

MEETING OF THE AUDIT, BUDGET, FINANCE, AND FACILITIES COMMITTEE
OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS
MAY 21, 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 I Hotel and Conference Center, Heritage Hall, 1901 South First Street, Champaign, Illinois, on Wednesday, May 21, 2025, beginning at 1:50 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; Ms. Sarah C. Phalen;¹ Mr. Jesse H. Ruiz. Ms. Ariana A. Mizan, student trustee, Urbana, was absent. Ms. J. Carolyn Blackwell; Ms. Tami Craig Schilling; Mr. Joseph Gutman; Dr. Bryan S. Traubert; Mr. Quinn S. Basta, student trustee, Chicago; and Mr. Christian Johnson, voting 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. 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 Ms. Phalen arrived at 2:31 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); Dr. Joseph T. Walsh Jr., vice president for economic development and innovation; 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.

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 March 19, 2025. On motion of Mr. McKeever, seconded by Mr. Ruiz, 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 MAY 22, 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 May 22, 2025. All proposed agenda items discussed at the meeting are on file with the secretary.

Approve Preliminary Operating Budget for Fiscal Year 2026

Mr. Cepeda asked Dr. Ellinger to discuss the recommendation to approve the preliminary operating budget for Fiscal Year 2026. Dr. Ellinger 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 informed the committee that the final budget, based on the State appropriation, will be presented to the Board at a future meeting, likely in September. He said this recommendation authorizes expenditures at levels reflected in the current Fiscal Year 2025 budget. Dr. Ellinger stated that 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 deemed necessary.

Reappoint Chief Internal Auditor

Dr. Ellinger then reported on the recommendation to reappoint the chief internal auditor, noting that this was also discussed at the meeting of the Governance, Personnel, and Ethics Committee. Dr. Ellinger reviewed key provisions of the Fiscal Control and Internal Auditing Act, specifically those related to the role and protections of the chief internal auditor of state universities. He stated that this recommendation would reappoint Ms. Julie A. Zemaitis, executive director of the Office of University Audits, for a five-year term as chief internal auditor, effective July 1, 2025. Dr. Ellinger informed the committee that Ms. Zemaitis has served as executive director of the Office of Internal Audits since 2005. He said her current five-year appointment was approved by the Board

in May 2020 and expires June 30, 2025. He stated that she continues to meet all the qualifications required under the Fiscal Control and Internal Auditing Act. Additionally, as outlined in *The General Rules Concerning University Organization and Procedure*, academic professional appointments exceeding one year require Board approval.

Approve Project Budget for Nurse Anesthesia Program (NAP) Simulation Lab, Chicago

Dr. Ellinger then provided information regarding the recommendation to approve the project budget for the Nurse Anesthesia Program (NAP) simulation lab at the University of Illinois Chicago. He said this \$10.0 million project would renovate the second floor of the College of Nursing Building and create a state-of-the-art simulation center. Dr. Ellinger told the committee that the renovation would transform this floor into a modern clinical training environment with various healthcare environments, surgical suites, and flexible classrooms that support active learning. He said students would work with high-fidelity simulated patients in realistic surgical scenarios, with all sessions recorded for guided debriefings and reflection. Dr. Ellinger said this immersive experience would provide valuable clinical exposure in a safe setting while protecting patient safety. He said the project would also include new instructional and student support areas, ensuring a comprehensive and high-quality learning environment.

Approve Project Budget for Innovation Center Expansion, Chicago
(Capital Development Board Project)

Next, Dr. Ellinger discussed the recommendation to approve the project budget for the Innovation Center Expansion at the University of Illinois Chicago, noting that this is a Capital Development Board (CDB) project. He said funds for this project are available from the institutional funds operating budget of the University of Illinois Chicago and State capital appropriations. Dr. Ellinger gave a history of the project and said the design includes a workshop area, offices, a presentation room, and an interior courtyard, all aimed at enhancing interdisciplinary collaboration and innovation. He said that following the completion of the bidding phase by the Capital Development Board, it was determined that the lowest responsive bid exceeded the previously approved project budget. Dr. Ellinger said that an additional \$5.7 million in funding is needed to proceed with the construction phase, bringing the total revised project budget to \$15.7 million.

