

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 15

DATE:
October 30, 2012

RECOMMENDATION

FINANCE, AUDIT & INVESTMENT COMMITTEE

ACTION REQUESTED

It is recommended that the Board of Regents receive and place on file the minutes from the September 18, 2012 Finance, Audit, and Investment Committee meeting, the Working Agenda for the October 30, 2012 meeting, and the Informational Reports and Financial Updates.

STAFF SUMMARY

September 18, 2012

Agenda items discussed at the September 18, 2012 Finance, Audit, and Investment Committee meeting included an Informational Report and Financial Updates as of August 31, 2012, Fall Enrollment and Housing Updates, recommendation for creation of a task force for investigating the refunding of the Series 2009 A&B variable rate bonds as well as a recommendation to fund up to \$10 million in new capital projects on campus and Emeritus Staff Awards.

October 30, 2012 Meeting Agenda

Agenda items will include an Informational Report and Financial Updates as of September 30, 2012, Consolidated Financial Statements and Supplementary Information as of June 30, 2012, FY13/14 State Capital Outlay Request, FY13/14 General Fund Scholarships, Awards and Grants Requests, Livonia and Detroit Lease Agreements, Refunding Portions of Current Debt and New Borrowing and Emeritus Staff recommendations.

FISCAL IMPLICATIONS

None

ADMINISTRATIVE RECOMMENDATION

The proposed Board action has been reviewed and is recommended for Board approval.

University Executive Officer

Date

Eastern Michigan University
Finance, Audit, and Investment Committee
Meeting Minutes
September 18, 2012

The meeting was called to order by Regent Morris at 11:00 AM.

Section 16 Recommendation Monthly Reports – Finance, Audit, and Investment Committee, Informational Reports and Financial Updates

A motion was made and seconded to accept the minutes from the June 19, 2012 Board of Regents meeting.

John Lumm presented the financial updates in a power-point presentation format.

FY12 General Fund Revenues and Expenditures (Slide 1)

The FY12 total general fund revenue and expense budgets were \$283.3 million. We finished the year at \$279.7 million in both expenses and revenues with a draw down on our reserves of \$2 million. To help mitigate the impact on reserves, we implemented a mid-year cost savings plan which resulted in expenses being \$3.6 million under budget while revenues were \$5.6 million under budget. The goal is to end the fiscal year with a slight surplus (increase to reserves) and that has been the case the last three years (\$1.6M in FY09, \$1.3M in FY10, and \$0.4M in FY11). FY12's use of reserves of \$2M represents less than 1% of the FY12 General Fund Budget.

FY13 General Fund Revenues and Expenditures (Slide 2)

The FY13 budget is balanced at \$290.6 million. For the first two months we are tracking exactly where we should be. Thru August 31st, Revenues are at \$97.5 million and expenses are at \$57.2 million. Tuition and fee revenue will spike at the end of August and early September so it is not unusual to have our revenues \$40 million in excess of our expenses at this time.

Grants and Contracts Awarded (Slide 3)

FY 12 we finished the year with \$10.4 million which was down \$2.1 million from FY11. This was more than accounted for by lower federal awards in earmarks down \$3.1 million and the state, local, foundation, etc. were up \$1 million. The target for the year is \$10.8 million with a stretch goal of \$11.3 million. The month of July 2011 was \$230K and July 2012 was \$307K. Regent Parker asked that we compare data for WMU, CMU, and GVSU in future reports.

Fundraising (Slide 4)

FY 12 was a banner year in terms of fundraising. We finished with \$11.5 million which was an increase of \$6.4 million (more than double of FY11) and \$2 million more than the target. The Board approved fundraising target established in June 2011 for the Foundation was \$20 million for FY12 and FY13. \$11.5 million was actually achieved in FY12 leaving the FY13 goal of \$8.5 million. As of August 28, 2012, we have reached \$769K or 9% of the FY13 goal. Per Regent Parker's request to track the number of actual donors, the numbers through August 28, 2012 were: 902 in 2011 and 819 in 2012.

Cash and Investments (excl. Bond Proceeds) (Slide 5)

As of September 15, 2012, EMU has \$71 million in cash and investments which represents 75 days of

cash on hand. This includes - \$15.1 million or 21% in cash & short-term investments, \$15.1 million or 21% in intermediate-term investments, and \$40.8 million or 58% in long-term investments. In addition, the long-term pool is dispersed into - \$28.3 million or 69.2% in fixed income, \$10.4 million or 25.6% in domestic equities, and \$2.1 million or 5.2% in international equities. This is all consistent with the University's investment policy.

