaitis referred to proposed updates to the charter (materials on file with the secretary), which were provided to members of the committee and said there are no major substantive

changes. There were no questions or comments regarding the recommendation to approve amendments to the internal audit charter. On motion of Mr. Edwards, seconded by Mr. McKeever, amendments to the internal audit charter were approved by the following roll call vote: Aye, Ms. Bravo, Mr. Cepeda, Mr. Edwards, Mr. McKeever, Ms. Phalen; No, none.

OLD BUSINESS

There was no business presented under this aegis.

NEW BUSINESS

Mr. Cepeda asked if committee members had any new business to report, and there was none.

Mr. Cepeda announced that the next meeting of this committee is scheduled for Monday, May 10, 2021, at 3:00 p.m.

MEETING ADJOURNED

On motion of Mr. Edwards seconded by Mr. McKeever, the meeting adjourned at 3:55 p.m. by the following roll call vote: Aye, Ms. Bravo, Mr. Cepeda, Mr. Edwards, Mr. McKeever, Ms. Phalen; No, none.

Respectfully submitted,

GREGORY J. KNOTT
Secretary

RAMÓN CEPEDA
Chair

EILEEN B. CABLE
Special Assistant to the Secretary