



Board of Trustees

FINANCE AND AUDIT COMMITTEE MEETING

April 16, 2018 - 1:15 p.m. - Driscoll Alumni Center, Schmakel Room

Joseph H. Zerbey, IV - Chair, Mary Ellen Pisanelli - Vice Chair

Pat D'Eramo, Will Lucas - Trustee Members

Brenda Lee - Foundation Representative

Margaret Hopkins - Faculty Representative

William Horst - Community Member



Finance and Audit Committee Meeting - April 16, 2018

Agenda

1:15 p.m.

1. Call to Order

2. Action Items

a) Finance and Audit Committee Meeting Minutes of February 19, 2018

Presentation for b)

b) Resolution No. 18-04-06: "University Telecommunication System Replacement"

c) Resolution No. 18-04-07: "Expansion and Reconfiguration of Clinical Space in the Glendale Medical East Building"

Presentation for d)

d) Resolution No. 18-04-08: "University Collaboration for Transportation Services"

e) Resolution No. 18-04-09: "Intergovernmental Transfer Memorandum of Understanding Between The Ohio Department of Medicaid and The University of Toledo Medical Center"

f) Naming Opportunity - Hotmer Family Maker Space

3. Discussion Items

a) Presentation - FY19 and FY20 State Biennium Capital Budget

4. Information Items

a) Performance and Asset Allocation Reports for Period Ending February 28, 2018

b) Summary of Executed Contracts

5. Executive Session, if needed

6. Other Business

7. Adjournment

Minutes
The University of Toledo Board of Trustees
Finance and Audit Committee Meeting
February 19, 2018

Committee Chair Mr. Joseph H. Zerbey, IV was present with Committee member Mr. Will Lucas. Committee members Mr. Pat D'Eramo and Ms. Mary Ellen Pisanelli were absent. Board of Trustees Chair Mr. Steven M. Cavanaugh appointed a Committee-of-the-Whole for quorum purposes. Other Trustees who attended the meeting were Mr. Alfred A. Baker, Mr. Jeffrey C. Cole, Mr. Patrick J. Kenney, Ms. Sharon Speyer, as well as Student Trustee Mr. Lucas D. Zastrow. Faculty Representative Dr. Margaret Hopkins, UT Foundation President Ms. Brenda Lee, and Community member Mr. William Horst were all present. Other attendees included Dr. Frank Calzonetti, Dr. Flapp Cockrell, Dr. Christopher Cooper, Ms. Meghan Cunningham, Mr. David Cutri, Ms. Wendy Fraley-Davis, Dr. Sharon Gaber, Dr. Andrew Hsu, Ms. Mary Humphrys, Mr. Lawrence Kelley, Dr. Linda Lewandowski, Ms. Jean Lovejoy, Mr. Michael O'Brien, Mr. Peter Papadimos, Mr. Matthew Schroeder, Ms. Joan Stasa, and Dr. Amy Thompson.

The meeting was called to order at 2:30 p.m. by Trustee Zerbey in the Driscoll Alumni Center Schmakel room. Ms. Joan Stasa, Secretary to the Board, recorded the minutes.

Trustee Zerbey requested a motion to waive the reading of the minutes from the December 18 Finance and Audit Committee meeting and accept them as written. The motion was received from Trustee Lucas, seconded by Trustee Baker, and approved by the Committee.

Mr. Larry Kelley, Executive VP Finance and Administration/CFO, presented Resolution No. 18-02-01: "Ratifying and Further Authorizing the Refinancing and Restructuring of Outstanding General Receipts Obligations of the University." Trustee Speyer recused herself and left the meeting room. Mr. Kelley reported that the resolution was drafted by bond counsel Squire, Patton and Boggs -- a firm that has been a leader in the bond market in Ohio for more than a century. He stated that the resolution affirms the University's authority to issue bonds and allows for taxable bonds consistent with the new tax law. The purpose is to refund/refinance two open bonds: 2008 and 2010 series. Mr. Kelley explained the cost savings for each series and recommended the Board's approval. Trustee Zerbey requested a motion for approval of Resolution No. 18-02-01 and to forward it to the Consent Agenda at the next Board Meeting. A motion was received from Trustee Lucas, seconded by Trustee Cole, and approved by the Committee. Trustee Speyer then returned to the meeting.

