

MEETING OF THE AUDIT, BUDGET, FINANCE, AND FACILITIES COMMITTEE
OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS
NOVEMBER 15, 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 W. Roosevelt Road, Chicago, Illinois, on Wednesday, November 15, 2023, beginning at 3:03 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. Donald J. Edwards; Mr. Kyle Ingram,¹ student trustee, Springfield; Mr. Lester H. McKeever Jr.,² treasurer; Mr. Wilbur C. Milhouse III; Ms. Sarah C. Phalen;¹ and Ms. Sanchita Teeka, student trustee, Urbana. Ms. J. Carolyn Blackwell; Ms. Tami Craig Schilling; Mr. Mohammed A. Haq, voting student trustee, Chicago; Ms. Patricia Brown Holmes; and Mr. Jesse H. Ruiz 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 Mr. Ingram and Ms. Phalen attended via remote videoconference.

² Mr. McKeever arrived at 3:14 p.m.

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.

OPENING REMARKS

Mr. Cepeda welcomed everyone to the meeting and acknowledged Ms. Blackwell and Mr. Ruiz, who were recently appointed to the Board. He asked Dr. Ellinger to make some opening remarks.

Dr. Ellinger reported on the results of refunding the outstanding Series 2013 health services bonds, which resulted in a net present value savings of \$8.32 million. He noted that the issuance was exceptionally well received in the market, and he thanked Ms. Sarah Crane, senior director of capital financing, for her work throughout this process.

Dr. Ellinger also referred to Mr. McKeever's request for an update on efforts to address external audit findings and said a document reflecting the status of these efforts has been created that will be included in the Audit, Budget, Finance, and Facilities Committee meeting materials. He said an update can also be provided at committee meetings, as requested.

Lastly, Dr. Ellinger referred to the potential federal government shutdown,

which appears to be delayed, and said the situation and its impact on the University System is being monitored.

Mr. Cepeda thanked Dr. Ellinger for the remarks and expressed appreciation for Ms. Crane's work on the bond refunding. Mr. Cepeda asked if there were any comments or corrections to the minutes from the meeting held on September 20, 2023. On motion of Mr. Milhouse, seconded by Ms. Holmes, 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 NOVEMBER 16, 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 November 16, 2023. All proposed agenda items discussed at the meeting are on file with the secretary.

Approve Requests for Operating and Capital Appropriations, Fiscal Year 2025

Mr. Cepeda asked Dr. Nicholas Jones to discuss the recommendation to approve requests for operating and capital appropriations for Fiscal Year 2025. Dr. Jones gave a presentation (materials on file with the secretary) and referred to the *Fiscal Year 2025 Budget Request* document, which was made available to members of the Board. He said the request reflects an 11.9 percent increase, and he listed the goals of incremental requests. He told the committee that the budget request includes additional funding for

cost escalation on Fiscal Year 2020 approved capital projects, as well as a request for funds for new capital projects.

Rename the Graduate School of Library and Information Sciences Building, Urbana

Mr. Cepeda then asked Dr. Ellinger to report on several recommendations, beginning with the recommendation to rename the Graduate School of Library and Information Sciences Building as the School of Information Sciences Building. Dr. Ellinger stated that the unit's name was changed in 2016 to the School of Information Sciences to communicate better the scope of the school's research and teaching efforts and said that renaming the building would align the building name with the name of the unit, resulting in a more accurate designation.

Delegate Authority to Comptroller to Approve Lease Extensions
for UIC College of Nursing Space Located at 616 E. Green St.
and 627 S. Wright St., Champaign, Illinois

Dr. Ellinger then discussed the recommendation to delegate authority to the comptroller to approve lease extensions for UIC College of Nursing space located at 616 E. Green St. and 627 S. Wright St., Champaign. He stated that the Illinois Legislature approved an amendment in 2022 that permits leases with terms up to 30 years for Illinois public institutions, as long as specific stipulations are met. Dr. Ellinger said a three-year extension is now possible at the present location without doing another search or potentially costly move, as would have been necessary prior to the legislative amendment. He described aspects of the lease and the facility and said remaining at the

current location is in the best interest of the university. Dr. Ellinger told the committee that approximately 200 students are enrolled in the UIC College of Nursing at the Urbana campus.

Award Construction Contract, Krannert Center for the Performing Arts –
Accessibility and Elevator Upgrades, Urbana

Next, Dr. Ellinger reported on the recommendation to award a construction contract for Krannert Center for the Performing Art accessibility and elevator upgrades at Urbana and stated that the project budget is \$4,981,065.50. He described the scope of the work and shared diverse vendor participation rates.

