I. APPROVAL OF MINUTES

Upon proper motion duly seconded, the Committee voted unanimously to approve the minutes of its last meeting held on December 18, 2015.

II. APPROVAL OF PREMISE HEALTH CONTRACT EXTENSION

Mr. Trent Klingerman, vice president for human resources, informed the Committee that in 2012, the Board had approved a three-year contract with CHS Health Care to operate the Center for Healthy Living on the West Lafayette campus. Because CHS Health Care had since become Premise Health, Mr. Klingerman requested a 16-month extension of the contract with Premise Health. He explained that extending the contract would permit Human Resources to continue its analysis of the effectiveness and efficiencies of the Center for Healthy Living, as well as conclude an overall review of student health care on campus. Both exercises would allow the university to evaluate the advantages and possibilities of combining health services for students and employees. Mr. Klingerman was pleased to report that the proposed extension would be at a rate lower than that of the first three-year period and afford a savings of approximately $390,000 in fixed and variable costs. He also informed the Committee that the extension put a portion of the management fee at risk to ensure that Premise Health was both engaging and serving employees appropriately. Mr. Klingerman concluded with his belief that these goals would be well served by the contract extension.

Discussion began with a question from Trustee Hardin regarding the soundness of the metrics that had been established to gauge the success of the Center for Healthy Living. Mr. Klingerman validated for Trustee Hardin that both the Center’s capacity to serve employees and employees’ awareness of the Center were being addressed. He said the Center would also work to improve its communication with community health care providers about the complimentary services the Center offered to the community providers’ Purdue-employed
patients. Trustee Lehman responded that it was important for community providers to understand that the purpose of Purdue’s clinic was not to compete with community health care services. Chairman Berghoff asked about the number of staff at the Center and took an informal poll of those audience members who had utilized it.

To conclude the discussion, Trustee Thompson emphasized that the extension was only for a 16-month period, which would allow Human Resources the time to take a step back and effectively and collectively examine the health and wellness services for faculty, staff, and students on the West Lafayette campus. He also remarked that the real benefit of the extension was the management fees having been put at-risk based on the performance of the Center.

Upon proper motion duly seconded, the Finance Committee voted unanimously to recommend full Board approval to extend the contract with Premise Health. Supporting documents were filed with the minutes.

III. ANNUAL REPORT OF THE INVESTMENT COMMITTEE

Trustee Thompson informed the members of the Finance Committee that the report of the Investment Committee would include results of the last year and discussion of activities that would take place as part of a holistic review of investments. Assistant Treasurer Almond then introduced Mr. David Cooper, the new chief investment officer for the Purdue Research Foundation.

Mr. Cooper expressed his excitement about the plan to step back and reassess the university’s investments. He said it was the ideal time to do so because there were no issues with the endowment, for which he praised former chief investment officer Scott Seidle. Mr. Cooper then illustrated and discussed data from the results of the National Association of College and University Business Officers (NACUBO) Endowment Study. He reminded the Committee that although these results were for the fiscal year that ended June 30, 2015, they were not made available until January 2016. He pointed out that among the Big Ten, Purdue’s endowment ranked 7th, and he provided a snapshot of performance for the first seven months of fiscal year 2016, the increased volatility of which had raised concerns. Mr. Cooper also discussed the Purdue Investment Pool - Cash, including characteristics, market value, investment results, and annualized returns. He said it was worth noting that the current fiscal year return-to-date was positive.

Trustee Thompson discussed the spend policy in response to a question from Trustee Hardin, who expressed his belief that reducing the spend policy should be discussed in the future. Treasurer Sullivan discussed some of the assessment activities, including analysis of the endowment distribution. Chairman Berghoff speculated that some beneficiaries of the endowment may no longer have the need.

Trustee Thompson concluded the discussion by recognizing Scott Seidle, who would be promoted to chief financial officer and treasurer of Purdue Research Foundation, for his accomplishments as the former chief investment officer, and he said that the university was fortunate to have Mr. Cooper assume the role given his experience.

IV. ADJOURNMENT

By consent, the meeting adjourned at 9:45 a.m.