

March 6, 2015

Members of the Board Finance Committee

Roger Herrin, Chair
Donna Manering
Mitch Morecraft
Randal Thomas

Dear Members of the Finance Committee:

The Finance Committee will meet on Thursday, March 19, 2015, immediately following the Audit Committee in Ballroom B of the Student Center, Southern Illinois University Carbondale, Carbondale, IL. The agenda is enclosed.

Also enclosed is the FY 15 Second Quarter Investment Report.

I look forward to seeing you at the meeting.

Yours truly,

Duane Stucky
Senior Vice President for Financial and Administrative Affairs
and Board Treasurer

DS/lap

Enclosures

cc: J. Phil Gilbert
Adrian Miller
Shirley Portwood

Joel Sambursky
Amy Sholar
Randy J. Dunn

Julie Furst-Bowe
Other Interested Parties

AGENDA

MEETING OF THE SOUTHERN ILLINOIS UNIVERSITY BOARD OF TRUSTEES FINANCE COMMITTEE

Thursday, March 19, 2015
Immediately following the Audit Committee

Ballroom B
Student Center
Southern Illinois University Carbondale

1. Approval of Minutes of the Meeting December 11, 2014 (attached).
2. Informational Report: Discussion of Possible Tuition and Fee Rates for FY 2016.
3. Authorization for the Sale of Bonds: "Series 2015A Housing and Auxiliary Facilities System Revenue Bonds" Capital Improvement Projects (Board Agenda Item J).
4. Amendment to 5 Policies of the Board Section B2c, Functions of the Treasurer (Board Agenda Item K).
5. Proposed Board of Trustees Investment Policy [Addition of 5 Policies of the Board Section O] (Board Agenda Item L).
6. Authorization to Pay for Unpaid Closure Days (Board Agenda Item M).
7. Approval of Purchase: Book Distribution Services, Carbondale Campus, SIUC (Board Agenda Item O).
8. Approval of Purchase: Microsoft Enrollment for Education Solutions, Carbondale Campus, SIUC (Board Agenda Item P).
9. Approval of Purchase: Furniture, Administrative Office Building, School of Medicine Campus, SIUC (Board Agenda Item Q).
10. Approval of Purchase: Administrative Office Building Lease, School of Medicine Campus, SIUC (Board Agenda Item R).
11. Approval to Establish the SIUE Charter School as a University Related Organization (URO) (Board Agenda Item BB).
12. Other Business
13. Adjournment

BOARD OF TRUSTEES
SOUTHERN ILLINOIS UNIVERSITY

Minutes of the Finance Committee Meeting

December 11, 2014

The Finance Committee met following the Audit Committee in Ballroom B in the Student Center, Southern Illinois University Carbondale, Carbondale, IL. Present were: Donna Manering (Chair Pro Tem), Mitch Morecraft and Randal Thomas. Absent was: Roger Herrin. Other Board members present were: Don Lowery, Adrian Miller, Shirley Portwood, Joel Sambursky and Marquita Wiley. Executive Officers present were: President Randy J. Dunn; Chancellor Julie Furst-Bowe, SIUE; Interim General Counsel Lucas Crater; Special Assistant to the President John S. Haller, Jr., and Senior Vice President for Financial and Administrative Affairs and Board Treasurer Duane Stucky.

Minutes

Trustee Morecraft recommended approval of the minutes of the October 29, 2014, meeting as submitted. The motion was seconded by Trustee Thomas and passed by the Committee.

Approval of Purchase: Athletic Charter Bus Transportation, Carbondale Campus, SIUC (Board Agenda Item K).

President Dunn reviewed the matter.

Trustee Thomas recommended approval of the matter and that it be placed on the Board's agenda. The motion was duly seconded by Trustee Morecraft and was passed by the Committee.

Approval of Purchase: Electrical Supplies, Carbondale Campus, SIUC (Board Agenda Item L).

President Dunn reviewed the matter.

Trustee Thomas recommended approval of the matter and that it be placed on the Board's agenda. The motion was duly seconded by Trustee Morecraft and was passed by the Committee.

Award of Contract: University Housing Cleaning Services, SIUE (Board Agenda Item U).

Chancellor Furst-Bowe reviewed the matter.

Trustee Thomas recommended approval of the matter and that it be placed on the Board's agenda. The motion was duly seconded by Trustee Morecraft and was passed by the Committee.

Authorization For The Sale of Bonds: "Medical Facilities System Revenue Bonds Series 2015A" To Refund The Board's Outstanding Medical Facilities System Revenue Bonds, Series 2005 (Board Agenda Item V).

