

MEETING OF THE AUDIT, BUDGET, FINANCE, AND FACILITIES COMMITTEE
OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS
NOVEMBER 8, 2021

This meeting of the Audit, Budget, Finance, and Facilities Committee of the Board of Trustees of the University of Illinois was held on Monday, November 8, 2021, beginning at 3:03 p.m., in Room 414, Administrative Office Building, 1737 West Polk Street, Chicago, Illinois. Attendance via videoconference was available at the Graduate Board Room, I Hotel and Conference Center, 1900 South First Street, Champaign, Illinois, and The Hatmaker Room, Room 550, Public Affairs Center, One University Plaza, Springfield, Illinois.

Trustee Donald J. Edwards, vice chair of the committee, convened the meeting, as Mr. Ramón Cepeda, who serves as chair of the committee, was absent. Mr. Edwards asked the secretary to call the roll. The following committee members were present: Mr. Donald J. Edwards; Mr. Lester H. McKeever Jr., treasurer; Ms. Sarah C. Phalen; Mr. Austin Verthein, voting student trustee, Springfield. Mr. Ramón Cepeda was absent. Ms. Tami Craig Schilling attended as a guest via remote videoconference.

Also present¹ were President Timothy L. Killeen; Dr. Robert J. Jones, chancellor, University of Illinois Urbana-Champaign, and vice president, University of

¹ President Killeen, Dr. Jones, Dr. Amiridis, Dr. Whitney, Dr. Walsh, Mr. Bearrows, and Ms. Nazon attended remotely via teleconference.

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, interim executive vice president and vice president for academic affairs; Dr. Paul N. Ellinger, interim comptroller (and vice president/chief financial officer); Dr. Joseph T. Walsh Jr., interim vice president for economic development and innovation; Mr. Thomas R. Bearrows, University counsel; Ms. Adrienne Nazon, vice president of external relations and communications; 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. Edwards asked if there were any comments or corrections to the minutes from the meeting held September 13, 2021. On motion of Mr. McKeever, seconded by Ms. Phalen, the minutes were approved. There were no “nay” votes.

PRESENTATIONS AND BOARD ITEMS

Mr. Edwards 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 18, 2021. All proposed agenda items discussed at the meeting are on file with the secretary.

Operating and Capital Appropriations

Mr. Edwards asked Dr. Ghosh to report on the recommendation to approve requests for operating and capital appropriations for Fiscal Year 2023. Dr. Ghosh gave a presentation

on operating and capital appropriations (materials on file with the secretary) and began by providing some context to the budget request, referring to the five-year undergraduate tuition freeze in six of the last seven years; increases in financial aid; and increased enrollment, including that of Illinois resident undergraduates. He stated that the Fiscal Year 2023 operating appropriation request is \$683.2 million, an increase of \$61.2 million over the Fiscal Year 2022 State appropriation, or 9.8 percent. Dr. Ghosh showed the history of State appropriations to the University System from 2010 to the present and noted that the appropriation request is 31 percent less than 2010 funding levels when adjusted for inflation. He said the goals of incremental requests are to keep more Illinois students in the state and enhance academic excellence by recruiting and retaining faculty. He described the components of the request, which would be used for affordability and student support and to maintain competitiveness and quality.

Dr. Ghosh then discussed undergraduate financial aid and said there has been an increase of \$122.0 million in institutional aid over the past 10 years. He reported on the percentage of Illinois resident undergraduates who pay less than full tuition and fees at each university. Dr. Ghosh referred to needed support for student services, particularly for the expansion of mental health services, and he described the benefits of bridge programs. He then reported on funds needed to recruit and retain faculty and showed that increases in student enrollment since 2009 that have not been matched by a growth in tenure system faculty, noting that this has a negative impact on faculty-student ratios.

