

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

MAY 10, 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, May 10, 2021, at 3:01 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; Mr. Lester H. McKeever Jr., treasurer; Ms. Sarah C. Phalen; Ms. Jocelyn Bravo, voting student trustee, Chicago. Ms. Tami Craig Schilling; Ms. Naomi D. Jakobsson;² 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.

¹ Per Governor J. B. Pritzker's Executive Order 2021-09.

² Ms. Jakobsson arrived at 3:58 p.m.

Avijit Ghosh, comptroller (and vice president/chief financial officer); Mr. Thomas R. 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. President Killeen introduced Dr. Roy Campbell, chair of the University Senates Conference 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 March 1, 2021. On motion of Mr. McKeever, seconded by Mr. Edwards, the minutes were approved by the following roll call vote:³ 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 May 20, 2021. All proposed agenda items discussed at the meeting are on file with the secretary.

Approve Preliminary Operating Budget for Fiscal Year 2022

Mr. Cepeda asked Dr. Ghosh to report on the recommendation to approve the preliminary operating budget for Fiscal Year 2022. Dr. Ghosh explained that the actions of the State,

³ Per 5 ILCS 120/7(e), all votes are conducted by roll call.

including a determination of the State appropriation, will conclude after the last Board meeting of this fiscal year. He said this process of approving a preliminary operating budget is necessary because it enables the University to continue operations and to pay its bills. Dr. Ghosh told the committee that the final budget based on the State appropriation is expected to be brought to the Board in September. He said the cost control measures established this year will continue.

Capital and Real Estate Items

Mr. Cepeda then asked Dr. Ghosh to report on capital and real estate items. Dr. Ghosh first discussed the recommendation to award a construction contract for the Ubben Basketball Expansion project in the Division of Intercollegiate Athletics at Urbana. Dr. Ghosh gave an overview of the project, which was approved by the Board in March 2021, and he provided information regarding the recommendation to award a contract to Williams Brothers Construction. He reported on diverse vendor participation rates and said 22 percent of the work will be done by a subcontractor that is a women-owned business. Dr. Ghosh said funds for this project are available from the institutional funds operating budget of the University of Illinois Urbana-Champaign; proceeds from gift funds; Auxiliary Facility System Repair and Replacement Reserve funds; and the Auxiliary Facility System Revenue Bonds, Series 2018A.

Dr. Ghosh then reported on the recommendation to approve the project budget for the renovation of Altgeld Hall and the replacement of Illini Hall at Urbana. He noted this is a major project involving iconic buildings at the university that will have an

impact on many students. He stated LEED Platinum status will be pursued for Illini Hall, and he outlined the phases of the project. Dr. Ghosh noted this project will be managed by the Capital Development Board, and he discussed financing, with the State providing \$140.0 million through a combination of state capital appropriations and Discovery Partners Institute (DPI)/Illinois Innovation Network (IIN) funding. He said the university will contribute \$52.0 million, derived from institutional funds. Dr. Jones commented on the significance and importance of the two projects, noting that Altgeld Hall is one of the oldest buildings on the campus and is an iconic symbol of the university. He remarked on its many uses and the familiar sound of the Altgeld Hall chimes. Dr. Jones said this is one of the first projects to benefit from DPI/IIN funding, and he thanked President Killeen, the governor, and the Capital Development Board. President Killeen also expressed appreciation for the governor and Capital Development Board and their tremendous partnership with the University System. He commented on the goal to achieve LEED Platinum designation and remarked on the restoration of Altgeld Hall. He thanked the Board for its support. Mr. Cepeda shared his support for the projects and staying within budget.

Dr. Ghosh then discussed the recommendation to approve the project budget for the Innovation Center Expansion project at Chicago. He provided information about the Innovation Center, which he said has become an important center of innovative, student-oriented projects designed in partnership with major businesses. He said the expansion will add 15,000 gross square feet to the Innovation Center and enable more students and businesses to participate, securing the university's position as an innovation

campus. Dr. Ghosh emphasized the importance of the Innovation Center in promoting and facilitating innovation and said the project budget is currently estimated to be \$10.0 million. He said \$4.4 million will be paid from the DPI/IIN capital appropriation, and \$5.6 million will be paid from UIC operating funds set aside for this project. He noted this project will also be managed by the Capital Development Board. Dr. Amiridis commented on the use of the Innovation Center, which he said is interdisciplinary, bringing undergraduate and graduate students together to come up with solutions identified in industry. He said it has an excellent track record. He said these funds will allow for expansion, increase visibility, and enable more students to participate. Dr. Amiridis also congratulated Ms. Bravo on her graduation, and Ms. Bravo commented on the success of the Innovation Center.

Appoint External Audit Firm for Six University-Related Organizations

Dr. Ghosh then reported on the recommendation to appoint an external audit firm for six University-Related Organizations (UROs). He explained that the operating agreements of the UROs require the approval of the Board to appoint external auditors to conduct required annual audits. He said Illinois VENTURES, LLC; Prairieland Energy, Inc.; Illinois Global Gateway, LLC; University of Illinois Research Park, LLC; Wolcott, Wood and Taylor, Inc.; and Shield T3, LLC issued a Request for Proposal (RFP) for audit services and selected BKD, LLP as the external auditor to conduct their respective audits.

