A meeting of the Finance Committee of the Board of Trustees convened in Room 132 of Hine Hall at Indiana University-Purdue University Indianapolis (IUPUI) on Thursday, April 9, 2015, at 3:00 p.m.

All committee members were present: Don Thompson (chair), Sonny Beck, and Gary Lehman. All other trustees were present: Michael Berghoff; JoAnn Brouillette; Vanessa Castagna; John Hardin; Kelsey Quin; and Thomas Spurgeon.

Also in attendance were: Mitch Daniels, President; Deba Dutta, Provost and Executive Vice President for Academic Affairs; Bill Sullivan, Treasurer and Chief Financial Officer; Jim Almond, Senior Vice President and Assistant Treasurer; Steve Schultz, Legal Counsel; and Janice Indrutz, Executive Assistant to the Board and Corporate Secretary.

I. APPROVAL OF MINUTES

Upon proper motion duly seconded, the Committee voted unanimously to approve the minutes of its last meeting held on December 19, 2014.

II. APPROVAL OF CONTRACT IN EXCESS OF $2,000,000 FOR HIGH PERFORMANCE COMPUTING CLUSTER #7

Dr. Gerry McCartney, Vice President for Information Technology and System Chief Information Officer, requested permission to enter into a contract with Hewlett Packard for the estimated amount of $3,783,723 to purchase a high performance computing cluster machine to replace another machine that had reached the end of its lifecycle. He explained that the university operated five such machines at once to support research needs. Vice President McCartney said that Purdue researchers appreciate that the machines are state of the art, professionally managed, and secure, and he discussed pricing in response to a question from Trustee Hardin. President Daniels praised Vice President McCartney for his management of these efforts and said Purdue was ahead of other universities in this regard. Then upon proper motion duly seconded, the Finance Committee voted unanimously to request full Board approval of the contract. A supporting document was filed with the minutes.

Following the vote, Treasurer Sullivan announced that Vice President McCartney had been voted one of the nation’s top 100 IT executives by Computerworld, a publication website and digital magazine for information technology and business technology professionals. Vice President McCartney then briefly explained how the computing cluster would be housed in the Mathematical Science Building and built in one day, calling it a “high-tech barn-raising.”
III. APPROVAL OF CONTRACT IN EXCESS OF $2,000,000 FOR AXIAL AND CENTRIFUGAL COMPRESSORS

Assistant Treasurer Almond requested approval of a contract with Florida Turbine Technologies for the amount of $2,947,190 to purchase two compressor rigs; an axial 3-stage compressor and a centrifugal compressor. He said that a competitive bid process had been undertaken and explained that the purchase would be funded by two research grants from Rolls-Royce to support research by Dr. Nicole Key, Associate Professor of Mechanical Engineering. Then upon proper motion duly seconded, the Finance Committee voted unanimously to request full Board approval of the contract. A supporting document was filed with the minutes.

IV. DISCUSSION OF DIFFERENTIAL FEES

Treasurer Sullivan wished to outline the differential fees that would be included in the proposed tuition and fees for FY 2016 and FY 2017, which the Committee would be asked to approve at its meeting on May 14, 2015, so that he could answer the Committee’s questions or receive its direction prior to presenting the final proposal to the Committee.

He began with discussion of fees for the West Lafayette campus and said the addition of a differential fee for the Computer Science program would be recommended. He explained the fee would be equal to that of the Engineering program and apply to students new to the program in Fall 2015. The expected revenue would be directed to faculty recruitment and retention, increased teaching assistant salaries, and student success initiatives.

Moving to the regional campuses, Treasurer Sullivan reminded the Committee that none of the regional campuses had differential fees currently. However, the May proposal would include the implementation of differential fees at IPFW for the Engineering, Business, Technology, Nursing, and MBA programs. The new fees would be based on credit hours versus major, apply to current students, and be implemented over a two-year period. Similar fees would be proposed for the future Purdue Northwest, but Treasurer Sullivan postponed discussion of them pending further evaluation.

Trustee Thompson said it was important to stay focused on balancing affordability and creating efficiencies. Trustee Hardin asked a question regarding enrollment in the affected IPFW programs, which was addressed by Dr. David Wesse, Vice Chancellor for Financial and Administrative Affairs at IPFW, who was in attendance.

This discussion was for information only; no Committee action was required.

V. ANNUAL REPORT OF THE INVESTMENT COMMITTEE

The Committee received the 2014 Annual Report of the Investment Committee. Assistant Treasurer Almond reminded the Committee that the Report provided a comparison of the Purdue Endowment and the results of the National Association of College and University Business Officers (NACUBO) Endowment Study. He said the NACUBO study results were for the FY ending June 30, 2014 but were not available until January 2015, and he outlined the components of the Purdue Endowment’s $2,473 billion market value.
Mr. Scott Seidle, Senior Vice President for Finance/Investments and Assistant Treasurer for Purdue Research Foundation, then provided highlights of the report. As of June 30, 2014, the Purdue Endowment continued to be ranked fifth in the Big Ten. Mr. Seidle illustrated Endowment Study data, Endowment performance versus the target benchmark, asset allocation and asset class. He was pleased to report that the Office of Investments had been in contact with 80% of the fund managers during the 2014 calendar year, and he discussed activities that were undertaken since oversight of the Office of Investments had been transferred to the Purdue Research Foundation. Mr. Seidle updated the Committee on the current fiscal year performance then paused his presentation to address several questions from the Committee and other members of the Board. Mr. Seidle concluded his presentation with a discussion of the Cash Management Investment Pool (CMIP), which included a review of its characteristics and investment results.

Trustee Thompson praised Mr. Seidle and Assistant Treasurer Almond for having continued to pay special attention to the Endowment investments.

This report was for information only; no Committee action was required. A copy of the report was filed with the minutes.

VI. ADJOURNMENT

By consent, the meeting adjourned at 3:57 p.m.