

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

JULY 19, 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, July 19, 2023, beginning at 2:40 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. Ramón Cepeda; Mr. Kyle Ingram, student trustee, Springfield; Mr. Lester H. McKeever Jr., treasurer; Mr. Wilbur C. Milhouse III; Ms. Sarah C. Phalen;¹ Ms. Sanchita Teeka, student trustee, Urbana. Mr. Donald J. Edwards was absent. Ms. Tami Craig Schilling; Mr. Joseph Gutman; and Mr. Mohammed A. Haq, voting 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. Marie Lynn Miranda, chancellor, University of Illinois Chicago, and

¹ Ms. Phalen participated via telephone.

vice president, University of Illinois System; Dr. Janet L. Gooch, chancellor, University of Illinois Springfield, and vice president, University of Illinois System; Dr. Paul N. Ellinger, comptroller (and vice president/chief financial officer); Ms. Adrienne Nazon, vice president of external relations and communications; Mr. Thomas R. Bearrows, University counsel; and Dr. Jeffrey A. Stein, secretary of the Board of Trustees and of the University. Attached is a listing of others in attendance at this meeting.

OPENING REMARKS

Mr. Cepeda welcomed everyone to the meeting and asked if there were any comments or corrections to the minutes from the meeting held on May 17, 2023. On motion of Mr. McKeever, seconded by Mr. Milhouse, 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 JULY 20, 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 July 20, 2023. All proposed agenda items discussed at the meeting are on file with the secretary.

Approve Revision to the University’s Liability Self-Insurance Plan

Mr. Cepeda asked Dr. Ellinger to discuss the recommendation to approve the revision to the University’s liability self-insurance plan. Dr. Ellinger gave a history of the plan and

reviewed its function. He said the Office of Risk Management requested the proposed revision and is in response to changes made to the commercial excess offsite medical professional liability renewal.

Approve Development Agreement
for the University of Illinois Research Park, Urbana

Next, Mr. Cepeda asked Dr. Susan A. Martinis, vice chancellor for research and innovation, Urbana, and Mr. Bruce K. Walden, senior director for real estate planning and services, University of Illinois System, to discuss the recommendation to approve the development agreement for the University of Illinois Research Park. Mr. Walden described the Request for Proposal (RFP) process for a private developer for the Center for Advanced Bioenergy and Bioproducts Innovation (CABBI) greenhouse project within the Research Park, which he said resulted in two respondents. He said the selection committee chose Fox Atkins, LLC, and he told the Board that the Research Park Board of Managers performed a robust review. Dr. Martinis provided information about the Department of Energy grant to generate innovations in bioproducts and biofuels and said it is the largest grant at the university. Often referred to as the CABBI grant, she said it was recently renewed for a second five-year term. Dr. Martinis described the critical nature of the work funded by the grant and said the greenhouse project is essential in supporting these efforts. Mr. Cepeda asked why there were only two respondents to the RFP, and Dr. Martinis explained that the greenhouse is highly specialized and could be considered a piece of equipment. President Killeen remarked on the project's significance

and research, and Dr. Martinis added that this research also impacts workforce development.

Approve Design for Small Animal Clinic Oncology Center Addition,
Veterinary Teaching Hospital, Urbana

Mr. Cepeda asked Dr. Ellinger to report on the recommendation to approve the design for the Small Animal Clinic Oncology Center Addition at the Veterinary Teaching Hospital at Urbana. Dr. Ellinger described the history and scope of the project and gave a brief overview of the rationale for the addition. He said a design presentation would be provided later at this meeting.

Amend Professional Services Consultant Contract
for Illinois Autonomous and Connected Track Facility, Urbana

Dr. Ellinger then discussed the recommendation to amend the professional services consultant contract for the Illinois Autonomous and Connected Track Facility at Urbana. He said the Department of Civil and Environmental Engineering in The Grainger College of Engineering is developing an advanced research program for autonomous vehicles and this proposed project includes the design and eventual construction of an automated and connected testing track and fleet vehicle building at the former site of the Chanute Air Force Base in Rantoul, Illinois. Dr. Ellinger stated that the project intends to utilize construction funding from a National Science Foundation (NSF) grant and that the university approved a professional services consultant contract with AECOM Technical Services, Inc. of Chicago, Illinois, for conceptualization phase

services. He said the grant application for NSF to fund the construction of this project requires a “shovel-ready design” completed and submitted for NSF evaluation prior to December 15, 2023, necessitating an amendment of the professional services agreement to include complete design services.

