

MEETING OF THE AUDIT, BUDGET, FINANCE, AND FACILITIES COMMITTEE
OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS
NOVEMBER 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, November 7, 2022, beginning at 3:11 p.m. Attendance via videoconference was available in the Graduate Boardroom, 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. Donald J. Edwards; and Mr. Lester H. McKeever Jr., treasurer.¹ Ms. Sarah C. Phalen was absent. Ms. Tami Craig Schilling, Mr. Joseph Gutman, and Ms. Naomi Jakobsson attended as guests.

Also present were President Timothy L. Killeen; Dr. Avijit Ghosh, interim executive vice president and vice president for academic affairs; Dr. Javier Reyes, interim

¹ Mr. McKeever attended the meeting via remote videoconference.

chancellor, University of Illinois Chicago, and vice president, University of Illinois; Dr. Paul N. Ellinger, comptroller (and vice president/chief financial officer); Dr. Joseph T. Walsh Jr., vice president for economic development and innovation; Ms. Adrienne Nazon, 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 on September 12, 2022. On motion of Mr. McKeever, seconded by Mr. Edwards, 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 November 17, 2022.

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

Fiscal Year 2024 State Budget Request

Mr. Cepeda asked Dr. Ghosh to report on the Fiscal Year 2024 State Budget Request and the recommendation to approve requests for operating and capital appropriations for Fiscal Year 2024. Dr. Ghosh gave a presentation (materials on file with the secretary) and stated that the budget request was shaped by the strategic framework of the University. He highlighted growth in enrollment, focus on affordability, and increased financial aid and stated that the Fiscal Year 2024 operating appropriation request is \$731.77 million,

an increase of \$76.53 million over the Fiscal Year 2022 State appropriation. Dr. Ghosh stated that this additional funding would be used to keep Illinois students in the state and enable the universities to expand mental health and bridge programs. He said it would also help the University maintain competitiveness and quality by recruiting and maintaining faculty, stating that the faculty size has not grown with increased enrollment. Dr. Ghosh commented on the need to provide competitive compensation. Lastly, he said this would assist with inflationary and other cost increases.

Dr. Ghosh then provided details regarding the Fiscal Year 2024 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 \$682.9 million. Dr. Ghosh noted that additional information regarding the budget request was provided to members of the committee. Mr. Cepeda thanked Dr. Ghosh for the presentation and stated that in light of increased enrollment and increased financial aid offered by the University, the increase seems fair.

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 approve the project budget and amend the professional services consultant contract for the School of Public Health and Psychiatric Institute Building envelope repair. He said the envelope was found to have exceeded its useful life, is severely deteriorated, and should be repaired. Dr. Ellinger reported on the

cost of the project and said that funds to pay for the repair are available from the institutional funds operating budget of the University of Illinois Chicago and the academic facilities maintenance fund assessment fund. He noted that a risk-based process is used to determine which deferred maintenance projects to address.

Next, Dr. Ellinger then reported on the recommendation to approve the project budget for Allen Hall to upgrade the electrical system, phase two and three, Urbana. He gave a brief history of the building, which was built in 1958, and described the scope of the \$5.15 million project. He said funds for the project are available from the auxiliary facility system repair and replacement reserve funds and the institutional funds operating budget at Urbana. Dr. Ellinger stated that this project includes 329 window air conditioning units to be added to the rooms, which will improve the living experience for students and increase demand for housing there. He referred to increased demand for another residence hall after air conditioning was added to those rooms. Dr. Ellinger also noted that Allen Hall was one of the first living and learning communities at the university.

Purchase Recommendations

Dr. Ellinger then reported on purchase recommendations, beginning with the purchase of pharmaceutical distributor services for the University of Illinois Hospital and Clinics from McKesson Corporation. He explained that the UI Hospital participates in the federal 340B drug discount program and that McKesson is a 340B qualified vendor. Dr. Ellinger said expenditures have steadily increased. He told the committee that only McKesson and

Cardinal Health responded to the entire request for proposal (RFP). A third vendor proposal was determined to be not responsive. McKesson requested a partial waiver of the Business Enterprise Program (BEP) goal.

Mr. McKeever referred to previous discussions related to this procurement and said that the 340B qualification limits opportunities for diverse vendors. He expressed concern regarding the length of the proposed contract and urged the University to pursue opportunities for greater BEP participation. Dr. Ellinger commented on the unique nature of this purchase and said that a committee has been convened with representatives from each university to assist with greater progress in diversity spend. He said that this group will function like a task force with the goal of increasing diversity spend through communication, incentives, and improved processes at the college level. Mr. Zenn referred to efforts to increase the utilization of diverse vendors for pharmaceutical purchases and reiterated that this procurement is unique.

Next, Dr. Ellinger discussed the recommendation for a contract extension to comply with obligations for students in online programs sourced by vendor NCS Pearson through graduation (Fiscal Year 2023 to Fiscal Year 2026) for the College of Applied Health Sciences at Chicago. Dr. Ellinger gave a history of the previous agreement and described the services provided by Pearson. He said the College of Applied Health Sciences decided to terminate its relationship with Pearson in 2021, and that this agreement would enable the university to honor its previously agreed contractual obligations.

Dr. Ellinger then reported on the recommended purchase of gasoline and fuel services for the Office of the Vice Chancellor for Administrative Services at Chicago from G. Cooper Oil Company, Inc. He said the number of gross gallons of gas and fuel purchased can be increased or decreased, and he told the committee the vendor is Women Business Enterprise (WBE) vendor.