Senior Vice President Stucky reviewed the request for authorization for the sale of bonds for a potential savings of \$1.4 million in future debt service payments.

Trustee Morecraft recommended approval of the matter and that it be placed on the Board's agenda. The motion was duly seconded by Trustee Thomas and was passed by the Committee.

Approval of Salary of Executive Director of Telehealth and Outreach Services, Springfield Medical Campus, SIUC (Refer to Board Agenda Item W).

President Dunn introduced Dr. Jerry Kruse, CEO of SIU Healthcare, who provided background on the proposed appointment and requested Finance Committee approval of the salary of:

Nina M. Antoniotti as Executive Director of Telehealth and Outreach Services, School of Medicine, effective February 2, 2105, at an annual salary of \$180,000.

Trustee Morecraft recommended approval of the matter and that it be placed on the Board's agenda. The motion was duly seconded by Trustee Thomas and was passed by the Committee.

Other Business.

There being no further business, the meeting was adjourned.

DS/lap



SOUTHERN ILLINOIS UNIVERSITY

SENIOR VICE PRESIDENT FOR FINANCIAL & ADMINISTRATIVE AFFAIRS AND BOARD TREASURER
STONE CENTER - MAIL CODE 6801 / 1400 DOUGLAS DRIVE / CARBONDALE, ILLINOIS 62901

March 6, 2015

Members of the Board Finance Committee

Roger Herrin, Chair
Donna Manering
Mitch Morecraft
Randal Thomas

Dear Members of the Finance Committee:

The Illinois Public Funds Investment Act requires that the Board receives investment reports on SIU cash investments periodically. Board of Trustees Bylaws assign the responsibility for reviewing investment reports to the Finance Committee.

Attached is an investment report for the second quarter of Fiscal Year 2015.

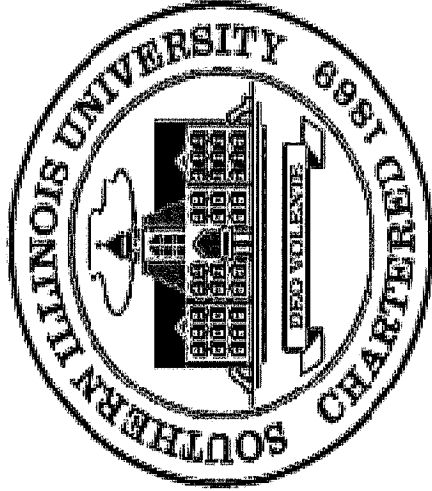
Yours truly,

Duane Stucky
Senior Vice President for Financial and Administrative Affairs
and Board Treasurer

DS/lap

Attachment

cc: J. Phil Gilbert Joel Sambursky Julie Furst-Bowe
Adrian Miller Amy Sholar Other Interested Parties
Shirley Portwood Randy J. Dunn



Southern Illinois University

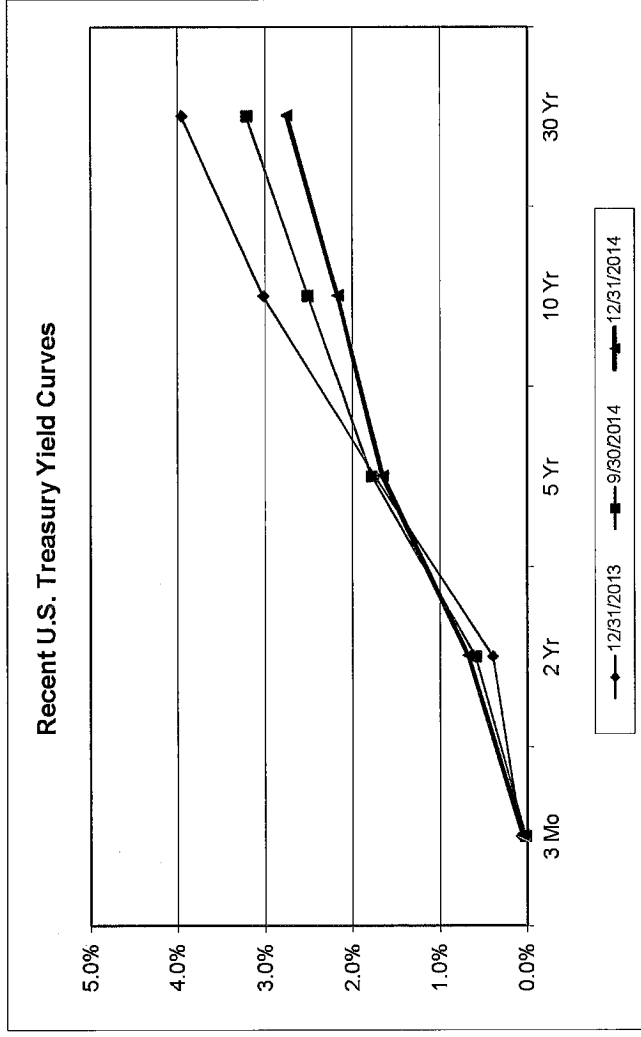
Quarterly Investment Report
December 31, 2014

