A meeting of the Audit and Insurance Committee of the Board of Trustees convened in Room 326 of Stewart Center, Purdue University, West Lafayette, Indiana at 3:12 p.m. on Thursday, July 16, 2015.

All members of the Committee were present: John Hardin, chair; Sonny Beck; and Vanessa Castagna. Other trustees present were Michael Berghoff, Michael Klipsch, Cameron Mann, Thomas Spurgeon, and Don Thompson. JoAnn Brouillette and Gary Lehman were not in attendance.

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 and subsequent executive session held February 11, 2015.

II. DISCUSSION OF IMPLEMENTATION OF GASB 68

Ms. Kendra Cooks, university comptroller, was in attendance to explain that, as a public entity, the university was subject to accounting requirements established by the Governmental Accounting Standards Board (GASB), which had issued Statement Number 68, Accounting and Financial Reporting for Pensions. Therefore, she informed the Committee and members of the Board that beginning on June 30, 2015, the university was required to record its share of the net pension liability of the university’s defined benefit plan (PERF), which was managed by the Indiana Public Retirement System (INPRS). Ms. Cooks then illustrated how the university’s Fiscal Year 2015 financial statements would record its share of the total unfunded liability in the approximate amount of $91,000,000. Treasurer Sullivan reminded the Committee and members of the Board that approximately 3,900 employees remained in the plan, which was frozen in 2013. He discussed the liability in further detail and addressed questions from the Committee and members of the Board. A supporting document was filed with the minutes.

III. DISCUSSION OF INCREASE IN STATE BOARD OF ACCOUNTS AUDIT FEES

Ms. Peg Fish, director of audits, was in attendance to inform the Committee and members of the Board that the Indiana State Board of Accounts, which conducted the university’s annual financial and federal awards audits, would increase its fees for financial statement audits from $6.00 per hour to approximately $83.41 per hour. Therefore, she said audit fees for Fiscal Year 2015 were expected to increase by approximately $133,000. Brief discussion followed. A supporting document was filed with the minutes.

IV. ADJOURNMENT

By consent, the meeting adjourned at 3:34 p.m.