

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

MAY 15, 2024

This meeting of the Audit, Budget, Finance, and Facilities Committee of the Board of Trustees of the University of Illinois was held at the I Hotel and Conference Center, Heritage Hall, 1901 South First Street, Champaign, Illinois, on Wednesday, May 15, 2024, beginning at 2:47 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. Wilbur C. Milhouse III; Ms. Sarah C. Phalen;<sup>1</sup> and Ms. Sanchita Teeka,<sup>2</sup> student trustee, Urbana. Mr. Lester H. McKeever Jr., treasurer, was absent. Ms. J. Carolyn Blackwell; Ms. Tami Craig Schilling; Mr. Jesse H. Ruiz; 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 vice president, University of Illinois System; Dr. Janet L. Gooch, chancellor, University

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<sup>1</sup> Ms. Phalen attended via telephone.

<sup>2</sup> Ms. Teeka arrived at 2:48 p.m.

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; Mr. Scott E. Rice, 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 gave an overview of the agenda. He asked if there were any comments or corrections to the minutes from the meeting held on March 27, 2024. On motion of Mr. Edwards, seconded by Mr. Milhouse, the minutes were approved. There were no “nay” votes.

Mr. Cepeda invited Dr. Ellinger to make remarks. Dr. Ellinger stated that Moody’s and Standard and Poor’s affirmed the University’s bond ratings of A2 and A-, respectively, and said Standard and Poor’s has upgraded the University’s credit outlook from stable to positive. He reported on the exceptional results from the recent bond issue that was presented at the January meeting of this committee and was completed yesterday, which he said resulted in \$16.8 million in present value savings and \$1.2 million in annual cash flow savings through 2044.

Dr. Ellinger informed the committee that the University has received \$350.0 million in capital releases this year for State projects. He also referred to the retirement of Mr. Bruce Walden, who served as senior director of real estate planning and services. Dr. Ellinger described his role and contributions and said he will be missed.

REVIEW OF RECOMMENDED BOARD ITEMS  
FOR THE MEETING OF THE BOARD OF TRUSTEES  
OF THE UNIVERSITY OF ILLINOIS ON MAY 16, 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 May 16, 2024. All proposed agenda items discussed at the meeting are on file with the secretary.

Approve Preliminary Operating Budget for Fiscal Year 2025

Mr. Cepeda asked Dr. Ellinger to discuss the recommendation to approve the preliminary operating budget for Fiscal Year 2025 and explained that the actions of the State, including a determination of the State appropriation, will conclude after the last Board meeting of this fiscal year. Dr. Ellinger told the committee that the final budget based on the State appropriation will be brought to the Board at a future meeting, likely in September. He said this recommendation authorizes expenditures at levels reflected in the current Fiscal Year 2024 budget. Dr. Ellinger said authorization is also requested for the president to accept resignations, to make such additional appointments as are necessary, to approve the issuance of notices of non-reappointment, and to make such changes and adjustments in items included in the preliminary budget as are needed.

Approve Professional Services Consultant Contract  
for UI Health Master Facilities Plan, Chicago

Next, Dr. Ellinger reported on the recommendation to approve a professional services consultant contract for UI Health Master Facilities Plan, Chicago. He referred to the University of Illinois Chicago Master Plan and said the University of Illinois Hospital and Clinics adopted a strategic plan in 2021. Dr. Ellinger indicated the UI Health Master Facilities Plan will align with the goals of the hospital's Strategic Plan. He stated that this recommendation would approve a professional services contract with Perkins & Will of Chicago for this project. Dr. Ellinger reported on diverse vendor participation rates for the contract.

Approve Project for College of Medicine East Tower Façade Repairs, Chicago  
(Capital Development Board Project)

Dr. Ellinger provided information on the recommendation to approve the project for the College of Medicine East Tower Façade Repairs, Chicago, a Capital Development Board (CDB) project. He gave a history of the project and described the rationale for the budget increase. Dr. Ellinger said funds for the project are available from institutional funds operating budget of the University of Illinois Chicago and State capital appropriations.

