

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

JULY 11, 2022

This meeting of the Audit, Budget, Finance, and Facilities Committee of the Board of Trustees of the University of Illinois was held in Room 2850, University Hall, 601 South Morgan Street, Chicago, Illinois, on Monday, July 11, 2022, beginning at 3:02 p.m. Attendance via videoconference was available in the Technology Room, I Hotel and Conference Center, 1901 South First Street, Champaign, Illinois, and the Emmet and Mary Pearson Conference Room, Room 553, 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. Rafael Camacho Jr., voting student trustee, Urbana; Mr. Ramón Cepeda; Mr. Lester H. McKeever Jr., treasurer; Ms. Sarah C. Phalen.¹ Mr. Donald J. Edwards was absent. Mr. Mohammed A. Haq,² nonvoting student trustee, Chicago, attended as a guest.

Also present were President Timothy L. Killeen; Dr. Robert J. Jones, chancellor, University of Illinois Urbana-Champaign, and vice president, University of Illinois System; Dr. Janet L. Gooch, chancellor, University of Illinois Springfield, and

¹ Ms. Phalen arrived at 3:05 p.m.

² Mr. Haq, President Killeen, and Ms. Nazon attended via remote videoconference.

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., vice president for economic development and innovation; Ms. Adrienne Nazon,² vice president for 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. Cepeda asked if there were any comments or corrections to the minutes from the meeting held May 9, 2022. On motion of Mr. McKeever, seconded by Mr. Camacho, the minutes were approved. There were no nay votes.

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 July 21, 2022. All proposed agenda items discussed at the meeting are on file with the secretary.

Appoint University of Illinois Banker in India for its Liaison Office
in New Delhi, India, and its Branch Office in Bengaluru, India

Mr. Cepeda asked Mr. Pradeep Khanna, associate vice chancellor for corporate relations, Urbana, to discuss the recommendation to appoint a University of Illinois banker in India for its liaison office in New Delhi and its branch office in Bengaluru. Mr. Khanna said that this recommendation was previously discussed by this committee and approved by

the Board and explained that this item has been revised to include the names of the individuals serving as authorized representatives of the University.

Award Contracts for Job Order Contracting System, Fiscal Year 2023, Urbana

Next, Mr. Cepeda asked Dr. Ellinger to report on the recommendation to award contracts for the Job Order Contracting (JOC) System, Urbana. Dr. Ellinger explained that the system is used for minor building alterations, remodeling, repairs, and related site work at the University of Illinois Urbana-Champaign on an as-needed, as-required basis. He described the advantages of the JOC system and said it allows small projects to be completed in a timely fashion. Dr. Ellinger stated that competitive bids were solicited in accordance with the Illinois Procurement Code, and he reported on the Minority Business Enterprise (MBE) participation rates.

Capital and Real Estate Items

Mr. Cepeda then asked Dr. Ellinger to report on capital and real estate items. Dr. Ellinger first discussed the recommendation to rename Stephen Douglas Hall, Chicago, as the Frederick Douglass Hall. Dr. Ellinger said this change reflects the university's efforts to create an inclusive learning environment and address critical social issues to advance the City of Chicago. He said this change is in alignment with the university's identity as a federally designated Minority Serving Institution (MSI), and he commented briefly on the university's diverse student body and faculty.

Dr. Ellinger then provided information on the recommendation to approve the project budget to replace air handling units S-4 and S-10 at the University of Illinois Hospital, Chicago. He gave a brief history of the project and discussed its scope.

Next, Dr. Ellinger reported on the recommendation to approve the project budget for the replacement of air handling units and booster coils in Student Center East, Chicago. He said the objective of the project is to replace aging critical HVAC infrastructure and said the equipment, which is original to the building, has exceeded its useful service life. Dr. Ellinger reported on the scope of the project and said the estimated cost is \$6,049,600.00. He said funds for the project are available from the auxiliary facility system repair and replacement reserve funds and institutional funds operating budget of the University of Illinois Chicago.

Dr. Ellinger then reported on the recommendation to approve the project budget increase for the replacement of mechanical equipment in the Biologic Resources Laboratory at Chicago. He gave an overview of the history of the project and discussed the rationale for the proposed increase. He said the National Institutes of Health review process and release of NIH funds caused a 12-month delay in the project, which resulted in material escalation costs due to inflation.

