A meeting of the Audit and Insurance Committee of the Board of Trustees of The Trustees of Purdue University convened in Room 326 of Stewart Center, Purdue University West Lafayette, Indiana at 3:26 p.m. on Friday, December 13, 2013.

All committee members were present: John Hardin, chair; Sonny Beck; and Vanessa Castagna. All other trustees were present: Michael Berghoff; JoAnn Brouillette; Gary Lehman; Kelsey Quin; Thomas Spurgeon; Don Thompson; and Bruce White. Also in attendance were: Mitch Daniels, President; Tim Sands, Executive Vice President for Academic Affairs and Provost; Al Diaz, Executive Vice President for Business and Finance, Treasurer; Jim Almond, Senior Vice President for Business Services and Assistant Treasurer, Steve Schultz, Legal Counsel; and Janice Indrutz, Executive Assistant to the Board and Corporate Secretary.

I. REVIEW OF THE FISCAL YEAR 2013 FINANCIAL REPORT

Assistant Treasurer Almond described the audit process that began in August and concluded in October with an exit conference with the State Board of Accounts, which Trustee Hardin attended. Mr. Almond then discussed the 2013 Financial Report provided to the Committee, which included the Independent Auditor’s Report, management discussion and analysis, financial statement, and notes to the financial statement. He concluded that the university continues to remain in sound financial position, as evidenced by external ratings. Mr. Jeff Arthur from the State Board of Accounts was in attendance and stated the university received an unmodified opinion, the best opinion issued by the State Board of Accounts. Trustee Hardin thanked Mr. Arthur. This report was for information only; no action was required by the Committee. A copy of the report will be filed with the minutes.

II. REVIEW OF THE 2012-13 PROPERTY AND LIABILITY INSURANCE PROGRAM

Assistant Treasurer Almond discussed the annual report provided to the Committee regarding the university’s property and liability insurance program. He named the respective insurers and discussed coverage amounts for property, liability, and aviation. Mr. Almond then discussed the report, including the balance sheet and the statement of income and expense, and stated the program continues to be in sound financial health to cover operating expenses. He noted that the university’s risk management department manages the university’s insurance program on a system-wide basis and said Mr. Mark Kebert, Risk Manager, has worked closely with the insurance companies on loss mitigation and prevention. He also stated the university engaged a consultant for the purpose of conducting a five-year review of the property and liability insurance program. This report was for information only; no action was required by the Committee. A copy of the report will be filed with the minutes.
III. UPDATE ON IMPLEMENTATION OF HEALTH CARE PLAN CHANGES

Treasurer Diaz stated that until a financial analysis of the health care plan implementation could be provided at a later date, Ms. Eva Nodine, Director of Benefits, was in attendance to summarize the activities to date. Ms. Nodine shared that the enrollment tools Castlight and Truven were highly utilized by employees and 66% of employees enrolled in one of the two high-deductible health plans. She discussed the ways in which the plan changes were communicated to employees prior to and during the enrollment period last fall, and now that plans have been overhauled, long term plans for wellness and health initiatives are underway. President Daniels pointed out that the vast majority of employees will see a large reduction in their premium and he recognized the power of Castlight as a consumer tool. Treasurer Diaz commented that the faculty leadership of the health care plan changes was “absolutely superb.”

Trustee Hardin remarked that the university’s health care plan changes and implementation are a larger example of how health care programs might be done in a more constructive way. Trustee Lehman believed that opening the clinic, changing plans, and being transparent made sense to employees, thus making the changes well-received. Trustee Hardin asked Ms. Nodine to thank everyone who played a role in the health care plan changes and implementation.

IV. ADJOURNMENT

By consent, the meeting adjourned at 3:49 p.m.