

MEETING OF THE AUDIT, BUDGET, FINANCE, AND FACILITIES COMMITTEE  
OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS  
JANUARY 17, 2024

This meeting of the Audit, Budget, Finance, and Facilities Committee of the Board of Trustees of the University of Illinois was held the I Hotel and Conference Center, Heritage Hall, 1901 South First Street, Champaign, Illinois, on Wednesday, January 17, 2024, beginning at 2:15 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, student trustee, Springfield; Mr. Lester H. McKeever Jr., treasurer; Mr. Wilbur C. Milhouse III; and Ms. Sanchita Teeka, student trustee, Urbana. Ms. Sarah C. Phalen was absent. Ms. J. Carolyn Blackwell; Ms. Tami Craig Schilling; Mr. Joseph Gutman; Mr. Mohammed A. Haq, voting student trustee, Chicago; 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 vice president, University of Illinois System; Dr. Paul N. Ellinger, comptroller (and vice

president/chief financial officer); Mr. Scott E. Rice, interim 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 asked if there were any comments or corrections to the minutes from the meeting held on November 15, 2023. On motion of Mr. McKeever, seconded by Mr. Edwards, 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 18, 2024

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 18, 2024. All proposed agenda items discussed at the meeting are on file with the secretary.

#### Auxiliary Facilities System Revenue Bonds; Amendment of Projects Funded By Auxiliary Facilities System Revenue Bonds, Series 2018

Mr. Cepeda asked Dr. Ellinger and Ms. Sarah Crane, senior director of capital financing, treasury operations, University of Illinois System, to discuss the recommendation to approve actions leading to the issuance of one or more series of auxiliary facilities system revenue bonds to fund projects and refund auxiliary facilities system revenue bonds and approve the addition of new projects to be financed by excess proceeds of Auxiliary

Facilities System Revenue Bonds, Series 2018. Ms. Crane said that the first component of this recommendation consists of the proposed sale and issuance of the Auxiliary Facility System Revenue Bonds, Series 2024, which includes a refunding of callable bonds and the issuance of new money debt. She referred to the monitoring of the University's debt portfolio and restructuring opportunities and said a stand-alone refunding must generally produce a present value savings of at least 3 percent. Ms. Crane said that Auxiliary Facility System Bonds, Series 2014, have a final maturity date of April 1, 2044, with an estimated loan amount of approximately \$170.0 million in the current market. She told the committee that a refund of these bonds will result in a minimum present value savings of \$4.7 million.

Ms. Crane stated that this recommendation also includes the proposed issuance of \$65.0 million in new money bonds. She referred to the approval of the \$35.0 million budget for the Ubben Complex Expansion Project and the subsequent increase to \$39.8 million. Ms. Crane said the issuance of up to \$30.0 million of taxable bonds to reimburse the institutional operating budget for a portion of the costs associated with the project is expected. She said the restructuring of this obligation with taxable bonds is expected to result in a lower annual obligation to the impacted department.

Ms. Crane said that this recommendation would also approve the authority to issue up to \$35.0 million in tax-exempt bonds, \$15.0 million of which would be used toward the Illini Union Roof Replacement Project. She told the committee that in no event would the aggregate principal amount of the bonds exceed \$235.0 million and that the principal amount would be reduced accordingly if no additional projects are approved

by the Board before the bonds are issued. Ms. Crane listed the members of the finance group.

Ms. Crane then discussed the second component of the recommendation, which would authorize the use of excess proceeds of the Series 2018 bonds for projects at the Pennsylvania Avenue Residence Halls, Florida Avenue Residence Halls, and Orchard Downs Apartments. She described the work to be completed.

Delegate Authority to Declare Intent to Reimburse  
in Connection with Issuance of Tax-Exempt Debt

Next, Ms. Crane reported on the recommendation to delegate authority to the vice president/chief financial officer and comptroller to declare intent to reimburse in connection with the issuance of tax-exempt debt. She said that such declarations are made in capital Board items when a project will be financed with bonds, which enables the University to be reimbursed with proceeds for any allowable expenditures assessed up to 60 days prior to the date of declaration, which she said is known as the “lookback period.” Ms. Crane told the committee that this delegation would provide flexibility for any project financed later with bond proceeds by starting the lookback period when the comptroller executes the declaration. She said this does not impact the current practice of obtaining Board approval for bond financing, and she told the committee that current practices related to declarations of intent and other practices related to bond financing remain unchanged. Ms. Crane asked if there were any questions regarding these items, and there were none.

Delegate Authority to the Comptroller to Approve Lease of Space  
for University of Illinois System Administrative Offices, Chicago, Illinois

Mr. Cepeda then asked Dr. Nicholas Jones to discuss the recommendation to delegate authority to the comptroller to approve the lease of space for University of Illinois System Administrative Offices in Chicago. Dr. Jones stated that the president's office, currently located in the Administrative Office Building on the Chicago campus, lacks proximity to Chicago's government and business districts, as well as the Discovery Partners Institute (DPI) and the Illini Center, which is affiliated with UIUC. He said the president's office undertook a space utilization and upgrade assessment in the fall of 2022 to consider possible renovations to the current space, and it was determined that renovation opportunities within the Administrative Office Building were insufficient and cost prohibitive. Dr. Jones discussed the benefits of moving System leadership offices to 200 South Wacker Drive and reviewed the terms of the lease. Mr. Cepeda agreed that 200 South Wacker Drive would be a good location, particularly since DPI is in the same building. He also clarified the length of the proposed lease, which would be 10 years.

