

**Finance, Audit and Infrastructure Committee
Meeting of May 21, 2018**

Minutes

Present: M. Bridges, D. Fecher, S. Fitzpatrick, B. Langos, C.D. Moore, A. Rains, G. Ramos

Guests: C. Bajek, W. Branson, L. Chan, P. Cheng, T. Doom, T. Heigel, J. Hensley, D. Kimpton, G. Sample, C. Schrader, S. Sherbet, T. Sudkamp, J. Ulliman

Chair's Comments

Mr. Fitzpatrick, committee chair, called the meeting to order at 9:29 a.m., read the Conflict of Interest Statement, and rearranged the meeting agenda in the interest of time. The committee meeting had a late start resulting from the Finance, Audit and Infrastructure Committee's 8:00 a.m. Executive Session running over its expected 8:30 a.m. completion. Mr. Fitzpatrick did not offer comments but did commend President Schrader, the university community, and the members of the finance team for their efforts to deliver a reduction of \$43 million in expenditures over the last year.

Local Administration of State Funded Capital Projects

Mr. Walt Branson, vice president for Finance and Operations and chief business officer, presented a resolution requesting Wright State be allowed to locally administer state funded capital projects. With a motion from Mr. Fitzpatrick and a second from Mr. Fecher, the Finance, Audit and Infrastructure Committee recommended that the full Board consider the resolution at their June 8, 2018 budget meeting.

RESOLUTION 18-

Local Administration of HB 529 Projects

WHEREAS, Pursuant to Ohio Revised Code 3345.50 Wright State University may administer any capital facilities projects for the construction, reconstruction, improvement, renovation, enlargement, or alteration of a public structure improved under its jurisdiction for which the total amount per project does not exceed \$4 million, and

WHEREAS, Wright State University will comply with the guidelines established pursuant to section 153.16 of the Ohio Revised Code and all laws that govern the selection of consultants, preparation and approval of contract documents, receipt of bids, and award of contracts with respect to the projects, and

WHEREAS, the University Board of Trustees shall notify the chancellor of the Ohio Department of Higher Education of its intent to administer the capital facilities projects after the general assembly makes an appropriation, therefore be it

RESOLVED, the University shall locally administer the projects in HB 529 as listed below:

<u>Project</u>	<u>State Appropriation</u>
Envelope Repairs	\$700,000
University Safety Initiative	\$4,000,000
Pedestrian Tunnel Renewal	\$650,000
Campus Roof Renewal and Replacement	\$3,750,000
Wireless Infrastructure Upgrade	\$1,296,366
Campus Paving and Grounds	\$700,000
Dunbar Library Deferred Maintenance	\$600,000
Dunbar Library Modernization	\$500,000
Campus Energy Efficiency and Controls	\$1,378,773

I offer this Motion:
Is there a Second:
Roll Call Vote:

Approval of Expenditures over \$500,000

The seven contracts below were again before the committee for their review after previously being introduced in April. Trustee Fitzpatrick suggested the committee consider approval of the Chartwells' contract for 2017-2018 to increase the current spending allowance from \$750,000 to \$1,100,000 and the pass-through residence and housing expenditures for fiscal year 2018-2019. He recommended tabling the contract for Wright State Physicians pending additional information.

With a motion from Mr. Fitzpatrick and a second from Ms. Ramos, the contracts were moved to the full Board for consideration in June pending additional information to be delivered on the Wright State Physicians contract before the June vote.

Fiscal Year 2017-2018

Vendor	Description of Services	Current Contract Amount	Previous Contract Amount	Term of Contract
Chartwells	Hospitality-Food Services	\$1,100,000	\$1,500,000	7/1/13 – 6/30/23

Fiscal Year 2018-2019

Vendor	Description of Services	Current Contract Amount	Previous Contract Amount	Term of Contract
Wright State Physicians	Professional Services	\$10,000,000	\$10,000,000	7/1/18 – 6/30/19
AMS-Y Ltd. Partnership	Residence & Housing	\$1,197,322	\$1,165,000	3/6/1991 – 6/30/2019
College Park Ltd. Partnership	Residence & Housing	\$1,584,836	\$1,500,000	3/6/1991 – 6/30/2019
Group Housing LLC	Residence & Housing	\$3,785,786	\$3,600,000	3/6/1991 – 6/30/2019
Pine Hill Acres Apt LLC	Residence & Housing	\$1,496,008	\$1,500,000	3/6/1991 – 6/30/2019
The Woods Development LLC	Residence & Housing	\$4,937,799	\$5,000,000	3/6/1991 – 6/30/2019

RESOLUTION 18-

WHEREAS, in order for the University to conduct business on an on-going basis, and provide products and services in a timely manner, purchases must be made; and

WHEREAS, these expenditures may exceed \$500,000; therefore, be it

RESOLVED that authorization is granted for the Accompanying contracts now before the Board of Trustees be, and hereby are approved.

