

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

MARCH 7, 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, March 7, 2022, beginning at 3:08 p.m. Attendance via videoconference was available in 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 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.,¹ treasurer; Ms. Sarah C. Phalen; Mr. Austin Verthein, voting student trustee, Springfield. Ms. Mariama Mwilambwe, student trustee, Urbana, 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. Michael D. Amiridis, chancellor, University of Illinois Chicago, and vice president, University of Illinois System; Dr. Karen M. Whitney, interim chancellor,

¹ Mr. McKeever attended the meeting via remote videoconference.

University of Illinois Springfield, and vice president, University of Illinois System;² 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); 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 19, 2022. On motion of Mr. McKeever, seconded by Mr. Edwards, the minutes were approved.

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 17, 2022. All proposed agenda items discussed at the meeting are on file with the secretary.

Resolution Supporting Request for Cook County Community Development Block Grant to Fund Law School Clinic, Chicago

Mr. Cepeda asked Dr. Ellinger to introduce the item recommending approval of the resolution supporting the request for the Cook County Community Development Block Grant to fund the law school clinic at the UIC School of Law. Dr. Ellinger this \$56,250 grant would provide salary support for a staff attorney in the Community Enterprise and

² Dr. Whitney attended the meeting via remote videoconference.

Solidarity Economy Clinic (CESEC) at the UIC School of Law. 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.

Delegate Authority to Interim Comptroller to Approve Lease of Medical Office Space on Behalf of Mile Square Health Center at 4634 South Bishop Street, Chicago

Mr. Cepeda then asked Dr. Ellinger and Dr. Robert A. Barish, vice chancellor for health affairs, Chicago, to report on the recommendation to delegate authority to the interim comptroller to approve the lease of medical office space on behalf of the Mile Square Health Center at 4634 South Bishop Street, Chicago. Dr. Ellinger described the services that will be provided in this space and gave an overview of the lease details. He said Mile Square Health Center secured a \$600,000 grant from the Health Resources and Services Administration (HRSA) for construction and improvements. Dr. Ellinger said the proposed lease was granted a waiver from the Request for Information (RFI) procurement requirement due to the exception for a “specialized space available at only one location.” Dr. Barish added that UI Health has provided care to those in the Back of the Yards neighborhood for many years and said that this proposed lease will make it possible to provide additional services. Mr. Cepeda noted that he is familiar with the area and expressed appreciation that additional services will be provided to those who live there.

Capital and Real Estate Items

Mr. Cepeda then asked Dr. Ellinger to report on capital and real estate items. Dr. Ellinger discussed the recommendation to annex land near the University of Illinois Research Park into the City of Champaign. Dr. Ellinger explained that two areas in or adjacent to the University of Illinois Research Park were omitted from earlier annexation agreements and said that these additional annexations will allow the City of Champaign to approve plats and permits to allow the construction of pending projects.

Purchase Recommendations

Dr. Ellinger then reported on purchase recommendations, beginning with the recommendation to purchase student accident and illness insurance for the University of Illinois Springfield from Blue Cross Blue Shield. He said competitive bidding procedures were followed in accordance with the Illinois Procurement Code.

Dr. Ellinger then provided information regarding the recommend purchase of information technology hardware and software for System Purchasing and Support Services and the Office of Procurement Diversity. He said competitive bidding procedures were followed in accordance with the Illinois Procurement Code and that this solicitation was conducted as a sheltered market Request for Proposal (RFP). He provided information about sheltered markets, stating that they help address disparities, and said that only Business Enterprise Program (BEP) vendors are eligible to participate. Mr. Cepeda inquired about the cost, and Dr. Ellinger explained the \$34.0 million is estimated and is the maximum amount that could be spent. Mr. McKeever expressed concern regarding a lack of vendors who are Hispanic or black.

Next, Dr. Ellinger reported on the recommendation to purchase human organs for transplantation, including tissue and histocompatibility testing, from Gift of Hope Organ and Tissue Donor Network for UI Hospital and Clinics. He referred to the growth of the hospital's transplant program, listed the services provided by Gift of Hope, and said that BEP goals are not established for contracts that are exempt from the requirements of the Illinois Procurement Code.

