

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

RECOMMENDATION
FINANCE AND INVESTMENT COMMITTEE

SECTION: 24
DATE: June 10, 2014

ACTION REQUESTED

It is recommended that the Board of Regents receive and place on file the minutes from the March 25, 2014 Finance and Investment Committee meeting and the Working Agenda for the June 10, 2014 meeting.

STAFF SUMMARY

March 25, 2014

Agenda items discussed at the March 25, 2014 Finance and Investment Committee meeting included recommendations to the Board for:

- 2014-15 Room, Board and Apartment Rates
- Investment Advisor Services Contract
- WEMU-FM Financial Statements as of June 30, 2013 and Auditors Report
- Approval of Purchase Agreement for Sale of Cooper Building
- Cellular Antenna Lease Agreement
- Emeritus Staff Award

June 10, 2014 Meeting Agenda

Agenda items include the following recommendations:

- FY 2014-15 Tuition and Fees Recommendation
- FY 2014-15 General Fund Operating Budget Recommendation
- FY 2014-15 Auxiliaries Fund Operating Budget Recommendation
- FY 2014-15 Capital Budget Recommendation and Three Year Capital Plan
- Resolution of the Board of Regents of Eastern Michigan University Authorizing the refunding of General Revenue Bonds.
- Approval of External Auditors
- Landlord Time Share Lease Agreement with Trinity Health-Michigan regarding Medical Simulation Center
- Landlord Lease Agreement with Trinity Health-Michigan regarding Cadaver Lab
- 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 10, 2014

11:00 a.m.

REGULAR AGENDA

- Minutes from March 25, 2014
- June 10, 2014 Finance and Investment Committee Agenda
 - FY 2014-15 Tuition and Fees Recommendation
 - FY 2014-15 General Fund Operating Budget Recommendation
 - FY 2014-15 Auxiliaries Fund Operating Budget Recommendation
 - FY 2014-15 Capital Budget Recommendation and Three Year Capital Plan
 - Resolution of the Board of Regents of Eastern Michigan University Authorizing the refunding of General Revenue Bonds.
 - Approval of External Auditors
 - Landlord Time Share Lease Agreement with Trinity Health-Michigan regarding Medical Simulation Center
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Eastern Michigan University
Finance and Investment Committee
Meeting Minutes
March 25, 2014

The meeting was called to order by Regent Mary Treder Lang at 11:30 a.m.

A motion was made, seconded and approved to accept the minutes from the December 10, 2013 Finance and Investment Committee meeting.

The agenda includes 6 items.

Section 22: Recommendation: 2014-15 Room, Board and Apartment Rates

This proposal requests a 4.0% increase for all meal plans and residence hall rooms. With the increased food cost and supplies as well as a significant amount of deferred maintenance expenses, this recommended rate increase is required to meet all financial obligations and to set aside funds for future capital investment in the housing and dining facilities.

This recommendation moves the apartment rental from a lease-based to a contract-based agreement. Each individual traditional student will contract with the University for Apartments, just like the Residence Halls. This agreement change moves EMU into alignment with our peer universities. The contract terms and rates are similar to Eastern's other residence hall contracts.

The following outcomes will be achieved:

- Maintain an occupancy rate of 95% for Housing and Apartments
- Continue updates and renovations in the residence halls, apartments and dining facilities
- Increased student recruitment and retention long term by enhancing facilities

Section 23: Recommendation: Investment Advisor Services Contract

In November 2013, a request for proposal (RFP) was issued seeking qualifications of firms to provide investment advisory services to the University. Nine firms responded. The proposals were reviewed by a six-member selection committee including the Chair of the Board's Finance and Investment Committee, University CFO and Treasurer to the Board, EMU Foundation CFO, EMU Purchasing Director and two other University finance personnel. Seven firms were interviewed on-campus on February 25, 2014

Based on the RFP responses and on-campus interviews, the selection committee recommends that NEPC, LLC be engaged by the University. NEPC provides investment advisory services to 320 clients with assets of \$750 billion including \$7 billion for higher education clients. NEPC headquarters are in Boston and will provide services to EMU out of its Detroit office.

The scope of services NEPC will provide the University include:

- Assist EMU and its Board of Regents in providing oversight and monitoring of the University's financial assets including investment policy and asset allocation
- Recommend investment strategies and actions
- Assist in updating EMU's Investment Policy and conduct annual reviews of the Investment Policy and asset allocation strategies

- Prepare quarterly reports on EMU's portfolio, asset allocations, and performance compared to benchmarks and meet at least quarterly with EMU Investment Committee
- Perform studies and provide recommendations with regard to specific investment matters as may be required by the Board, President, or CFO

The term of the contract is April 2014 through March 2017, with two mutually agreeable one-year extensions.

Section 24: Recommendation: WEMU-FM Financial Statements as of June 30, 2013 and Auditors Report

WEMU-FM, Eastern Michigan University's public radio station, is required as a condition of participation in the public broadcasting program to file an annual audited statement of financial operations. Plante & Moran, PLLC prepares this audit annually as part of its financial audit engagement with the University.

The financial report, statements and opinion are attached. Plante & Moran indicates that, in their opinion, the financial statements present fairly, and in accordance with generally accepted accounting principles, the financial position of the station as well as the changes in financial position and cash flows for the fiscal years 2011-12 and 2012-13.

During their review, Plante Moran did not identify any internal control material weaknesses or significant deficiencies.

Section 25: Recommendation: Approval of Purchase Agreement for Sale of Cooper Building

The University has agreed to sell the Cooper Building to a private entity, Associated Retinal Consultants, P.C., in accordance with the terms set forth in the attached Purchase Agreement. The sale of the property is made on an "as-is" basis. The Purchaser is allowed a 75 day period, during which time it will be permitted to conduct such inspections, investigations, appraisals, tests, and determinations of the Property as Purchaser shall desire in order to determine that the condition of the Property is acceptable and that the Property is suitable for Purchaser's intended use.

The purchase price for the Property is One Million One Hundred Thousand and 00/100 (\$1,100,000.00) dollars.

Section 26: Recommendation: Cellular Antenna Lease Agreement

EMU has been exploring cost effective solutions to improve EMU's external cellular capabilities across the campus. AT&T and New Cingular Wireless PCS have authorized a capital investment project to build a cellular antenna on Pray Harold. This project will increase the cellular quality with no capital investment required from the University.

Within 30 days of the execution of the agreement, New Cingular Wireless will begin construction and integration of all necessary telecom equipment on Pray- Harrold. The initial term of the agreement is five years with payments to EMU of \$18,000 annually. By mutual written consent, the agreement can be extended an additional three, five-year terms with a 7.5% increase in lease payments for each extended five year term.

Section 3: Recommendation: Emeritus Staff Status

It is recommended that the Board of Regents grant Emeritus Staff Status to Two (2) staff members: Ann Hammerberg, Senior Secretary in Communication, Media & Theatre Arts, who retired February 3, 2014 after 15 years and John Clark, Library Associate in the Halle Library, who retired January 15, 2014 after 32.4 years of service.

The meeting was adjourned at 12:00 p.m.

Respectfully submitted,
Jada Wester
Executive Assistant to the
Chief Financial Officer