

MEETING OF THE AUDIT, BUDGET, FINANCE, AND FACILITIES COMMITTEE
OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS
MARCH 29, 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 Student Union Ballroom, Room 224, 2251 Richard Wright Drive, Springfield, Illinois, on Wednesday, March 29, 2023, beginning at 2:15 p.m.

Trustee Ramón Cepeda, chair of the committee, stated that the chair of the Board of Trustees determined that an in-person meeting would not be practical or prudent due to COVID-19 and that under Section 7(e)(2) of the Open Meetings Act, this meeting would be held in a hybrid format, meaning that some committee members would attend virtually and some in person. He convened the meeting and asked the secretary-designate to call the roll. The following committee members were present at the Student Union Ballroom: Mr. Ramón Cepeda; Mr. Donald J. Edwards; Ms. Sarah C. Phalen; and Mr. Rafael Camacho Jr., student trustee, Urbana. Mr. Lester H. McKeever Jr., treasurer, attended via remote videoconference. Ms. Tami Craig Schilling and Mr. Will Formea, student trustee, Springfield, attended as guests in the Student Union Ballroom. Mr. Joseph Gutman attended as a guest via remote videoconference.

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. 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); Dr. Joseph T. Walsh Jr., vice president for economic development and innovation; Ms. Adrienne Nazon, vice president of external relations and communications; 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. Dr. Javier A. Reyes, interim chancellor, University of Illinois Chicago, and vice president, University of Illinois System; and Mr. Thomas R. Bearrows, University counsel, attended via remote videoconference. 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 January 25, 2023. On motion of Mr. McKeever, seconded by Ms. Phalen, the minutes were approved by the following roll call vote:¹ Aye, Mr. Camacho, Mr. Cepeda, Mr. Edwards, Mr. McKeever, Ms. Phalen; No, none.

REVIEW OF RECOMMENDED BOARD ITEMS
FOR THE MEETING OF THE BOARD OF TRUSTEES
OF THE UNIVERSITY OF ILLINOIS ON MARCH 30, 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 March 30, 2023. All proposed agenda items discussed at the meeting are on file with the secretary.

¹ Per 5 ILCS 120/7(e), all votes are conducted by roll call.

Rename the South Campus Center for Interdisciplinary Learning, Urbana

Mr. Cepeda asked Dr. Ellinger to report on the recommendation to rename the South Campus Center for Interdisciplinary Learning at Urbana. Dr. Ellinger gave a history of the project, which was approved by the Board in September 2022, and said completion is expected in December 2024. He described the ways in which the facility will be used and said that this recommendation would rename the building as the Steven S. Wymer Hall in recognition of Mr. Steven S. Wymer, alumnus of the Gies College of Business. Dr. Ellinger told the committee that Mr. Wymer provided the lead \$25.0 million gift that secured the financial viability of the project and previously provided generous support to the Gies College of Business and the Division of Intercollegiate Athletics Men's Golf program. Dr. Ellinger recognized Dr. Robert Jones and Dr. Jeffrey R. Brown, dean of the Gies College of Business, for their efforts to make this project possible. Dr. Jones said he is excited about the project and proud to have been involved.

Determination of Surplus Real Estate and Delegation of Authority to Comptroller to Sell Surplus Real Estate, Rockford, Illinois

Next, Dr. Ellinger discussed the recommended determination of surplus real estate and delegation of authority to the comptroller to sell surplus real estate in Rockford, Illinois. He stated that the site, which is the subject of this determination, housed a medical clinic used by the UI College of Medicine Rockford, and he told the committee that the need for clinical space in that area has diminished. He said attempts to re-lease the space or

find suitable internal University units to occupy the space have not been successful, and that the interim chancellor at Chicago requests that the property be deemed surplus property.

Dr. Ellinger provided information about the space and said the sale price would exceed existing debt. He noted that the property is outside the UIC master planning area, has no current or future use, and is a maintenance liability. He described the sale process and said proceeds would be placed in a separate account for deferred maintenance and emergency repair of University property.