ATTENDANCE

CALL TO ORDER

**APPROVAL OF
MINUTES**

**RESOLUTION
NO. 18-02-01**

Mr. Kelley introduced Resolution No. 18-02-02: “Approval of Inclusive Access Model Course Fees.” Approval of this resolution will provide a price savings option for students as they select their textbooks for specific courses. Mr. Kelley reported that UT has been working with Barnes and Noble to reduce the cost of textbooks to students with programs such as book rentals, digital book options, used books and book buybacks. The inclusive access model will extend those efforts and provide 14 courses for which a digital text will be provided as a part of registration. The courses were listed in Exhibit A of the resolution, as well as the savings for the students compared to the purchase of a hard copy text. Savings can amount to as much as \$300 for a single course. It is anticipated that this program will expand over time. Mr. Kelley explained that students who prefer a traditional book may opt-out of this program and will not be charged the fee for the digital book. Approval of this resolution is requested at this time so that students will be aware of the program as they begin registration for fall semester. Trustee Zerbey requested a motion for approval of Resolution No.18-02-02 and to forward it to the Consent Agenda at the next Board meeting. A motion for approval was received from Trustee Lucas, seconded by Trustee Baker, and approved by the Committee.

**RESOLUTION
NO. 18-02-02**

Resolution No. 18-02-04: “Approval of Rate Increases for Housing and Meal Plans” was presented by Mr. Kelley. He stated that UT continues to demonstrate a focus on providing a value to students in quality and pricing. UT housing and meal plan rates are at about the midpoint for Ohio public universities. Inflation, while relatively low, continues to drive increases in costs for utilities, healthcare and food. Housing rates are proposed to increase between \$60 and \$96 per semester for returning students depending on the hall of preference. Dining rates are proposed to increase between \$13 and \$42 per semester. Approval of this resolution is requested at this time so that students can plan accordingly as they make their housing choices for fall semester. Mr. Zerbey requested a motion for approval of Resolution No. 18-02-04 and to forward it to the Consent Agenda at the next Board meeting. A motion for approval was received from Trustee Baker, seconded by Trustee Speyer, and approved by the Committee.

**RESOLUTION
NO. 18-02-03**

Mr. Kelley presented Resolution No. 18-02-04: “Approval of Large Purchases for Period December 8, 2017 through February 9, 2018.” This resolution is consistent with the practice of bringing large purchase items to the Board for consideration. This resolution is requesting approval of one item, which establishes a new service maintenance agreement on PET-CT equipment at UTMC. This new agreement has been negotiated with the supplier to save UTMC about \$9,000 per year. An integrated PET-CT scan is a diagnostic test used to detect cancer and help determine its stage. Trustee Zerbey requested a motion for approval of Resolution No. 18-02-04 and to forward it to the Consent Agenda at the next Board meeting. A motion for approval was received from Trustee Baker, seconded by Trustee Speyer, and approved by the Committee.

**RESOLUTION
NO. 18-02-04**

Mr. Kelley introduced Resolution No. 18-02-05: “M.D. Program Tuition” to the Committee. This resolution requests adjusting the summer tuition for the medical doctor academic program to align with programmatic changes made by the College of Medicine and Life Sciences. Previously, the College required two summers of academic work for students. The program change is a new medical school curriculum, which will have three shorter summers rather than the two longer summers. The price to the student is unchanged – the price will be spread over three summers instead of two. This request is being presented at this time to help students as they begin the summer program, which starts in May. Trustee Zerbey requested a motion for approval of Resolution No. 18-02-05 and to forward it to the Consent Agenda at the next Board meeting. A motion for approval was received from Trustee Baker, seconded by Trustee Speyer, and approved by the Committee.

**RESOLUTION
NO. 18-02-05**

Mr. Larry Kelley provided the Committee with information about FY 2018 second quarter financials. He reported that the General Fund operating revenue is running about \$800,000 behind last year, as there were fewer students in the fall. That number has been improved somewhat and should be reflected in the third quarter reports as we see the results of the spring semester. Operating expenses are below last year both in percentage of the budget and on a year-to-year actual comparison. With approval of the refunding of the bonds earlier today, it is expected that more favorable results will be seen as the debt service is reduced. Revenue in Auxiliaries reflects a growth in the number of residents living and eating on campus this year. We continue to review the Auxiliary operations and anticipate additional efficiencies as we move forward. Revenue for UTMC was lagging last year resulting in an improvement in the bottom line when the capital spend is adjusted to actual. In talking with UTMC leadership, we learned that billing fell a bit behind in December and caught up nicely in January, so this should be reflected in future statements.

