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Mission Statement

The mission of Treasury Operations is to support University of Illinois System leadership on capital and programmatic initiatives, protect and grow system assets, and promote student education, research, public service, health care, and economic development.

Treasury is comprised of eight separate units with a total of 53 FTEs. With the exception of our Springfield ID Center, all Treasury employees work in Urbana-Champaign. We provide services to the system that closely resemble that of a corporate treasury department.

In addition to making integral contributions to system COVID and SHIELD initiatives during the prior year, Treasury proceeded with regular duties and tackled new projects. The Capital Financing Office completed two extensive financings totaling approximately $250 million, while Agricultural Property Services initiated a novel Farm Lease Committee to assess rent factors and lease terms. Our investment program had a record year, with nearly $120 million in income distributed to units; and the Cash team managed through an influx of new vendor requests. i-Card Programs added the emergency suicide prevention number to the back of all i-Cards and installed the first pilot iris scanner. Our Tax Office managed a variety of tax-related considerations for employees working outside of the state of Illinois, while Merchant Card Services completed the migration to a new electronic payments processor providing the highest level of payment security available.

Treasury Operations supports the University of Illinois System’s role as a global leader in higher education. Descriptions of each team’s services and noteworthy figures are included herein.

Contact Treasury Operations at treasuryoperations@uillinois.edu or (217) 244-8359.
TREASURY OPERATIONS LEADERSHIP

AGRICULTURAL PROPERTY SERVICES
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AGRICULTURAL PROPERTY SERVICES

The University of Illinois System has 51 farm properties in its care, of which 34 are endowments. Our team manages the farms and serves as fiduciary for the endowed farms' beneficiaries.

Our responsibilities are accomplished by focusing on optimal net income and improving farm properties while pursuing environmental stewardship, positive local community relations, and supporting the educational and research missions of the system's three universities.

As farm managers, we closely monitor soil fertility and conservation practices to optimize returns while ensuring long-term productivity. The success of the farm managers and farm operators relies on building and maintaining collaborative relationships. Furthermore, our stewardship improves these farmlands' value.

As fiduciaries for these farms, we encourage profitability while limiting risk as much as possible. Our farm leases stay current with agricultural market prices, which helps us to ensure yearly income. Earnings from endowment farms support university research, student fellowships, scholarships, and student loans. These returns also support 4-H activities and operation of the Allerton Park and Retreat Center.

Our presence in each farming community builds positive public relations and furthers the University of Illinois' mission and vision for research, public service, and economic development.

BY THE NUMBERS

2 UNIT EMPLOYEES

$2,247M DISTRIBUTIONS FROM ENDOWMENT FARMS

$421,500 DISTRIBUTIONS FROM OTHER FARMS

$104.9M TOTAL VALUE OF ALL MANAGED ENDOWMENT PROPERTIES

13,895 ACRES OF ILLINOIS FARMLAND MANAGED
CAPITAL FINANCING

Our office collaborates with our clients to meet their financing needs. We have developed a cooperative process to supply clients with tools, ideas, and data that assists them in making informed financing decisions. Our services include modeling pro-forma operating budgets, stress testing plans, and debt capacity studies to ensure our clients achieve the best outcome of their debt financed projects. We employ nationally recognized financial advisory firms that provide market intelligence and structuring advice.

In addition to ensuring debt service is made accurately and promptly for the life of all bonds issued by University of Illinois System, this office is responsible for record retention and ongoing compliance obligations. Monitoring compliance with financing agreements is a long-term, ongoing task. Most of the debt we issue is tax-exempt and highly regulated by the Internal Revenue Service. Additionally, we regularly check in with our financial advisor to review current market conditions in search of refunding opportunities that can save the system millions of dollars each year.

Investor outreach and promoting the credit strengths of the system are key efforts to keep our borrowing costs low. We work diligently with Moody’s Investors Service and Standard & Poor’s to promote our fiscal conservatism and strong management. Our efforts have enabled us to maintain the highest possible credit ratings, and thus ensure the lowest possible borrowing costs for the University of Illinois.

