

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

RECOMMENDATION
FINANCE AND INVESTMENT COMMITTEE

SECTION: 12
DATE: December 5, 2014

ACTION REQUESTED

It is recommended that the Board of Regents receive and place on file the minutes from the October 7, 2014 Finance and Investment Committee meeting and the Working Agenda for the December 5, 2014 meeting.

STAFF SUMMARY

October 7, 2014 Meeting Agenda

Agenda items include the following recommendations:

- Consolidated Financial Statements and Supplementary Information as of June 30, 2014
- FY2015-16 General Fund, Scholarships, Awards and Grants Request
- FY2015-16 State Capital Outlay Request
- Updated Policy: University Investment Policy
- Updated Policy: Conflict of Interest Policy-Board of Regents
- Updated Policy: Conflict of Interest Policy-University Employees
- Updated Policy: Travel Policy
- Emeritus Staff Awards

December 5, 2014 Meeting Agenda

Agenda items include the following recommendations:

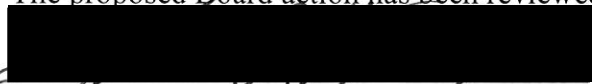
- The 2013-2014 Eastern Michigan University Foundation Consolidated Financial Report
- OMB Circular A-133 Supplementary Financial Reports for the year ended June 30, 2014
- Tobacco Use Policy
- Boathouse Development and Lease Agreement
- Emeritus Staff Awards

FISCAL IMPLICATIONS

None

ADMINISTRATIVE RECOMMENDATION

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



University Executive Officer

December 5, 2014
Date

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

FINANCE and INVESTMENT COMMITTEE
Friday, December 5, 2014
11:45 a.m.

REGULAR AGENDA

- Minutes from October 7, 2014
- December 5, 2014 Finance and Investment Committee Agenda
 - The 2013-2014 Eastern Michigan University Foundation Consolidated Financial Report
 - OMB Circular A-133 Supplementary Financial Reports for the year ended June 30, 2014
 - Tobacco Use Policy
 - Emeritus Staff Awards
 - Boathouse Development and Lease Agreement

Eastern Michigan University
Finance and Investment Committee
Meeting Minutes
October 7, 2014

The meeting was called to order by Regent Mary Treder Lang at 11:50 a.m.

A motion was made, seconded and approved to accept the minutes from the June 10, 2014 Finance and Investment Committee meeting.

The agenda includes 8 items.

Section 18: Recommendation: Consolidated Financial Statements and Supplementary Information as of June 30, 2014

The Financial Statements and Supplementary Information as of June 30, 2014 together with the Auditors report are attached. Plante & Moran has issued its opinion indicating that the statements present fairly, and in conformity with Generally Accepted Accounting Principles, the financial position, results of operations, and cash flows for Eastern and the Foundation.

Financial Statements highlights include:

- Total Net Position at June 30, 2014 of \$214.7 million including \$184.8 million in Capital Assets (net of debt), \$8.9 million in Restricted-Expendable Net Assets and \$21.0 million in Unrestricted Net Assets. Total Assets at June 30, 2014 of \$564.8 million and Liabilities of \$336.7 million
- A decrease in Net Position for the year ending June 30, 2014 of \$4.4 million, primarily reflecting an all – funds operating deficit for the year.
- Unrestricted and Restricted-Expendable Net Assets of \$29.9 million at June 30, 2014 a decrease of \$7.5 million compared to June 30, 2014.

During their audit, Plante & Moran did not identify any significant deficiencies or material weaknesses related to the University's controls, accounting practices, accounting estimates, or financial statement disclosures.

Vicki VanDenBerg, partner with Plante Moran, presented a summary of the results of the audit including benchmark comparisons with other universities.

Section 19: Recommendation: FY2015-16 General Fund Scholarships, Awards and Grant Request

The General Funds Scholarships, Awards and Grants Request is presented to the Board for approval earlier than the normal budget request timeframe to reflect programmatic and funding changes for the next recruitment cycle, and to meet admission publication timelines.

This proposal includes the assumption of a 3.0% increase in Tuition and Fees for 2015-16, along with a Total FTIAC enrollment for Fall 2015 of 2800, an increase of 250 from the 2014-15 year. This request, which represents an increase of 8.9% in student aid over the prior year, reflects adjustments in aid levels to account for tuition increases, as well as competitive

The 2015-2016 Scholarships, Awards and Grants proposal of \$48,039,000 represents an increase of \$3,950,000 (8.9%) over the 2014-2015 approved budget of \$44,089,000.