The portfolio return as of September 15, 2012 was budgeted to earn \$700K and has actually earned \$1.5 million.

Information Technology Report (Slide 6)

The IT Division now reports to Academic and Student Affairs with CIO Carl Powell reporting to Provost Schatzel. The Wireless Upgrades and Voice over IP (VoIP) Telephone Conversions are proceeding on schedule. The capital plan has \$900K budgeted for the Wireless Upgrades and \$750K for the VoIP.

Enrollment and Housing Review

Kevin Kucera, Associate VP for Enrollment and Brian Kulpa, Associate VP for Business Operations/ Student Services gave a PowerPoint presentation on Enrollment and Housing Review.

FTIAC Comparison (Slide 1)

Fall 2012 has 2,595 freshmen compared to 2,130 in 2011, a 23% increase. From a retention standpoint we are pleased with the increase of the ACT composite of 21.50.

EMU Credit Hour Comparison (Slide 2)

With 10 days into the fall 2012 term we have 246,059 semester credit hours with 245,170 budgeted.

2012: The Year of Record Enrollment (Slide 3)

The record for new undergraduate starts has been broken with 5,076 today compared to 4,750 in 2011. This is the sum of FTIAC, Transfer, dual, 2nd bachelor, UG continuing ed and post bachelor. The academic preparedness has increased 44% for 3.50 – 4.0 high school GPA from last year and 37% for 3.0 – 3.49 GPA. The FTIAC of color increased 45% with the total undergraduate population representing 43 states and 79 countries.

Enrollment Initiatives (Slide 4)

A variety of factors led to the success this year. We had a great team and we are very appreciative of their efforts.

- Geo demographic research, search purchase
- Affordability/value proposition
- TRUEMU Campaign
- Print Materials
 - Viewbook
 - Admit letter
 - Financial Aid letter
- Technology
 - Text messaging
 - Phone campaign
 - Application Process Re-engineering

Regents voiced their concern on the decline in graduate school enrollment. We need to review the Grant Thornton audit, look at initiatives, strengths and weaknesses, and the process for applications and give a report full on declines and strategies to address them at the October 30 meeting.

Fall 2012 Housing Occupancy YTD Comparison (Slide 5)

There was an increase in all areas of housing for fall 2012. There has been an 18.64% increase in FTIAC housing since 2011(1,833 vs. 1,545), a 2.87% increase of returning students (1,503 vs. 1,461) with a total of 3,336 or overall increase of 10.98% as of September 14, 2012.

Fall 2012 Housing Occupancy Budget Comparison (Slide 6)

The fall 2012 FTIAC budget of 1,690 was surpassed with an actual count of 1,833, or 108.46% of the budget on September 14, 2012. Returning students actual count was 1,503 (1,460 budgeted) or 102.95% of the budget for a total of 3,336 actual (3,150 budgeted) or 105.90% of budget.

Fall 2012 Apartment YTD Occupancy (Slide 7)

The apartment occupancy is down 2.28% as of September 14, 2012 with 428 units rented versus 438 in 2011.

Housing/Apartment Occupancy Projection (Slide 8)

The residence hall occupancy projection for 2012 is 3,336 in the halls and 428 in the apartments for a total occupancy of 3,764. That number will increase to 4,230 by 2016 with 3,755 (by converting single rooms to doubles) in the halls and 475 in the apartments.

Fall 2012 Housing Occupancy (Slide 9)

The housing occupancy initiatives include:

- Theme/Living Learning Communities
- Fast track
- Pilot Communities
- Greeks, ROTC, International
- Reconfigurations
- Hoyt & Village
- Pricing
- Hoyt & Village Doubles
- Marketing
- Incentivize early sign up, Show rooms

The Board received a recommendation for the creation of a task force consisting of Regent Mike Morris, President Susan Martin and CFO John Lumm for the purpose of investigating and recommending to the Board the refunding of the Series 2009 A&B variable rate bonds as well as recommendations to fund up to \$10 million in new capital projects on campus.

