

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

July 16, 2025

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 16, 2025, beginning at 3:04 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. Lester H. McKeever Jr., treasurer; Mr. Wilbur C. Milhouse III;¹ Ms. Sarah C. Phalen;¹ Mr. Jesse H. Ruiz. Ms. J. Carolyn Blackwell; Ms. Tami Craig Schilling; Mr. Joseph Gutman; Dr. Bryan S. Traubert; Ms. Ariana A. Mizan, voting student trustee, Urbana; Mr. Quinn S. Basta, student trustee, Chicago; and Mr. Joe Humphrey, student trustee, Springfield, attended as guests.

Also present were President Timothy L. Killeen; Dr. Nicholas P. Jones, executive vice president and vice president for academic affairs; Dr. Charles L. Isbell Jr., chancellor designate, University of Illinois Urbana-Champaign, and vice president designate, University of Illinois System; Dr. Marie Lynn Miranda, chancellor, University

¹ Mr. Milhouse and Ms. Phalen attended via remote videoconference.

of Illinois Chicago, 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); Ms. Adrienne Nazon, vice president of external relations and communications; Mr. Scott E. Rice, University counsel; and Dr. Jeffrey A. Stein, secretary of the Board of Trustees and of the University.

MOTION FOR EXECUTIVE SESSION

At 2:35 p.m., Mr. Cepeda stated: “A motion is now in order to convene an executive session to consider the following topic as permitted under Section 2(c) of the Illinois Open Meetings Act: security procedures and the use of personnel and equipment to respond to an actual, a threatened, or a reasonably potential danger to the safety of employees, students, staff, the public, or public property (subsection 8).” On motion of Mr. Ruiz, seconded by Mr. Basta, 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 3:36 p.m.

REGULAR MEETING RESUMED

The meeting resumed at 3:39 p.m., with all committee members recorded as being present at the start of the meeting in attendance. Mr. Cepeda welcomed everyone to the meeting and welcomed Dr. Isbell to the University and to the meeting. Mr. Cepeda asked if there were any comments or corrections to the minutes from the meeting held on May 21, 2025. 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 17, 2025

Mr. Cepeda asked specific individuals in attendance to provide presentations and report on the items that will appear on the Board’s agenda at its meeting on July 17, 2025. All proposed agenda items discussed at the meeting are on file with the secretary.

Approve Acquisition of Property at 901 W. University Avenue, Urbana, Urbana

Mr. Cepeda asked Dr. Ellinger to discuss the recommendation to approve the acquisition of property at 901 W. University Avenue in Urbana. Dr. Ellinger stated that funding would come from the institutional funds operating budget and said this recommendation would authorize the University of Illinois Foundation (UIF), on behalf of the Board of Trustees, to acquire the property located at 901 W. University Avenue. He reported on the cost, which he said is below market value, and discussed the rationale for the purchase, noting the property is partially leased to two tenants, providing rental income.

He discussed additional aspects of the proposed acquisition and summarized benefits of the purchase.

Approve Project Budget for Energy Conservation Project, Laboratory Facilities, Urbana

Dr. Ellinger then reported on the recommendation to approve the project budget for the Energy Conservation Project, Laboratory Facilities at the University of Illinois Urbana-Champaign, which he said was approved by the Board in May 2018. He gave background on the project and its history, and he said this initiative was executed under the Public University Energy Conservation Act, which authorizes guaranteed energy savings agreements with Energy Service Companies (ESCOs). Dr. Ellinger told the Board that the University entered into a 20-year agreement that guarantees \$58.274 million in energy cost savings. He said the agreement included annual Measurement and Verification (M&V) services, which revealed a \$930,322 shortfall between projected and actual savings. Dr. Ellinger said that consistent with the contract terms, the ESCO reimbursed the University the full amount of unrealized savings. He said it is now necessary to secure M&V services for the remaining term of the agreement, up to 18 additional years, to maintain oversight and accountability. Dr. Ellinger said the estimated cost is \$2.42 million, which would be added to the project budget. He told the committee that this adjustment is essential to protect the University's guaranteed energy savings and uphold the integrity of the Energy Services Agreement.