**FY 2018 SECOND
QUARTER
FINANCIALS**

Mr. Zerbey stated there was no need for an Executive Session.

**EXECUTIVE
SESSION**

The Committee members received information on investment performance and received copies of the UT and UT Foundation Composite Performance Review Report and the UT Foundation Asset Allocation Report for the period ending December 31, 2017.

**INFORMATION
ATTACHMENTS**

With no further business before the Committee, Trustee Zerbey adjourned the meeting at 2:42 p.m.

ADJOURNMENT

THE UNIVERSITY OF TOLEDO BOARD OF TRUSTEES

RESOLUTION NO. 18-04-06

UNIVERSITY TELECOMMUNICATION SYSTEM REPLACEMENT

- WHEREAS, the Board of Trustees authorizes capital expenditures in excess of \$500,000 for The University of Toledo; and
- WHEREAS, the current telecommunication system is over 30 years old, is no longer manufactured and has rapidly increasing support costs; and
- WHEREAS, the current telecommunication system is a critical infrastructure supporting the entire academic and healthcare enterprise which necessitates replacement; and
- WHEREAS, the solution that would best fit the needs of The University of Toledo is a Voice Over Internet Protocol (VOIP) that runs on the existing university data networks; and
- WHEREAS, The University of Toledo has a robust data network running on Cisco System, Inc. (Cisco) technology; and
- WHEREAS, many large Ohio public universities and major healthcare organizations have implemented the Cisco VOIP technology; and
- WHEREAS, a fiscal plan for this acquisition has been developed and does not require an additional allocation of University budgetary funds to the Division of Technology and Advanced Solutions; and
- WHEREAS, under the State of Ohio purchasing agreement for hardware and software and acquiring the CISO VOIP solution, the current telecommunication system can be replaced as a cost reduction and positive financial payback initiative.

NOW, THEREFORE, BE IT RESOLVED,

that the Board of Trustees of The University of Toledo authorizes the President, or her delegate, to negotiate and execute an agreement with Cisco System, Inc. for hardware, software, services and financing to implement a new telecommunication system under the terms of the State of Ohio purchasing agreement in order to replace the existing system.

THE UNIVERSITY OF TOLEDO BOARD OF TRUSTEES

RESOLUTION NO. 18-04-07

**EXPANSION AND RECONFIGURATION OF
CLINICAL SPACE IN THE GLENDALE MEDICAL EAST BUILDING**

WHEREAS, consistent with The University of Toledo's Board of Trustees policy and normal university business, the requirement for the Board to approve purchases for goods and services above \$500,000 and construction projects at greater than \$1 million is requested; and

WHEREAS, the following construction project is offered for consideration by the Board:

Expansion and Reconfiguration of Clinical Space in the Glendale Medical East Building. The expansion and reconfiguration is consistent with our strategic focus to expand Primary Care to accommodate the projected patient volume of Family Medicine and Medicine specialties. The total cost of this project is \$4,500,000.

NOW, THEREFORE, BE IT RESOLVED,

that the Board of Trustees of The University of Toledo hereby authorizes the President, or her designee, to expand and reconfigure clinical space in the Glendale Medical East Building.