**BY THE NUMBERS**

- **4 UNIT EMPLOYEES**
- **115+ DEBT SERVICE PAYMENTS MADE**
- **$170M DEBT SERVICE PAYMENTS**
- **$1.6B DEBTS INCLUDING P3 PROJECTS OUTSTANDING AT END OF FISCAL YEAR**

**DEBT OUTSTANDING AS OF JUNE 30, 2021 WITH BOND CREDIT RATINGS**

- **$1,083.1M A1/A+ AUXILIARY FACILITIES SYSTEM**
- **$76.1M A1/A+ CERTIFICATIONS OF PARTICIPATION**
- **$24.4M ENERGY SERVICE CONTRACTS (NOT RATED)**
- **$97.5M Baa1 /A- HEALTH SERVICES FACILITY SYSTEM**
- **$8.7M A2/A+ UIC SOUTH CAMPUS**
- **$267.8M ILLINOIS FINANCE AUTHORITY P3 PROJECTS & CAPITAL LEASES**
CASH MANAGEMENT

We manage banking relationships and services for the University of Illinois System and those of University Related Organizations and affiliated agencies. Our team manages all of the daily cash flows, bank balances, electronic fund transfers, fraud controls, and banking and financial services contracts for 73 foreign and domestic bank accounts with 11 different financial institutions and 30 lockboxes for hospital and student/vendor payments. We also process debt payments, investment movements and URO payments for Singapore and Prairieland Energy.

With annual receipts and disbursements over $5 billion each, managing cash flows is a daily, high-volume task requiring a keen attention to detail. Each day we monitor balances for all bank accounts in order to pool funds in a concentration account for overnight investing. Our team moves cash every day banks are open, even when the system is closed.

The unit uses historical cash flow information to maintain a monthly cash forecast, ensuring there is an ample amount of liquidity available at all times. We have multiple fraud controls in place including daily monitoring of account activity, managing users’ access and limits, and requiring dual control for all processes. We collaborate with University Accounting and Financial Reporting (UAFR) for reconciliation of bank accounts providing a segregation of duties. We strive to create efficiencies for units while ensuring transactions are executed safely and securely.

BY THE NUMBERS

5 UNIT EMPLOYEES
73 BANK ACCOUNTS MAINTAINED
30 LOCKBOXES
11 BANK RELATIONSHIPS
$5.3B DISBURSEMENTS FUNDED
$5.5B RECEIPTS RECEIVED
I-CARD PROGRAMS

Our office and ID Centers provide products and services centered on electronic and physical identification and devices. Our office issues all University Identification Numbers (UINs), provides card data and applications, and oversees the “one card” program for the entire University of Illinois System, including UI Health.

Our centralized oversight allows for bulk ordering, decreases expenses, and spares others’ time and effort. We also enable the Campus Recreation sites on the Chicago university to provide visitor IDs for members.

ID Centers issue all university IDs, including i-cards, visitor cards, and other affiliate IDs, verifying the identity of each person. For students, ID Centers are the only unit performing identity assurance. Our office is the authoritative source for all UINs. This includes generating UINs for external affiliates so they receive the services they require.

We supply data, database connections, file shares, card swipes, and query applications to over 100 units. Many units use our technology to verify a person’s role, status, or other data points electronically. With up-to-date information, units can provision services quickly and accurately.

We manage the student banking relationship, as part of our one card program. Each cardholder needs only one card for identification, campus spending, door access, and other services.

BY THE NUMBERS

15 UNIT EMPLOYEES
130,111 UINS GENERATED
35,771 ID CARDS ISSUED
457,190 CARD SWIPES TRANSACTED AT LOCATIONS USING OUR APPLICATIONS
2,289,207 SWIPES MADE TO SPEND UNIVERSITY DINING AND DEBIT PLAN FUNDS (UIUC 1,883,460 UIC 225,238 UIS 180,509)
1,487 CARD SWIPE REPORTS GENERATED FOR UNITS
INVESTMENTS

Our team oversees and monitors the management of the University of Illinois System’s operating and endowment funds, which comprise nearly $3.9 billion. As fiduciaries, our role is to make prudent investments that balance risk and total return.