Approve Design for Discovery Partners Institute (Capital Development Board Project)

Dr. Ellinger then introduced the recommendation to approve the design for the Discovery Partners Institute (DPI). He gave a history of DPI and told the committee that a design presentation would be provided later in the meeting.

Capital and Real Estate Items

Mr. Cepeda then asked for a discussion of recommended capital and real estate items. Dr. Ellinger first shared information regarding the recommendation to award a construction contract for the Paulina Street Parking Structure ceiling, beam, and joint repairs project at Chicago. He stated that competitive bidding procedures were conducted in accordance with the Illinois Procurement Code, and he stated that the awarded vendor is a Women Business Enterprise (WBE) contractor, and that the subcontractor has a Veteran Business Enterprise (VBE) classification.

Next, Dr. Ellinger reported on the recommendation to approve the project budget and award construction contracts for the Central Campus Parking Structure(s) project at Urbana. He gave a history of the project and the scope of work and said that additional funds are needed due to inflation and cost escalation. He reported on diverse vendor participation rates.

Dr. Ellinger then discussed the recommendation to approve the project budget and amend the professional services consultant contract for the Illini Union roof replacement at Urbana. He said the project will consist of a complete tear off and replacement of existing roofs and that a multi-year approach is needed. He stated that Wiss, Janney, Elstner Associates, Inc. was employed for schematic design and design development services, and that this recommendation would amend the professional services contract with the firm to include the construction document, bidding, and construction administration phases of the project. He noted that the roof would be replaced with like materials due to the historic nature of the building.

Dr. Ellinger provided information regarding the recommendation to approve the budget for the Armory Arch stucco and curtainwall replacement project, which he said will install new framing, substrate, and stucco, as well as energy-efficient windows in a new curtainwall system.

Next, Dr. Ellinger reported on the recommendation to approve the project budget for the Library Commons at Springfield, noting that this is a Capital Development Board (CBD) project. He gave a history of the Library Commons, which was previously named the Library, Learning, and Student Success Center, and described the space and

ways in which it will be used. He said construction is expected to begin in July 2023 and is scheduled to be completed in December 2024. He said it will be constructed to achieve LEED Gold certification. Dr. Ellinger told the committee that unforeseen escalation in material costs resulting from inflation and supply chain issues requires an increase in the project budget.

Mr. McKeever inquired about the recommendation to approve the project budget for the Small Animal Oncology Center addition, and Mr. Cepeda indicated this was withdrawn from the agenda. Dr. Ellinger commented briefly on the impacts of inflation and cost increases, stating that most CDB projects are now substantially over budget.

Purchase Recommendations

Mr. Cepeda asked Dr. Ellinger to report on purchase recommendations. Dr. Ellinger reported on the recommendation to purchase utilities for the University of Illinois Springfield campus from City Water, Light and Power and explained the university is required by statute to purchase utilities from City Water, Light and Power, the City of Springfield's public utility.

Dr. Ellinger then provided information on recommended purchases for the University of Illinois Hospital and Clinics, all of which are exempt from competitive selection procedures in accordance with the Illinois Procurement Code. He first discussed the recommended purchase of the drug Tecfidera, an oral medication used to treat multiple sclerosis that is not available through traditional retail pharmacies and can be

purchased only directly from the manufacturer. Dr. Ellinger reported on the recommended purchase of the drug Oxbryta, an oral medication used to treat sickle cell disease. He said the UI Hospital is one of a limited number of specialty pharmacies authorized to dispense Oxbryta, which has received orphan status from the FDA as a new treatment. Dr. Ellinger then provided information about the recommended purchase of surgical implants, devices, screws, and plates from KLS Martin for oral-maxillofacial and plastic reconstructive surgeries. He described the types of surgeries that require these implants and said the UI Hospital averages 300 inpatient surgeries per year using KLS Martin products.