THE UNIVERSITY OF TOLEDO BOARD OF TRUSTEES

RESOLUTION NO. 18-04-08

UNIVERSITY COLLABORATION FOR TRANSPORTATION SERVICES

- WHEREAS, the Board of Trustees authorizes expenditures in excess of \$500,000 for The University of Toledo; and
- WHEREAS, student leaders have expressed a desire to expand the existing transit services to enhance the overall student experience off campus; and
- WHEREAS, UT administration continues to review and evaluate auxiliary operations to enhance services as well as the assignment of resources; and
- WHEREAS, the existing UT bus fleet is aging and in need of expensive repairs and replacement; and
- WHEREAS, Toledo Area Regional Transit Authority (TARTA) maintains a public mass transportation system in Lucas County, Ohio, and UT provides an independent transit shuttle service for UT students, faculty and staff near and throughout the UT campuses; and
- WHEREAS, cooperative efforts and expansion of the services would economically benefit both UT and TARTA, as well as the local area and the region; and
- WHEREAS, TARTA will provide transit shuttle services to UT campuses as currently provided by UT; and
- WHEREAS, TARTA will offer its current off-campus regional transit services to students, faculty and staff at no additional costs to the students, faculty, or staff; and
- WHEREAS, the services provided by TARTA will afford students, faculty and staff expanded transportation opportunities without a net increase in expense to the University.

NOW, THEREFORE, BE IT RESOLVED,

that The University of Toledo Board of Trustees hereby authorizes the President, or her designee, to approve on behalf of The University of Toledo a multi-year agreement for transit services with TARTA to provide students, faculty and staff with expanded transit services, effective summer 2018.

THE UNIVERSITY OF TOLEDO BOARD OF TRUSTEES

RESOLUTION NO. 18-04-09

**INTERGOVERNMENTAL TRANSFER MEMORANDUM OF UNDERSTANDING
BETWEEN THE OHIO DEPARTMENT OF MEDICAID
AND THE UNIVERSITY OF TOLEDO MEDICAL CENTER**

WHEREAS, the Medicaid Director for the State of Ohio is authorized by section 333.320 of Am. Sub. H.B. 49 of the 132nd General Assembly to establish the Care Innovation and Community Improvement Program (CICIP) which requires any participating agency to be responsible for the state share of the program's costs and make intergovernmental transfers to pay for such costs; and

WHEREAS, The University of Toledo Medical Center (UTMC), a public academic medical center with a mission that includes clinical, research and teaching activities devoted to patient care and has demonstrated the gap in physician and other professional payments for care provided to Medicaid patients, is an eligible participating agency in CICIP; and

WHEREAS, UTMC, as a participating agency, shall receive from the Ohio Department of Medicaid supplemental payments under the Medicaid program for physician and other professional services that are covered by the Medicaid program and provided to Medicaid recipients; and

WHEREAS, UTMC must enter into an Intergovernmental Agreement/Memorandum of Understanding with the Ohio Department of Medicaid in order to participate in CICIP and be eligible for supplemental payments.

NOW, THEREFORE, BE IT RESOLVED,

that the Board of Trustees of The University of Toledo hereby authorizes the Chief Executive Officer of The University of Toledo Medical Center to execute the Intergovernmental Agreement/Memorandum of Understanding with the Ohio Department of Medicaid and make such intergovernmental payments as required to the Ohio Department of Medicaid.



THE UNIVERSITY OF
TOLEDO
1872

MEMORANDUM

Date: March 29, 2018
To: Dr. Sharon Gaber, President
From: Michael Harders, Vice President for Advancement
Re: Naming Request for a Facility: **Hotmer Family Maker Space**

Advancement

Mail Stop 318
2801 W. Bancroft St.
Toledo, OH 43606-3390
Phone: 419.530.2603
Fax: 419.530.4340
www.utoledo.edu

Below is a naming request for your review and consideration. If you find the request acceptable, I respectfully request that it be placed on a University of Toledo Board of Trustees agenda at a future meeting you deem appropriate. I have spoken with Brenda Lee, President of The University of Toledo Foundation, who has confirmed that the Foundation is in receipt of the funds and gift commitments necessary to support the naming of the center. Please let me know if you require additional information from me.

A major initiative for the University of Toledo's College of Engineering is developing a maker space to be the center of self-initiated design and innovation for all of the University of Toledo's campus while supporting the numerous design courses and student groups. By supporting and fostering the demand for creative, self-initiated learning on campus, we create environments for students to make their ideas a reality by providing resources for designing, prototyping, and sharing ideas through workshops, vendor networks, experienced guidance, and access to cutting-edge machines. Developing these skill sets not only enhances the education experience for students but also prepares them for a dynamic work environment regardless of discipline.