Approve Project and Design for Renovate Taft Hall, Chicago

Dr. Ellinger then discussed the recommendation to approve the project and design for the renovation of Taft Hall at Chicago. He gave a history of the project and introduced Mr. Scott Hurst, design principal at Gensler, and Mr. Ryan Depersia, technical director at Gensler, to give a design presentation. Mr. Hurst gave an overview of the project and its

scope and showed images depicting site identification and the current Taft Hall exterior, noting it is part of a cluster of buildings on the campus. He then presented renderings of proposed exterior spaces and the building exterior, which he said reflected modernization with a nod to past design. He highlighted the use of glass in an articulated curtain wall facade, which he said would be bird safe. Mr. Hurst showed interior renderings featuring informal learning spaces and right-sized classrooms. He presented plans for furniture, described accessibility features, and said the building should achieve LEED Gold designation. He said the transformation of Taft Hall is intended to have an illuminating quality and appear as a beacon on the campus.

Mr. Cepeda thanked Mr. Hurst and Mr. Depersia for the presentation and said the proposed design is excellent. Mr. Haq expressed appreciation for the design, which he said modernizes the façade while retaining some of the original features that tie the buildings together.

Approve Project and Employ Architect/Engineer for Science and Engineering  
South Façade Repairs, Chicago (Capital Development Board Project)

Dr. Ellinger reported on the recommendation to approve the project and employ an architect/engineer for Science and Engineering South Façade Repairs, Chicago, a CDB project. He shared the history and scope of the project and said this recommendation would request that the CDB employ Bauer Latoza Studio, LTD, of Chicago, for the professional services required for the project. President Killeen commented on CDB projects and expressed appreciation for strong support from the State and governor.

Approve Professional Services Consultant Contract  
for Replace West Side Back-up Generators, Chicago

Dr. Ellinger provided information regarding the recommendation to approve a professional services consultant contract for the project to replace west side back-up generators at Chicago. He described the scope and history of the project and said this recommendation would employ PRVN Consultants, Inc., of Rock Island, Illinois, for the professional services required for the project. He reported on the firm's fees and the diverse vendor participation rate.

Authorize the Comptroller to Take Necessary Actions  
to Sign and File Certain Tax Documents with the Government of India

Dr. Ellinger discussed the recommendation to authorize the comptroller to take necessary actions to sign and file certain tax documents with the Government of India. He said that in 2023, Indian governmental authorities notified the University that it was responsible for Goods and Services Tax (GST) on the online courses offered to students while residing in India from July 1, 2017, onward and that it must register under India's Integrated Goods and Services Tax Act of 2017. He said that this recommendation includes a resolution and letter of authorization that would authorize the Board chair to sign a Letter of Authority authorizing the comptroller to act as necessary in connection with GST registration in India.

Purchase Recommendations

Next, Dr. Ellinger reported on purchase recommendations, beginning with the recommended purchase of reagents for DNA Analyzer Systems from Illumina for the Roy J. Carver Biotechnology Center at Urbana. He said the Roy J. Carver Biotechnology Center owns six Illumina DNA Sequencing Instruments, which require the use of the same vendor's DNA Analyzer reagents. He said the instruments provide cutting-edge, "next generation" sequencing of DNA and that each DNA run requires the use of a new reagent. He told the committee that these reagents will be used by multi-disciplinary researchers in various campus departments and by external customers.

Next, Dr. Ellinger provided information about the recommendation to purchase an automated high-throughput system for combinatorial design and development of complex polymer systems for the Beckman Institute for Advanced Science and Technology at Urbana from Labman Automation Limited. He described features of the system and said it will serve as a crucial catalyst for the adoption of artificial intelligence and machine learning-based approaches for materials discovery, design, and property prediction. He said robotic arms and customized software that automate processes and streamline data collection enable programmable variability within a repeatable environment.

