



MINUTES
BOARD OF TRUSTEES OF THE
TRUSTEES OF PURDUE UNIVERSITY

FINANCE COMMITTEE

SEPTEMBER 27, 2013

A meeting of the Finance 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 10:58 a.m. on September 27, 2013.

All committee members were present for all or part of the meeting: Don Thompson, chair; Sonny Beck; Gary Lehman; and Bruce White. Other trustees in attendance were Michael Berghoff, JoAnn Brouillette, Vanessa Castagna, John Hardin, Kelsey Quin, and Thomas Spurgeon. 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, Corporate Secretary.

I. AFFIRMATION OF COMMITTEE

Don Thompson, chair of the Finance Committee, affirmed that JoAnn Brouillette no longer served on the Finance Committee and Sonny Beck had joined the committee.

II. APPROVAL OF CONTRACT IN EXCESS OF \$2,000,000: FACTORY MUTUAL INSURANCE COMPANY (FM GLOBAL)

As recommended by Jim Almond, and upon proper motion duly seconded, the Finance Committee voted unanimously to recommend full Board approval of a contract with Factory Mutual Insurance Company (FM Global) in the amount of \$2,181,260 to renew property insurance for 2013-2014. The supporting document will be filed with the minutes.

III. FY 2014 FINAL OPERATING BUDGET

The committee received an executive summary of the final system-wide operating budget for FY 2014. Trustee Thompson set the framework for the budget presentation and reiterated that the final budget was developed based on the conceptual plan that was approved by the Board in May 2013. Points he noted were that research funding would be restrained, the regional campuses were working through enrollment challenges, and the university needed additional efficiencies to meet budgetary goals.

Treasurer Diaz made a presentation to confirm, in detail, the budget that would be followed for the remainder of the year. He began by discussing operating budget parameters and remarked that the regional campus chancellors acted appropriately and rapidly to deal with difficult budgetary circumstances. Treasurer Diaz reviewed the fee structure and discussed

the Student Affordability Account. Trustee Berghoff found it worthy to recognize the individual employee elections that contributed \$183,259 to the account.

Treasurer Diaz discussed total system revenues and stated that planned revenues for the year were \$2.3 billion, with planned expenditures also at \$2.3 billion. He pointed out that salaries, wages, and benefits combined made up two-thirds of the budget. He also discussed the restricted funds expenditure budget and sponsored program awards, which he noted were a cause for concern. He also reviewed the auxiliary enterprises expenditure budget and the student financial aid funds budget. In addition, Treasurer Diaz illustrated a comparison of tuition and fees and indicated that Purdue is ranked ninth in the Big Ten for the 2013-2014 academic year, which did not change from last year. He also reviewed the rankings of the regional campuses, which also did not change from last year.

Trustee Thompson remarked that Treasurer Diaz and his staff did a solid job on the budget preparations. Trustee Hardin asked Dr. Richard Buckius, Vice President for Research, what the university could reasonably expect going forward with regard to research funding. Dr. Buckius explained that projections must be conservative due to the uncertainty of federal funds and the industry dip. Treasurer Diaz indicated that he is working with Dr. Buckius in this regard.

Copies of the executive summary and the presentation will be filed with the minutes.

IV. ADJOURNMENT

By consent, the meeting adjourned at 11:38 a.m.