Paul Hotmer '55 '61 enthusiastically agrees with this vision for the College of Engineering and has agreed to contribute \$250,000 for the creation of a maker space and an endowment to provide ongoing support for the operations of the space. The maker space will be comprised of two adjacent spaces, North Engineering Room 1230 and part of the empty space between it and the high bay, creating approximately 3,000 square feet of workspace for students to build, create and innovate and for "pop up" classes taught by university faculty and staff related to design, rapid prototyping and machine use. University of Toledo students, regardless of major, will have access to a variety of equipment including hand tools, CNC machines, 3D printers, and welders among other equipment.

Our request to the University of Toledo Board of Trustees is to approve the naming of the space in honor of Paul Hotmer and his generous support of our college and university.

Thank you for considering my request.

CC: T. Michael Toole, Dean of the College of Natural Sciences and Mathematics
Brenda Lee, President, The University of Toledo Foundation
Mike Harders, Vice President for Advancement
Cheryl Booms, Assistant Vice President for Development
Sarah Andrews, Manager of Donor Relations
Nick Kulik, Director of Development

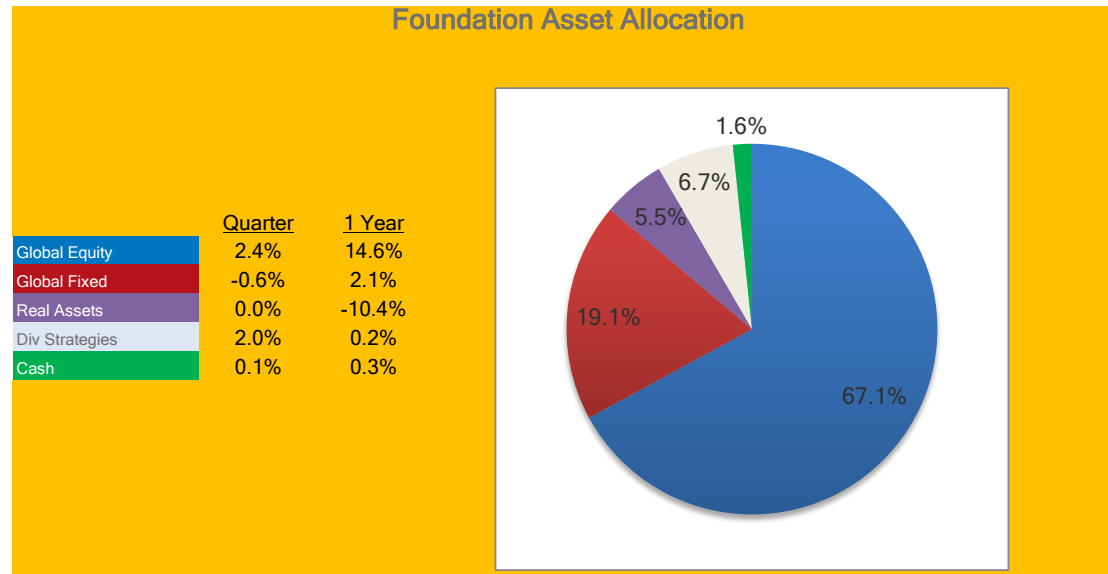


The University of Toledo and The University of Toledo Foundation Composite Performance Review



Report For Periods Ending February 28, 2018

	Assets	Month	FYTD	YTD	Annualized				Since Inception	
					1 Year	3 Years	5 Years	10 Years		
UT Foundation Composite	\$492,478,873	-2.9	6.9	0.5	9.8	5.0	7.5	5.8	8.2	<i>1/94</i>
Target Weighted Index ²		-2.7	7.2	0.1	11.4	5.7	6.9	5.1	7.0	
Broad Policy Index ¹		-3.1	8.4	0.2	12.6	6.8	8.6	6.6	7.6	
CPI + 5.25%		0.6	5.8	1.5	7.4	7.3	6.7	6.9	7.5	
University Board Designated Reserves^A	\$158,847,288	-2.9	6.9	0.5	9.8	5.0	7.4	5.0	5.2	<i>5/05</i>
Working Capital Cash & Equivalents	\$99,840,523	0.0	0.4	0.0	0.6	0.3	0.2	-1.2	0.3	<i>12/03</i>
U.S. 91-Day Treasury Bills		0.1	0.8	0.2	1.1	0.5	0.3	0.3	1.2	
TOTAL	\$592,319,396	-2.5	6.2	0.5	8.7	4.4	6.3	4.7	7.4	