Oversight begins with our Board of Trustees-approved asset allocation policy and the selection of investment managers and funds to fulfill each mandate. We provide investment guidelines for the assets to control risk at the onset. On an ongoing basis, we maintain close contact with our investment managers to analyze performance, investment allocations, risk controls, and organizational developments.

Portfolio monitoring is a daily task. We developed a suite of analytical tools that enable our office to examine our investment funds and accounts for potential risk concerns. Our real-time view of portfolio characteristics allows us to respond quickly to market and geopolitical events.

We routinely perform stress testing to understand how portfolios will react under various interest rate environments. Scenarios are derived from a combination of forecasts from investment managers, the Federal Open Market Committee, and federal funds future pricing, along with our analysis of market data.

Our forethought, monitoring, and proactive modeling enable us to ensure that our assets are invested prudently and efficiently, even in uncertain financial times.

BY THE NUMBERS

3 UNIT EMPLOYEES
$3.9B ASSETS UNDER MANAGEMENT
$80.2M INVESTMENT INCOME DISTRIBUTED
86 DUE DILIGENCE MEETINGS HELD WITH 30 INVESTMENT MANAGERS
8 INVESTMENT FUNDS / ACCOUNTS ADDED TO OUR PLATFORM
INVESTMENTS continued

ENDOWMENT POOL ALLOCATIONS

U.S. Equity: 29%
Non-U.S. Equity: 24%
Global Fixed Income: 18%
Private Equity: 9%
Diversifying Strategies: 7%
Real Estate: 8%
Farmland: 4%
Cash Equivalents: 1%

OPERATING POOL LIQUIDITY RANGE

Primary Liquidity Policy Range 30-75%
Liquid Core Policy Range 10-40%
Core Policy Range 10-40%
Permanent Core Policy Range 2-25%
MERCHANT CARD SERVICES

Our team facilitates electronic payment processing for the units (“merchants”) that accept credit and debit cards, and we help administer the online system for issuing Amazon eGift cards.

Our service includes operational support and training. We also handle all charge disputes, monitor sales figures, and post daily sales revenue to merchants’ accounts in Banner. To ensure departments process payments in a secure manner, we oversee the annual self-assessment process required for units to comply with the Payment Card Industry Data Security Standard (PCI DSS). The iPay software, developed and supported by our office, handles online payment processing for many units. iPay allows merchants to accept all major credit cards and electronic checks without requiring them to handle any payment data. This resource is a convenience and reduces the security impact for units’ websites.

In partnership with Cash Management, our team enables researchers to pay human subjects with Amazon eGift cards that can be emailed or printed. Our office developed a web-based application to issue and distribute the eGift cards. Business managers and research investigators appreciate the convenience, ease, and control of paying with eGift cards instead of cash or traditional physical cards. Eliminating cash handling prevents losses and provides savings. Our software and support helps hundreds of faculty and staff members conduct their units’ research and business with efficiency and security.

BY THE NUMBERS

3 UNIT EMPLOYEES
296 DISPUTES RESEARCHED
230 TOTAL MERCHANTS
81 ACTIVE MERCHANTS USING IPAY
307 UNIQUE CFOAPALS USED TO POST REVENUE IN IPAY
215 NEW STUDIES BEGAN ISSUING AMAZON EGIFT CARDS
17,575 AMAZON ECODES ISSUED ($460,641)
1.54M PAYMENT CARD TRANSACTIONS PROCESSED
$81.9M PAYMENT CARD TRANSACTIONS
$14.76M IPAY TRANSACTIONS
MERCHANT CARD SERVICES continued

PAYMENT CARD TRANSACTIONS VOLUME
5 YEAR TREND

<table>
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<th>FY 17</th>
<th>FY 18</th>
<th>FY 19</th>
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<th>FY 21</th>
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<td>2,783,317</td>
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<td>2,473,833</td>
<td>1,541,809 *</td>
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*reduced volume due to COVID
RISK MANAGEMENT

Our unit provides advice to system leadership to help determine whether to accept, transfer, or self-insure potential liabilities from risks such as bodily injury and property damage losses to employment practices claims and adverse medical outcomes.