Emeritus Staff Status was awarded to six (6) staff members: Ada Barrett, Supervisor of the Audit Support Team in Records and Registration, who retired June 9, 2011 with 18 years; Henry Braunz, Heating Plant foreperson for the Physical Plant, retired on March 1, 2012 with 30 years; Veda Jenkins, Associate Director, Budget Management, who retired March 30, 2012 with 27 years; Loretta Newman, Administrative Secretary to the Assistant Vice President for

Academic Affairs, who retired February 3, 2012 with 22 years; Teri Papp, Administrative Associate to the Vice President for Student Affairs, who retired on January 13, 2012 with 26.5 years; and Art Timko, Executive Director of WEMU, who retired on December 23, 2010 with 42 years of service.

Meeting was adjourned at 11:45 a.m.

Respectfully submitted,

BOARD OF REGENTS
Eastern Michigan University
201 Welch Hall
(734) 487-2410

FINANCE, AUDIT and INVESTMENT COMMITTEE

Tuesday, October 30, 2012
11:00 a.m.

REGULAR AGENDA

- Minutes from September 18, 2012
- October 30, 2012 Finance, Audit, and Investment Committee Agenda
 - Informational Reports and Financial Updates
 - Consolidated Financial Statements and Supplementary Information as of 6.30.12
 - FY13-14 State Capital Outlay Request
 - FY13-14 General Fund Scholarships, Awards and Grants Requests
 - Livonia Site Lease Agreement
 - Detroit Lease Agreement
 - Refunding Portions of Current Debt and New Borrowing
 - Emeritus Staff Recommendations (Consent)