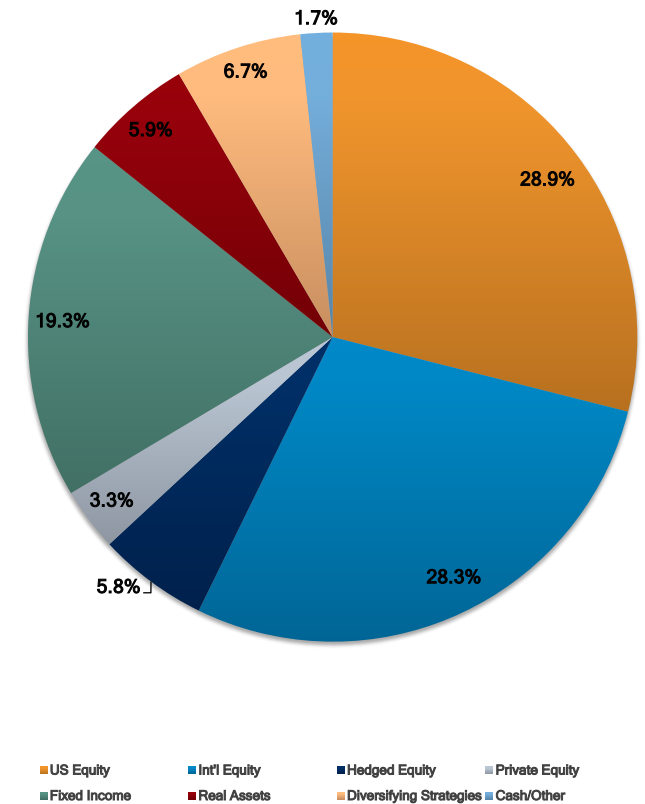


The University of Toledo Foundation

Market Value Breakdown

Report For Periods Ending February 28, 2018

Foundation Composite	Market Value	% of Total	Long Term Target	IPS Range
Vanguard Institutional Index	32,095,568	6.5%		
Vanguard 500 Index	11,647,425	2.4%		
Vulcan Value Partners	21,431,540	4.4%		
Harris	27,531,874	5.6%		
Student Managed Portfolio	2,312,741	0.5%		
Vanguard Mid Cap Index	12,377,728	2.5%		
Large / Mid-Cap Subtotal	107,396,876	21.8%	20.0%	5.0% to 40.0%
Westfield Small Cap Growth	15,099,136	3.1%		
PNC Small Cap	13,400,796	2.7%		
DFA US Micro Cap	6,631,752	1.3%		
Small Cap Subtotal	35,131,684	7.1%	5.0%	0.0% to 15.0%
Harbor International Instl	26,863,068	5.5%		
Dodge & Cox Global Stock	37,622,905	7.6%		
Templeton International	25,940,905	5.3%		
Intl. Developed Subtotal	90,426,878	18.4%	15.0%	5.0% to 30.0%
DFA Emerging Markets Small Cap	17,285,692	3.5%		
DFA Emerging Markets Value	15,449,214	3.1%		
Harding Loevner Emerging Markets	16,202,425	3.3%		
Emerging Markets Subtotal	48,937,331	9.9%	10.0%	0.0% to 15.0%
Pennant Windward Fund	600,825	0.1%		
Marble Arch	10,289,604	2.1%		
Hoplite	6,555,401	1.3%		
Pleiad Asia Offshore	6,326,500	1.3%		
Pelham L/S	2,611,264	0.5%		
Indus Asia Pacific	2,425,427	0.5%		
Directional Hedged Equity Subtotal	28,809,021	5.8%	5.0%	0.0% to 15.0%
FEG Private Opportunities Fund (40%)	6,724,022	1.4%		
FEG Private Opportunities Fund III (40%)	5,919,242	1.2%		
FEG Private Opportunities Fund II (40%)	1,909,975	0.4%		
Robeco SAM Fund III	1,853,619	0.4%		
Rocket Ventures	84,561	0.0%		
HCI Equity Partners V	1	0.0%		
Private Equity Subtotal	16,491,420	3.3%	5.0%	0.0% to 15.0%
Global Equity Subtotal	327,193,210	66.4%	60.0%	40.0% to 75.0%

