

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 16

DATE:

March 20, 2007

RECOMMENDATION

MONTHLY REPORT - FINANCE, AUDIT AND INVESTMENT COMMITTEE

ACTION REQUESTED

It is recommended that the Working Agenda for March 20, 2007 and the minutes for the January 19, 2007 Finance, Audit and Investment Committee meeting be received and placed on file.

STAFF SUMMARY

Regular Agenda items discussed at the January 19, 2007 Finance, Audit and Investment Committee were: Monthly Report, State of Michigan Comprehensive Annual Financial Report (CAFR) as of June 30, 2006; Filing of FY 2006 WEMU-FM Financial Statement; Filing of 2006 Exempt Organization Business Income Tax Return (Form 990T), and Mark Jefferson Science Complex – Authorization to Proceed

Consent Agenda items discussed were: Treasurer's Report, Internal Audit Report, Grants/Contracts Report, Construction Projects Progress Report, Accounts Receivable Report, and the Technology Plan Implementation Report, Staff Appointments, and Staff Separations/Retirements.

FISCAL IMPLICATIONS

The fiscal impact of the actions taken are listed in the appropriate sections and are included in the Board minutes.

ADMINISTRATIVE RECOMMENDATION

The proposed Board action has been reviewed and is recommended for Board Approval.

University Executive Officer

Date

EASTERN MICHIGAN UNIVERSITY

Board of Regents

201 Welch Hall

(734) 487-2410

Tuesday, March 20, 2007

FINANCE, AUDIT AND INVESTMENT COMMITTEE

CONSENT AGENDA

- Section 1: Staff Appointments
- Section 2: Staff Separations/Retirements
- Section 3: IRS Audit

REGULAR AGENDA

- Section 16: Monthly Report and Minutes – Janice M. Stroh
- Section 17: Informational Reports
 - i. Grants and Contracts
 - ii. Vendor Lease Updates
 - iii. ICT Initiatives
 - iv. Impact of On-Line and Off-Campus Instruction on the Sciences
- Section 18: Informational Presentations – Janice M. Stroh
 - v. Financial Update
 - vi. Capital Projects Progress Report
- Section 19: Approval of External Auditors – Janice M. Stroh
- Section 20: Investment Policy – Janice M. Stroh
- Section 21: Use and Financing Statement for the Mark Jefferson Science Complex – Janice M. Stroh
- Section 22: Campus Master Plan – Janice M. Stroh

EASTERN MICHIGAN UNIVERSITY
Board of Regents
FINANCE, AUDIT AND INVESTMENT COMMITTEE

MINUTES OF MEETING

January 19, 2007

Present: Philip Incarnati (Acting Chair), Thomas Sidlik, Francine Parker, Floyd Clack, Roy Wilbanks, Gary Hawks, James Stapleton, and Janice Stroh

MONTHLY REPORT

Janice Stroh recommended that the working agenda for the January 19, 2007 Finance, Audit and Investment Committee meeting and the minutes for the November 14, 2006 Finance, Audit and Investment Committee meeting be received and placed on file. There were no questions or comments.

TREASURER'S REPORT

Janice Stroh presented the Treasurer's Report for the month of November 2006. Cash and investments for the reporting period totaled \$87,993,618 and were invested to return a total annualized return of 5.3443 percent. Regent Incarnati asked if the University's investment policy allows the University to invest in equities. He indicated that the University could be missing out on investment return opportunities. He also asked what the University's cash liquidity requirement has been over the past five or ten years. Stroh stated that she will investigate and respond to his questions. There were no further questions or comments.

INTERNAL AUDIT REPORT

Todd Ohmer presented the internal audit activity report for the period November 2006 to December 2006. Ohmer stated that recommendations resulting from the previous audit in November 2006 have been implemented. Regent Incarnati asked to see the scopes of the recently scheduled and completed audits. Incarnati also recommended that an audit of the construction projects cost allocation be included in the future audit agenda. Regent Parker asked how long the University has used the current internal auditors and does the University routinely change auditors. Dan Cooper stated that the internal auditors' contract is for a five-year term. The University has use Rehmann Robson for a total of seven years. There were no further questions or comments.

GRANTS AND CONTRACTS REPORT

Brian Anderson presented the Grants and Contracts report for the period November 1, 2006 through December 31, 2006. There were 47 new grants and contracts totaling \$1,126,521 for the reporting period. Regent Incarnati noted that grants and contracts are below plan, and asked for an explanation. Anderson stated that the discrepancy is largely due to timing. Anderson explained that most of the large grants came in last year during the first six months, where this year to date only three have come in. Anderson stated he expects to meet plan by year-end. There were no further questions or comments.

CONSTRUCTION OPEN PROJECTS PROGRESS REPORT

Larry Ward presented the construction report for the period ending November 30, 2006. Regent Sidlik asked if any work remains to be done on the student center. Ward stated that a few minor items and design of the Starbucks lease space is in progress. Sidlik asked about the McKenny project. Ward stated that most of the demolition is complete and contractors are moving along with the project. Regent Wilbanks asked about funding for the Bowen Field House renovation project. Ward stated that the University's insurance carrier works with the Risk Management office. Janice Stroh stated that the University will pay a \$50,000 deductible and the insurance carrier will pick up the balance. Wilbanks asked if there is anything new with the Mark Jefferson and Pray-Harold renovations. Regent Incarnati asked if the classroom renovation projects are complete. Ward explained that funding has been received and classroom furniture and equipment is on order. There were no further questions or comments.