Dr. Ellinger discussed the recommendation regarding the residential dining program, retail and convenience stores, catering, and vending and concessions for the University of Illinois Chicago. He said SodexoMagic would provide innovative food service solutions for students, faculty, staff, and visitors while working to increase brand

affinity and community engagement across the campus. He stated that the Office of the Vice Chancellor for Student Affairs and campus Auxiliary Services determined it was in the best interest of the university to incorporate residential dining, retail convenience stores, concessions, catering, and vending machine operations under one contract for a 10-year term. He reported on the estimated meal plan costs passed through to SodexoMagic by the university on behalf of students, as well as costs for catering and miscellaneous purposes. Dr. Ellinger reminded the committee that meal plans are approved by the Board annually, along with tuition fees and housing rates. He provided additional information about the benefits of this proposed purchase and referred to SodexoMagic's Business Enterprise Program (BEP) and Veteran Business Program (VBP) utilization plan goals.

Lastly, Dr. Ellinger reported on a recommended change order with Central States Media for the Gies College of Business at Urbana for a comprehensive media buying plan to target prospective students to promote the college's innovative programs and centers for excellence. He said the initial Board item was for \$12.0 million with two one-year renewals and that this change order would add \$6.0 million to be used from the approval date until March 14, 2025. He referred to the college's aggressive recruitment strategy and provided additional information about the original Request for Proposal (RFP).

Mr. Cepeda asked if there were any questions regarding the purchase recommendations, and Mr. Haq expressed appreciation for the chancellor and vice chancellor in supporting students suffering from food insecurity. Because of these efforts



and student advocacy, this award will include an expectation of assistance in combatting food insecurity.

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

## PRESENTATIONS

### FY23 External Audit Findings

At 3:23 pm., Mr. Cepeda asked Mr. Brent Rasmus, assistant vice president and controller, University of Illinois System, to present the Fiscal Year 2023 External Audit Findings (materials on file with the secretary). Mr. Rasmus stated that this independent audit is conducted on behalf of the Illinois Auditor General, performed by the audit firm RSM for the third year. He gave a summary of the financial, federal compliance, and State compliance findings. Mr. Rasmus reviewed the three financial audit findings and six federal compliance findings and described corrective actions for each. He then provided information about the 13 State compliance audit findings and shared additional details for context. Mr. Rasmus referred to ongoing commitment toward continuous improvements in internal controls. Mr. Cepeda thanked him for the presentation.

### Update on Diversity Vendor and Contract Initiatives

Next, Dr. Ellinger gave an update on Diversity Vendor and Contract Initiatives (materials on file with the secretary). He presented the University System certified spend from

Fiscal Year 2017 through the present and showed certified spend by ethnicity, along with the percent change from Fiscal Year 2021 to 2023. He discussed the Diverse Supplier Development Program, which he said aims to empower diverse businesses and create a more inclusive economy. Dr. Ellinger told the committee that the program provides participants with insightful workshops led by University of Illinois instructors, leading business professionals, and student-led consulting teams to take their businesses to the next level and obtain BEP certification. He referred to the most recent program graduation, which had 27 participants, and he shared a breakdown of graduate demographics. Dr. Ellinger then discussed other initiatives, including vendor fairs, and said a dashboard has been developed to show the diversity spend at each university, noting that there is progress to be made on non-capital expenditures.

Dr. Ellinger concluded his presentation, and President Killeen commented on the benefits of the Diverse Supplier Development Program for business owners and the students who provide consulting through the program. He referred to some of the challenges for small, diverse businesses and the ways in which this program can make an impact. Mr. Cepeda thanked Dr. Ellinger for the presentation and asked for an indication of true growth. Mr. Aaron Carter, assistant vice president, procurement services, stated that the diversity spend was 6 percent in 2017 and 11 percent today. Dr. Miranda remarked on the paperwork burden associated with being a certified diverse vendor and said the actual diversity spend is likely higher than reported due to the utilization of diverse vendors who need to be certified. Mr. Cepeda expressed appreciation for the Diverse Supplier Program and other initiatives and said he hopes for continued progress

in this area. Dr. Ellinger emphasized that it does not cost more to use diverse vendors and said he is emphasizing this message with colleges and departments throughout the University System. He applauded Mr. Carter and his team for their efforts.

