

MEETING OF THE AUDIT, BUDGET, FINANCE, AND FACILITIES COMMITTEE  
OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS  
JANUARY 25, 2023

This meeting of the Audit, Budget, Finance, and Facilities Committee of the Board of Trustees of the University of Illinois was held in the Isadore and Sadie Dorin Forum, Rooms D, E, and F, 725 West Roosevelt Road, Chicago, Illinois, on Wednesday, January 25, 2023, beginning at 2:44 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. Rafael Camacho Jr., voting student trustee, Urbana; Mr. Ramón Cepeda; Mr. Donald J. Edwards; Mr. Lester H. McKeever Jr., treasurer;<sup>1</sup> and Ms. Sarah C. Phalen. Ms. Tami Craig Schilling;<sup>2</sup> Mr. Will Formea,<sup>2</sup> student trustee, Springfield; and Mr. Mohammed A. Haq, student trustee, Chicago, attended as guests.

Also present were President Timothy L. Killeen; Dr. Nicholas P. Jones, 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. Javier Reyes, interim chancellor, University of Illinois Chicago, and vice president, University of Illinois System; Dr. Janet L. Gooch, chancellor, University

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<sup>1</sup> Mr. McKeever attended the meeting via remote videoconference.

<sup>2</sup> Mr. Formea and Ms. Craig Schilling attended via remote videoconference.

of Illinois Springfield, and vice president, University of Illinois System; 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 of external relations and communications; Mr. Thomas R. Bearrows, University counsel; Mr. Gregory J. Knott, secretary of the Board of Trustees and of the University; and Dr. Jeffrey A. Stein, secretary-designate of the Board of Trustees and of the University. Attached is a listing of others in attendance at this meeting.

Mr. Cepeda asked if there were any comments or corrections to the minutes from the meeting held on November 7, 2022. On motion of Mr. McKeever, seconded by Ms. Phalen, the minutes were approved. There were no nay votes.

REVIEW OF RECOMMENDED BOARD ITEMS  
FOR THE MEETING OF THE BOARD OF TRUSTEES  
OF THE UNIVERSITY OF ILLINOIS ON JANUARY 26, 2023

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 January 26, 2023. All proposed agenda items discussed at the meeting are on file with the secretary.

Amend the Energy Cost Management Policy

Mr. Cepeda asked Mr. Mike Wilson, assistant vice president, capital programs and utilities services, to discuss the recommendation to amend the *Energy Cost Management Policy*. Mr. Wilson stated that the *Energy Cost Management Policy* provides a risk management strategy for minimizing the price risk associated with energy commodities

to facilitate budget planning and outlines duties and provides authority to Prairieland Energy, Inc., a University-Related Organization (URO), to procure natural gas and electricity on a rolling, forward-looking 20-year basis. He said the University of Illinois Board of Trustees approved an amendment in November 2022 to the Prairieland bylaws regarding appointment procedures for the Prairieland board of directors. He reported that the Prairieland board of directors recommends updating this policy to appropriately reference the Prairieland bylaws and remove inconsistencies between the bylaws and Prairieland policies.

#### Amend Agreement with Prairieland Energy, Inc.

Mr. Wilson provided information about the recommendation to amend the agreement with Prairieland and explained that Prairieland is a URO whose operating relationship with the University is defined in a Procurement Services Agreement (PSA). He said an amendment to the Prairieland bylaws was approved by the University of Illinois Board of Trustees in November 2022 that clarified director appointments and updated references to position titles within the University. He said the Prairieland board of directors recommends that the PSA be updated to reference current Prairieland officers and University staff.

#### Rename the Atmospheric Sciences Building, Urbana

Mr. Cepeda then asked Dr. Ellinger to report on the recommendation to rename the Atmospheric Sciences Building at Urbana as 103 South Gregory Street, Urbana. Dr.