Approve Project Budget for Computer Design Research and Learning
Center, Chicago (Capital Development Board Project)

Dr. Ellinger reported on the recommendation to approve the project budget for the Computer Design Research and Learning Center at the University of Illinois Chicago, noting that this is also a CDB project. He said funds for this project are available from the University of Illinois Chicago's institutional funds operating budget, gift funds, and State capital appropriations. Dr. Ellinger gave a history of the project, which he said involves the construction of a new 127,000 gross-square-foot facility located west of Halsted Street, on the north side of Taylor Street, to serve as the new home for the Department of Computer Science. He said it would include an auditorium, classrooms, collaborative

spaces, dry laboratories, offices, and student spaces, and told the committee the facility is designed to achieve LEED Gold certification. Dr. Ellinger stated that during construction, the project encountered a high number of unforeseen conditions, substantial material cost escalation resulting from delays and inflation, as well as supply chain disruptions. He said an increase of \$5.0 million is required to complete the project, which would be supported through State appropriations designated specifically for cost escalation. Dr. Ellinger said this would bring the total revised project budget to \$129.8 million.

Approve Project Budget for Library Commons, Springfield
(Capital Development Board Project)

Dr. Ellinger then discussed the recommendation to approve the project budget for Library Commons at the University of Illinois Springfield. He said funds for this project are available from State capital appropriations. Dr. Ellinger gave a history of the project, which included Board approval of a revised budget due to cost escalations in 2023, and said initial construction bids exceeded the approved, updated budget. He told the committee that the project was redesigned to reduce the building's footprint from 67,500 gross square feet to 51,981 gross square feet, and that bids on the revised scope have since been received. Dr. Ellinger said additional funding is required to move forward, and the State has released an additional \$4.1 million to cover the cost difference. He stated that this brings the total project budget to \$42.6 million.

Dr. Ellinger shared information about the project, stating that the new Library Commons will be located at the southeast corner of the campus quadrangle, in

alignment with the Campus Master Plan. He said the facility will house the Library; Center for Academic Success and Advising; Career Development Center; Information Technology Services; experiential teaching and learning labs; a 200-seat flexible, multi-use classroom; and teaming, collaboration, meeting, and quiet study spaces. He said the project is designed to achieve LEED Gold certification.

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 cryostat components for a Low-Temperature Scanning Nitrogen Vacancy Microscope (LTNVM) for the Materials Research Laboratory from Attocube Systems for \$1.15 million. He said this purchase would enhance the capabilities of the Materials Research Laboratory by enabling nanometer-scale imaging and would support transformative research in areas such as quantum electronic circuits, quantum materials, and molecular and biological systems with unmatched sensitivity and precision. Dr. Ellinger said this microscope is also highly versatile, supporting imaging across a wide range of temperatures in magnetic fields, making it a powerful tool for research.

Dr. Ellinger then reported on the recommended purchase to furnish and deliver coal for Utilities Administration from Knight Hawk Coal, LLC, for an estimated \$50.0 million for the period of July 1, 2025, through June 20, 2030. He said the coal will be used to generate steam to heat campus buildings and will serve as a secondary fuel

source for the university boilers. He stated that the vendor would also manage and dispose of waste byproducts. Dr. Ellinger noted that while natural gas remains the primary fuel on campus, coal plays a critical role in ensuring energy resiliency. He said the Abbott Power Plant is the only centralized production source for the Urbana-Champaign campus and supplies about 80 percent of campus electricity, and he said that maintaining the operability of our coal assets is key component of the university's risk management strategy. Dr. Ellinger added that coal provides a backup power source to keep essential utilities functioning and is necessary to minimize risk to campus operations. He referred to required annual environmental testing and said the Abbott Power Plant features world-class emissions control technology and ensures responsible environmental performance.