Lastly, Dr. Ghosh provided details regarding the Fiscal Year 2023 capital request, the funds of which would be used for innovation and workforce development, academic libraries, the hospital and health sciences facilities, and repair and renovation. He listed the proposed projects in each category and said the total capital request for Fiscal Year 2021 is \$673.3 million. Mr. Edwards thanked Dr. Ghosh for the presentation and asked if there were any questions from members of the committee. Mr. McKeever highlighted the success of bridge programs. He also asked about the impact on rankings if additional funds were provided to recruit and retain faculty. Dr. Ghosh said the impact of hiring additional faculty would be reflected in the universities' rankings in three to five years, noting that the University System must also invest in hiring additional faculty.

Capital and Real Estate Items

Mr. Edwards then asked Dr. Ellinger to report on capital and real estate items. Dr. Ellinger discussed the recommendation to approve the project budget for the Swine Research Center Relocation and Modernization at Urbana. He provided information about the project and benefits to the university, and he reported on Business Enterprise Program (BEP) goals.

Dr. Ellinger then discussed the recommendation to approve the project budget and amend professional services consultant contract for the Talbot Laboratory, Educational Laboratory Upgrade and Expansion at Urbana. He gave a history of the project and said the project was delayed by structural steel availability, as well as design errors, and that an equitable settlement was negotiated with the designer. He said the

increase requested covers the increase in labor rates due to the steel delay and cost increases due to design errors.

Next, Dr. Ellinger provided information on the recommendation to approve the project and employ an architect/engineer for Morrill Hall HVAC Replacement, Urbana. Dr. Ellinger stated this is a Capital Development Board (CDB) project and outlined the scope of the project and work to be completed. He said that this recommendation would request the Capital Development Board employ Nest Builders Inc., d/b/a dbHMS.

Dr. Ellinger reported on the recommendation to delegate authority to the comptroller to approve the lease of warehouse space on behalf of UI Hospital and Clinics. He stated that the space is located at 2059 West Hastings Street, Chicago, Illinois, and said it would be used for storage of medical and other supplies, as well as equipment staging for expansion/remodeling projects. He said that this will allow the hospital to store larger inventories and will lessen the risk of product shortages in the face of an unreliable post-pandemic supply chain.

Next, Dr. Ellinger discussed the recommendation to name the Teaching Excellence Building, formerly known as the Levine Hillel Center, located at South Morgan and West Taylor Streets, Chicago, and said it will be occupied by the Center for the Advancement of Teaching Excellence (CATE). He said CATE serves as the university's teaching hub and provides teaching and technology resources and professional learning programs for faculty members, graduate assistants, and instructors.

Dr. Ellinger provided information regarding the recommendation to rename the parking structure C7 to Sixth and John Streets Parking Structure and parking structure C10 to Fifth and Daniel Streets Parking Structure, both at Urbana. He said this would bring improved clarity to the names of the parking structures.

Dr. Ellinger then reported on the recommendation to approve the project budget for inpatient room renovations at the University of Illinois Hospital, Chicago. He said the hospital is required to renovate 25 inpatient rooms by June 30, 2023, to ensure compliance with the Americans with Disabilities Act. He discussed the scope of work and the time line, noting that a maximum of four inpatient rooms would be renovated at one time to reduce impact on clinical operations. Dr. Ellinger said that to ensure six rooms can be renovated this fiscal year, an emergency purchase is necessary to complete the first phase of the project. He said the remaining rooms will be bid through the normal capital competitive procurement process. Dr. Ellinger said the budget for the project is \$12,115,200.

Purchase Recommendations

Dr. Ellinger then reported on purchase recommendations, beginning with the recommended rental of meteorological equipment and science engineering support for the Department of Atmospheric Sciences at Urbana. He said the purchase is a sole source because these unique items are required for research and no other source is able to meet the researcher's documented need. Dr. Ellinger described the type of research being conducted and the equipment needed to do such research.

Dr. Ellinger then discussed the recommended purchase of marketing and delivery services for large-scale, low-cost online degree programs from Coursera, Inc. for the University of Illinois Urbana-Champaign. He said the cost is an estimate, with a maximum of \$148,859,539.00. He told the committee 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. Dr. Ellinger said this is a revenue share model and that currently Urbana-Champaign is the only one of the three universities large enough to benefit from this arrangement. He said that Coursera has been a critical and effective partner. Mr. Edwards reiterated that this revenue share model benefits the university.