In addition to administering the self-insurance plan, we coordinate the purchase of over 50 commercial insurance policies, including excess liability, medical malpractice, crime, property, and cyber liability. Each of these requires day-to-day administration such as gathering and submitting underwriting information, billings, financial assessments and reconciliations, and assistance with claims processing. We regularly manage a variety of risks by identifying key hazards and employing effective risk financing techniques to protect the system’s assets. We also continually strive to improve the delivery of our services by providing outreach, participating on various committees, assisting with contract language reviews, and being a resource to all within the University of Illinois System.

The Office of Claims Management and Workers’ Compensation reports to the Risk office. They administer the workers’ compensation self-insurance program, coordinating and controlling claim activities, and negotiating and settling claims. Should an injury occur the Claims office collaborates with injured workers, supervisors, and health-care providers to provide necessary care to ensure a quick and safe return to work. The return-to-work initiative promotes favorable outcomes for employees and the system as a whole. The Claims office also handles non-litigated general liability claims.

BY THE NUMBERS

15 UNIT EMPLOYEES
50+ POLICIES BOUGHT OR RENEWED
4,420 CERTIFICATES OF INSURANCE ISSUED
$15.6 billion INSURANCE VALUE OF THE SYSTEM’S BUILDINGS, CONTENTS, AND COLLECTIONS
748 AVERAGE ANNUAL # OF NEW WORK COMP CLAIMS
10 AVERAGE # EMPLOYEES OFF WORK MONTHLY DUE TO WORK-RELATED INJURY
32 AVERAGE # WORK COMP CLAIMS CLOSED PER MONTH
RISK MANAGEMENT continued

FY 2021 PROGRAM COSTS - $51.8 million

- Medical Malpractice: $23,553,670 (45.5%)
- PL/BL Liability: $9,959,464 (19.2%)
- Work Comp: $13,462,117 (26.0%)
- Property: $4,843,620 (9.3%)
TAX COMPLIANCE AND ANALYSIS

Our team serves as a resource for various issues for the system and its three universities, across the United States and worldwide. Although the system is a state entity, it is required to comply with tax rules.

We routinely research, determine implications, and provide consultation and advice on various federal, state, and international tax matters.

We establish and maintain effective connections with system colleagues and external relations, including other universities, governments, consultants, and attorneys. We lead and coordinate required correspondence for tax and audit inquiries.

The Tax Office furthers compliance efforts by monitoring tax legislation, determining impacts and risks, and communicating results. Our team develops policies and promotes awareness to maximize compliance. We also identify and research operational issues to ensure procedures align with relevant laws and rules.

Through our commitment and effort, we protect and maintain the system’s exempt status and minimize its potential tax exposure. Our ability to bring expertise, interpret complex matters, provide recommendations, and communicate outcomes is significant to making informed and responsible decisions in the system’s best interest.

IRS FORMS PREPARED WITH CONSULTATION FROM TAX

- **123,676** 1098-T, TUITION STATEMENT
- **67,055** W-2, WAGE AND TAX STATEMENT
- **4,791** 1042-S, FOREIGN PERSON’S U.S. SOURCE INCOME
- **5,091** 1099 INFORMATION RETURNS
- **47,212** 1095, HEALTH COVERAGE

BY THE NUMBERS

- **3** UNIT EMPLOYEES
- **OVER 250 UNITS CONSULTED**
- **52** COUNTRIES RESEARCHED FOR TAX AND LEGAL REQUIREMENTS
- **48** U.S. STATES AND TERRITORIES RESEARCHED
TREASURY OPERATIONS STAFF