Dr. Ellinger then discussed the recommendation for the purchases of professional medical services from OSF St. Francis Medical Center for the College of Medicine Peoria and explained that the Department of Pediatrics obtains services through an outside vendor such as OSF St. Francis Medical Center when the department cannot fill its medical staffing needs internally. He said an exemption is being sought for competitive selection procedures in accordance with the Illinois Procurement Code. He said an exemption would make it possible to create a master clinical services agreement against which subsequent purchase orders would be issued. Dr. Ellinger also discussed the recommended purchase of non-clinical services from OSF St. Francis Medical Center and said a purchasing exemption is being sought for competitive selection procedures in accordance with the Illinois Procurement Code.

Next, Dr. Ellinger reported on renewal recommendations, beginning with the recommended renewal of a pharmaceutical wholesale distributor services contact with McKesson for UI Hospital and Clinics. He said the availability of pharmaceutical wholesale distributor services is essential, and he told the committee that while an active RFP process is proceeding that reviews alternative vendors, this renewal allows for the

continuation of service without risking disruption to inpatient care. Mr. McKeever commented on the opportunity to increase BEP participation.

Next, Dr. Ellinger discussed the recommended renewal option for the purchase of reagents for DNA analyzer systems from Illumina for the Roy J. Carver Biotechnology Center. Dr. Ellinger explained that the Roy J. Carver Biotechnology Center currently owns five Illumina DNA sequencing instruments, which require the use of the same vendor's DNA analyzer reagents. He said the instruments provide cutting-edge sequencing of DNA and that each DNA run requires the use of a new reagent. He said negotiations resulted in discounts of 5 percent to 12 percent.

Dr. Ellinger then provided information on the recommended renewal option for the purchase of maintenance and repair work for equipment at the Utilities Production Plants at Urbana on an as-needed basis. He described the type of maintenance and repair work and said these contracts are necessary because they allow the university to respond quickly to emergency maintenance and repair needs. Dr. Ellinger said that \$17.0 million was paid to these vendors last year.

Dr. Ellinger discussed the recommendation to renew the annual license of full-text journal article databases from EBSCO Industries, Inc. for the Consortium of Academic and Research Libraries in Illinois (CARLI). He said this is exempt from competitive selection procedures in accordance with the Illinois Procurement Code and as such, does not have established BEP goals. He noted that CARLI is one of the premier library consortiums in the United States.

Mr. McKeever referred to the recommended renewal option for the purchase of maintenance and repair work for equipment at the Utilities Production Plants and asked about BEP participation. Dr. Ellinger indicated there are no certified BEP vendors, adding that they do subcontract with BEP-certified firms.

Internal Audit Activity through Second Quarter Ended December 31, 2021

Mr. Cepeda asked Ms. Julie A. Zemaitis, executive director of University Audits, to give a presentation on internal audit activity through second quarter ended December 31, 2021 (materials on file with the secretary). Ms. Zemaitis showed the audit plan completion status for Fiscal Year 2022, which reflected hours spent and number of projects for in-house staff. She noted that two planned audits were withdrawn because the risk was determined to be lower than initially thought. She then showed the number of projects for co-sourced construction audits and discussed the timing and phases of those audits. Ms. Zemaitis reported on the implementation of audit recommendations and discussed high and moderate risk findings from July 1, 2021, through December 31, 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 the older recommendations are related to complex issues that management is working to resolve. Ms. Zemaitis concluded her presentation, and Mr. McKeever acknowledged the volume of work in the Office of University Audits and the outcomes achieved with a small staff. He and Mr. Edwards thanked Ms. Zemaitis for her presentation.

OLD BUSINESS

There was no business presented under this aegis.

NEW BUSINESS

Mr. Cepeda announced that the next meeting of this committee is scheduled for Monday, May 9, 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 Room 4E, Public Affairs Center, One University Plaza, Springfield.

MEETING ADJOURNED

On motion of Mr. McKeever, the meeting adjourned at 3:41 p.m. There were no “nay” votes.

Respectfully submitted,

GREGORY J. KNOTT
Secretary

RAMÓN CEPEDA
Chair

EILEEN B. CABLE
Special Assistant to the Secretary