Purchase Recommendations

Mr. Cepeda then asked Dr. Ghosh to report on purchase recommendations. Dr. Ghosh discussed the recommendation to purchase a master service agreement to perform scheduled maintenance and repairs on radiology and imaging medical devices for UI Hospital and Clinics from GE Healthcare/Medical, Inc. He described aspects of the contract and explained this purchase is a sole source procurement because it includes GE's proprietary software used by UI Hospital clinical engineers, and as such, does not have established Business Enterprise Program (BEP) goals. He noted that GE Healthcare provided its 2020 summary of their diversity spend.

Next, Dr. Ghosh discussed the recommendation to purchase electricity distribution for utilities at the University of Illinois Chicago from Commonwealth Edison. Mr. Cepeda asked how these rates compare to those in previous years. Dr. Ghosh said they are the same as last year and indicated he would report back with a comparison prior to last year.

Dr. Ghosh then reported on the recommendation to purchase professional services of physicians and medical physicists for UI Hospital and Clinics from the University of Chicago Radiation and Cellular Oncology. He explained UI Health does not have employed physicians or residents in the radiation oncology specialty and requires third-party staffing to provide services to meet the needs of its patients.

Next, Dr. Ghosh reported on the recommendation to purchase language translation and interpretation services for UI Health patients and said these services allow

patients to speak with their caregivers in their native language. He noted that the provision of these services is required by federal law and is an important part of providing patient care.

Dr. Ghosh then provided information on the recommendation to purchase a comprehensive Institutional Review Board (IRB) and Conflict of Interest (COI) software suite from Huron Consulting Services, LLC, to support researchers at the University of Illinois Chicago in the IRB and COI disclosure processes. He said this will also support the Office for the Protection of Research Subjects (OPRS) by providing and documenting compliant IRB reviews that will contribute to human research protection best practices. He told the committee that competitive selection procedures were followed in accordance with the Illinois Procurement Code.

Next, Dr. Ghosh reported on the recommended purchase of sample collection for COVID-19 saliva testing at Shield Illinois collection sites, as well as courier services to Shield Illinois laboratories. He referred to the intergovernmental agreement with the Illinois Department of Public Health to provide COVID-19 testing to high schools, community colleges, and residents of Illinois and said that Shield Illinois would like to utilize third-party medical services providers to conduct specimen collection and courier services. He said that the identified vendors are currently contracted at no cost to the University System. Dr. Ghosh said in order to increase test collection sites, the University, rather than the collection site, will pay for these services and will be reimbursed by the State. He said the purchase is exempt from competitive

selection procedures in accordance with the Illinois Procurement Code, and as such, does not have established BEP goals.

Dr. Ghosh then discussed recommended change orders, beginning with the recommendation to provide nutritionally balanced meals to student-athletes and other catering services and said this purchase is exempt from the usual selection processes of the procurement code because the procurement expenditure is for events or activities paid for exclusively by revenues generated by the event or activity, gifts, or donations for the event or activity, private grants, or any combination thereof.

Next, Dr. Ghosh reported on the recommended change order for an internal travel agency with Anthony Travel, LLC, for comprehensive travel agency services. He referred to the amended contract and said that the anticipated travel cost is \$6,500,000, with a fixed fee of \$96,795.14 to Anthony Travel, LLC. Brief discussion followed regarding procurement procedures and whether a firm in Illinois was considered.

Dr. Ghosh then discussed the recommended contract extension of the subscription to electronic journals from Elsevier B.V. for the three University campus libraries. He explained this subscription provides electronic access to journals and books and that the content is essential to research and teaching. He said the three libraries participate in a joint contract with Elsevier, and he listed the discount and savings. He said this purchase is exempt from the usual selection process of the Procurement Code, and that a notice will be published in the Illinois Procurement Bulletin for Public Institutions of Higher Education.

Presentation of the Summary of Internal Audit Activity
through the Third Quarter Ended March 31, 2021

Mr. Cepeda asked Ms. Julie A. Zemaitis, executive director of University audits, to present a summary of internal audit activity through the third quarter ended March 31, 2021. Ms. Zemaitis showed the Fiscal Year 2021 audit plan completion status and said more projects have been completed than is usual, noting that some have also been deferred or withdrawn. She reported on co-sourced construction audits and discussed hours spent on emerging issues, which she said has been less than planned. Ms. Zemaitis then reported on the implementation of audit recommendations for Fiscal Years 2019, 2020, and 2021 and said that there are 273 open recommendations for Fiscal Year 2021. She commented on the recommendations that were partially implemented or not implemented because the risks were accepted by management. She showed the year-to-date audit report findings from July 1, 2020, through March 31, 2021 and presented the aging of outstanding recommendations by management's original implementation date. She showed that there are 22 outstanding recommendations by management's original implementation date from Fiscal Years 2018 and 2020 and stated that of those, only five are high risk. There were no comments or questions about the presentation, and Mr. Cepeda noted that he discusses this information with Ms. Zemaitis and Mr. McKeever prior to the meeting of this committee.