Board of Regents

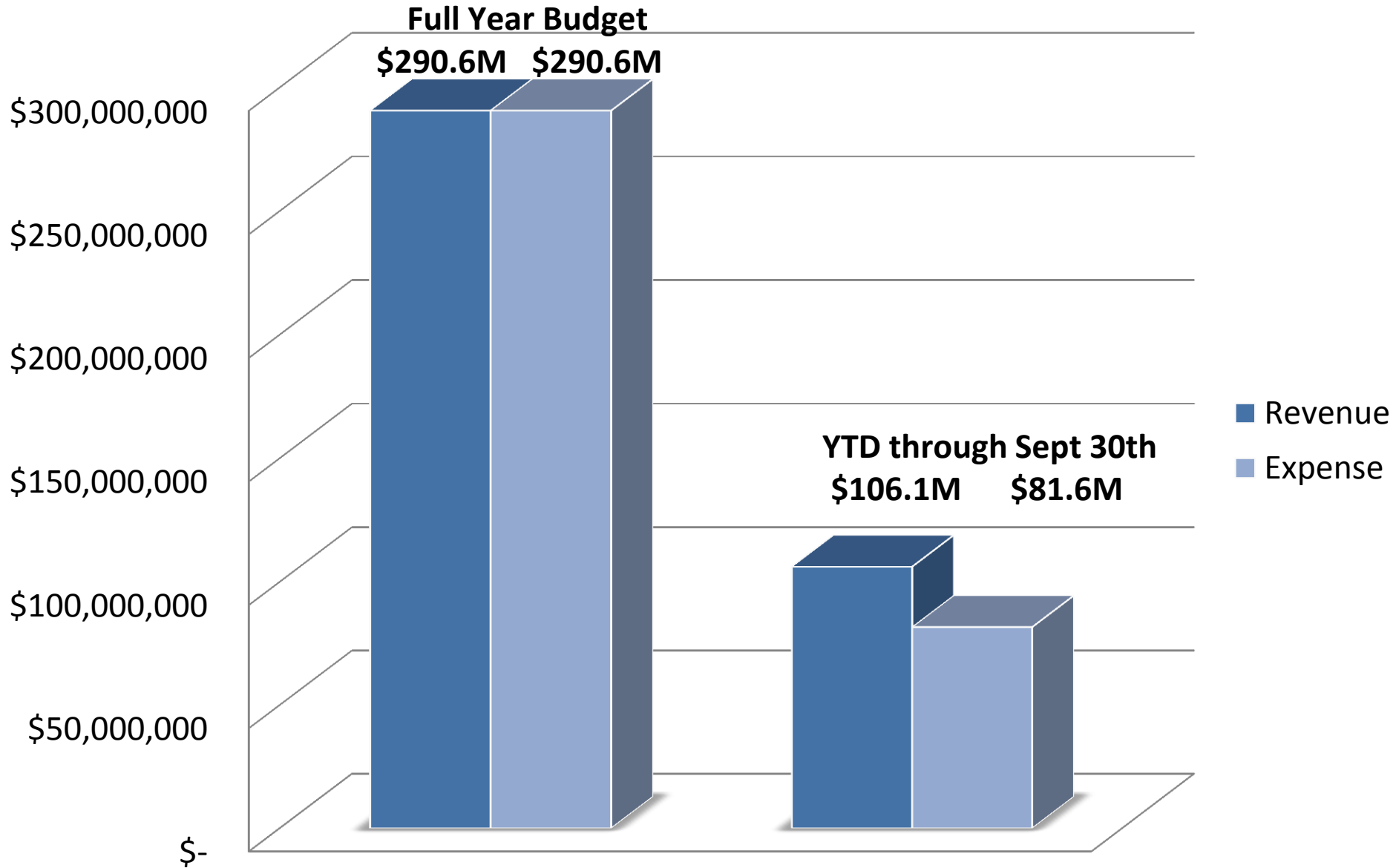
Finance, Audit & Investment

Committee Meeting