Performance Analysis

For the quarter ending December 31, 2014, Treasury yields increased modestly out to two years and decreased significantly beyond five years. The yields on the 90-day and 2-year Treasury rose 3 and 9 basis points, respectively, while yields on the 5, 10 & 30-year maturities dropped 12, 34 and 46 bp. Treasury yields are sharply lower in the long end of the curve versus where they stood a year ago. This rally in long-dated maturities, coupled with slightly higher yields in the 2-year range, has caused the yield curve to flatten considerably. Deflationary pressures both at home and abroad, as reflected in lower commodity prices like crude oil, have kept interest rates low as a whole.

The measurable decrease in interest rates in medium to long maturities contributed to capital gains on SIU's longer dated investments leading to a healthy positive return for the quarter. SIU's combined portfolio earned 0.29% for the 4th quarter compared to a loss of -0.04% in the preceding quarter. The Intermediate Fund now managed by Public Financial Management ("PFM") posted a 4th quarter return of 0.79%, consisting of 0.28% in current income return (after fees), plus a price return of 0.51%. This 0.79% quarterly return underperformed the benchmark return of 0.95% on the Barclays Intermediate U.S. Government Securities Index for the same period. The short-term return on SIU's liquid funds remained low at 0.012% for the quarter as money market instruments continue to earn nominal yields.

SIU's combined portfolio return of 0.29% for the quarter ending 12/31/2014 underperformed the weighted benchmark return of 0.34% by 5 basis points. SIU's combined portfolio return for the initial 6 months of the fiscal year was 0.26%, or 9 basis points below the weighted performance benchmark of 0.35%.



Operating Investments

Operating Investment Position

<u>Investment Balance</u> <u>Market Value (\$ in millions)</u>	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014
State Treasury Fund (Money Market Mutual Fund)	\$ 126.2	\$ 179.4	\$ 109.6	\$ 166.8	\$ 131.5
The Bank of Edwardsville (Money Market Account)	25.0	25.0	25.1	25.1	25.1
MB Financial (Money Market Account)	25.1	25.1	25.1	25.1	25.1
Subtotal Cash & Cash Equivalents	<u>\$ 176.3</u>	<u>\$ 229.5</u>	<u>\$ 159.8</u>	<u>\$ 217.0</u>	<u>\$ 181.7</u>
Intermediate Portfolio*	104.1	104.9	105.9	105.7	106.6
Total Portfolio	<u>\$ 280.4</u>	<u>\$ 334.4</u>	<u>\$ 265.7</u>	<u>\$ 322.7</u>	<u>\$ 288.3</u>
Due from State	82.8	79.7	50.6	55.2	75.0
Total Portfolio including Due from State	<u>\$ 363.2</u>	<u>\$ 414.1</u>	<u>\$ 316.3</u>	<u>\$ 377.9</u>	<u>\$ 363.3</u>
<u>Market Value Change (\$ in millions)</u>	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014
Beginning Market Value	\$ 320.0	\$ 280.4	\$ 334.4	\$ 265.7	\$ 322.7
Deposits (Withdrawals)	(39.3)	53.1	(69.7)	57.2	(35.3)
Interest Income, Net of Fees	0.3	0.3	0.2	0.2	0.3
Realized Gain (Loss)	0.2	1.3	0.1	0.0	0.1
Unrealized Gain (Loss)	(0.8)	(0.7)	0.7	(0.4)	0.5
Ending Market Value	<u>\$ 280.4</u>	<u>\$ 334.4</u>	<u>\$ 265.7</u>	<u>\$ 322.7</u>	<u>\$ 288.3</u>

*Management of the Intermediate Portfolio was transitioned from Western Asset Management Company to PFM Asset Management on August 15, 2014.