Dr. Ellinger provided information regarding the recommended task order for consulting services to assist with duties supporting the federal Broadband, Equity, Adoption, and Deployment (BEAD) and Digital Equity (DE) programs, including completion of Illinois' Five-Year Action Plan and Digital Equity Plan. He gave background on the RFP for consulting services and associated task order and said that McKinsey and Company, Inc., was selected to complete federally funded programming and work on broadband network expansion and digital equity programs. Dr. Ellinger said funding specific to this project will be appropriated through the National Telecommunications and Information Administration, and he told the committee McKinsey and Company, Inc. is meeting the 25 percent aspirational BEP goal established for this procurement.

Next, Dr. Ellinger reported on the recommended renewal option for the rental of meteorological equipment and science engineering support for the period October 23, 2022, through October 22, 2023, for the Department of Atmospheric Sciences at Urbana. He described the equipment and its use and said this is the second of six renewal options.

Dr. Ellinger then discussed the recommended change order of an existing agreement with United Security Services, Inc. for unarmed security guard services at various UI Health and Hospital Clinic locations throughout the University campus. He said services will be for a two-year period beginning September 27, 2022, through September 26, 2024, and that this will allow the UI Hospital, clinics, and the Specialty Care Building to maintain a safe environment and continue operations. Dr. Ellinger said there are two, two-year renewal options remaining and that a new solicitation for unarmed security services to meet the hospital's needs is underway. He shared the BEP participation rates for United Services, Inc.

Dr. Ellinger reported on the recommended change order to increase the COVID-19 electronic medical record system contract for the current contract term for Shield Illinois deployment. He said this is used to track saliva samples and that the change order is needed due to an increase in the volume of samples.

Dr. Ellinger then discussed a recommended change order for Discovery Partners Institute to increase the award amount for wastewater sequencing. He said the vendor is UChicago Argonne LLC, and that these services are paid through funds provided by the Illinois Department of Public Health through an intergovernmental agreement for wastewater testing services. He said the change order would adjust the maximum number of samples.

Lastly, Dr. Ellinger reported on the recommended change order to assign the University's contract to provide an annual license of full-text journal article databases from EBSCO Information Services, LLC, for the Consortium of Academic and Research

Libraries in Illinois (CARLI). He said EBSCO Industries, Inc., was contracted to provide access to certain products to CARLI members, and that these services have transitioned to EBSCO Information Services, LLC. Dr. Ellinger said there is no increase in cost anticipated.

Brief discussion followed regarding the recommended change order for unarmed security guard services from United Security Services, Inc. There were no additional comments or questions.

Internal Audit Activity through First Quarter Ended September 30, 2022

Next, Mr. Cepeda asked Ms. Julie A. Zemaitis, executive director of University audits, to present a summary of audit activity for the first quarter ended September 30, 2022 (materials on file with the secretary). Ms. Zemaitis showed the audit plan completion status for Fiscal Year 2023 and referred to open positions in the Office of University Audits and other drivers that impacted the hours spent on planned audits, emerging issues, and follow up. Next, Ms. Zemaitis presented the audit plan completion status for co-sourced construction audits. She reported on the implementation of audit recommendations in Fiscal Years 2021 through 2023 and showed the year-to-date audit report findings from July 1, 2022, through September 30, 2022, by functional area and level of risk. She provided information on the aging of outstanding recommendations and showed the number of high and moderate recommendations, along with the location of each. Mr. McKeever thanked Ms. Zemaitis for the presentation and said that the decrease in the number of recommendations is likely the result of her previous outstanding work.

Ms. Zemaitis also commended management on their efforts that have led to the decrease in recommendations.

OLD BUSINESS

There was no business presented under this aegis.

NEW BUSINESS

Mr. Cepeda asked if there was any new business. Dr. Ellinger noted that this was Dr. Ghosh's last meeting of this committee, and he gave examples reflecting the tremendous impact he has had on the University throughout his career. Mr. Cepeda echoed these remarks and expressed appreciation for his efforts.

Mr. Cepeda announced that the next meeting of this committee is scheduled for Wednesday, January 25, 2023, at 2:15 p.m., at Chicago. He noted the change in schedule from previous meetings of this committee.

MOTION FOR EXECUTIVE SESSION

Mr. Cepeda 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 Mr. Camacho, seconded by Mr. Edwards, 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 4:03 p.m.

REGULAR MEETING RESUMED

At 4:03 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 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 2022 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 9, 2022, Audit, Budget, Finance, and Facilities Committee

Mr. Cepeda convened this executive session at 3:54 p.m. All committee members were present. Ms. Jakobsson attended as a guest. The following were also in attendance: President Timothy L. Killeen; Mr. Thomas R. Bearrows, University counsel; Dr. Avijit Ghosh, interim executive vice president and vice president for academic affairs; 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 the public interest and in the interest of individual privacy, and to consider whether a need for these materials to be held from release still exists. Mr. Bearrows stated that he and Mr. Knott reviewed the minutes that are sequestered under the Open Meetings Act, and he referred to guidelines used to determine whether the need for confidentiality continues. He described the topics discussed in the sequestered minutes from this committee and stated that the only sequestered minutes recommended for release at this time relate to the discussion of sequestered minutes from November 8, 2021. No members of the committee disagreed with this recommendation.

On motion of Mr. Edwards, seconded by Mr. Camacho, this recommendation was approved. There were no “nay” votes.

MEETING ADJOURNED

On motion of Mr. Edwards, seconded by Mr. McKeever, the meeting adjourned at 4:05 p.m. There were no “nay” votes.

Respectfully submitted,

GREGORY J. KNOTT
Secretary

RAMÓN CEPEDA
Chair

EILEEN B. CABLE
Special Assistant to the Secretary