Award Construction Contract for Memorial Stadium - East Joint Expansion  
Replacement and East Steel Painting, Division of Intercollegiate Athletics, Urbana

Next, Mr. Cepeda asked Dr. Ellinger to report on the recommendation to award a construction contract for the east expansion joint replacement and steel painting at Memorial Stadium in the Division of Intercollegiate Athletics at Urbana. Dr. Ellinger stated that the joints have outlived their useful lifespan and are failing, and he referred to

the urgency of the replacement. He said the project includes a fresh coat of paint for both the east ramp steel and the upper balcony steel, and he told the committee that the expected project budget is \$3.75 million. Dr. Ellinger said funds for this project are available from Auxiliary Facilities System Repair and Replacement Reserve Funds, and he reported on the rates of diverse vendor participation.

#### Approve Project Budget and Award Construction Contract for Illini Union Roof Replacement, Urbana

Dr. Ellinger then shared information regarding the recommendation to approve the project budget and award a construction contract for the Illini Union roof replacement at Urbana. He gave a history of the project, which he said consists of a complete tear-off and replacement of the existing roofs, and he said the work would be completed in phases over multiple years. Dr. Ellinger described the scope of work to be completed and reported on rates of diverse vendor participation. Mr. Cepeda remarked on the necessity of the work. He said the scope is greater than just a roof replacement, in reference to the need to replace window gables and other integrated elements of the roof system.

#### Purchase Recommendations

Next, Dr. Ellinger reported on purchase recommendations, beginning with the recommended purchase of an EIGER2 X CdTe 4M X-ray detector for the Department of Physics at Chicago from Dectris USA Inc. He said this proposed purchase is funded by a National Science Foundation (NSF) grant that was received in August 2019. Dr. Ellinger

said this equipment is needed to fulfill the scientific needs described in the grant and that the detector must be able to operate in a vacuum. He told the committee that no other detector has these characteristics.

Dr. Ellinger then discussed the recommended purchase of a Surface Diffractometer with Double Crystal Deflector (DCD), which he said is also for the Department of Physics at Chicago and is related to the same NSF grant as the first recommended purchase. He stated that the vendor is Huber Diffraction USA, and he told the committee that this is a custom-designed instrument for the study of liquid interfaces with synchrotron X-rays. Dr. Ellinger said this vendor is the only company worldwide that has experience building an instrument like the one required for this research.

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

## PRESENTATIONS

### Capital Update

At 3:48 p.m., Mr. Cepeda asked Dr. Ellinger and Mr. Mike Wilson, assistant vice president capital programs and utility services, University of Illinois System, to give a capital update. Dr. Ellinger stated that the presentation (materials on file with the secretary) would give an overview of the University's five-year capital plan and would encompass key initiatives from the universities, the facility condition index, deferred maintenance, and capital renewal initiatives. He said Mr. Wilson would also comment on

sustainability efforts and capital spending trends. Dr. Ellinger emphasized that work to refine processes is ongoing and gave examples of newly implemented initiatives to streamline processes. He noted that there is a parallel process dedicated to capital planning for information technology infrastructure and said the consideration of both is imperative.

Mr. Wilson gave an overview of the capital planning process and showed the five-year capital plan across the University System. He presented proposed funding sources, commented on the role of State support, and listed major projects in or near construction that are receiving State funding. Mr. Wilson discussed the Fiscal Year 2025 State Capital Request and shared information regarding current capital initiatives, which included a facility condition assessment, the creation of a deferred maintenance and building renewal task force, the implementation of new project management software, and sustainability efforts. He presented capital spend by year from 2019 through 2023 and said there are \$1.4 billion in active capital projects. Mr. Wilson compared capital funding in 2018 to 2023, highlighting the impact of increased State support, and he showed the funding sources for the \$808.0 million in active new construction projects. Next, Mr. Wilson showed the planned use of space for active projects and gave examples of projects in the design and construction phases. Mr. Cepeda thanked Mr. Wilson for the presentation and commented on the importance of these projects, noting the need to prioritize as deferred maintenance needs are identified. Mr. Milhouse inquired about the condition assessment, and Mr. Wilson indicated an outside firm is conducting the assessment, which will be updated over time. President Killeen added that this



assessment will be the first to provide a quantitative assessment of deferred maintenance needs across the System in over 10 years. Mr. Ingram and Mr. Wilson then briefly discussed plans for a new library at Springfield.

#### 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 27, 2024, at 2:15 p.m., at Springfield.

#### MEETING ADJOURNED

On motion of Mr. Milhouse, seconded by Mr. Edwards, the meeting adjourned at 2:55 p.m. There were no “nay” votes.

Respectfully submitted,

JEFFREY A. STEIN  
*Secretary*

RAMÓN CEPEDA  
*Chair*

EILEEN B. CABLE  
*Special Assistant to the Secretary*