Dr. Ellinger invited Dr. Imad L. Al-Qadi, director of the Illinois Center for Transportation at Urbana, to comment on the project. Dr. Al-Qadi gave an overview of the proposed experimental research facility and said the objective is for it to serve as a hub for interdisciplinary mobility research. He described the location and the preliminary work that has been completed. Dr. Al-Qadi also commented on the potential positive impact on Rantoul, which he said has several vulnerability indicators, and said this would promote equitable infrastructure advancement. He said this project would support research that can be scaled to address national priorities. Dr. Al-Qadi told the committee that the Illinois Center for Transportation was established in 2005 and is considered the research arm of the Illinois Department of Transportation. He commented on the number of projects that have been completed through its intergovernmental agreement. He referred to additional partnerships and collaborations. President Killeen stated that this is a significant flagship project and told the committee that this is an opportunity to develop a world-class facility. Brief discussion followed regarding the National Science Foundation grant and funding for the project. Dr. Robert Jones told the committee that this unique opportunity would include partnerships with other universities.

Purchase Recommendations

Mr. Cepeda then asked Dr. Ellinger to report on purchase recommendations. Dr. Ellinger reported on the recommendation to purchase a service contract from Solar Turbines, Inc. for gas turbines at the University of Illinois Chicago. He gave some background and said this is a sole-source procurement because unique items are required, and no other source can meet the documented need.

Next, Dr. Ellinger provided information about the recommendation to purchase a BI TIMS TOF flex w/ MALDI-2 mass spectrometer from Bruker Scientific, LLC for the Beckman Institute for Advanced Science and Technology at Urbana. He said this is a sole-source purchase because the funding source requires the items. He reported that the Beckman Institute submitted an NIH High-End Instrumentation (HEI) Grant Program proposal and that the funds were awarded on March 1, 2023. Dr. Ellinger and Dr. Martinis described the item's functionality, and Dr. Martinis said it is exciting.

Dr. Ellinger then discussed the recommendation to purchase a high vacuum facility from Leybold USA, Inc. and said that the Department of Aerospace Engineering, Urbana, was awarded a Department of Defense University Research Instrumentation Program (DURIP) grant to expand research and testing capabilities for space simulation. He provided information about the equipment and said it is a sole-source purchase because the items are required for research, and no other source can meet the researcher's documented need.

Dr. Ellinger provided information about the recommendation to purchase a growth chamber from Controlled Environments, Inc d/b/a Conviron for the CABBI

Greenhouse for the Institute for Genomic Biology at Urbana and said it is a sole-source purchase because the compatibility of equipment, accessories, and replacement parts is necessary for research. He described the rationale for the purchase and said it is necessary to fulfill the Department of Energy-approved CABBI research objectives.

Dr. Ellinger reported on the recommended purchase of plant phenotyping equipment from Plant DiTech, Ltd., also for CABBI and the Institute for Genomic Biology at Urbana. He said this is a sole-source purchase because items are copyrighted or patented and are not available except from the copyright or patent holder. He described the rationale for the purchase and said it is necessary to fulfill the Department of Energy-approved CABBI research objectives.

Lastly, Dr. Ellinger provided information about a recommended change order to increase the award amount for wastewater sequencing from UChicago Argonne LLC for Discovery Partners Institute. He told the committee that UChicago Argonne LLC was previously contracted to provide wastewater sequencing, and additional sequencing services are needed. He said UChicago Argonne LLC operates the Argonne National Laboratory for the Department of Energy, and these services are being paid through funds provided by the Illinois Department of Public Health (IDPH) through an intergovernmental agreement for wastewater testing services.

Mr. McKeever inquired about the purchase from Solar Turbines, Inc., regarding its supplier diversity program. Dr. Ellinger asked Mr. Aaron Carter, assistant vice president of procurement services, to comment, and Mr. Carter indicated it is their

internal program for supplies and services. Dr. Ellinger stated he would investigate and provide additional information at a later date.

