

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 20

DATE:
June 18, 2013

RECOMMENDATION

FINANCE AND INVESTMENT COMMITTEE

ACTION REQUESTED

It is recommended that the Board of Regents receive and place on file the minutes from the April 16, 2013 Finance and Investment Committee meeting and the Working Agenda for the June 18, 2013 meeting.

STAFF SUMMARY

April 16, 2013

Agenda items discussed at the April 16, 2013 Finance and Investment Committee meeting included a financial update and a presentation from Dave Wetzel from the Fund Evaluation Group (FEG).

June 18, 2013 Meeting Agenda

Agenda items will include an informational report and financial updates and the following recommendations

- FY 14 Tuition and Fees Recommendation
- FY 14 General Fund Operating Budget Recommendation
- FY 14 Auxiliary Fund Operating Budget recommendation
- FY14 Capital Budget Recommendation and 3Year Plan
- Emeritus Staff Awards

FISCAL IMPLICATIONS

None

ADMINISTRATIVE RECOMMENDATION

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

University Executive Officer

Date

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

FINANCE and INVESTMENT COMMITTEE

Tuesday, June 18, 2013
11:30 a.m.

REGULAR AGENDA

- Minutes from April 6, 2013
- June 18, 2013 Finance and Investment Committee Agenda
 - Informational Reports and Financial Updates
 - FY 14 Tuition and Fees Recommendation
 - FY 14 General Fund Operating Budget Recommendation
 - FY 14 Auxiliary Fund Operating Budget recommendation
 - FY14 Capital Budget Recommendation and 3Year Plan
 - Emeritus Staff Awards

Eastern Michigan University
Finance, Audit, and Investment Committee
Meeting Minutes
April 16, 2013

The meeting was called to order by Regent Mary Treder Lang at 11:31 a.m.

Section 18 Recommendation: Monthly Reports – Finance, Audit, and Investment Committee, Information Reports and Financial Updates

A motion was made, seconded and approved to accept the minutes from the February 19, 2013 Finance, Audit, and Investment Committee meeting.

J. David Wetzel, Senior Vice President with the Fund Evaluation Group (FEG), EMU's investment advisor since February 2009, gave a presentation on EMU's cash and working capital portfolio. Our assets are allocated to three (3) unique portfolios:

- Short Term (funds needed within one year)
- Intermediate Term (funds needed between one and three years)
- Long Term (funds not needed within three years)

After FEG conducted an asset allocation study for the long term-pool, the Board of Regents approved the following targets:

- | | |
|------------------------------------|-----|
| • U.S. Large Cap Equities | 20% |
| • U.S. Small Cap Equities | 5% |
| • International Developed Equities | 5% |
| • U.S. Bonds | 70% |

Regent Fitzsimmons asked about benchmark comparisons relative to investment performance and if we are doing anything different than the other schools? Mr. Wetzel explained that it is very difficult to make comparisons because Universities do not use the same allocations. Some Universities only invest in fixed income. Others invest partially in equities and still others are very aggressive. The return streams would be dependent on these allocations and the amount of each investment. Mr. Wetzel did point out that we are comparatively a little more conservative than the others, but by no means the most conservative.

Regent Parker asked about the liquidity of our assets. Mr. Wetzel said the short answer was philosophical because you can mitigate the liquidity issue by developing a larger or shorter term pool. EMU has great data compared to other universities so it is easier to track the ebbs and flows that occur.

Regent Treder Lang asked how we are protecting the bulk of our portfolio should higher inflation occur. Mr. Wetzel said this is an ongoing debate not only at EMU, but in his own

organization. The fixed-income group has looked at this in a wide variety of ways and one way we mitigate the impact of inflation is to have treasury inflated debt securities within the portfolio. We have two core managers that manage the maturity of the portfolio in anticipation of changes in the industry. We are reluctant to move the portfolio to a completely inflation protected position because we would have to give up yield to do so.

Emeritus Staff Status was awarded to two (2) staff members: Sharon Easter, Collections Specialist in Student Business Services, who retired on January 11, 2013 with 25 years of service; and Mary Schmaltz, administrative secretary in Extended Programs and Educational Outreach, who retired on November 16, 2012 after 37 ½ years of service.

The meeting was adjourned at 11:55 a.m.

Respectfully submitted,

Cathie McClure
Executive Secretary to the
Chief Financial Officer