Next, Dr. Ellinger provided information regarding the recommended purchase of a high-density Wi-Fi system for Memorial Stadium in the Division of Intercollegiate Athletics from MSB Consulting Engineers for an estimated \$10.0 million. He said this would significantly enhance the digital experience for fans by providing fast, reliable internet access throughout the venue and would support high traffic during events, enabling fans to stay connected, share content, and access real-time updates. Dr. Ellinger stated that it will also improve stadium operations, including ticketing, concessions, and security systems.

Dr. Ellinger then discussed recommended purchases for the University of Illinois Chicago, beginning with the recommended purchase of Lamzede, a specialty pharmaceutical, from Eversana Life Science Services LLC for UI Hospital and Clinics

for an estimated \$1.650 million. He said this is an enzyme replacement therapy that is indicated for the treatment of an ultra-rare genetic disorder. Dr. Ellinger said the manufacturer granted exclusive distribution in the United States to Eversana Life Science Services LLC.

Next, Dr. Ellinger reported on the recommendation to purchase an imaging platform for UI Hospital and Clinics from AGFA Healthcare Corporation for an estimated \$8.74 million for a five-year period beginning July 1, 2025. He said that for more than 20 years, UI Hospital has relied on its existing Picture Archiving and Communication Systems (PACS) to support radiology imaging. He stated that separate systems are currently used to archive images for cardiology, mammography, and ultrasound. Dr. Ellinger said user satisfaction with the current system is low, and support has been problematic. He told the committee that continued use of the current system would require major investments in outdated technology. He said the proposed solution would replace the disparate systems with a unified platform. Dr. Ellinger stated that UI Health issued a Request for Proposal (RFP) in December 2024 to evaluate qualified vendors, and six vendors submitted proposals that met the RFP requirements.

Dr. Ellinger provided information regarding the recommendation to purchase specialty pharmaceuticals for UI Hospitals and Clinics from ASD Healthcare for an estimated \$20.0 million for a five-year term beginning July 1, 2025. He said ASD Healthcare is the sole-source distributor for several high-cost, lifesaving medications used at UI Health. He gave examples of these and said that due to their sensitive storage and transportation requirements, manufacturers limit distribution to a small number of

authorized vendors to minimize waste, reduce risk of counterfeiting, and ensure proper handling. Dr. Ellinger reported on historical spend and said that because these pharmaceuticals are only available through ASD Healthcare, the purchase qualifies as a sole-source procurement.

Dr. Ellinger then reported on the recommended purchase of temporary clinical and non-clinical staffing services for UI Hospital and Clinics from Cross Country Staffing, Inc. for an estimated \$125.0 million for a five-year period beginning July 1, 2025. He said temporary staff are critical to the hospital's ability to maintain patient care during routine vacancies, surges in-patient volume, and special projects. Dr. Ellinger said Cross Country Staffing provides a wide range of clinical and support roles, and he reported on the historical spend. He said the current contract expires on June 30, 2025, and he described aspects of the new proposed five-year agreement.

Next, Dr. Ellinger discussed the recommended purchase of maintenance of Banner Baseline ERP Software for Administrative Information Technology Services (AITS) in the University of Illinois System office from Ellucian Company LLC. He said the estimated cost is \$5.0 million for a five-year period beginning July 1, 2025. Dr. Ellinger stated that this new sole-source purchase would provide maintenance and support for Banner Baseline ERP software. He noted that this purchase qualifies as a sole-source procurement because the software is proprietary to Ellucian, and no other vendor has access to the source code or the rights to offer maintenance or support services. He told the committee that Banner Baseline serves as the University System's official system of record, underpinning key administrative and academic operations

across all three universities. Dr. Ellinger described aspects of the proposed maintenance agreement and said it would ensure continued system performance, security, and regulatory compliance across the University System.