Ellinger explained that while the Department of Atmospheric Sciences was previously housed in this building, it has since relocated to the Natural History Building. He said renaming the building with the street address is most appropriate at this time.

#### Rename Foreign Languages Building, Urbana

Dr. Ellinger then discussed the recommendation to rename the Foreign Languages Building as the Literatures, Cultures, and Linguistics Building, which he said better represents the teaching and research in the School of Literatures, Cultures, and Linguistics. He said the recommended renaming would then match the school's name with the building name.

#### Capital and Real Estate Items

Mr. Cepeda then asked for a discussion of recommended capital and real estate items. Ms. Sarah Crane, senior director for capital financing, University of Illinois System, reported on the recommendation to delegate authority to the vice president/chief financial officer and comptroller to refund outstanding Auxiliary Facilities System Revenue Bonds and approve a new project to be financed by excess proceeds of Auxiliary Facilities System Revenue Bonds, Series 2018. Ms. Crane explained that there are two components to this recommendation, with the first authorizing the sale and issuance of bonds for the refunding of existing bonds to capture refunding savings. She said the estimated minimum savings would be \$4.9 million. She told the committee that the decision as to the timing and size would rest with the vice president/chief financial officer and

comptroller and would only proceed with his approval. Ms. Crane reviewed other aspects of the issuance and refunding of bonds and listed the members of the financing team.

Ms. Crane then reported on the second component of the recommendation, which would use excess proceeds from Series 2018 bonds toward the replacement of the existing roof at the Atkins Tennis Center. She described the scope of the project and said the estimated cost would be \$2.1 million, paid from proceeds of the Series 2018 bonds and gift funds. Mr. Cepeda thanked Ms. Crane for the information, and Mr. McKeever inquired about the role of Robert Thomas CPA, LLC, as verification agent to the extent required. Ms. Crane stated that this is a small firm that may be used, if needed, at the time of the transaction to confirm the availability of sufficient funds in an escrow account.

Next, Dr. Ellinger provided information on the recommendation to approve the project budget for the Computer Design Research and Learning Center, Chicago. He said this is a Capital Development Board project, and he described the history and scope of the project. He told the committee that an unusually high number of unforeseen conditions were encountered during construction, necessitating a \$7.0 million increase in the project budget, bringing the total project budget to \$124.8 million.

Dr. Ellinger reported on the recommendation to approve the project budget for the Discovery Partners Institute, also a Capital Development Board project, and said that cost escalations of construction materials and the construction market at large have adversely impacted this project, requiring a reduction in planned building size and a \$35.0 million increase in the University's contribution. He said this would bring the University's total anticipated investment to \$50.0 million, with a total project budget of

\$285.0 million. He said the additional \$35.0 million will be paid from institutional funds and expected philanthropic support.

Next, Dr. Ellinger discussed the recommendation to award construction contracts and replace air handling units S-4 and S-10, University of Illinois Hospital, Chicago. He described the objective of the project and said that competitive bidding procedures were conducted in accordance with the Illinois Procurement Code. He reported on diverse vendor participation rates and said the overall diversity spend for the project is 36 percent.

Dr. Ellinger then provided information regarding the recommendation to amend the construction management contract for the Undergraduate Library Redevelopment, Urbana. He reviewed the history and budget for the project and said that the construction manager was selected in accordance with the requirements and provisions of the Illinois Procurement Code. He said the requested amendment of \$1,744,232.00 would cover construction administration and post-construction phases and would bring the total amended contract value to \$2,009,122.00. He described aspects of the contract amendment and reported that the diverse business utilization rate is 48 percent.

Mr. Cepeda acknowledged the rates of diverse business utilization. Mr. Edwards and President Killeen discussed the schedule for the Discovery Partners Institute, the role of the Capital Development Board, and the impact of construction costs. President Killeen stated that the University will benefit if the costs decrease on Capital Development Board projects.