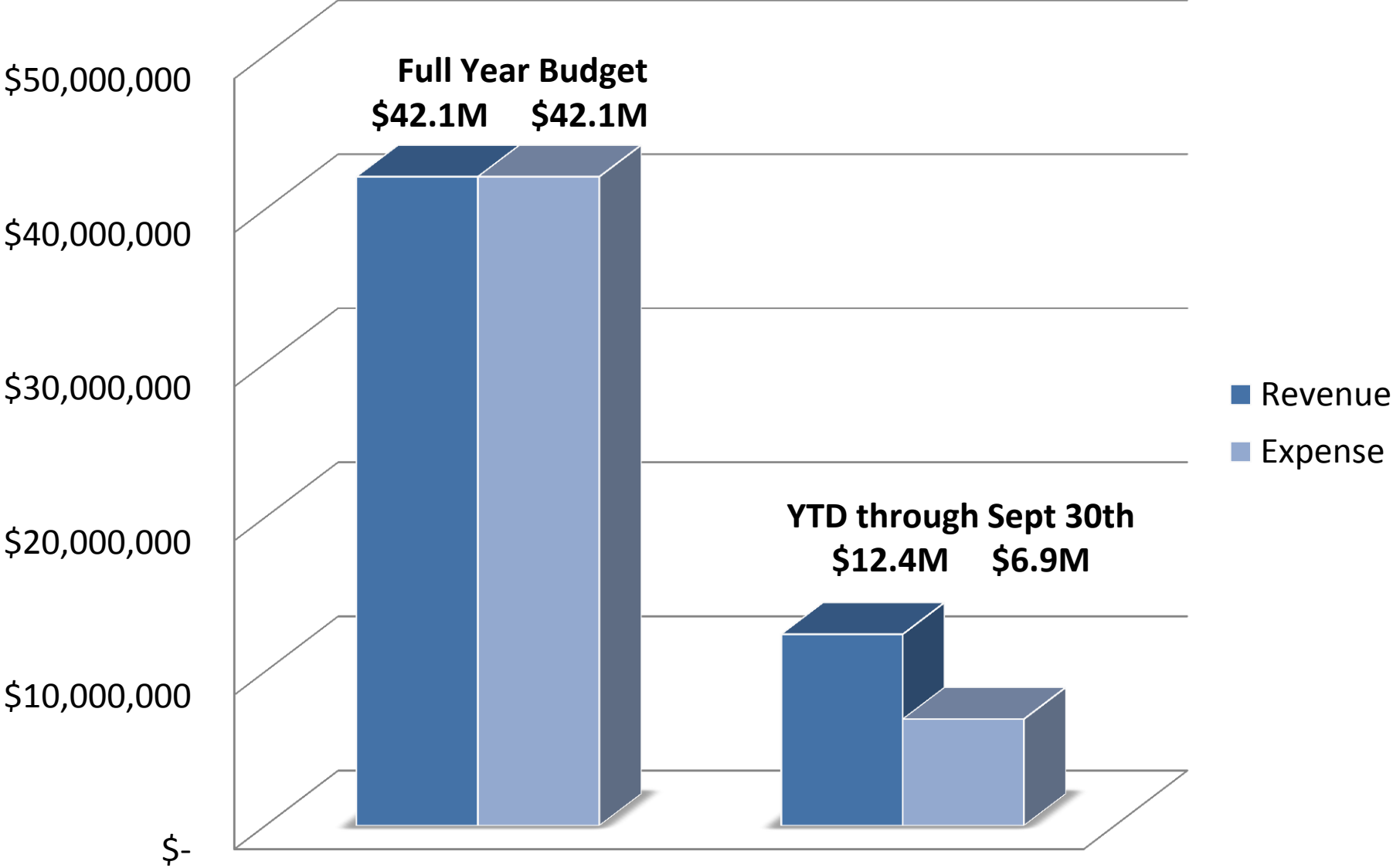
Financial Update

October 30, 2012

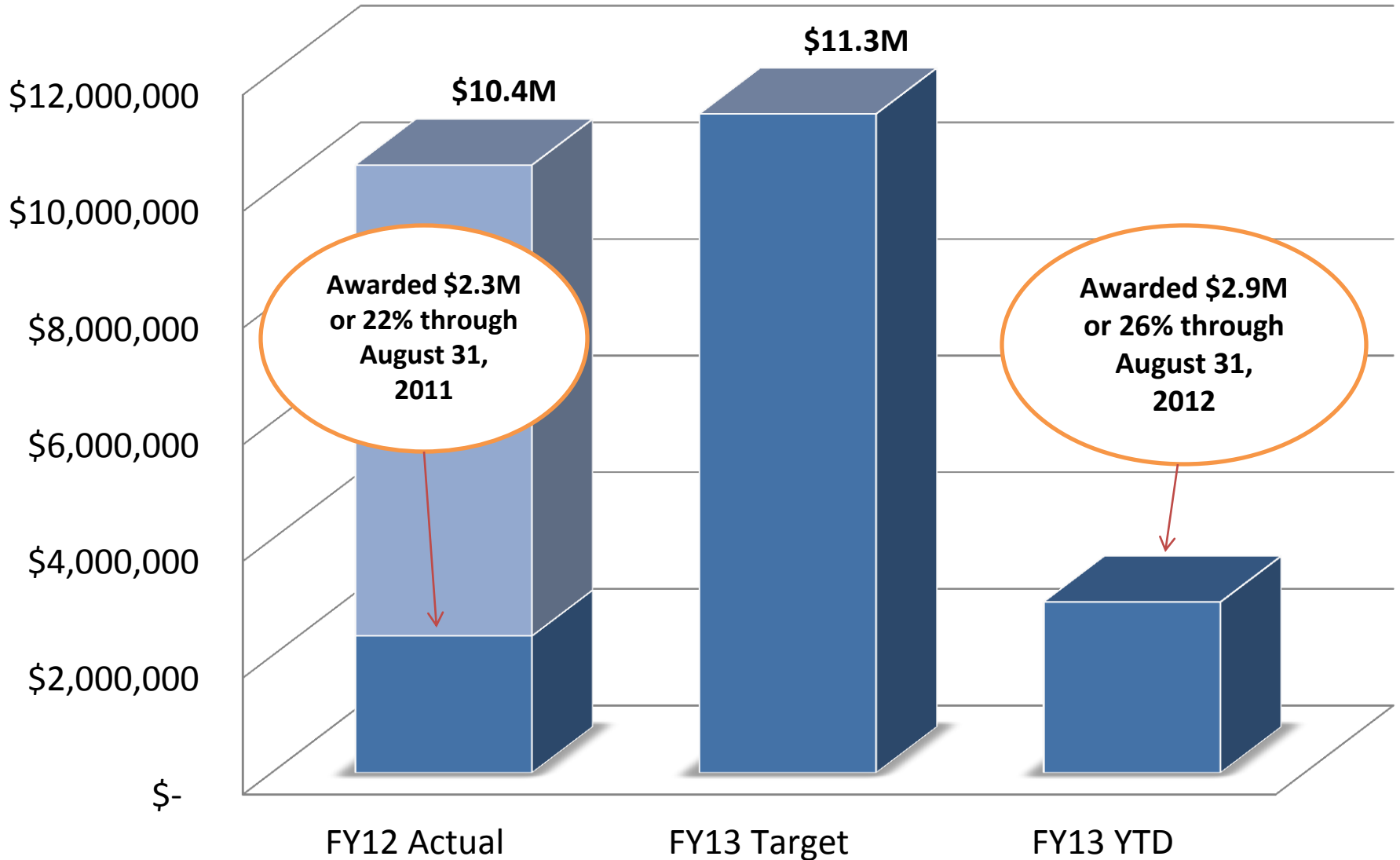