Approve Master Plan Variance for Building Demolition, Springfield

Dr. Ellinger shared information regarding the recommendation to approve a master plan variance for building demolition at the University of Illinois Springfield and explained that the university has identified five buildings on its campus that have deteriorated to the point of requiring demolition. He gave some background on the development of the master plan and said the buildings identified for demolition include the Spencer House and two nearby structures, as well as two temporary buildings. Dr. Ellinger shared information about these buildings and said they have become increasingly expensive to operate and have long exceeded their lifespan.

Purchase Recommendations

Next, Mr. Cepeda asked Dr. Ellinger to report on purchase recommendations. Dr. Ellinger first discussed recommended purchases for the University of Illinois Urbana-Champaign, beginning with a recommended purchase of quantum computing specialized hardware and equipment for the University of Illinois-owned Illinois Quantum and Microelectronics Park (IQMP) facilities for \$20.0 million from various vendors. He said the purchase would advance the development of IQMP and help maintain momentum as IQMP prepares for the opening of the National Quantum Facility (NQF) in 2027. Dr. Ellinger gave some background on the NQF, which he said is owned by the Board and is a cornerstone of the IQMP initiative. He said that while the NQF is under development, IQMP will provide an on-ramp program for early-stage companies and researchers, providing access to shared equipment and facilities within the Chicago quantum

ecosystem. Dr. Ellinger said the State awarded the University of Illinois Board of Trustees a \$20.0 million grant specifically to fund the purchase of equipment for the On-Ramp Facility. He described the types of tools and equipment to be purchased and said that multiple vendors and long lead teams are anticipated. Dr. Ellinger said to avoid delays, the IQMP seeks the Board's approval for delegated purchase authority, and he told the Board that IQMP would comply with all applicable regulations. He said IQMP would provide a report back to the Board of purchases that exceeded the \$1,000,000 purchase threshold under this grant agreement. Dr. Ellinger added that this is needed to keep Illinois and the University at the forefront of the rapidly evolving quantum landscape. Mr. Milhouse, who serves as chair of the Board of Managers of IQMP, commented that it is critical to maintain momentum.

Dr. Ellinger then discussed recommended purchases for the University of Illinois Chicago, beginning with the recommended purchase of video analytics of security camera feeds for the Office of the Vice Chancellor for Administrative Services and University of Illinois Chicago Police Department to identify and respond to security incidents in a timely fashion. He said the cost is \$3.7 million for a three-year period from VOLT AI, and he shared information about the services that would be provided and benefits to campus security. Dr. Ellinger also reported on cost of renewal options and emphasized plans for data protection.

Next, Dr. Ellinger reported on the recommendation to purchase teleradiology services for University of Illinois College of Medicine's Department of Radiology from Global Imaging Specialists. He said the cost is estimated at \$6.0 million

for a five-year period. Dr. Ellinger said this purchase would provide as-needed remote radiology interpretation services, and he said this would address the growing demand for such services and would provide support when in-house radiologists are unavailable. He said the vendor was selected following competitive solicitation procedures, and he reported on the scope of services that would be provided.

Dr. Ellinger then discussed recommended purchases for UI Hospital and Clinics at the University of Illinois Chicago, beginning with the recommended purchase of long-term skilled nursing care for subacute patients from The Pearl of Hillside. He said the estimated cost is \$6.0 million for three years. Dr. Ellinger said this vendor would provide long-term skilled nursing care for patients for whom a hospital stay is no longer medically necessary but who continue to require long-term skilled nursing care and are not stable enough to return home. He said this arrangement began in 2019, and he described the benefits of this partnership, noting that the daily rate is far lower than the daily rate for inpatient care at the hospital. Dr. Ellinger reported on historical spend and said the estimated annual spend is \$2.0 million.

Dr. Ellinger then reported on the recommended purchase of orthopedic implants and accessories from Arthrex Corporation for an estimated cost of \$9.0 million for a five-year term. He reported that the items are used in orthopedic stability procedures, soft tissue repairs, and arthroscopic diagnostic procedures. Dr. Ellinger said there is strong surgeon preference for these items. He reported on historic spend and said the pricing reflects a 40 percent discount.

Next, Dr. Ellinger discussed the recommended purchase of radiopharmaceuticals for detection of neuroendocrine tumors and prostate cancer in addition to other common nuclear medicine exams from RLS USA, Inc. for \$12.5 million for a five-year term. He said this is a sole source purchase. Dr. Ellinger discussed the use of these radiopharmaceuticals and reported on historical spend, referring to increased clinical demand.