Lastly, Dr. Ellinger reported on a recommended change order for a consultant to assist the Office of Medicaid and Innovation in its partnership with the Illinois Department of Healthcare and Family Services in establishing a new framework for its Medicaid managed care delivery system for the Office of Medicaid Innovation in the University of Illinois System office from Boston Consulting Group, Inc. He provided background on the original award and said this change order would add an additional \$1.050 million for the development and integration of a specialty plan recommended by Boston Consulting Group to better address the needs of high-risk Medicaid patients. Dr. Ellinger said this initiative is authorized and funded by the Illinois Department of Healthcare and Family Services (HFS).

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

PRESENTATION

Fiscal Year 2024 External Audit Updates

At 2:22 p.m., Mr. Cepeda asked Mr. Brent Rasmus, assistant vice president and controller, University of Illinois System, to present a Fiscal Year 2024 External Audit

Update (materials on file with the secretary). Mr. Rasmus stated that this independent audit is conducted on behalf of the Illinois Auditor General and performed by the audit firm RSM for the fourth consecutive year. He gave a summary of the financial, federal compliance, and State compliance findings, which he said have decreased by 63 percent. Mr. Rasmus reviewed the one financial audit finding and three federal compliance findings and described corrective actions for each. He then provided information about the six State compliance audit findings and shared additional details for context. Mr. Rasmus referred to an ongoing commitment to continuous improvements in internal controls. Mr. Cepeda thanked him for the presentation.

Summary of Internal Audit Activity through Second Quarter Ended March 31, 2025

Next, Mr. Cepeda asked Ms. Julie A. Zemaitis, executive director of University audits, to present a summary of audit activity through the first quarter ended March 31, 2025 (materials on file with the secretary). Ms. Zemaitis showed the audit plan completion status for Fiscal Year 2025 and said that as of today, 72 percent of projects are complete or in progress, noting that one was withdrawn. She presented the audit plan completion status by hours, stating that approximately 25 percent of total planned hours remain. Ms. Zemaitis showed the implementation of internal audit recommendations for Fiscal Year 2023, 2024, and 2025, and showed that the ending balance for Fiscal Year 2025 is 185. She said risks were accepted by management for six recommendations. Ms. Zemaitis reported on the audit report findings by functional area and level of risk, noting that 10 of the 21 high risk findings have been implemented. She provided information on the aging

of outstanding recommendations by management's original expected implementation date and showed the number of high and moderate recommendations, along with the location of each. She told the committee that much of the third quarter has been devoted to developing the next proposed audit plan, which she will share with the committee at its next meeting. There were no comments or questions regarding the presentation, and Mr. Cepeda thanked Ms. Zemaitis for the information.

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 16, 2025, at 2:15 p.m., in Chicago.

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: discussion of minutes of meetings lawfully closed under the Open Meetings Act (subsection 21)." On motion of Mr. Milhouse, seconded by Ms. Blackwell, 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 2:38 p.m.

REGULAR MEETING RESUMED

The meeting resumed at 2:40 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 2024 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, recommend 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 13, 2024, Audit, Budget, Finance, and Facilities Committee Meeting

Mr. Cepeda convened this executive session at 4:08 p.m. All trustees who 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. Scott E. Rice, 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. Rice 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. Rice reviewed such minutes and recommend releasing the portion of closed session minutes of the May 15, 2024, 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. Rice described the process to determine whether the need for confidentiality still exists based on the guidelines used regarding potential release and listed the topics of executive session minutes that will remain sequestered. There were no comments or questions regarding this process.

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

MEETING ADJOURNED

On motion of Mr. Milhouse, seconded by Mr. McKeever, the meeting adjourned at 2:41 p.m. There were no “nay” votes.

Respectfully submitted,

JEFFREY A. STEIN
Secretary

RAMÓN CEPEDA
Chair

EILEEN B. CABLE
Special Assistant to the Secretary