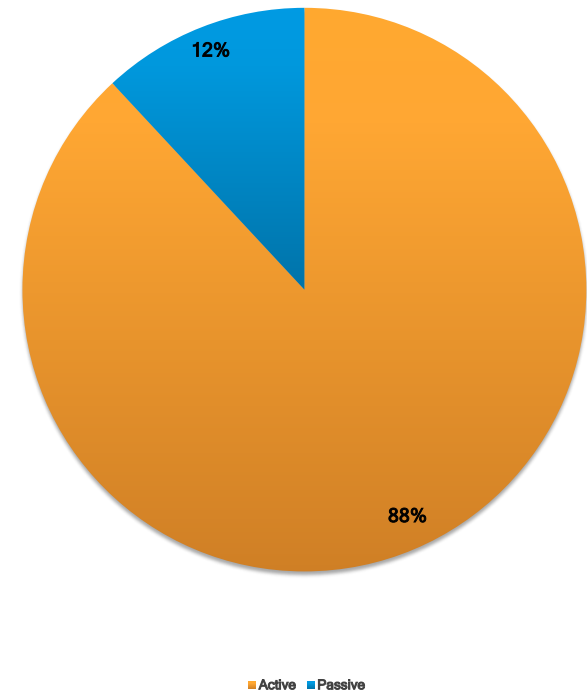


The University of Toledo Foundation

Market Value Breakdown

Report For Periods Ending February 28, 2018

Foundation Composite (cont)	Market	% of	Long Term	IPS
DoubleLine Total Return	20,134,857	4.1%		
Trust Company of Toledo	8,605,813	1.7%		
Vanguard Inflation-Protected Securities Fund	16,282,426	3.3%		
ClearArc 5/3 Core Income Plus	16,993,433	3.5%		
UT Athletic Loan	5,797,648	1.2%		
Interest Rate Sensitive Subtotal	67,814,177	13.8%	13.0%	5.0% to 40.0%
Rimrock High Income Plus	10,967,077	2.2%		
Siguler Guff DOF III	959,369	0.2%		
Falcon Strategic Partners IV	3,648,867	0.7%		
Falcon Strategic Partners V	4,302,722	0.9%		
FEG Private Opportunities Fund (20%)	3,362,011	0.7%		
FEG Private Opportunities Fund II (20%)	2,959,621	0.6%		
FEG Private Opportunities Fund III (20%)	954,987	0.2%		
Credit Subtotal	27,154,654	5.5%	7.0%	0.0% to 15.0%
Global Fixed Income Subtotal	94,968,831	19.3%	20.0%	10.0% to 40.0%
Real Estate Subtotal	6,068,856	1.2%	5.0%	0.0% to 10.0%
Natural Resources Subtotal	22,793,357	4.6%	5.0%	0.0% to 15.0%
Metropolitan Real Estate Partners VII	749,541	0.2%		
Aether Real Assets	2,331,082	0.5%		
Kayne Anderson Energy Fund VI	1,467,383	0.3%		
Harvest MLP II	9,760,968	2.0%		
FEG Private Opportunities Fund (40%)	6,724,022	1.4%		
FEG Private Opportunities Fund II (40%)	5,919,242	1.2%		
FEG Private Opportunities Fund III (40%)	1,909,975	0.4%		
Real Assets Subtotal	28,862,213	5.9%	10.0%	0.0% to 20.0%
Kepos Alpha Fund	3,359,062	0.7%		
Graham Tactical Trend	2,868,978	0.6%		
SVP Restructuring Fund	8,585,527	1.7%		
Fir Tree International Value Fund	6,894,797	1.4%		
HBK Multi-Strategy Offshore Fund	11,383,363	2.3%		
Diversifying Strategies Subtotal	33,091,727	6.7%	10.0%	0.0% to 15.0%
Signature Bank	257,500	0.1%		
UTF Gateway	4,850,000	1.0%		
Tech Park Land	932,167	0.2%		
Cash	2,323,225	0.5%		
Cash/Other Subtotal	8,362,892	1.7%	0.0%	0.0% to 10.0%
Foundation Total	\$ 492,478,873	100%		



* An additional \$100,000 invested in Gene Express and \$16,000 plus land in Foundation Park Investors.