Next, Dr. Ellinger reported on the recommendation to purchase housekeeping and maintenance services from Vargas Group Inc. for the Office of the Vice Chancellor for Administrative Services at Chicago and said the vendor would provide these services for the Behavioral Sciences Building; the Student Services Building, Science and Engineering Offices; the College of Pharmacy; and the College of Nursing. He described aspects of the contract and said Vargas is a Business Enterprise Program (BEP) certified minority owned business that has subcontracted to a Veteran-Owned Small Business (VSB) and a BEP vendor to meet the 30 percent BEP aspirational goal for this procurement.

Dr. Ellinger shared information regarding the recommendation to purchase the NovaSeq X Plus sequencing system from Illumina, Inc. for the Roy J. Carver Biotechnology Center at Urbana. He said this is a sole source purchase because the items are required for research and no other source can meet the researcher's

documented need. He said that the NovaSeq X Plus is the only instrument in the market that is capable of sequencing hundreds of human, plant, and animal genomes, and thousands of microbial genomes at once in less than two days, effectively lowering the genome sequencing overall cost, noting that no other comparable technology exists.

Dr. Ellinger then reported on recommended renewals, beginning with the recommended renewal option for the purchase and delivery of coal, including by-product waste disposal services, for Utilities Administration at Urbana. He said the university continues to minimize coal consumption in support of its Illinois Climate Action Plan (iCAP) goals. He discussed uses of coal on the campus and said it is needed for several reasons, including risk minimization in the event that natural gas pipelines cannot provide fuel to the university due to pipeline breaks or excessive weather impacts.

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 at Urbana. Dr. Ellinger explained that the Roy J. Carver Biotechnology Center currently owns multiple 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.

Dr. Ellinger reported on the recommended renewal option for nutritionally balanced meals to student-athletes, as requested by Division of Intercollegiate Athletics at Urbana, catering food services in premium seating sections at Memorial Stadium and

State Farm Center, and other catering services as requested. He said funds from the Division of Intercollegiate Athletics pay for these services.

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 said the subscription is paid through State appropriated funds, and he noted that CARLI is one of the premier library consortiums in the United States.

Lastly, Dr. Ellinger then discussed the recommended change order to the contract for consulting services with McKinsey and Company, Inc. for the Office of the Vice President for Economic Development and Innovation. He said this is a change order to an award of task for the growth of electric vehicle manufacturing, and he indicated that specific tasks are outlined in the item. He said these tasks pertain to work with the State of Illinois to develop a six-month strategy to attract electric vehicles and chips manufacturing companies and to develop a comprehensive strategy for accelerating the deployment of electric vehicles to achieve the goal of 1 million passenger electric vehicles in Illinois by 2030. He told the committee that this project is in collaboration and with funding support received from the Illinois Department of Commerce and Economic Opportunity and the Illinois Finance Authority. Dr. Ellinger said that a 25 percent BEP goal has been established for the project, and McKinsey and Company, Inc. will use Seventeenth Addition LLC for an estimated 25 percent of the services.

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

PRESENTATIONS

Design for Discovery Partners Institute, Chicago

At 2:53 p.m., Mr. Cepeda asked Mr. Shohei Shigematsu, principle, OMA of New York; Ms. Christy Cheng, associate, OMA of New York; and Ms. Aimee Rowbottom, director of architecture and interiors, Jacobs Engineering Group Inc., Chicago, to give a presentation on the design for Discovery Partners Institute (materials on file with the secretary). An architectural model of the building was on display in the room throughout the meeting, during other committee meetings, and at the Board meeting the following day. Ms. Rowbottom described the purpose of the Discovery Partners Institute (DPI), referred to its economic impact, and said that its primary objective is equitable economic development. She described the progress DPI has made toward its goals and said that the building is designed to foster continued growth and function as a catalyst for the innovation ecosystem at The 78, a development set along the riverfront in Chicago. Ms. Cheng described the design process, which began with stakeholder engagement, benchmarking, and project precedent analysis. Mr. Shigematsu presented project information and project goals, and he shared information about the site. He showed future development plans and noted the impact of the Metra realignment. Mr. Shigematsu referred to instructional and innovation neighborhoods within the DPI building and described the use of space throughout the building. He presented renderings of the

building's exterior and interior and showed typical floorplans, describing features of each type of space. Mr. Shigematsu reported on sustainability and said that they plan to achieve LEED Gold certification for the project. He told the committee that the groundbreaking is scheduled for May 2024.