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

PRESENTATIONS

Small Animal Clinic Oncology Center Addition Design Presentation, Veterinarian Teaching Hospital

At 3:13 p.m., Mr. Cepeda asked Ms. Elsa Reifsteck, principal architect, and Mr. Sean Bott, project manager, Reifsteck Reid & Company Architects, to give a design presentation on the Small Animal Clinic Oncology Center Addition for the Veterinarian Teaching Hospital at Urbana (materials on file with the secretary). Mr. Bott described the scope of the project and said they plan to achieve a LEED Silver designation for the addition. He presented the site and site plan renderings, and Ms. Reifsteck showed various views from several perspectives. She stated that the design reflects the request for a state-of-the-art addition matched with the existing structure. Dr. Peter Constable, dean of the College of Veterinary Medicine, gave some background and said the current building is the country's oldest veterinary medicine teaching facility. He said it was well designed at the time but does not accommodate the increase in specializations, students, faculty, and caseload. He referred to donor support for the veterinary oncology research program and said the project supports the university's goal to achieve National Cancer

Institute designation. Mr. Cepeda thanked Ms. Reifsteck and Mr. Bott for the presentation.

RSM FY2023 Audit Plan Presentation

Next, Mr. Cepeda asked Mr. Joseph Evans, partner; Mr. Dan Sethness, senior manager; and Ms. Kelly Kirkman, senior manager, RSM, to give a presentation on the Fiscal Year 2023 audit (materials on file with the secretary). Mr. Evans provided information about the firm and the nature of this engagement, stating that the Illinois Auditor General selected RSM to conduct the University's external audit as special assistant auditors. He discussed the scope of the engagement and audit standards, and he reported on minority firm participation. Mr. Evans highlighted the responsibilities of management, reviewed audit logistics, and shared a timetable. He also showed the engagement team working on the University's audit.

Mr. Sethness gave an overview of the Fiscal Year 2022 results and said unmodified opinions were issued for both financial and compliance reports for University, health, and auxiliary systems. He reviewed four findings related to internal control over financial reporting. Mr. Sethness then discussed new audit standards for Fiscal Year 2023 and presented key audit areas for the University and Health Services Facilities System.

Ms. Kirkman reported on the federal single audit. She said the University received \$1.65 billion in federal funding for research and development; student financial aid; and the education stabilization fund, and she said an unmodified opinion was issued

on compliance for major federal programs with no material weaknesses. She provided information on six compliance findings and shared information about the Fiscal Year 2023 federal audit. Ms. Kirkman then gave an overview of the Fiscal Year 2022 State compliance audit results, which included 12 significant deficiency and noncompliance findings and 12 immaterial letter findings, and she presented the key examination areas.

Mr. McKeever stated that the process of clearing findings should be shared with the committee. Dr. Ellinger assured the committee that the audit findings are taken seriously and agreed that an update should be shared with the committee. Mr. Milhouse asked for additional information about RSM and its role as special assistant auditor. Mr. Evans indicated that the firm has served in this role for two years, and he and Mr. Milhouse discussed the demographics of the minority firms working with RSM on the audit. Mr. Cepeda thanked Mr. Evans, Mr. Sethness, and Ms. Kirkland for the presentation.

University Audits Two-Year Internal Audit Plan for Fiscal Years 2024-2025

Next, Mr. Cepeda asked Ms. Julie A. Zemaitis, executive director of University audits, to present the two-year internal audit plan for Fiscal Years 2024-2025 (materials on file with the secretary). Ms. Zemaitis referred to the governance framework that guides the plan and said a two-year plan is required. She noted that this is coordinated, rather than duplicative, of the external audit, and she gave an overview of the audit plan development process. She shared risk categories and described the role of data analytics in risk assessment. Ms. Zemaitis showed the summary of planned hours for Fiscal Years 2023,

2024, and 2025 and showed the mapping of the Fiscal Years 2024-2025 plan to risk and to the Strategic Framework. She told the committee that ongoing monitoring of risks and the plan takes place throughout the year. Ms. Zemaitis concluded her presentation, and Mr. McKeever expressed appreciation for the effort and success of the internal audit team. Mr. Cepeda thanked Ms. Zemaitis for the presentation.

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.

MEETING ADJOURNED

Mr. Cepeda announced that the next meeting of this committee is scheduled for Wednesday, September 20, 2023, at 2:15 p.m., at Urbana. On motion of Mr. Milhouse, seconded by Mr. McKeever, the meeting adjourned at 3:54 p.m. There were no “nay” votes.

Respectfully submitted,

JEFFREY A. STEIN
Secretary

RAMÓN CEPEDA
Chair

EILEEN B. CABLE
Special Assistant to the Secretary