Dr. Ellinger then reported on four renewal recommendations related to Shield Illinois. He gave some background on Shield Illinois, stating that it provides COVID-19 testing to universities, community colleges, and K-12 schools throughout the state and is critical to COVID-19 testing in Illinois. He discussed the recommendation to renew or increase COVID-19 sample collection and courier service awards; renew COVID-19 lab services contracts; and renew or increase COVID-19 electronic medical record system contracts. Dr. Ellinger also reported on a change order to increase the COVID-19 lab services contract with Shield T3, LLC. Mr. McKeever inquired about the structure and legal status of Shield T3, which is a University-Related Organization. Dr. Ghosh explained that Shield T3 was initially established to provide saliva tests for COVID-19, and that the Board approved a broadening of its scope at the last meeting.

President Killeen added that there is much collaboration between Shield Illinois and Shield T3.

Dr. Ellinger then reported on the last change order, to increase the amount of current contract and renewal period for processing, cleaning, sterilization, and assembly of surgical trays and instruments for UI Hospital and Clinics. He explained that since the initial award was made, surgical and sterile procedure volumes have grown faster than anticipated, and the need for additional sterilization services has increased. Dr. Ellinger added that the COVID-19 pandemic also required enhanced cleaning of equipment.

Mr. Verthein inquired about Shield testing and whether there are any unserved areas that could be reached. Dr. Ghosh stated that any public school has access to these testing services, and President Killeen referred to visits to underserved areas.

Internal Audit Activity through the First Quarter Ended September 30, 2021

At 3:54 p.m., Mr. Edwards asked Ms. Julie A. Zemaitis, executive director of University audits, to present a report on internal audit activity through the first quarter ended September 30, 2021 (materials on file with the secretary). Ms. Zemaitis showed the audit plan completion status for Fiscal Year 2022, which reflected projects completed by in-house staff, as well as co-sourced construction audits. She noted that progress is consistent with prior years. Ms. Zemaitis reported on the implementation of audit recommendations and discussed high and moderate risk findings from July 1, 2021, through September 30, 2021. She provided information on the aging of outstanding

recommendations by management's original expected implementation date, as well as those with implementation dates in Fiscal Year 2021 and prior. She noted that significant efforts have been made to address the two oldest recommendations and said much progress has been made. Mr. Edwards noted that a number of recommendations are in the area of gift management and research procurement and asked Ms. Zemaitis for additional information about these risks. Ms. Zemaitis said she would provide this at the next meeting. Mr. McKeever acknowledged the excellence in the Office of University Audits at the University, and Mr. Edwards agreed. He thanked Ms. Zemaitis for her presentation.

OLD BUSINESS

There was no business presented under this aegis.

NEW BUSINESS

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

MOTION FOR EXECUTIVE SESSION

At 4:02 p.m., Mr. Edwards stated: "A motion is now in order to hold an executive session to consider discussion of minutes of meetings lawfully closed under the Open Meetings Act." On motion of Ms. Phalen, seconded by Mr. Verthein, this motion was approved.

There were no "nay" votes.

EXECUTIVE SESSION

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

EXECUTIVE SESSION ADJOURNED

The executive session adjourned at 4:04 p.m.

AGENDA

At 4:05 p.m., the open session resumed. Mr. Edwards 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 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 May 2021 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

May 10, 2021, Audit, Budget, Finance, and Facilities Committee

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.² 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.

² Mr. Verthein left the meeting at 3:31 p.m.

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 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.

On motion of Ms. Phalen, seconded by Mr. Verthein, this recommendation was approved. There were no “nay” votes.

MEETING ADJOURNED

On motion of Mr. McKeever, seconded by Ms. Phalen, the meeting adjourned at 4:06 p.m. There were no “nay” votes.

Respectfully submitted,

GREGORY J. KNOTT
Secretary

DONALD J. EDWARDS
Vice Chair

EILEEN B. CABLE
Special Assistant to the Secretary