Dr. Ellinger provided information regarding the recommendation to approve the professional services consultant contract for the Swine Research Center Relocation and Modernization. He discussed the project and scope of work to be provided. He also reported on diverse business utilization and listed the MBE, Veteran-

Owned Small Business (VOSB), and Women Business Enterprise (WBE) participation rates.

Dr. Ellinger discussed the recommendation to approve a professional services consultant contract for the Small Animal Clinic Oncology Center Addition. He described the project and said that this recommendation would employ Reifsteck Reid & Company Architects of Champaign for the professional services required for conceptualization, schematic design, design development, construction documents, bidding, and construction administration phases of the project. He also reported on the diverse business utilization for this contract.

Next, Dr. Ellinger provided information on the recommendation to amend the professional services consultant contract for undergraduate library redevelopment at Urbana. He gave a history of the project and said this recommendation would allow RATIO States, LLC dba/RATIO States, PLLC, who provided schematic design and design development phase services, to continue to be employed and their contract be amended to provide services for the next phases of the project. He provided the rates of diverse business utilization for the contract.

Mr. Cepeda commented on these items, noting that many were addressing deferred maintenance, and expressed appreciation for the rates of diversity spend.

Dr. Ellinger then discussed the recommendation to approve the acquisition of property at 401 East Washington Street, Springfield, which he said will serve as the Illinois Springfield Innovation Hub. He provided information about the property and asked Dr. Gooch to comment. Dr. Gooch expressed appreciation for the support of this

project and said this building acquisition is the next phase of the development of the Illinois Innovation Network in Springfield. She said this will enhance its impact and expand the footprint of the University of Illinois Springfield.

Next, Dr. Ellinger reported on the recommendation to delegate authority to the comptroller to approve the lease of space at 506 West Park Street in Urbana. He said the university has occupied this space since 2009 and now wishes to extend the original lease.

Purchase Recommendations

Dr. Ellinger then reported on purchase recommendations, beginning with the recommendation to purchase medical courier services for UI Hospital and Clinics from MedSpeed LLC. He said this purchase is exempt from competitive selection procedures in accordance with the Illinois Procurement Code and, as such, does not have established Business Enterprise Program (BEP) goals.

Next, Dr. Ellinger discussed the recommendation to purchase clinical laboratory testing services from ARUP Laboratories for the UI Hospital and Clinics. He explained that the hospital has used ARUP since 2007 for testing that cannot be performed in the in-house laboratory. He said this purchase is exempt from competitive selection procedures in accordance with the Illinois Procurement Code and, as such, does not have established BEP goals.

Dr. Ellinger then reported on the recommendation to purchase laboratory reagents and supplies for testing from One Lambda Inc. for UI Hospital and Clinics. He

explained that these reagents are needed for testing of transplant patients prior to transplant procedures and that only one other vendor offers these tests. Dr. Ellinger said the estimated contract amount reflects increased volume of the transplant program, as well as anticipated growth. He said this purchase is exempt from competitive selection procedures in accordance with the Illinois Procurement Code and, as such, does not have established BEP goals.

Dr. Ellinger provided information about the recommendation to purchase administrative and management services for student health benefit plan and the physicians group risk contracts from Innovista LLC for the Office of Managed Care. He discussed the estimated cost, services provided, and benefits of the proposed purchase. He said competitive selection procedures were followed in accordance with the Illinois Procurement Code, and he reported on the BEP participation rates for the procurement.

Next, Dr. Ellinger discussed the recommendation to purchase COVID-19 saliva testing sample collection and courier services from two vendors for Shield Illinois deployment. He explained that contracts with these two vendors expired in June and noted that Shield Illinois is reducing the number of collection and courier service providers from seven to two. He said this purchase is exempt from competitive selection procedures in accordance with the Illinois Procurement Code and, as such, does not have established BEP goals.

Lastly, Dr. Ellinger provided information regarding the recommended renewal of an existing agreement with Monterrey Security Consultants Inc., for unnamed security guard services for crime prevention throughout the University of Illinois

Chicago. He said competitive selection procedures were followed in accordance with the Illinois Procurement Code, and he reported on the BEP participation rates for the procurement. Dr. Ellinger said Monterrey Security Consultants Inc. is currently meeting its BEP goal, submitted a BEP utilization plan, and has been certified as an MBE.