Section 20: Recommendation: FY 2015-16 State Capital Outlay Request

The State Budget Office issued its Fiscal Year 2016 Capital Outlay Budget memorandum to University Presidents on August 15, 2014. The Management and Budget Act, Public Act 431 of 1984, as amended, requires universities to present a Five-Year Capital Outlay Plan no later than November 1 of each year. Universities may also elect to submit a capital outlay project request for state cost participation.

Once again, the renovation of Strong Hall has been identified as the University's top capital outlay project. Strong Hall has been Eastern's number one request for funding since Fiscal Year 2010; the year after Eastern received state funding for the Pray-Harrold building renovation.

Strong Hall is part of Eastern's Science Complex and houses the Geology and Geography and the Physical and Astronomy departments. Built in 1957, Strong Hall has not received any significant improvements or renovation since its construction. The project reflects a major renovation of the 87,500 gross square foot structure including, modernizing classroom and labs, lecture halls, student commons areas, and faculty offices, as well as, creating flexible use spaces for both research and instruction and replacement of architectural, structural, mechanical, and electrical systems.

The Strong Hall project, along with the \$90 million self-funded addition and renovation of the Mark Jefferson Science Complex, demonstrates the University's commitment to the sciences and would result in first-class science facilities on Eastern's campus. To comply with the statutory requirements, Eastern Michigan University will post its Five-Year Capital Outlay Plan on the institution's internet site by November 1, 2014. In addition, the Fiscal Year 2016 Capital Project Budget request of Strong Hall will also be on this site.

Section 21: Recommendation: Updated Policy: University Investment Policy

The recommended changes to the Investment Policy include an update to the Asset Allocation Policy, based upon the recommendation of the University's adviser, NEPC. In addition, changes were made to reflect the recommended Asset Allocation, along with eliminating redundancies in the policy.

The Advisers recommended Asset Allocation is designed to enhance the risk-adjusted return of the Long-Term Investment Pool as defined in the Policy

Section 22: Recommendation: Updated Policy: Conflict of Interest Policy- Board of Regents

Currently, the University's Internal Auditors are directly responsible for developing appropriate procedures for implementing the provisions of the Conflict of Interest policy. In order to maximize the limited hours available of the University's Internal Auditors, management has decided to return this responsibility in-house. The University's Legal Affairs Office will administer this policy.

Section 23: Recommendation: Updated Policy: Conflict of Interest Policy- University Employees

The current conflict of interest policy covers approximately 150 senior administrative staff. The recommendation is to broaden the conflict of interest policy to cover all non-bargained-for staff (NBFs). There are currently approximately 300 NBF's.

In addition, the University's Internal Auditors are currently directly responsible for developing appropriate procedures for implementing the provisions of the Conflict of Interest policy. In order to maximize the limited hours available of the University's Internal Auditors, management has decided to return this responsibility in-house. The University's Human Resource department will proceed with its implementation.

Section 24: Recommendation: Updated Policy: Travel Policy

The recommended changes to the Travel Policy include updating of employee titles and changes to the travel approval process to reflect current practice. Specifically, domestic travel will require supervisory approval only if it includes an overnight stay. International travel will always require supervisor and vice president approval. The revised policy will be equally applicable to the President.

Section 3: Recommendation: Emeritus Staff Status

It is recommended that the Board of Regents grant Emeritus Staff Status to Eight (8) staff members: Cynthia Van Pelt, Director, Office of Financial Aid, who retired on June 13, 2014, Barry D. Painter, Trades Foreperson-Electrical, Physical Plant, who retired on September 3, 2013, Mary Stark, Account Specialist, Office of Financial Aid, who retired on June 13, 2014, Cheryl Guerra, Senior Secretary, Office of Extended Programs, who retired on August 8, 2014, Maryann Shichtman, Coordinator, Admissions Information Systems, who retired on June 27, 2014, Barbara Stokes, Customer Service Representative, Office of Records and Registration, who retired on September 1, 2014, Bernice Lindke, Vice President of Student Affairs and Enrollment, who retired on January 17, 2013, Winifred Anne McKee, Assistant Director, Veteran's Services, who retired on May 16, 2014.

The meeting was adjourned at 12:25 p.m.

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