**Minutes**

**The University of Toledo Board of Trustees**

**Finance and Audit Committee Meeting**

**May 16, 2016**

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| Committee Chair Mr. Joseph H. Zerbey, IV was present with Committee members Mr. Steven M. Cavanaugh, Mr. Jeffrey C. Cole, and Ms. Mary Ellen Pisanelli. Other Trustees attending included Dr. S. Amjad Hussain, Mr. Will Lucas, Ms. Sharon Speyer, and Mr. Gary P. Thieman, as well as Student Trustee Ms. Anna L. Crisp. Faculty Representative Dr. Margaret Hopkins, UT Foundation President Ms. Brenda Lee, and Community Member Mr. William Horst were also present. Others attending the meeting were Dr. Brian Ashburner, Dr. Frank Calzonetti, Dr. Christopher Cooper, Ms. Meghan Cunningham, Mr. David Cutri, Mr. Bryan Dadey, Dr. Michael Dowd, Dr. Sharon Gaber, Mr. Ronald Goedde, Ms. Mary Humphrys, Mr. Lawrence Kelley, Dr. Kristen Keith, Mr. Daniel Klett, Dr. Patrick Lawrence, Mr. Chuck Lehnert, Ms. Vanessa McCray, Mr. Sam McCrimmon, Dr. Willie McKether, Dr. William Messer, Jr., Mr. David Morlock, Mr. Jeff Newton, Mr. Peter Papadimos, Ms. Patricia Peterson, Mr. Robb Rose, Dr. Linda Rouillard, Mr. Chad Schafer, Mr. Matthew Schroeder, Ms. Joan Stasa, Mr. Jon Strunk, Ms. Jovita Thomas-Williams, Mr. Christopher Thompson, Mr. Rodney Theis, Mr. Jason Toth, Ms. Margaret Traband, Ms. Suzy Walch, Dr. Michael Weintraub, and Ms. Rhonda Wingfield. | ATTENDANCE |
| The meeting was called to order at 1:50 p.m. by Trustee Zerbey in the Driscoll Alumni Center Schmakel room. | **CALL TO ORDER** |
| Mr. Zerbey requested a motion to waive the reading of the minutes from the April 18, 2016 Finance and Audit Committee meeting and accept them as written. The motion was received by Trustee Cavanaugh, seconded by Trustee Cole and approved by the Committee.  Mr. Robb Rose, External Audit Partner from Plante & Moran, presented the Committee with information about the FY 2016 Financial Statement Audit. Mr. Rose introduced his audit team and a summary of the audit planning agenda. Plante & Moran reporting and responsibilities, reports/letters, were discussed with the Committee. The audit approach to the financial statements was outlined as follows:   * Review Internal Controls of Paperless Systems * Group Audit Standards * Risk Based Approach * Documentation and Testing of Key Processes   Mr. Rose discussed the audit approach to the following:   * Federal Programs * NCAA * Internal Audit * Materiality * Communications   GASB rule changes for FY 2016, FY 2017 and FY 2018 were identified and explained to the Committee. Discussion of emerging issues for UT included The Federal Office of Management and Budget (OMB) Uniform Guidance and the Federal Perkins Loan Program. Mr. Rose displayed a chart of timing and key dates for the audit. Government Auditing Standards and Plante & Moran’s Peer Review Report were also reviewed with the Committee. | **APPROVAL OF MINUTES**  **FY 2016 FINANCIAL STATEMENT AUDIT** |
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| Mr. David Cutri, Director of Internal Audit/Chief Compliance Officer, updated the Committee about progress of the FY 2016 Internal Audit Plan. There are 40 projects on the approved list of which 30 have been completed. The remaining ten are currently in progress with draft reports scheduled to go out within the next two weeks. As of this date, all projects look like they should be completed on time and within budget. Mr. Cutri touched briefly on the FY 2016 audit coordination with Plante & Moran – both Internal Audit and Compliance coordination, as well as a timeline for coordination with Administration and the Board. A list of significant risk areas was shared with the Committee. | **INTERNAL**  **AUDIT AND COMPLIANCE UPDATE** |
| Mr. Peter Papadimos, VP and General Counsel, presented Resolution No.16-05-03: “Authorization to Transfer Jurisdiction of Property and Engage in Collaborative Design for the Bancroft Roadway Improvement Project.” He stated that The City of Toledo’s plans are to develop Bancroft Street from Secor Road to Parkside Boulevard with construction starting in the summer of 2017. The reconstruction portion of Bancroft Street between Campus Road and Westwood Avenue is scheduled to begin sometime in 2018 through October /November 2018. Mr. Jason Toth, Associate VP Facilities, displayed several aerial maps and property sketches where the roadwork will be improved. These changes will enhance the safety and operation of the roadway for all types of user, including pedestrians, bicyclists, transit riders, and vehicular traffic, while revitalizing the corridor at the same time. These improvements necessitate that The City of Toledo be afforded temporary right of access and afforded permanent, exclusive rights to fractional portions of University owned property during the construction period. Mr. Toth reported that it is UT’s desire to transfer jurisdiction of portions of four separate parcels of property totaling approximately .827 acres of land to the Ohio Department of Transportation to facilitate transfer of ownership of the property to The City of Toledo for this project. Resolution No. 16-05-03 before the Committee today, will authorize the President to execute a Transfer of Jurisdiction as well as negotiate and execute a formal agreement with The City of Toledo and any and all other documents necessary or incidental to effectuate the collaborative layout and design for the Bancroft Roadway Improvement Project. | **RESOLUTION**  **NO. 16-05-03** |