I offer this Motion:

Is there a Second:

Roll Call Vote:

Approval of Contracts between \$250,000 and \$499,999

Mr. Jeff Ulliman, vice president for Business and Finance and chief financial officer, reviewed the contract before the committee for Academic Partnership LLC shown below.

Vendor	Description of Services	2017-2018 Contract Amount	2016-2017 Contract Amount	Term of Contract
Academic Partnership LLC	Recruiting Services	\$310,745	\$500,000	N/A

Contracts for Finance, Audit and Infrastructure Committee
Approval between \$250,000 and \$499,999

WHEREAS, in order for the university to conduct business on an on-going basis and provide products and services in a timely manner, purchases must be made; and

WHEREAS, these expenditures may amount to greater than \$250,000 and less than \$500,000; therefore be it

RESOLVED that authorization is granted for the accompanying contract now before the Finance, Audit, and Infrastructure Committee of the Board of Trustees; be, and hereby is approved.

Mr. Fitzpatrick moved for approval. Mr. Fecher seconded, and the motion was unanimously approved by the Finance, Audit and Infrastructure Committee.

Monthly Financial Performance Reporting

Mr. Branson offered a summary of Wright States budget position. As previously mentioned, the university has cut expenditures by \$43 million and is on track to realize a total of \$50 million in reductions by year-end. Revenue and compensation are tracking as expected. Medical expenditures and other spending areas are now being monitored on a weekly basis. Projections are for the university to realize a fiscal year-end surplus of \$6 million available to add to the expendable net assets.

Mr. Ulliman indicated that cash flows are trending very positive with about a \$2.5 million dollar increase over last month's forecast resulting from the removal of \$1/2 million in legal contingencies, strong collection on receivables, and a \$1/2 million decrease in the forecasted return of Perkins Loan funds.

Preliminary FY19 Budget

Mr. Branson shared the FY 2019 Budget Objectives which included the following:

- Maintain the core mission
- Create a balanced budget with a minimum \$3 million surplus for reserve replenishment
- Realign the base budget to forecasted revenue while providing funding for strategic investments
- Maintain a strong culture of fiscal accountability
- Ensure efficiency and effectiveness with prioritization and review processes

The preliminary 2019 budget model was built assuming a decrease in SSI of 1.61% over last year, a total 6.2% overall decrease in enrollment, and no salary/wage increases beyond promotions. Planned tuition increases include 3% for graduate and professional students, 3% for non-resident undergraduate tuition, and a 6% increase for the incoming freshmen cohort. However, the Wright Tuition Guarantee program for this cohort stipulates no tuition increase for their remaining three years. Room and Board fees at the Dayton campus will increase by 3% and the Lake Campus by 5%.

The preliminary FY 2019 budget showed a decrease in all revenue forms except contracts and grants; which were flat. Operating expenses were expected to decrease with the loss of enrollment revenue.

Preliminary FY 2019 Budget presentation:

<http://www.wright.edu/sites/www.wright.edu/files/uploads/2018/May/meeting/WSU%20May%202018%20Budget%20Presentation%2005212018.pdf>

Dr. Schrader indicated this budget was crafted utilizing very conservative measures. New this year are expenditure categories with base budget for medical claims, for other unfunded areas of strategic importance, and for an enrollment contingency fund. Having base budget in place across all these areas addresses the “jolts” or unexpected surprises that can seriously derail the budget.

Trustee Langos expressed concern over an unsustainable budget model built on year after year expense reductions as revenue continues to decline. There was agreement among the Trustees with this sentiment and a focus on the need to determine what can be done to grow enrollment and where investments should be made to differentiate Wright State.

Questions were raised about the \$7.1 million shown on the FY2019 budget that was still needed to balance the budget, the continued trend of year after year decreases in enrollment resulting in lost revenue, and the makeup of “Other Institutional” in the area of

unrestricted budget targets.

The Trustees requested more information on state enrollment projections and trends, a report on enrollment projections by college for 1, 3 and 5 year intervals, three years of historical budget projections to actuals, and an accounting of spending for the last three years.

Mr. Branson presented a report on "Revenues versus Expenses per Student FTE" which showed that despite falling enrollment, the amount expensed per student FTE has remained relatively constant even with the decline in revenue. A final report on the cumulative percent change in faculty, staff and administrators since 2008 highlighted the current staffing levels and how they track against falling enrollments.

The meeting adjourned at 10:18 a.m.

Respectfully submitted by
Deborah Kimpton