Sarah Bohannen  i-card Programs
Brandon Branson  Claims Management
Jennifer Brown  Cash Management
Ellie Burnett  i-card Programs
Josh Burns  i-card Programs - Springfield ID Center
Brandi Clemens  Claims Management
Kathleen Cooke  i-card Programs
Kelly Cooper  Risk Management
Rod Coty  i-card Programs
Sarah Crane  Capital Financing
John Ealy  i-card Programs
Scott Eichman  i-card Programs
Sara Featherlin  i-card Programs - Springfield ID Center
Christine Flaningam  Risk Management
Darlene Frazier  Claims Management
Nathan Grace  i-card Programs
Tina Harlan  Risk Management
Brad Hart  i-card Programs
Marc Henkel  Merchant Card Services
Victoria Hill  Risk Management
Joy Hoffman  i-card Programs - Springfield ID Center
Melita Irwin  Claims Management
Nichole Jackson  Risk Management
Griffin Knight  Claims Management
Mary Johnson  Claims Management
Hannah Leischner  Agricultural Property Services
Misty Lockhart  Investments
Laura Manrique  Merchant Card Services
Jarvis Manuel  i-card Programs - Urbana ID Center
Kim Maxwell  Tax Compliance & Analysis
Geri Melchiorre  Investments
Kevin Miller  Capital Financing
Anita Million  Agricultural Property Services
Jonathan Norvell  Agricultural Property Services
Abdullah Ozkaldi  Capital Financing
Valerie Pacely  Cash Management
Patricia Peacock  i-card Programs - Urbana ID Center
Nativa Roberson  Cash Management
Nicole Roberts  Cash Management
Shelly Romack  Risk Management
Amy Schaefer  Cash Management
Nick Schmidt  Investments
Matthew Schneier  Merchant Card Services
Sarah Selby  Capital Financing
Jennifer Selk  Treasury Operations
Kim Smith  Claims Management
Annette Soutchay  Claims Management
Brenda Sutherland  Tax Compliance & Analysis
Terry Thompson  Tax Compliance & Analysis
Paige Voorhees  Risk Management
Jill Wilberg  Treasury Operations
Felicia Wildermuth  i-card Programs - Urbana ID Center
Jessica Wong  i-card Programs
COVID

Treasury provided a tremendous amount of support to the universities and the system in response to COVID-related needs.

When the pandemic first hit in March, there were many unknowns regarding the financial impact to the system including massive refunds to students for auxiliaries, reduced future revenues, severe financial impacts to the Hospital and continued State support. We also faced an unprecedented freeze in the global bond market. In response, we worked closely with Accounting to ensure the system had sufficient liquidity to meet obligations through the design and implementation of multiple crisis protocols. This allowed us to avoid forced investment redemptions at depressed prices during the downturn. Through the market stress, we were able to capitalize on opportunities that arose. This positioned the endowment pool for strength coming out of the pandemic.

To better accommodate our incoming students, Treasury quickly developed a system to allow students to receive their i-card by mail. We also added two temporary carding locations on the Urbana Campus to properly serve the large on campus population in a safe manner. Furthermore, we extended expiration dates on all i-cards to reduce foot traffic in our ID Centers while allowing cardholders necessary access to buildings and testing sites.

In addition, we processed numerous electronic payment refunds for various departments and event cancellations as well as over 8,500 enrollment fee partial refunds. The total number of refunds processed almost doubled in comparison to the prior 12-month period.

Treasury also significantly contributed to handling payments to international graduate students who were unable to travel to and/or work in the United States. We coordinated the necessary functions to enable payments via our internal wire transfer process and researched the system’s tax and payroll obligations in accordance with all COVID-related Federal legislation.

Additionally, we played an integral role in response to the system’s quick action to provide COVID testing for all Faculty/Staff and students through the SHIELD initiative. We ensured access to testing by enabling testing site check-ins, supporting the Safer Illinois App with the necessary data feeds, and developing a boarding pass option.

Lastly, with the rollout of SHIELD T3, Treasury stepped in to provide support where needed. We worked closely with SHIELD T3 leadership and handled various tax, banking, and insurance-related needs.