

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

RECOMMENDATION
FINANCE AND INVESTMENT COMMITTEE

SECTION: 17
DATE: October 25, 2018

ACTION REQUESTED

It is recommended that the Board of Regents receive and place on file the minutes from the June 22, 2018 Finance and Investment Committee meeting and the Working Agenda for the October 25, 2018 meeting.

STAFF SUMMARY

June 22, 2018 Meeting Agenda

Agenda items

- EMU Foundation- Update
- AY 19 Tuition and Fees
- FY 19 General Fund Operating Budget
- FY 19 Auxiliary Funds Operating Budgets
- FY 19 Department of Intercollegiate Athletics Budget
- Capital Project & Lease Agreement-Health Care Center
- Sale of University Property (611 & 617 W. Cross)
- Forward Purchase Natural Gas

October 25, 2018 Meeting Agenda

Agenda items

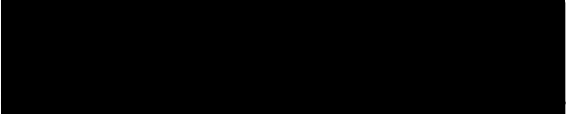
- FY 18 University Financial Statements
- FY 20 General Fund Scholarships, Awards and Grant Request
- FY 20 State of Michigan Capital Outlay Request
- Sale of Washington Street Parking Lot
- Strong Hall Provisional Easement
- Presentation- Energy Management at EMU
- Purchase of 800 Lowell Street Property
- Emeritus Staff Awards

FISCAL IMPLICATIONS

None

ADMINISTRATIVE RECOMMENDATION

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



University Executive Officer

October 25, 2018
Date

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

FINANCE and INVESTMENT COMMITTEE

Thursday, October 25, 2018

1:00 p.m.

REGULAR AGENDA

- FY 18 University Financial Statements
- FY 20 General Fund Scholarships, Awards and Grant Request
- FY 20 State of Michigan Capital Outlay Request
- Sale of Washington Street Parking Lot
- Strong Hall Provisional Easement
- Presentation- Energy Management at EMU
- Purchase of 800 Lowell Street Property
- Emeritus Staff Awards

Eastern Michigan University
Finance and Investment Committee
Meeting Minutes
June 22, 2018

The meeting was called to order by Regent Michelle Crumm at 10:00 a.m.

A motion was made, seconded and approved to accept the minutes from the April 20, 2018 Finance and Investment Committee meeting.

The agenda includes (8) items.

Section 21: Recommendation: AY 18-19 Tuition and Fees Recommendation

It is recommended that the Board of Regents approve a composite \$489 increase in tuition and required fees, a 3.88% increase, as calculated by the State of Michigan's guidelines on performance funding and tuition reporting, for the 2018-19 academic year. In addition, it is recommended that starting with the incoming AY19 class that all International Undergraduate students will pay the in-state (resident) rate.

It is recommended that the Board of Regents approve a tuition increase of 5.3% for graduate students and a 5.2% for doctoral students.

Also, recommended are increases to certain programs and elective fees. Those changes are shown on the attached Tuition and Fee document.

Average Annual Resident Undergraduate Tuition and Fee Rate as calculated by the State of Michigan (30 SCH)

<u>2017-18</u>	<u>2018-19</u>	<u>\$ Increase</u>	<u>% Increase</u>	
Resident Undergraduate	\$12,594	\$13,083	\$489	3.88%

Section 22: Recommendation: FY 18-19 General Fund Operating Budget

It is recommended that the Board of Regents approve the University's General Fund operating expenditure budget of \$ 310.5 million for the 2018-19 fiscal year.

Section 23: Recommendation: FY 18-19 Auxiliary Fund Operating Budget

It is recommended that the Board of Regents approve the University's Fund net operating expenditure budget totaling \$ 48.3 million for the 2018-19 fiscal year.

Section 24: Recommendation: FY 18-19 Department of Intercollegiate Athletic Budget

It is recommended that the Board of Regents receive and place on file the fiscal year 2018-19 Department of Intercollegiate Athletics Operating Budget.

Section 25: Recommendation: Appointment of External Auditor

It is recommended that the Board of Regents approve a five year contract with Plante & Moran, PLLC (“Plante & Moran”) to provide external audit services to the University consistent with the parameters outlined below.