Approve Project Budget and Award Construction Contracts,
Noyes Laboratory Rooms 219 and 250, Renovations, Urbana

Dr. Ellinger then discussed the recommendation to approve the project budget and award a construction contract for Noyes Laboratory, Rooms 219 and 250, at Urbana. He gave a history of the project, which was approved by the Board in January 2022, and described the scope of work to be completed. He said that bids for construction work were significantly higher than budgeted, and the scope of the project was revised to reduce costs. He said this recommendation would approve a budget increase and award a single-prime contract. He shared the rates of diverse vendor participation, and Mr. McKeever

asked about the participation rates of Hispanic or African American firms. Dr. Ellinger said he would follow up with Mr. McKeever after the meeting.³

Approve Project Budget and Award Construction Contract for Planning, Sustainability, and Project Management (PSPM) Consolidation to Taylor Street Building, Chicago

Dr. Ellinger shared information regarding the recommendation to approve the project budget and award a construction contract for consolidating the Planning, Sustainability, and Project Management (PSPM) offices in the Taylor Street Building, Chicago. He said the consolidation is intended to utilize space more efficiently and effectively and that the project will be a model for optimally using office space across the University. Dr. Ellinger described the use of space and outlined the work to be completed on the project. He also reported on the diverse vendor participation rates.

Approve Project Budget and Award Construction Contract for Renovate Sterile Processing and Material Management, University of Illinois Hospital, Chicago

Dr. Ellinger discussed the recommendation to approve the project budget and award a construction contract for the renovation of sterile processing and material management at the University of Illinois Hospital, Chicago. He gave a brief history of the project and said the Sterile Processing Department is responsible for the cleaning and sterilizing of instruments used to conduct procedures and surgeries within the University of Illinois

³ Dr. Ellinger later stated that the diversity rates for subcontractors for this project were 17 percent Black, 1 percent Hispanic, 12 percent women, and 4 percent Veteran-owned.

Hospitals and Clinics. Dr. Ellinger described the goal of the project and its scope. He said this recommendation would approve the project with a budget of \$5,683,600.00 and award a single-prime contract. He shared the rates of diverse vendor participation.

Purchase Recommendations

Next, Dr. Ellinger reported on purchase recommendations, beginning with the recommended purchase of dining services for UIC Student Affairs Auxiliary Services for a six-month period beginning December 28, 2023. He said this six-month term is contingent on the State's approval of an emergency extension after the first 90 days in accordance with the State's applicable regulations. Dr. Ellinger told the committee that the estimated cost is \$10.0 million, which is paid by funds collected for dining services and catering. He stated that a competitive solicitation to select a new dining service partner was canceled on April 20, 2023, with concurrence by the State of Illinois Procurement Office, for lack of competition and inadequate diversity. Dr. Ellinger said the previous contract could not be extended because it already met the maximum 10-year duration established by the Illinois Procurement Code. He explained that this is an emergency purchase in accordance with the Illinois Procurement Code, and he described efforts to ensure a successful solicitation award and maximize inclusion. Dr. Miranda added that the new request for proposal (RFP) is likely to result in responses with increased diversity.

Dr. Ellinger reported on the recommended purchase of Institutional Animal Care and Use Committee (IACUC) and Animal Operations (AOPS) modules and

implementation for the Office of the Vice Chancellor for Research at Chicago for the period of December 1, 2023, through August 31, 2026, for \$1.565 million from Huron Consulting. He said these modules would be used with the current Effort Reporting and Conflict of Interest (COI) software management systems already provided by this vendor. He described the additional modules and the benefits of their implementation. Dr. Ellinger said Huron would assist with installation and implementation, and he commented on the benefits of using a single vendor for all the systems. Dr. Ellinger added that the purchase would be covered by indirect cost recovery funds.

Dr. Ellinger then reported on the recommendation to purchase a Metal-Organic Vapor Phase Epitaxy (MOVPE) System for the Department of Electrical and Computer Engineering at Urbana for an estimated \$1,484,000. He described the use of the system and said it is necessary for current faculty research.

Next, Dr. Ellinger discussed the recommended purchase of a subscription to electronic journals for all three University campus libraries from Elsevier B.V. for an estimated cost of \$22,510,980. He said this purchase would provide electronic access to more than 2,000 core journals and books in science, technology, and medicine, and that this content is essential to research and teaching in the medical, physical, life, and social science programs at all three universities. Dr. Ellinger indicated the procurement is for all three universities and saves \$2.0 million by purchasing in aggregate. He told the committee that the libraries at Chicago and Springfield would compensate the University Library at Urbana for the license cost, which is determined by usage. Dr. Ellinger gave some background on the cost for this subscription in previous years and recent cost

increases, with this year's increase being especially high. Mr. Edwards and Dr. Ellinger discussed the pricing structure, and Dr. Miranda stated that the deans of the libraries work to ensure journal and database subscriptions are purchased with extensive analysis and as economically as possible. Mr. Edwards encouraged the libraries to identify approaches that could reduce costs. Dr. Robert Jones also expressed concern regarding database subscription cost increases and suggested that the Midwest Higher Education Consortium may offer an opportunity to negotiate a better price. He noted that greater use of open-source publication would also alleviate high subscription costs. Additional discussion followed regarding the pricing structure and conversations among the Big Ten Academic Alliance to address high database subscription costs.

