

**University of Illinois
Urbana-Champaign Senate
Final;Information**

SC.02.04 Report of the Board of Trustees' Meeting, Chicago Illini Union, September 12-13, 2001

N.B: Some presentations and agenda items were eliminated and others altered so the agenda distributed in advance does not accurately reflect the actual meeting events. For example, presentation of and discussion of new statements from the Association of Governing Boards was cancelled. A copy of the background material for the presentation as well as all other items prepared for or distributed at the meeting are on file at the Senate Office.

Meeting of the Board of Trustees 12:30-1:22 p.m., September 12.

An extended period of silent prayer for those who died in Tuesday's acts of terrorism opened the meeting. Chancellors from the three campuses described the responses that had taken place and were planned. UIC cancelled classes, the other two campuses continued. All focused on helping the students deal with the tragedy.

William Jones reported on the activity of the UIC Senate. He noted the faculty's emphasis on compensation and a match of one-to-one up to 8% of salary on a savings plan, relationship to the Senates Conference, continued informal links but not a merger with John Marshall Law School and a planned February conference on role of service and recognition of service in promotion and tenure.

Richard Mendola reported on the status of UI-Integrate indicating we have "assembled the resources that will result in a successful implementation . . . are making steady progress towards out project objectives . . . actively managing the project risk areas."

Meeting of the Committee on Building and Grounds, 1:20-2:30 p.m.

Three design presentations were made for UIUC projects: the chilled water plant, the north campus parking deck (information), and the Post-Genomic Institute (approval). The chilled water plant will be located on Oak Street just south of Stadium Drive. It is designed to provide space for expansion as the needs increase. The parking deck will be built on the south side of University Avenue occupying the space to Clark Street between Matthews and Goodwin. Access to parking will be from Matthew and Goodwin. The building will include commercial space to be leased on the first floor along Clark and also office space above that and seven levels of parking.

The Post-Genomic Institute will be on the west side of Goodwin to the east of the Morrow Plots. Its design meets all requirements of protecting the Morrow Plots. The 3-story facility will initially house approximately 400 people in 108,000 square feet of assigned space of a building total of 188.5K square feet.

UIC Chancellor Manning announced a \$30M addition at Rockford through a partnership of federal, state, and the university focused on rural medicine programs. Reports on a variety of items such as the status of capital projects and variations in capital program costs from the approval levels were noted. At request of Trustee Lamont, three proposed delegations of

authority to the University administration to award contracts were withdrawn from the regular board meeting's agenda with approval to be given by the Board's Executive Committee

Meeting of the Board of Trustees, 2:45 p.m.

Dr. Sidney Micek reported on the U of I Foundation's successful fund drive that totaled 1.53M at the end of 2000. He noted unrestricted gifts were at three-tenths of one percent last year. A continuing goal is to build relationships to secure more funds. Post-campaign goals include maintaining and increasing the level of private giving—particularly eight and nine figures and to enhance annual giving programs on the campuses as a basis for future larger gifts. There are particular needs at UIUC to expand gifts for the library, School of Social Work, Bravo Illinois Arts, Allerton Park, economic development and renovation of buildings on the quadrangle. He anticipates plans for the next campaign in 2 or 3 years.

A brief discussion of items on Thursday's agenda concluded with the Trustees moving into an executive session scheduled to end at 4:30 p.m.

Meeting of the Board of Trustees as a Committee of the Whole, 8:35-9:40 a.m., Sept. 13.

(The student scheduled for the public comment session failed to appear.)

Steve Rugg and Craig Bazzani made the presentation of the final recommendations for the FY 2003 budget request. (See attachment.) A 3% salary increase and 1% compensation increase in the form of assuming 1% of the employee's contribution to SURS was approved. The latter would be the first step in a four-year plan to have the state assume responsibility for 4% of the current 8% of salary contributed by employees to retirement. This would match a reduction already given to state employees. There is increased emphasis on renovation of buildings. Up to date facilities are needed for teaching and research. We received \$66M for this purpose this year; a 25% increase is sought next year. There was extended discussion of deferred maintenance issues and underfunding of operations and maintenance needs by the state.

A special request for \$115M was added to the agenda in connection with relocation of the south farms. The program is estimated to take four to six years to complete. This year the effort would focus on land acquisition and planning. If the state fails to fund the program it would presumably be taken through internally generated resources including fund-raising efforts.

Meeting of the Committee on Finance and Audit, 9:40-10:35 a.m.

Michael Provenzano briefly reviewed the University operation budget for FY 2002. Next William Madden of Ennis, Knupp, & Associates provided the UI investment review for the last quarter. He noted fixed investments (bonds) had helped cushion the weak performance of the stock market during the quarter. He stressed the tremendous contribution stocks made to the endowment over the last ten years. He noted we continue to shift out of real estate investments, now 1% of the portfolio.

Madden then moved to discuss the allocation to different sectors within the portfolio. He sees the yield of the current portfolio falling short of our goal. Rather than decrease payouts from the endowment he believes we should seek a greater return. An increase in potential return would mean a greater risk of loss. There will be a recommendation to change allocation policies at the November Trustees' meeting. It likely will involve a shift to greater allocations in the foreign equities and private equities and less on bonds.

Richard Traver noted the material distributed on the University Audio Program and reported on activity monitoring UI Integrate.

Committee on University Hospital and Clinics 10:45-11:30 a.m.

A brief budget review and update was provided. There are \$60-70M of unmet capital needs and a significant shortage of operation and maintenance funds. The hospital has a cash reserve of 15 days whereas the average hospital has one of 45 days. Another extended discussion of the issue of deferred maintenance and the issue of taking funds from other needs/program to cover this ensued.

The report on safety issues in the hospital and clinics emphasized the necessity of accurate charts and information available. Even the best long-time employee will occasionally make an error. The safety program and investigations need to focus less on punishment and more on prevention of mistakes.

Meeting of the Board of Trustees, 11:30-12:15.

Chancellors again commented on the latest campus activity in response to Tuesday's tragedy. Chancellor Cantor spoke eloquently about the decision to cancel Saturday's football game and the memorial service. In other campus news the enrollment at UIS is up 9% in headcount, 14% in FTE (full-time enrollment.) reversing several years of decline.

The regular and roll call agenda were approved with the deletion of some items and addition of others as noted in previous sections of this report. Stephen Rugg,* currently Associate Vice President for Planning and Budgeting was named to succeed Craig Bazzani as Vice President for Administration and Comptroller, effective May 1, 2002. Robert A. Easter was appointed Acting/interim Dean of ACES. Pierre Wiltzius was named Director of Beckman and 53 pages of other appointments of faculty and staff were approved as were the current year's operating budget and budget requests for FY 2003 and a variety of leases, purchases, and contracts.

Ken Andersen
Senate Observer

* Steve Rugg may not be known by many on this campus although he has been active in a variety of roles on this campus since 1971 and received his M.A. here in 1975. He was a doctoral candidate under Dr. David Dodds Henry, a former President of the University. I have had the opportunity (and pleasure) of working with Steve in a variety of roles, most directly in his work staffing the University Senates Conference Budget Committee. In my judgment he has solid academic values, a strong belief in shared governance, a trust in and respect for faculty, and openness and responsiveness in sharing information.