Section 26: Recommendation: Health Care Center Agreements

It is recommended that the Board of Regents approve a supplemental FY 2019 capital project expenditure for the design, site development and construction of the EMU/IHA/St. Joseph Mercy Hospital (SJMh) collaborative health care center. It is also recommended that the Board of Regents authorize the President to negotiate, finalize, and execute a Lease and a Services Agreement consistent with the attached summaries.

Section 27: Recommendation: Sale of University Property (611 and 617 W. Cross Street)

It is recommended that the Board of Regents authorize the President to negotiate and execute final documents for the sale of the 611 and 617 W. Cross St. site and building, under the terms and conditions with the letter of intent.

Section 28: Recommendation: Natural Gas Agreement

It is recommended that the Board of Regents delegate to the President or designee to negotiate and execute a natural gas forward purchase agreement extending to 2027.

The meeting was adjourned at 10:51 a.m.

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

Board of Regents

Finance and Investment Committee

Thursday, October 25, 2018

Energy Management at EMU Summary



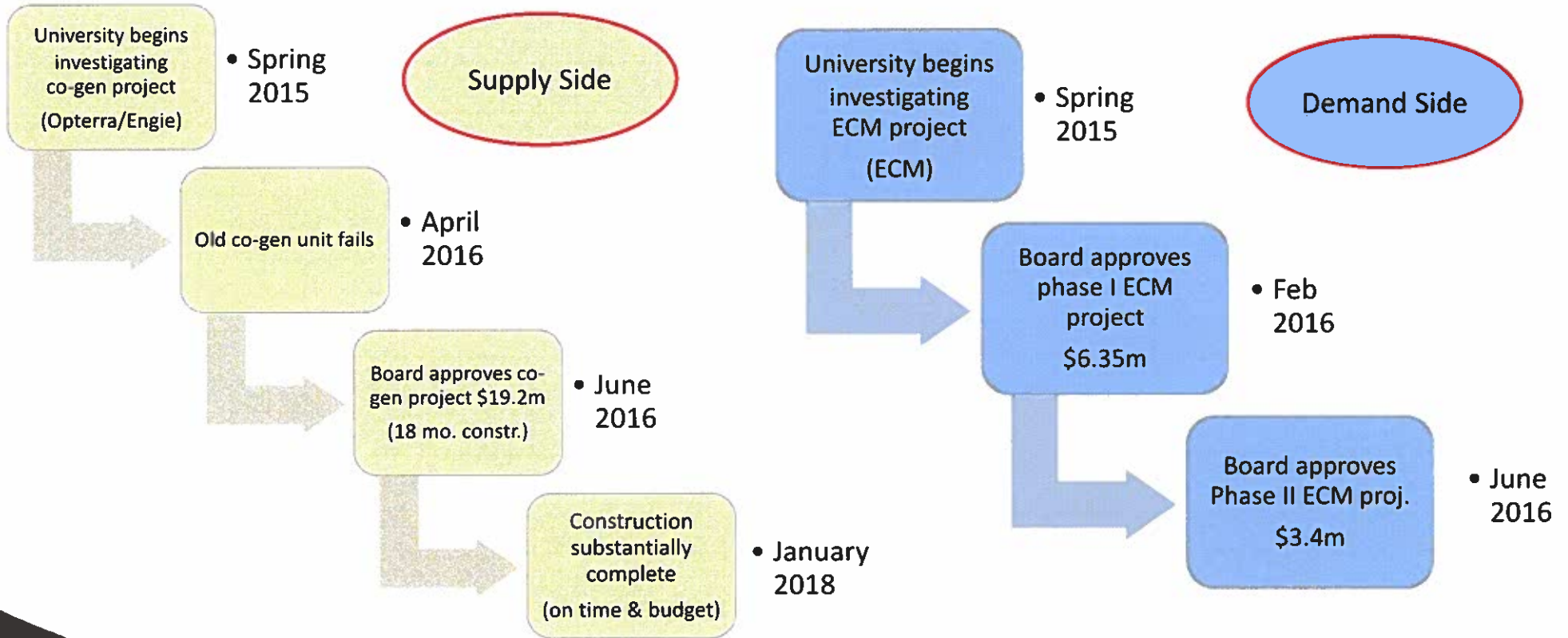


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EASTERN MICHIGAN
UNIVERSITY



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Energy Savings Projects Timeline



