

**MINUTES**  
**FINANCE/AUDIT COMMITTEE**  
**UNIVERSITY OF SOUTHERN INDIANA**  
**BOARD OF TRUSTEES**

**March 5, 2020**

The Finance/Audit Committee of the University of Southern Indiana Board of Trustees met on Thursday, March 5, 2020, in the Griffin Center on campus. Present were Committee Chair Ronald D. Romain '73 and Trustees Josi M. Barscz '22, Ellis S. Redd, and Christina M. Ryan. Also in attendance were President Ronald S. Rochon, Vice President for Finance and Administration Steven J. Bridges '89 M'95, and Vice President for Development David A. Bower.

Chair Romain called the meeting to order at 8:02 a.m.

**1. APPROVAL OF INVESTMENT MANAGERS FOR UNIVERSITY INVESTMENTS**

Chair Romain called on Vice President Bridges for a report. Mr. Bridges reminded the Trustees at the September 5, 2019 meeting of the Finance/Audit Committee, an updated University Investment Policy was presented by Neil Heppler, Co-President with Fourth Street Performance Partners and was approved by the committee. Mr. Heppler has assisted the University with the VEBA trust investments and the University of Southern Indiana Foundation investments. The objective of the policy is to efficiently enhance the earning power of USI's unrestricted funds. The plan includes strategic allocations of an intermediate fixed income portfolio including investment-grade corporate bonds. The policy approved in September best positions USI to maximize revenue while maintaining a secure investment structure.

Mr. Bridges introduced Mr. Neil Heppler to discuss the results of a request for proposal from firms that were identified as potential managers for a fixed income portfolio. The RFP went to all of USI's current investment banking partners plus several investment management firms. The recommendations considered local presence as well as historical performance against the benchmark. Mr. Heppler explained the objective of the RFP process was to identify two to four financial institutions or SEC-registered investment advisory firms to manage intermediate-term fixed income portfolios for the University's operating assets. The RFP sought to identify firms that have established a proven track record of managing similar portfolios for other clients with favorable results to both a passively managed index as well as peers. Some preference was given to financial institutions with a local presence. The RFP was issued to 14 different investment management or financial institutions. Mr. Heppler reviewed a tabulation of the responses and made a recommendation to hire two investment advisory firms: Johnson Asset Management and Longfellow Investment Management; and two local banking institutions: Fifth Third Bank and Old National Bank to manage University investments.

On a motion by Mr. Redd, seconded by Ms. Ryan, the recommendation was approved.

**2. REVIEW OF COMPLETED AUDITS AND APPROVAL OF THE ANNUAL AUDIT PLAN**

Mr. Romain called on Vice President Bridges for a report of completed audits and approval of the annual Audit Plan. Mr. Bridges introduced Director of Internal Audit Brad Will, who reviewed the report of completed audits and other activities conducted by the Internal Audit Department in 2019. He referred the Trustees to Attachment A, a detailed report of the following audits, and reviewed the objectives, conclusions and recommendations of each audit:

- Food Services Management Agreement and Profit Sharing
- Federal Student Aid Compliance
- NCAA Recruiting Compliance

Mr. Will gave an overview of the status of audit recommendations from 2017, 2018, and 2019. He reviewed the proposed Audit and Advisory Services Plan for calendar year 2020 in Attachment A.

On a motion by Ms. Ryan, seconded by Mr. Redd, the Annual Audit Plan for Calendar Year 2020 was approved.

### **3. APPROVAL OF CONSTRUCTION CHANGE ORDER**

Chair Romain called on Vice President Bridges to review a construction change order requiring approval of the Board of Trustees. Mr. Bridges explained Attachment B contained a change order related to the Physical Activities Center Phase II renovation project that exceeded the \$25,000 approval authority by the Vice President for Finance and Administration.

On a motion by Mr. Redd, seconded by Ms. Ryan the change order in Attachment B was approved.

### **4. REPORT OF CONSTRUCTION CHANGE ORDERS ISSUED BY THE VICE PRESIDENT FOR FINANCE AND ADMINISTRATION**

Mr. Romain called on Vice President Bridges to review the construction change orders approved by the vice president for Finance and Administration. Mr. Bridges referred the Trustees to Attachment C that contained Physical Activities Center Phase II change orders that by virtue of amount, (less than \$25,000), did not require Board approval. He noted the change orders were presented as information only and fairly typical when engaged in renovation project work.

There being no further business, Chair Romain adjourned the meeting at 8:50 a.m.