Lastly, Dr. Ellinger reported on a recommended purchase of Specialty Pharmaceuticals for chimeric antigen receptor T-cell therapy (CAR-T) from Cardinal Health 105 Inc., doing business as Specialty Pharmaceutical Services, for \$18.0 million for a three-year period. He stated that CAR-T is an immunological treatment that utilizes the body's immune system to target and destroy cancerous cells and is used as a last option for patients who have failed previous cancer treatment. Dr. Ellinger said UI Health began offering CAR-T therapy in 2020 and demand has grown significantly. He said up to 18 cases are anticipated for 2026. Dr. Ellinger discussed pricing per dose and said the hospital works with insurers to ensure case specific reimbursement agreements to ensure full cost recovery of pharmaceutical components. Dr. Ellinger said Medicaid and Medicare reimburse CAR-T drugs on a pass-through basis. He reported that Specialty Pharmaceutical Services is the only authorized distributor, and he said that CAR-T therapies are expected to expand in the future.

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

PRESENTATION

RSM Fiscal Year 2025 Audit Plan Presentation

Mr. Cepeda introduced Ms. Lori Kalic, partner, RSM; Ms. Kelly Kirkman, partner, RSM; and Mr. Dan Sethness, partner, RSM, and asked them to give a presentation on the Fiscal Year 2025 Audit Plan (materials on file with the secretary). Mr. Sethness 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 reviewed the scope of the engagement and audit standards, and he reported on minority firm participation. Mr. Sethness referred to the responsibilities of management, reviewed audit logistics, and shared a timetable. He also presented members of the engagement team.

Mr. Sethness then gave an overview of the results for Fiscal Year 2024 and said unmodified opinions were issued for financial and compliance reports for University, health, and auxiliary systems. He reviewed two findings related to internal control over financial reporting and gave updates on each. Mr. Sethness reported that three prior year findings were cleared, and he presented key audit areas for the University. Ms. Kalic reported on key audit areas for the Health Services Facilities System and said a third-party reimbursement specialist from their team assists with the financial statement audit.

Ms. Kirkman then reported on the federal single audit. She said the University received approximately \$1.6 billion in federal funding for research and

development and student financial aid. She said an unmodified opinion was issued on compliance for major federal programs with no material weaknesses. Ms. Kirkman said there were three significant deficiencies or compliance findings, which she said were minor. She said the number of findings decreased from six in 2023. Ms. Kirkman then gave an overview of the Fiscal Year 2024 State compliance audit results and said a modified opinion was issued over compliance. She said findings decreased from the prior year. She presented the key examination areas.

There were no questions regarding the presentation, and Mr. Cepeda thanked them for the report.

Two-Year Internal Audit Plan for Fiscal Years 2026-2027

Next, Mr. Cepeda asked Ms. Julie A. Zemaitis, executive director of University audits, to present the two-year internal audit plan for Fiscal Years 2026-2027 (materials on file with the secretary). Ms. Zemaitis referred to the governance framework that guides the plan and gave an overview of the audit plan development methodology, which she said is based on System-wide risk assessment. She discussed resource allocation and the use of technology, and she presented an organization chart with areas of responsibility, and she showed the summary of planned hours for Fiscal Years 2025, 2026, and 2027. Ms. Zemaitis presented charts depicting the alignment of the Fiscal Year 2026-2027 plan to risk and management requests, as well as the Strategic Framework. She gave examples of key performance measures and said ongoing monitoring of risks and the plan takes place

throughout the year. Ms. Zemaitis concluded her presentation and asked if members of the committee had questions. Mr. Traubert inquired about audit hours planned for the University of Illinois Chicago, and Ms. Zemaitis indicated the hours are divided between UI Health and the remainder of the university. She referred to the current risk environment and said she could provide additional details after the meeting. Mr. McKeever commended Ms. Zemaitis for the excellent work done by the Office of University Audits. Mr. Cepeda noted that he and Mr. McKeever meet with Ms. Zemaitis regularly. There were no additional comments or questions, and 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, September 17, 2025, at 2:15 p.m., in Champaign.

MEETING ADJOURNED

On motion of Mr. Basta, seconded by Mr. Ruiz, the meeting adjourned at 4:32 p.m. There were no “nay” votes.

Respectfully submitted,

JEFFREY A. STEIN
Secretary

RAMÓN CEPEDA
Chair

EILEEN B. CABLE
Special Assistant to the Secretary