Operating Performance

Quarterly Performance

	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014
State Treasury Fund (Money Market Mutual Fund)	0.01%	0.00%	0.00%	0.00%	0.00%
Benchmark: Ready Assets Prime MMF	0.00%	0.00%	0.00%	0.00%	0.00%
The Bank of Edwardsville (Money Market Account)	0.04%	0.04%	0.04%	0.04%	0.04%
Benchmark: Ready Assets Prime MMF	0.00%	0.00%	0.00%	0.00%	0.00%
MB Financial (Money Market Account)	0.03%	0.03%	0.03%	0.03%	0.03%
Benchmark: Ready Assets Prime MMF	0.00%	0.00%	0.00%	0.00%	0.00%
Intermediate Portfolio*	-0.26%	0.75%	0.94%	-0.12%	0.79%
Benchmark: Barclays Capital Int U.S. Govt	-0.42%	0.64%	0.91%	0.02%	0.95%
Total Portfolio	-0.08%	0.25%	0.33%	-0.04%	0.29%
Total Benchmark	-0.15%	0.20%	0.31%	0.01%	0.34%

Historical Annual Performance

	Fiscal YTD Ending
Total Portfolio	FY2011
Benchmark	1.26%
	1.08%
	FY2012
	1.74%
	1.85%
	FY2013
	-0.25%
	-0.24%
	FY2014
	0.70%
	0.53%
	12/31/2014
	0.26%
	0.35%

*Management of the Intermediate Portfolio was transitioned from Western Asset Management Company to PFM Asset Management on August 15, 2014.

**Asset Allocation
As of December 31, 2014**

	Market Value (in millions)	Allocation Percentage	Target Asset Allocation (in millions)
State Treasury Fund (Money Market Mutual Fund)	\$131.5		
The Bank of Edwardsville (Money Market Account)	25.1		
MB Financial (Money Market Account)	25.1		
Subtotal Cash & Cash Equivalents	<u>\$181.7</u>	63%	\$40 Minimum
Intermediate Portfolio*	<u>106.6</u>	37%	\$65-115
Total Portfolio	<u>\$288.3</u>		

*Management of the Intermediate Portfolio was transitioned from Western Asset Management Company to PFM Asset Management on August 15, 2014.

Fees

Investment Manager Fees*

	12/31/2013	3/31/2014	6/30/2014	9/30/2014	Four Quarter Total
State Treasury Fund (Money Market Mutual Fund)	\$ 26,419	\$ 35,262	\$ 30,240	\$ 27,926	\$ 119,847
Intermediate Portfolio**	63,927	64,058	64,273	43,113	235,371
Total Investment Manager Fees	\$ 90,346	\$ 99,320	\$ 94,513	\$ 71,039	\$ 355,218

Custody Bank Fees*

	12/31/2013	3/31/2014	6/30/2014	9/30/2014	Four Quarter Total
JP Morgan Chase	\$ 5,237	\$ 5,236	\$ 4,877	\$ 6,018	\$ 21,368

* Fees for the current quarter were not available at the time this report was prepared. All fees are reflected on an accrual basis.

**Management of the Intermediate Portfolio was transitioned from Western Asset Management Company to PFM Asset Management on August 15, 2014.

Note: There are no fees associated with the money market accounts at The Bank of Edwardsville and MB Financial.

Capital Investments

Capital Investments Position

Investment Balance Market Value (\$ in millions)	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014
Housing & Auxiliary Facilities System					
Construction Proceeds	0.9	0.3	0.2	0.1	0.1
Interest Sinking Fund	15.4	22.1	7.6	14.4	15.9
Debt Service Reserve	8.3	8.3	8.3	8.3	8.3
Total HAFS	<u>24.6</u>	<u>30.7</u>	<u>16.1</u>	<u>22.8</u>	<u>24.3</u>
Medical Facilities System					
Construction Proceeds	0.0	0.0	0.0	0.0	0.0
Interest Sinking Fund	1.0	1.4	0.5	0.9	1.0
Debt Service Reserve	0.0	0.0	0.0	0.0	0.0
Total MFS	<u>1.0</u>	<u>1.4</u>	<u>0.5</u>	<u>0.9</u>	<u>1.0</u>
Certificates of Participation					
Construction Proceeds	0.0	24.8	23.0	19.9	18.2
Interest Sinking Fund	0.0	0.0	0.0	0.0	0.0
Debt Service Reserve	0.0	0.0	0.0	0.0	0.0
Total COPS	<u>0.0</u>	<u>24.8</u>	<u>23.0</u>	<u>19.9</u>	<u>18.2</u>
Total Capital Investment Portfolio	\$ 25.6	\$ 56.9	\$ 39.6	\$ 43.6	\$ 43.5

Capital Investments are managed internally and are invested in high quality, low risk government securities. The investment maturity, rate of return and type are limited by covenants in the debt financing documents.