#### Summary of Internal Audit Activity Through Third Quarter Ended March 31, 2024

Mr. Cepeda asked Ms. Julie A. Zemaitis, executive director of University audits, to present a summary of audit activity for the third quarter ended March 31, 2024 (materials on file with the secretary). Ms. Zemaitis showed the audit plan completion status for Fiscal Year 2024 and said they are on pace to use more hours than usual, noting that 19 percent of hours remain for the year. She presented the implementation of internal audit recommendations from Fiscal Year 2022 through 2024 and showed year-to-date audit report findings by functional area and level of risk. Ms. Zemaitis presented information on the aging of outstanding recommendations by management's original expected implementation date, noting the decrease over the past three years. She added that the oldest recommendation from Fiscal Year 2022 has been closed. Ms. Zemaitis showed the aging of outstanding recommendations by risk and priority rating, and she provided the aging of outstanding recommendations by location.

Lastly, Ms. Zemaitis shared new Global Internal Audit Standards from the Institute of Internal Auditors (IIA), which would be due to be implemented by January 9, 2025. Mr. Cepeda thanked Ms. Zemaitis for the presentation and stated that the Office of University Audits consists of only five full-time employees. He stated that at least five additional full-time employees are needed to match the staffing of similar offices among

peer groups, and President Killeen stated that a plan is underway to grow the staff in coming years.

#### 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, July 10, 2024, at 2:15 p.m., at Chicago.

#### MOTION FOR EXECUTIVE SESSION

At 3:56 p.m., Mr. Cepeda stated: “A motion is now in order to convene an executive session to consider the following topics as permitted under Section 2(c) of the Illinois Open Meetings Act: purchase or lease of real property for use by the University (subsection 5); and discussion of minutes of meetings lawfully closed under the Open Meetings Act (subsection 21).” On motion of Mr. Milhouse, 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 4:06 p.m.

## REGULAR MEETING RESUMED

The meeting resumed at 4:06 p.m., with all committee members recorded as being present at the start of the meeting in attendance.

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 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)].

A review of unreleased items from May 2012 to November 2023 has been conducted, and the previously withheld text noted below 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 indicated 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**

#### **November 15, 2023, Audit, Budget, Finance, and Facilities Committee**

Mr. Cepeda convened this executive session at 3:58 p.m. All trustees who were listed as being present at the start of the meeting were in attendance, except Mr. Milhouse.<sup>3</sup> 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

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<sup>3</sup> Mr. Milhouse left the meeting at 3:44 p.m.

officer); Mr. Thomas R. Bearrows, University counsel; and 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 the minutes that had been sequestered under the Open Meetings Act. Dr. Stein stated that each public body subject to the Open Meetings Act shall periodically, but no less than semi-annually, meet to review the minutes of all closed meetings. He said that he and Mr. Bearrows reviewed such minutes and recommend releasing the portion of closed session minutes of the May 17, 2023, meeting of the Audit, Budget, Finance, and Facilities Committee pertaining to the semi-annual review of minutes conducted at that time. He said no other minutes are recommended for release at this time. Mr. Bearrows described the process to determine whether the need for confidentiality still exists based on the guidelines used regarding potential release and said the sequestered minutes pertain to internal control weaknesses. There were no comments or questions regarding this process.

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

## MEETING ADJOURNED

Mr. Cepeda asked for a motion to adjourn the meeting. On motion of Mr. Milhouse, seconded by Mr. Edwards, the meeting adjourned at 4:07 p.m. There were no “nay” votes.

Respectfully submitted,

JEFFREY A. STEIN  
*Secretary*

RAMÓN CEPEDA  
*Chair*

EILEEN B. CABLE  
*Special Assistant to the Secretary*