## Purchase Recommendations

Mr. Cepeda asked Dr. Ellinger to report on purchase recommendations. Dr. Ellinger reported on the recommendation to purchase the JEM-Z200MF: Monochromated-MARS NEOARM microscope for the Office of the Vice Chancellor for Research at the University of Illinois Chicago. He said the university received a \$4.0 million grant from the National Science Foundation to purchase an analytical, aberration-corrected and monochromated transmission electron microscope with a magnetic field-free objective lens. He said the university will provide the required cost-share of 30 percent, or \$1.8 million, from sponsored project indirect cost recovery. Dr. Ellinger stated that the only other microscope of its kind is in Tokyo.

Dr. Ellinger then provided information on the recommended change order with Huron Consulting Services, LLC, to furnish assistance in implementing a campus-wide plan to improve administrative processes at the University of Illinois Urbana-Champaign. He told the committee that these services are critical to the university's strategic plan, and he described the ways in which Huron has been used by the university in the past as part of its Operational Excellence at Illinois initiative. He said this would engage Huron for its final phase. Dr. Robert Jones commented on the university's efforts to reduce costs while increasing effectiveness and described the ways in which Huron has assisted with the Operational Excellence at Illinois initiative. He said the goal is to grow the university without also growing administrative costs.

Next, Dr. Ellinger reported on the recommended change order to extend the term of the COVID-19 electronic record medical system contract and increase the amount of the contract to provide funding for the current contract term and the extension for Shield Illinois deployment at the University. He told the committee that this electronic medical record system tracks saliva samples and said that a change order is required due to the increased duration of the contract and the increased volume of samples being tracked through the system. He stated that actual costs will depend on the volume of COVID-19 testing through the end of the extended term. He said costs for this change order will be paid through the Shield Illinois Intergovernmental Agreement (IGA) and noted that the IGA is expiring on June 30, 2023.

Mr. McKeever asked Dr. Ellinger to comment on the procurement legislation that was discussed at the Governance, Personnel, and Ethics Committee meeting. President Killeen told the committee that it was signed recently, and Dr. Ellinger stated that the legislation is very positive and will impact a wide variety of the University's purchases. Mr. Edwards inquired about the recommended change order concerning the COVID-19 electronic record medical system contract, and Dr. Ellinger indicated the University is reimbursed for costs as they are incurred through the IGA.

There were no objections to these items being forwarded to the full Board for approval.

## PRESENTATION

Japan House Addition



At 3:14 p.m., Mr. Cepeda asked Mr. Mark Cheng, president, MDC Architects, P.C., to give a presentation on the Japan House Addition, Ogura/Sato Annex. Mr. Cheng provided information about Japan House and described the scope of the project, stating that the proposed expansion would, among other things, enable Japan House to host larger events and provide greater public space. He showed the Arboretum master plan, the site plan, and the proposed floor plan, and he presented several renderings of the building and the landscape. He emphasized the connection of the interior and exterior spaces. He showed the committee reference material that was used in the design and said the space would be fully accessible.

Mr. Cheng completed his presentation, and Dr. Ellinger noted that while this project is below the threshold required for Board approval, he wanted the presentation to be shared with the Board. President Killeen suggested that the Board have a tea ceremony there in the future, and Dr. Robert Jones expressed excitement about the project, referring to the Japan House as an anchor in the Arboretum. He said this addition is part of the long-term vision for the university. Mr. Cheng added that the original structure is 30 years old.

#### 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. He announced that the next meeting of this committee is scheduled for Wednesday, March 29, 2023, at 2:15 p.m., at Springfield.

MEETING ADJOURNED

On motion of Mr. Camacho, seconded by Mr. Edwards, the meeting adjourned at 3:29 p.m. There were no “nay” votes.

Respectfully submitted,

GREGORY J. KNOTT  
*Secretary*

RAMÓN CEPEDA  
*Chair*

EILEEN B. CABLE  
*Special Assistant to the Secretary*