Mr. McKeever asked if Innovista requested a full waiver for the 30 percent BEP aspirational goal, and Dr. Ellinger confirmed that it did, due to the Blue Cross Blue Shield requirement that the vendor must be certified as a Contract Management Firm. Dr. Ellinger said this requirement limited the competition to three vendors, none of which are BEP firms.

Fiscal Year 2021 External Audits

Mr. Cepeda asked Dr. Ellinger; Mr. Brent Rasmus, senior assistant vice president and controller; and Mr. William Patterson, assistant vice president of bursar services, to present on the Fiscal Year 2021 external audit (materials on file with the secretary). Mr. Patterson gave a summary of financial, federal compliance, and state compliance audit findings for Fiscal Year 2021. He presented the six Fiscal Year 2021 federal compliance findings, which he said were related to Higher Education Emergency Relief Fund (HEERF) disbursements and reporting and student financial aid, and he provided some background on the cause and plans to resolve. He discussed the six repeat State compliance findings, as well as four new findings, and noted the two have been resolved due to legislation. He provided information about the causes of the remaining findings. Mr. Rasmus then reported on the Fiscal Year 2021 Financial Audit and the GAS findings,

and he told the committee that corrective action is underway to address the three repeat findings and four new findings. He added referred to commitment toward continuous improvements in internal controls, and Mr. McKeever expressed appreciation for these efforts. Ms. Phalen commented that it was a good audit with minor issues.

Fiscal Year 2022 Audit Plan

Dr. Ellinger then introduced Mr. Joseph Evans, partner with RSM; Mr. Dan Sethness, senior manager with RSM; and Ms. Kelly Kirkman, senior manager from RSM, to present the Fiscal Year 2022 independent external audit services plan (materials on file with the secretary). Dr. Ellinger stated that RSM was selected by the Illinois Auditor General to conduct the University's external audit. Mr. Evans expressed appreciation for the cooperation from staff throughout the University throughout last year's audit and provided information about the firm and the nature of this engagement. He discussed the scope of the engagement and audit standards, and he showed the engagement team that will be working on the University's audit. Mr. Evans reported on minority firm participation and said that RSM will use two firms that have extensive experience in relevant areas. Mr. Sethness discussed new audit standards for Fiscal Year 2022 that will impact the University's audit and highlighted management's responsibilities throughout the audit process. Ms. Kirkman reported on audit logistics, key audit areas that will receive focused attention throughout the process, and the timeline for the audit. There were no comments or questions, and Mr. Cepeda thanked them for the presentation.

Two-Year Internal Audit Plan for Fiscal Years 2023-2024

Next, Mr. Cepeda asked Ms. Julie A. Zemaitis, executive director of University audits, to present the two-year internal audit plan for Fiscal Years 2023-2024 (materials on file with the secretary). Ms. Zemaitis referred to the governance framework that guides the plan and said that a two-year plan is required. She gave an overview of the audit plan development process, said the plan is risk-based, and described the role of data analytics in risk assessment. Ms. Zemaitis showed the summary of planned hours for Fiscal Years 2022, 2023, and 2024 and showed the mapping of the Fiscal Years 2023-2024 plan to risk and to the Strategic Framework. She told the committee that ongoing monitoring of risks and the plan take place throughout the year. Mr. McKeever noted the high percentage of requests received from management, which he said is healthy and proactive. There were no additional comments or questions regarding the presentation, and Mr. Cepeda thanked Ms. Zemaitis for the information.

OLD BUSINESS

There was no business presented under this aegis.

NEW BUSINESS

Mr. Cepeda asked if there was any new business, and there was none. Mr. Cepeda announced that the next meeting of this committee is scheduled for Monday, September 12, 2022, at 3:00 p.m. in Room 2850, University Hall, 601 South Morgan Street,

Chicago, with videoconference sites in the Graduate Boardroom, I Hotel and Conference Center, 1901 South First Street, Champaign; and the Emmet and Mary Pearson Conference Room, Room 553, Public Affairs Center, One University Plaza, Springfield.

MEETING ADJOURNED

On motion of Mr. McKeever, seconded by Mr. Camacho, the meeting adjourned at 4:17 p.m. There were no “nay” votes.

Respectfully submitted,

GREGORY J. KNOTT
Secretary

RAMÓN CEPEDA
Chair

EILEEN B. CABLE
Special Assistant to the Secretary