EMU's Energy Savings Initiatives

Supply Side Management



Vendor

Demand Side Management



Cost - \$19.2 Million

Expected Payback – 10 Years @
\$4.50/MCF Nat Gas

Realized Payback – 8 years @
Adj. Nat Gas Prices

Expected NPV - \$40.0m

Investment

Assumptions

Current Realizations

Current Exp. NPV

Cost - \$9.75 Million

Expected payback – 11.5 Years @
8.5 cents / kWh

Realized Performance – ~10%
reduction in kWh across campus

Expected NPV - \$750k+



EMU's Energy Savings Initiatives

Other Considerations & Successes

Competitive Advantage

Operational & Financial Risk
Reduction

Student Body Input

Goodwill – Awards &
Recognition (National/State)

Deferred Maintenance

Emissions

Performance Grants

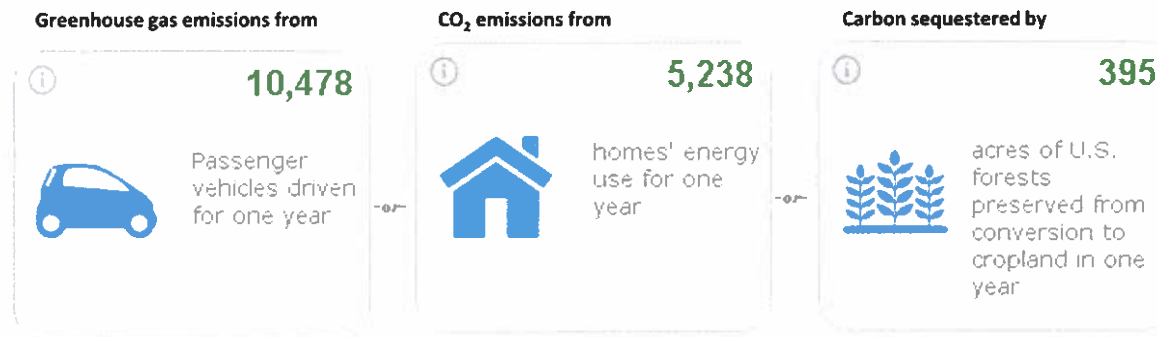
Safe Haven

Reduced Environmental
Permit Costs

Environmental Benefits

- Reduction of greenhouse gas emissions
- Reduce CO₂ emissions by an estimated 21,305 tons annually
- Decrease nitrogen oxides by an estimated 112 tons annually

– Equivalent to:





Co-Gen Project Highlight: Nat Gas

- May 2017 – EMU signed 5 year natural gas forward purchase agreement (years 1-5)
 - Provided savings from estimated \$4.50/mcf to \$3.38/mcf (24.9% savings).
- June 2018 – Board approved EMU to sign additional 5 year natural gas forward purchase agreement (years 6-10)
 - Provided savings from estimated \$5.22/mcf to \$2.80/mcf (46.5% savings during years 6-10).

ECM Project Highlight: Rynearson

- June 2016 – Board approved Phase II \$3.4m project
- Rynearson lighting project included new LED lights at the field.
- Cost - \$1.27m
- Estimated Annual Savings - \$130.5k
- Simple Payback – 9.7 years
- NPV Return - \$428k


Benefits:

- Addressed critical safety issues
- Can run the lights longer than before at cheaper rate
- Provides necessary lighting for TV coverage
- Alleviates lighting rental needs





Co-Generation Recognition

- State Awards
 - Award from the State of Michigan Energy Consortium to be given in November in Lansing
 - National Awards
 - EMU in partnership with DTE were presented Energy Solutions Center's Partnership Award for Innovative Energy Solutions on October 10, 2018
 - Hosted multiple tours from various groups including DTE, ESC, and Robert Bosch LLC (subsidiary of Robert Bosch GmbH in Gerlingen, Germany)
- 



What's Next For EMU Energy Savings

- Strong Hall
 - LEED certified upon completion in Jan 2019
- Sustainability Commission
 - The Commission will be charged with working with various units to assess Eastern's sustainability efforts and make recommendations on how to become more sustainable.
- Future Potential Projects
 - Interior Building Lighting Upgrades, Air Handling Unit fan array conversions, Air Handling Unit UV light installation, Demand Ventilation Controls, Water saving plumbing fixtures, Steam trap survey/repair