OLD BUSINESS

There was no business presented under this aegis.

NEW BUSINESS

Mr. Cepeda asked if committee members had any new business to report. Dr. Ghosh informed the committee that the results from the University System's Fiscal Year 2020 external audit is delayed due to a new statewide audit procedure. He discussed the impact of these changes and said he expects the financial report will be issued soon. He said no changes to the University's preliminary financial statements are anticipated. He also told the committee that a new six-year contract has been awarded to RSM by the Illinois Auditor General to conduct future external audits.

Mr. Cepeda congratulated Dr. Wilson on her appointment as president of the University of Iowa and said it is well deserved. He announced that the next meeting of this committee is scheduled for Monday, July 12, 2021, at 3:00 p.m.

MOTION FOR EXECUTIVE SESSION

At 3:58 p.m., Mr. Cepeda stated: "A motion is now in order to hold an executive session to consider the discussion of minutes of meetings lawfully closed under the Open Meetings Act." On motion of Mr. McKeever, seconded by Ms. Bravo, this motion was approved by the following roll call vote: Aye, Ms. Bravo, Mr. Cepeda, Mr. Edwards, Mr. McKeever, Ms. Phalen; No, none.

EXECUTIVE SESSION

Mr. Cepeda convened this executive session at 3:59 p.m. All committee members were present. Ms. Craig Schilling and Ms. Jakobsson attended as guests.⁴ The following were also in attendance: President Timothy L. Killeen; Dr. Barbara J. Wilson, executive vice president and vice president for academic affairs; Dr. Avijit Ghosh, comptroller (and vice president/chief financial officer); Mr. Thomas R. Bearrows, University counsel; Ms. Kirsten Ruby, interim director for University relations; and Mr. Gregory J. Knott, secretary of the Board of Trustees and of the University.

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

Mr. Cepeda asked Mr. Knott and Mr. Bearrows to discuss the minutes that had been sequestered under the Open Meetings Act. Mr. Knott outlined the requirement within the Open Meetings Act for public bodies to review minutes, at least twice annually, for purposes of protection of public interest and in the interest of protection of any individual, and to consider whether a need for these materials to be held from release still exists. Mr. Bearrows stated that he and Mr. Knott met to review minutes that are sequestered under the Open Meetings Act and briefly described the process to determine whether the need for confidentiality continues. He stated that sequestered minutes from this committee are related to internal control weaknesses and one personnel matter from many years ago. He described the guidelines for their potential release. Mr. Bearrows

⁴ Mr. Verthein left the meeting at 3:31 p.m.

stated that the only sequestered minutes recommended for release at this time relate to the discussion of sequestered minutes from November 2, 2020. No members of the committee disagreed with this recommendation.

EXECUTIVE SESSION ADJOURNED

There being no further business, the executive session adjourned at 4:01 p.m.

AGENDA

At 4:01 p.m., the open session resumed. Mr. Cepeda stated that there was one agenda item requiring action by the committee, and Mr. Knott 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. Pursuant to the Act, “[m]inutes of meetings closed to the public shall be available only after the public body

determines that it is no longer necessary to protect the public interest or the privacy of an individual by keeping them confidential....” [5 ILCS 120/2.06(f)].

An item from May 2012 through November 2020 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

November 2, 2020, Audit, Budget, Finance, and Facilities Committee

Mr. Edwards convened the executive session at 4:15 p.m. All of the committee members were present except Ms. Bravo. Mr. Dale, Mr. Estrada, Ms. Jakobsson, Mr. Mirza, and Mr. Verthein attended as guests. The following were also in attendance: President Timothy L. Killeen; Dr. Barbara J. Wilson, executive vice president and vice president for academic affairs; Dr. Avijit Ghosh, comptroller (and vice president/chief financial

officer); Mr. Thomas R. Bearrows, University counsel; and Mr. Gregory J. Knott, secretary of the Board of Trustees and of the University.

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

Mr. Edwards asked Mr. Knott to discuss the recommendation regarding the disclosure of minutes of executive sessions of the Audit, Budget, Finance, and Facilities Committee held May 2012 through November 2019. Mr. Knott outlined the requirement within the Open Meetings Act for public bodies to review minutes, at least twice annually, for purposes of protection of public interest and in the interest of protection of any individual, and to consider whether a need for these materials to be held from release continues. He stated that he has undertaken this review in conjunction with Mr. Bearrows and recommend the release of minutes from November 4, 2019, which state the discussion of review at that time. Mr. Bearrows commented briefly on considerations used in performing the review and the types of topic discussed during executive sessions of this committee. No other minutes were proposed for release at this time.

On motion of Mr. Edwards, seconded by Mr. McKeever, this recommendation was approved by the following roll call vote: Aye, Ms. Bravo, Mr. Cepeda, Mr. Edwards, Mr. McKeever, Ms. Phalen; No, none.

MEETING ADJOURNED

On motion of Mr. Edwards, seconded by Ms. Bravo, the meeting adjourned at 4:02 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