A meeting of the Finance Committee of the Purdue Board of Trustees convened at 9:42 a.m. on Friday, October 14, 2016, in Room 326 of Stewart Center on the campus of Purdue University in West Lafayette, Indiana.

All committee members were present: Don Thompson, chair; Sonny Beck; Vanessa Castagna; and Michael Klipsch. All other trustees were present: Michael Berghoff; JoAnn Brouillette; Malcolm DeKryger; Gary Lehman; Cameron Mann; and Thomas Spurgeon.

Officers and administrators in attendance included: Mitch Daniels, president; Bill Sullivan, treasurer and chief financial officer; Jim Almond, senior vice president and assistant treasurer; Steve Schultz, legal counsel; 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 August 26, 2016.

II. APPROVAL OF CONTRACT IN EXCESS OF $2,000,000: DENTAL INSURANCE

Ms. Eva Nodine, director of benefits, reminded the Committee that at its meeting in August, the Board approved the health care plan rates for 2017, which, for the second year, would include preventive dental. Ms. Nodine explained that the plans and rates of Delta Dental, the current provider, were compared to those of Anthem, the university’s medical provider. As a result of the comparison, she recommended approval of a two-year contract with Anthem, which would result in a total savings of approximately $759,000 for employees and the university in 2017. In response to a question from Trustee Klipsch, Ms. Nodine outlined the additional coverage and benefits afforded by a contract with Anthem. Trustee Thompson pointed out that all of the negotiations that had taken place relative to the health care plans and dental coverage had resulted in better coverage and reduced costs. Upon proper motion duly seconded, the Finance Committee voted unanimously to request full Board approval of the two-year contract with Anthem for dental insurance. Supporting documents were filed with the minutes.

III. APPROVAL OF AND AUTHORIZATION FOR SAP PROJECT

Mr. Tim Werth, director of business process reengineering, made a presentation to the Committee to outline a proposed SAP project. He explained that the project was necessary in order to build a world-class administrative foundation to support the university’s world-class initiatives. He said the project would identify and correct ineffective and inefficient processes, as well as identify structural impediments, to transform financial management, human capital management, and enterprise asset management. Mr. Werth also outlined the cost of the project and the forecasted recurring savings, and he discussed the project timeline and the makeup of the implementation team.
In response to a question from Trustee Beck, Mr. Werth said that the project encompassed administrative programs and would not affect research itself, but rather processes to support research would be improved. Treasurer Sullivan then expanded on the scope of the project. Trustee Thompson summarized the discussion and called for a vote from the Committee. Upon proper motion duly seconded, the Finance Committee voted unanimously to recommend full Board approval of and authorization for the SAP project. Supporting documents, including a resolution concerning the project, were filed with the minutes.

IV. FY 2016 ANNUAL REPORT OF THE INVESTMENT COMMITTEE REGARDING THE PURDUE INVESTMENT POOL (PIP) AND ENDORSEMENT OF TARGETED INVESTMENT ALLOCATION MODIFICATION

Trustee Thompson began discussion with a reminder that the Finance Committee formerly had authority to approve investment allocations, but that function had been reassigned to the Purdue Research Foundation. Therefore, the Finance Committee would now only endorse any changes to investment allocations as a way to ensure alignment between the Purdue Research Foundation and the Trustees of Purdue University. Assistant Treasurer Almond added that Mr. David Cooper, chief investment officer for the Purdue Research Foundation, had led an assessment of the Purdue Endowment.

Mr. Cooper then discussed the market value and performance of the Purdue Endowment, and he outlined three themes that had been identified during the assessment process. He referred to the proposed revised Endowment Investment Policy, copies of which the Committee had received and which reflected the themes, and he requested the Finance Committee’s endorsement of the recommended changes to the Endowment Investment Policy. Upon proper motion duly seconded, the Finance Committee voted unanimously to recommend full Board approval to endorse the targeted investment allocation modification as outlined in the proposed revisions to the Endowment Investment Policy. Copies of the annual report, the Endowment Investment Policy, and Mr. Cooper’s presentation were filed with the minutes.

V. ADJOURNED AND RECONVENED

Trustee Thompson adjourned the meeting at 10:10 a.m. so that Chairman Berghoff could convene the stated meeting of the full Board in order to approve and present Resolutions of Congratulations for Purdue Olympians Amanda Elmore, David Boudia, Steele Johnson, and their coach, Adam Soldati. Trustee Thompson then reconvened the meeting at 10:35 a.m.

VI. DISCUSSION OF THE FY 2017 FINAL BUDGET

Ms. Melissa Johnson, director of financial planning and analysis, made a presentation to the Committee to outline the final operating budget for FY 2017. She began with an overview of student fees, operating appropriations increases, and the salary policy for faculty and staff, and she reviewed the four components of the budget. Ms. Johnson then discussed slides that listed revenues and expenditures figures for each campus. She concluded her presentation with a review of the FY 2017 capital project budget, which, she explained, was not included as part of the operating budget. Trustee Thompson asked Treasurer Sullivan to share his final thoughts with the Committee. A copy of Ms. Johnson’s presentation were filed with the minutes.

VII. ADJOURNMENT

By consent, the meeting adjourned at 10:54 a.m.