ACCOUNTS RECEIVABLE REPORT

Mike Hague presented the Accounts Receivable Report for the period ending November 30, 2006. Regent Incarnati asked what is the goal for the student accounts receivable. Hague said the goal is to have students aware of their account balance as early as possible so they have the ability to pay while still enrolled. Regent Incarnati asked if there is a percentage goal in terms of accounts receivable compared to tuition. Hague responded there is not. There were no further questions or comments.

FY 2005 GENERAL FUND INTERIM BUDGET STATUS REPORT

Vickie Bagherzadeh presented the FY 2005 General Fund Budget Interim Status Report for the period ending November 30, 2006. Regent Wilbanks asked for a report that illustrates the reduction of student credit hours for on-campus courses versus student credit hour reduction for off-campus courses over the past five years. Regent Incarnati asked that future budget and financial reports prepared for the Board include a year-to-date comparison of actual tuition revenue versus planned revenue and identify variances on a percentage basis. There were no more questions or comments.

INFORMATION AND COMMUNICATIONS TECHNOLOGY INITIATIVE REPORT

Connie Schaffer presented the ICT Initiatives Progress Report. Regent Incarnati said he thinks the installation of Voice-over IP across the entire campus is an exciting initiative. There were no further questions or comments.

STAFF APPOINTMENTS

Craig Reidsma recommended that the Board approve 29 staff appointments effective during the reporting period ending January 8, 2007. There were no questions or comments.

STAFF SEPARATIONS AND RETIREMENTS

Craig Reidsma recommended the Board approve 14 staff separations and retirements for the reporting period ending January 8, 2007. There were no questions or comments.

STATE OF MICHIGAN COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

Dan Cooper recommended the Board approve and place on file the State of Michigan CAFR as of June 30, 2006. There were no questions or comments.

FILING OF FY 2006 WEMU-FM FINANCIAL STATEMENT

Dan Cooper recommended the Board receive and place on file the WEMU-FM financial report as of June 30, 2006. In his comments, Cooper indicated that the University's FM radio station is facing competition from other stations in the area and support from funding has dropped. Regent Sidlik asked what is the future for WEMU-FM if it cannot stand on its own. Cooper referred the question to Art Timko, General Manager and Director of WEMU-FM. Timko explained that the radio station will probably always need support from the University, federal grants, and private donations. Sidlik asked what plans are in place to deal with the competitive stations. Timko said WEMU-FM is working with communications firms familiar with the commercial market in southeastern Michigan. Regent Clack asked Timko to explain the "market shift" that caused a reduction in listeners. Timko said it was largely due to program changes at public radio stations within the WEMU-FM listening area, which resulted in programming similar to WEMU-FM and/or reaching listeners outside of WEMU-FM's coverage area. Regent Stapleton asked if the University has explored the possibility of strengthening the radio signal. Timko said the WEMU-FM tower was moved in 1991 after waiting five years for FCC approval. Regent Wilbanks asked how does current funding compare to previous years, and how many donors are there. Timko said there are approximately 3,500 donors each year with an average donation of over \$100. Wilbanks commented that WEMU-FM provides the sole radio coverage of EMU athletic events. There were no more questions or comments.

FILING OF 2006 EXEMPT ORGANIZATION BUSINESS INCOME TAX RETURN (FORM 990T)

Dan Cooper recommend the Board receive and place on file the filing of Form 990T. There were no questions or comments.

MARK JEFFERSON SCIENCE COMPLEX PROJECT – AUTHORIZATION TO PROCEED

Janice Stroh recommended the Board authorize the administration to proceed with the renovation of the existing Mark Jefferson structure and new construction to create the Mark Jefferson Science Complex. Stroh presented a slideshow that illustrated infrastructure, mechanical, electrical, instrumentation, and space needs. Her presentation included a comparison of existing lab space in Mark Jefferson with current lab space available to students attending high school in southeastern Michigan, community college and another Michigan university. Stroh stated that the total project cost will be \$100 million, and funding will be primarily through the sale of bonds; and repayment of the bonds will be with funds received from the four percent tuition increase that was approved by the Board in the fall of 2005. Stroh said the project is expected to be complete in 2011. Regent Parker asked about naming rights for the new building. Regent Sidlik said the University needs to identify donors who would be interested in having their name on the new building. Regent Incarnati said he is very enthusiastic about the project, but is concerned about the growing percentage of student credit hours moving off-campus and indicates the need to analyze demand relative to current and future science majors and non-science majors relative to core requirements and curriculum. Incarnati further stated that the University will have “capped out” in debt capacity upon raising \$100 million in capital on the public debt market. Incarnati also noted that the cost per square foot of the new construction (\$500 per square foot) is very expensive and warrants additional review. Don Loppnow stated that less than 10 percent of total student credit hours are generated through on-line and off-campus courses. He said the proposed Science Complex is very necessary and will be an integral part of the research and instruction for the science disciplines. Regent Incarnati agreed with Loppnow’s comments regarding need, and then said he would like to see an analysis of student credit hours relative to off-campus and on-line instruction. There were no further questions or comments.

Regent Incarnati adjourned the meeting at 3:30 p.m..

Submitted by Susan Ervin