General Fund Revenues and Expenditures



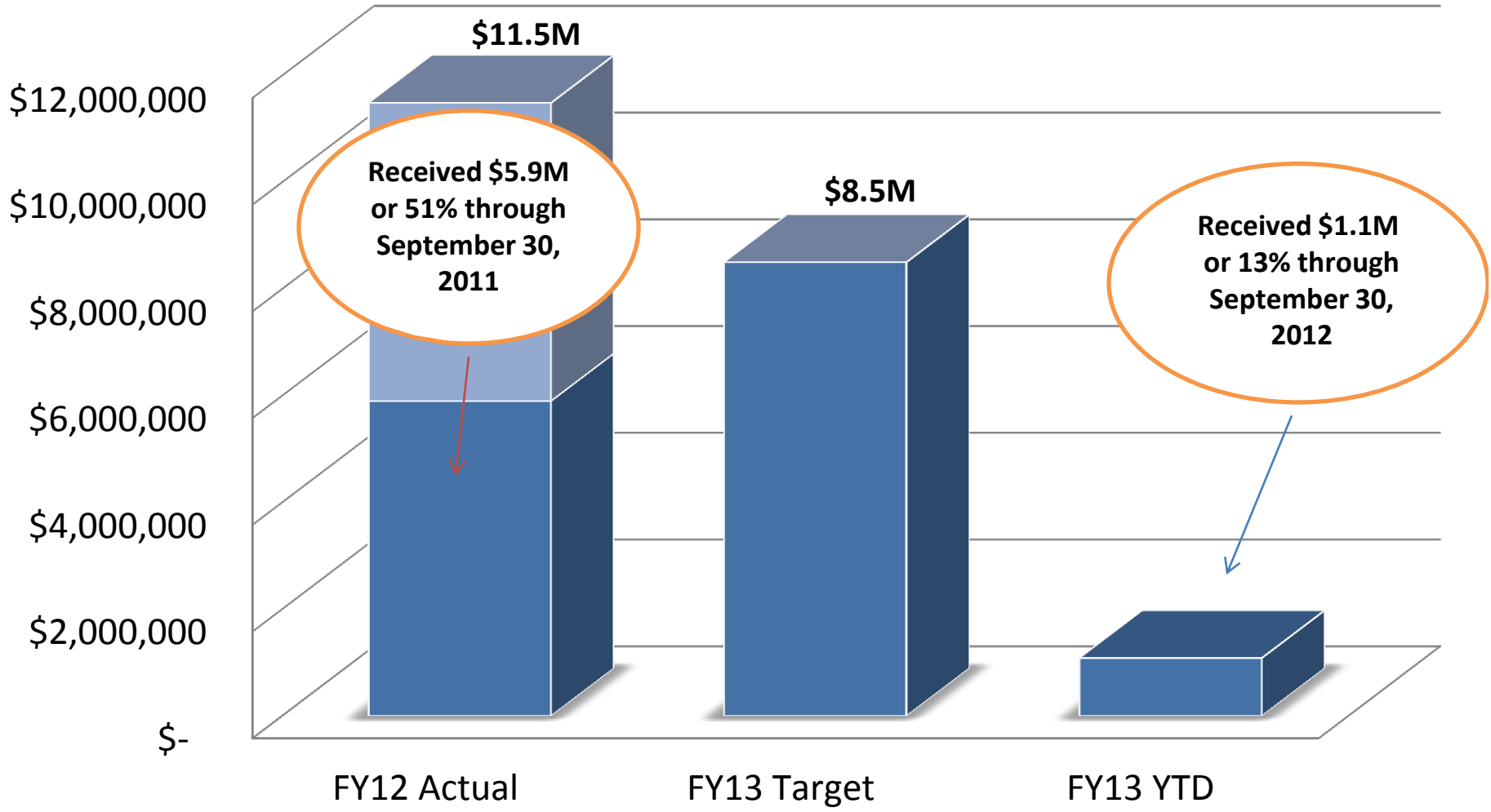
Auxiliaries Fund Revenues and Expenditures