Mr. Cepeda expressed appreciation for the presentation. Mr. William C. Jackson, executive director of DPI, commented on the collaborative effort that led to the evolution of the design and described some of the changes that were made throughout the process. Mr. Edwards and Mr. Jackson briefly discussed previous versions of the building, and Mr. Jackson stated that the realignment of the Metra line and construction of the extension of 15th Street are Tax Increment Financing (TIF) projects that have been approved by the Chicago City Council. President Killeen thanked Mr. Shigematsu, Ms. Cheng, and Ms. Rowbottom for visiting and giving the presentation. He said the presentation is the culmination of an extensive amount of work and reiterated the level of engagement and collaboration that led to this design. President Killeen expressed appreciation for the experience and said it is a once in a lifetime opportunity. He said that a recommendation approving the DPI design is on the Board's agenda the following day. Mr. Cepeda asked if a change in mayor and the administration in Chicago would impact the project, and Mr. Jackson said it should not, since it was approved by the City Council.

Fiscal Year 2022 Financial Audit Summary

At 3:17 p.m., Mr. Cepeda asked Dr. Ellinger and Mr. Brent Rasmus, assistant vice president and controller, to give a presentation on the Fiscal Year 2022 external audit

(materials on file with the secretary). Mr. Rasmus reported that the University received a clean, unmodified opinion on its financial statements and said that the University had positive financial results for the year. He briefly summarized the financial report and said Dr. Ellinger would give a more detailed report at the Board meeting the following day. Mr. Rasmus gave a summary of financial audit findings from Fiscal Year 2020 through 2022 and noted that three of the four findings for this year are repeat findings. He provided information about the four findings and said that corrective action for all findings is either in process or complete. Mr. Rasmus emphasized an organizational commitment to improvements in internal controls. Mr. McKeever remarked on the tremendous improvement in University controls, and Mr. Cepeda thanked Mr. Rasmus for the presentation.

Summary of Internal Audit Activity through Second Quarter Ended December 31, 2022

Mr. Cepeda asked Ms. Julie A. Zemaitis, executive director of University audits, to present a summary of audit activity for the second quarter ended December 31, 2022 (materials on file with the secretary). Ms. Zemaitis showed the audit plan completion status for Fiscal Year 2023 and said the measures are slightly below average. She noted that there were two open positions during the second quarter in the Office of University Audits, both of which have been filled. 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 December 31, 2022, by functional

area and level of risk. She provided information on the aging of outstanding recommendations by management's original expected implementation date, stating that most are not yet due. Ms. Zemaitis showed the aging of outstanding recommendations by risk and priority rating and said that the three oldest recommendations have been implemented. She provided additional information about the high priority recommendations and showed the aging of outstanding recommendations by location. Lastly, Ms. Zemaitis discussed the requirements of the Office of University Audits quality assurance and improvement program, which includes internal and external assessments. She provided information about each and said that the external review assessment is due in April 2024, adding that she will update the committee as they move through the process. Mr. Cepeda thanked Ms. Zemaitis for the report.

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, May 17, 2023, at 2:15 p.m., at Urbana.

MEETING ADJOURNED

On motion of Mr. Camacho, seconded by Mr. Edwards, the meeting adjourned at 3:32 p.m. by the following roll call vote: Aye, Mr. Camacho, Mr. Cepeda, Mr. Edwards, Mr. McKeever, Ms. Phalen; No, none.

Respectfully submitted,

JEFFREY A. STEIN
Secretary-designate

RAMÓN CEPEDA
Chair

EILEEN B. CABLE
Special Assistant to the Secretary