Dr. Ellinger gave an update on Mr. McKeever's question regarding diversity rates for subcontractors for the construction contract for the project at Noyes Laboratory and said they are 17 percent Black, 1 percent Hispanic, 12 percent women, and 4 percent Veteran-owned.

Dr. Ellinger discussed the recommended renewal option for the rental of meteorological equipment and science engineering support for the Department of Atmospheric Sciences at Urbana. He said the estimated cost is \$8.0 million, and that this will exercise the remaining four annual renewal options approved by the Board initially in November 2021. He discussed the need for this equipment, which supports faculty research.

Next, Dr. Ellinger reported on two recommended change orders, beginning with the proposed change order to add an additional assessment of UIC buildings to the

facility condition assessment being conducted by Cannon Design, Inc., for the University Office of Capital Programs. He said the facility condition assessments are being conducted at each university campus.

Lastly, Dr. Ellinger provided information about a proposed change order to the contract for consulting services for Managed Care Organization (MCO) review and analysis for the Office of Medicaid Innovation. He explained that this would increase the scope of services associated with the task order to McKinsey & Company, Inc. Dr. Ellinger reminded the committee that there was a presentation on the Office of Medicaid Innovation at the September 2023 meeting of the University Healthcare System Committee. He reported that a Business Enterprise Program (BEP) goal of 25 percent was established for the project and said that McKinsey & Company, Inc. will use Seventeenth Addition LLC, a certified Women Business Enterprise (WBE), for an estimated 25 percent of the services.

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

At 3:44 p.m., Mr. Milhouse left the meeting.

PRESENTATIONS

Summary of Internal Audit Activity Through First Quarter Ended September 30, 2023

At 3:48 p.m., Mr. Cepeda asked Ms. Julie A. Zemaitis, executive director of University audits, University of Illinois System, to give a summary of internal audit activity through the first quarter ended September 30, 2023. Ms. Zemaitis gave a presentation (materials on file with the secretary) and showed the audit plan completion status for Fiscal Year 2024. She reported on the implementation of audit recommendations in Fiscal Years 2022 through 2024 and showed the year-to-date audit report findings from July 1, 2023, through September 30, 2023, by functional area and level of risk. Ms. Zemaitis provided information on the aging of outstanding recommendations and showed the number of high and moderate recommendations, along with the location of each. She gave a progress update on the quality assurance review of the Office of University Audits and listed the team members who will be involved in the external review. Ms. Zemaitis shared the objectives of the review and said the on-site visit will take place in February 2024 and will include interviews and surveys of stakeholders and a review of audit workpapers, policies and procedures, and other documentation. 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. He announced that the next meeting of this committee is scheduled for Wednesday, January 17, 2023, at 2:15 p.m., at Chicago.⁴

MOTION FOR EXECUTIVE SESSION

At 3:56, 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. McKeever, seconded by Mr. Edwards, the 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

With no additional questions or comments, the executive session ended at 4:00 p.m.

REGULAR MEETING RESUMED

The meeting resumed at 4:00 p.m., with all committee members recorded as being present at the start of the meeting in attendance, except Mr. Milhouse.

⁴ This meeting location was later changed to Urbana.

Mr. Cepeda stated that there was one agenda item requiring action by the committee, and Dr. Stein 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 2023 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 of Illinois System concurs.

Executive Session Minutes Released to Public

May 17, 2023, Audit, Budget, Finance, and Facilities Committee

Mr. Cepeda convened the executive session at 3:36 p.m. All trustees that were listed as being present at the start of the meeting were in attendance. The following were also in attendance: Mr. Lester H. McKeever Jr., treasurer; President Timothy L. Killeen; Dr. Nicholas P. Jones, executive vice president and vice president for academic affairs; Dr. Paul N. Ellinger, comptroller and vice president/chief financial officer; Mr. Thomas R. Bearrows, University counsel; Dr. Jeffrey A. Stein, 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 Dr. Stein and Mr. Bearrows to discuss minutes sequestered under the Open Meetings Act. Dr. Stein stated that each public body subject to the Open Meetings Act shall, at least every six months, meet to review the minutes of all closed meetings. He said that he and Mr. Bearrows reviewed such minutes and recommend the release of minutes from November 7, 2022, which pertain to the semiannual review that took place at that time. Mr. Bearrows described the process to determine whether the need for confidentiality still exists, weighing privacy and public interest. He listed the primary

topics of sequestered minutes from Audit, Budget, Finance, and Facilities Committee meetings. There were no comments or questions regarding this process.

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

MEETING ADJOURNED

Mr. Cepeda stated that this would be the last meeting of the Audit, Budget, Finance, and Facilities Committee at which Mr. Bearrows would attend as University counsel. He thanked Mr. Bearrows for his help and advice during his eight years serving on the Board and said he is a great friend and counsel. On motion of Mr. Edwards, seconded by Ms. Teeka, the meeting adjourned at 4:02 p.m. There were no “nay” votes.

Respectfully submitted,

JEFFREY A. STEIN
Secretary

RAMÓN CEPEDA
Chair

EILEEN B. CABLE
Special Assistant to the Secretary