| After discussions, Trustee Zerbey requested a motion for approval and forwarding to the Consent Agenda at the June 20 Board Meeting. A motion was received from Trustee Pisanelli, seconded by Trustee Cole and approved by the Committee.  Mr. Matthew Schroeder, UT Chief of Staff, presented the Committee with information about the Ohio Department of Higher Education Affordability and Efficiency. He offered a historical overview of the Executive Order 2015-01K which established The Ohio Task Force on Affordability and Efficiency. He explained the call to action as increasing efficiencies associated with expense management and resource generation, offering an education of equal or higher quality, and decreasing costs to students and families. He presented the authored action steps to reduce these college costs at UT.  Mr. Schroeder stated that this initiative rests with the Board of Trustees and that most recommendations will require Board oversight (annual reporting), with opt-outs requiring Board approval as well. Efficiency practices were shared in areas of procurement, assets and operations, administrative, and energy efficiency. Academic practices provided were textbook affordability, time to degree and course and program evaluation. Further discussion involved policy reforms in the areas of financial advising and legislative obstacles. FY 2016 savings, redeployment of savings and tangible benefit was also discussed.  Milestones to reach were outlined as follows:   * June 20   – UT Board Meeting: Findings, Implementation Plan, Board Approval   * August 1   – Report due to ODHE detailing findings along with Implementation Plan   * December 2017   – First of five Annual Reports due | **ODHE AFFORDABILITY AND EFFICIENTY** |
| Mr. Bryan Dadey, Associate VP Finance, presented the Committee with Third Quarter Financial Statement results. Each Committee member received a copy of the Third Quarter Report as of March 31, 2016 prior to the meeting for their review. Mr. Dadey displayed a chart and reviewed third quarter FY 2016 to third quarter FY 2015. FY 2016 projections versus budget was also displayed in a chart and discussed. Several administrative actions for both the academic side and the hospital side were listed and discussed with the Committee to address the shortfall. | **THIRD QUARTER FINANCIAL STATEMENT** |
| Mr. Sam McCrimmon, VP Advancement, presented the Committee with information about naming the UTMC Outpatient Rehabilitation Medical Facility in honor of the Coghlin Memorial Trust. Currently the Inpatient Medical Rehabilitation Medicine Facility, located on Floor 6C/D of the hospital, is named in recognition of the Coghlin Memorial Trust that supports rehabilitation medicine at UTMC. The Coghlin Memorial Trust has provided over $6 million in support since 1980. This support is not currently recognized at the UT Foundation, nor was it previously at the MCO Foundation, due to the funds being provided directly to the hospital through the Trust. In a separate conversation, discussions are underway with the Trust representatives and Dr. Steven Farrell for an opportunity to create a UT Foundation fund for the Coghlin Memorial Trust in support of outpatient rehabilitation programs at UT. Mr. McCrimmon stated that today’s request is to have the current signage on Floor 6C/D of the hospital moved to the UTMC Outpatient Rehabilitation Medicine Facility located in room 20A of the Medical Pavilion. The current signage has been approved by the representatives of the Coghlin Memorial Trust as adequate and sufficient donor recognition. No new signage is needed for this transition from the inpatient to the outpatient location. Mr. Zerbey requested a motion for approval and forwarding to the Consent Agenda at the June 20 Board meeting. A motion was received from Trustee Pisanelli, seconded by Trustee Cole and approved by the Committee. | **NAMING OPPORTUNITY** |
| 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 March 31, 2016. | **INFORMATION ATTACHMENTS** |
| With no further business before the Committee, Trustee Zerbey adjourned the meeting at 2:40 p.m. | ADJOURNMENT |