A meeting of the Finance Committee of the Purdue Board of Trustees convened at 9:38 a.m. on Friday, August 26, 2016, in Room 326 of Stewart Center on the campus of Purdue University in West Lafayette, Indiana.

Committee members present were: Don Thompson, chair; Vanessa Castagna; and Michael Klipsch. Trustee Sonny Beck was not in attendance. Other trustees present were: Michael Berghoff; JoAnn Brouillette; Malcolm DeKryger; Cameron Mann; and Thomas Spurgeon. Trustee Gary Lehman was also not in attendance.

Officers and administrators in attendance were: Mitch Daniels, president; Deba Dutta, provost and executive vice president for academic affairs and diversity; 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; Tom Keon, chancellor of Purdue University Northwest; and Vicky Carwein, chancellor of Indiana University-Purdue University Fort Wayne.

I. APPROVAL OF MINUTES

Upon proper motion duly seconded, the Committee voted unanimously to approve the minutes of its last meeting held on June 17, 2016.

II. APPROVAL OF FINAL PAYMENT CONCERNING PERF SOFT FREEZE LIABILITY

Trustee Thompson explained the history of the university’s Public Employees Retirement Fund soft freeze liability. Ms. Eva Nodine, director of benefits, then reminded the Committee that Purdue’s total soft freeze liability was $22,426,683 and that at its meeting on June 16, 2016, the Board approved a down payment of $2,242,668. She then requested the Committee’s approval to pay the remaining balance of $20,184,015 to the Indiana Public Retirement System. She informed the Committee that payment of the balance by August 31, 2016, would relieve the university of any future obligations regarding the unfunded liability.

Treasurer Sullivan expressed his belief that the agreement was a “win-win.” In response to a question from Chairman Berghoff, Treasurer Sullivan explained that the written agreement had been signed by all parties and was considered binding. Following further discussion and upon proper motion duly seconded, the Finance Committee voted unanimously to recommend full Board approval of the final payment. Supporting documents were filed with the minutes.

III. APPROVAL OF PURCHASE IN EXCESS OF $2,000,000

Mr. Rob Wynkoop, director of service enterprises and procurement, requested approval to purchase an electronic beam lithography system in the estimated amount of $2,180,000. He explained that the system was part of a startup package for two new research faculty members in the School of Electrical and Computer Engineering, and Purdue would be the first university
in North America with this state-of-the-art system. Mr. Wynkoop further explained that the system was critical to nanotechnology research, and it would be housed in the Birck Nanotechnology Center. Upon proper motion duly seconded, the Finance Committee voted unanimously to recommend full Board approval of the purchase. A supporting document was filed with the minutes.

IV. APPROVAL OF FY 2017-19 BUDGET FOR THE ANIMAL DISEASE AND DIAGNOSTIC LAB

Trustee Thompson began discussion for the approval of the 2017-19 budget for the Animal Disease and Diagnostic Lab (ADDL) by saying it demonstrated the university’s prowess relative to managing and being an integral part of animal disease research. Ms. Melissa Johnson, director of financial planning and analysis, then outlined the requested $5,741,561 budget for the 2017-18 fiscal year, which provided for the hiring of a molecular diagnostics veterinarian, renovations to the ADDL lab on the West Lafayette campus, and purchase of equipment. She also informed the Committee that the requested budget for 2018-19 was $3,711,561.

Dr. Willie Reed, dean of the College of Veterinary Medicine, was in attendance and responded to questions from Trustee Thompson. He explained that the ADDL played a critical role in both diagnosis and research, and he affirmed for the Committee that this was the only such lab in the state. He also informed the Committee that the ADDL had played a critical role in addressing the Avian Flu outbreak, the largest animal health crisis in the country’s history. In response to a question from Chairman Berghoff, Ms. Johnson said this was a typical request for the ADDL budget.

Upon proper motion duly seconded, the Finance Committee voted unanimously to recommend full Board approval of the FY 2017-19 budget for the Animal Disease and Diagnostic Lab. Supporting documents were filed with the minutes.

V. REVIEW OF 2017-19 PERFORMANCE FUNDING FORMULA AND APPROVAL OF 2017-19 LINE ITEM BUDGET REQUESTS AND TEN-YEAR CAPITAL PLAN

Ms. Johnson outlined the five components of the 2017-19 legislative budget request, which were: 1) operating appropriations, 2) line item requests, 3) dual credit line item, 4) capital project request, and 5) repair and rehabilitation. She discussed how the state would use its Performance Funding Formula to determine Purdue’s operating appropriations, and she specified the line items that made up the proposed $37,200,000 legislative budget request for each of fiscal years 2018 and 2019. Ms. Johnson also reviewed the capital projects request that Vice President Cline had discussed during the meeting of the Physical Facilities Committee, which had voted to recommend approval by the Finance Committee. To conclude her presentation, Ms. Johnson briefed the Committee on the timeline for the legislative budget request process. Upon proper motion duly seconded, the Finance Committee voted unanimously to recommend full Board approval of the 2017-19 line item budget requests and the Ten-Year Capital Plan. Supporting documents and a copy of Ms. Johnson’s presentation were filed with the minutes.

VI. ADJOURNMENT

By consent, the meeting adjourned at 10:04 a.m.