Grants and Contracts Awarded



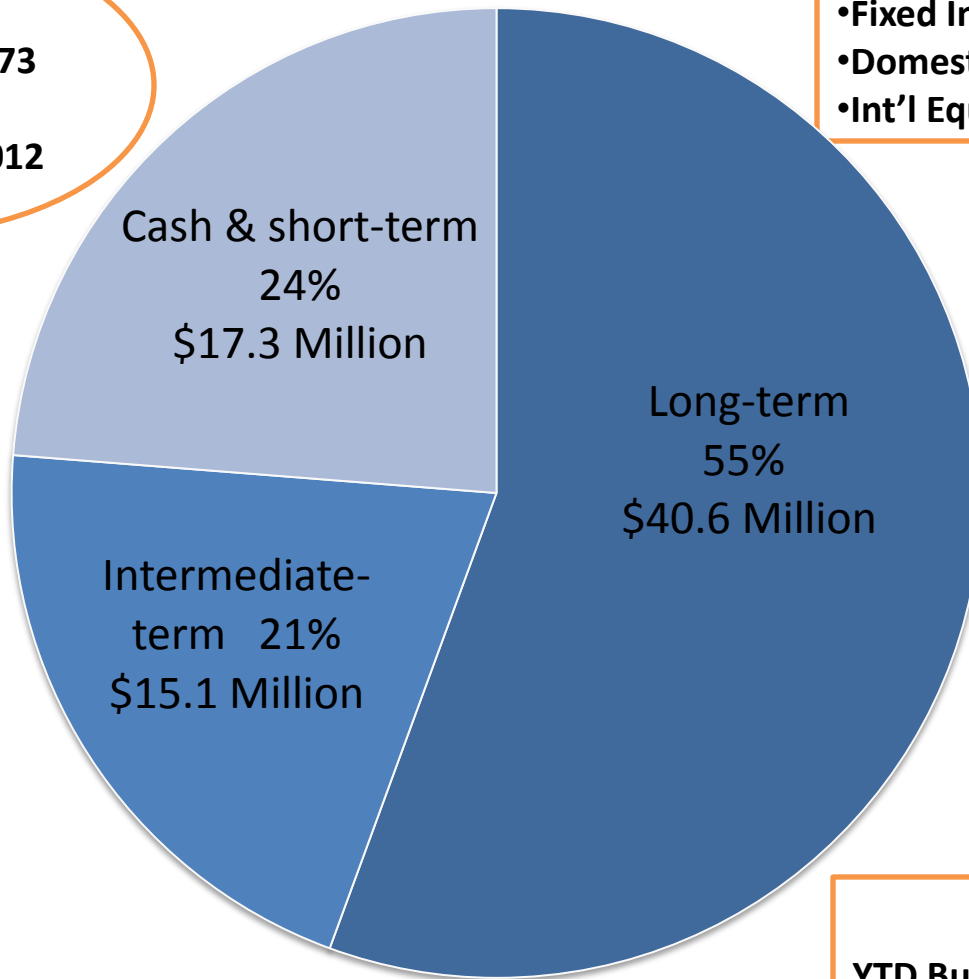
Fundraising



Number of Donors thru September 30th, 2011 = 1,767, 2012 = 1,450

Cash and Investments (excl. Bond Proceeds)

Total cash and investments of \$73 Million as of September 30, 2012



Long-term Investments

- Fixed Income - \$28.3M, 69.8%
- Domestic Equities - \$10.2M, 25.2%
- Int'l Equities - \$2.1, 5.0%

Portfolio Returns

YTD Budget	\$0.8M thru 9/30
YTD Actual	\$1.4M thru 9/30

Information Technology Report

- **Wireless Upgrades**
 - Installation of enhanced wireless systems in the science complex is complete.
 - Detailed wireless assessment study is complete.
 - Additional installation scheduled for FY13 include Marshall, Porter, Quirk, and Roosevelt.
- **Voice over (VoIP) Telephone Conversion**
 - Conversion of phone services to the new Cisco VoIP system for Halle and Porter is complete.
 - Additional phone conversions scheduled for FY13 include Pierce, Sill, and Strong.
- **Classroom Technology**
 - Initial planning meetings for installing new instructional technology in classrooms were held.
 - AJP Consulting will be retained to complete a detailed assessment and implementation schedule for 50 priority classrooms.
- **Data Center Storage**
 - The data center storage arrays were upgraded to allow for increased capacity, improved reliability, and faster backup processing.
- **Admissions Process Improvement Project**
 - IT continues to work closely with Grant Thornton and A&SA on implementing the technology systems and interfaces identified to improve the admissions process.