



WRIGHT STATE UNIVERSITY

**Board of Trustees
Committee Meetings
Friday, January 22, 2021**

Finance, Audit, Governance and Compliance

9:00 a.m.

Minutes

Present: Dhishant Asarpota, Douglas Fecher, Sean Fitzpatrick,
Anuj Goyal, Marty Grunder, Tom Gunlock, Bruce Langos, William
Montgomery, Ricky Peters, Andrew Platt, Vishal Soin, Brittney Whiteside

Guests: Mike Behme, Don Borowy, Donna Braswell, Jim Creeden, Sean Culley,
Sue Edwards, Burhan Kawosa, Doug Leaman, Laura Luehrmann, Shari
Mickey-Boggs, Greg Sample, Steve Sherbet, Lora Sidor, Sommer Todd

1. Call to Order

Trustee Bruce Langos, chair, called the meeting to order at 9:00 a.m. and welcomed the board members present as well as the guests.

Trustee Langos asked the secretary, Shari Mickey-Boggs, to call the roll. There was a quorum.

2. Conflict of Interest Statement

Trustee Langos read the conflict of interest statement.

It is of the utmost importance to ensure that all university decisions are free from any real or perceived conflicts of interest.

Therefore, please be mindful of all obligations with which you have been charged as a Trustee of Wright State University, and take the steps you deem appropriate to perform your duties fairly and impartially.

3. Committee Chair Comments

The meeting has been called by written notification; a quorum is present.

Chair's Statement

The Wright State University Board of Trustees is a public body subject to the Ohio Open Meetings Act. It operates on a fixed agenda available to those attending the meeting. Persons wishing to address the Board in its public session should submit a written request to the Board of Trustees' office 72 hours in advance of the meeting in order to be placed on the agenda. However, all persons address the Board at the invitation of the Board and are subject to time limitations and other guidelines established to maintain the good order of the meeting.

Trustee Langos welcomed the two newest National Trustees to their first meeting; Rickey Peters and Brittney Whiteside.

Mr. Langos asked the Chief Operating Officer for his comments.

4. Chief Operating Officer Comments

Mr. Sample wished everyone a happy new year and greeted the new National Trustees (Peters and Whiteside). Mr. Sample stated that there are no actionable items on the agenda today; but rather a series of updates. He noted that auditors from BKD were on the WebEx and informed the committee that the University's audit had been completed. The document has not been accepted at the State level, therefore there is no public document, nor public discussion at this time. There will be some limited comments in open session.

Mr. Sample asked Ms. Sommer Todd, Director of University Fiscal Services, to begin her report.

5. MONTHLY FINANCIAL PERFORMANCE REPORTS

Ms. Todd shared the FY2021 Financial Analysis of Unrestricted Funds (through November 30, 2020). Stating it is a high-level comparison of the unrestricted general and auxiliary operations for fiscal 21 and 20. Ms. Todd stated that there were no changes to revenue or expenditure number after last month's report to the committee. Ms. Todd presented some Day 7 numbers to the committee. We are down 14% from spring 2020. She stated the positive is the decrease is lower than what was budgeted.

Ms. Todd informed the committee that the anticipated year-end amounts and have remained the same and will be updated at the next meeting in February 2021. Ms. Todd informed the committee that to date we have collected 95% of revenue that was budgeted and that puts us on-track to exceed our budgeted amount. All expenditures are down as compared to last year; mostly in part to working remotely and the university still focusing on critical expenses.

Ms. Todd presented the FY2020 to FY2021 (November). With enrollments down, seed appropriations down (overall allocation is reduced), sales/service down, etc. Much of this is due to lower enrollment, Covid-19, etc. However, next month, we should see more revenue reported in tuition and fees as compared to last year.

Mr. Langos praised the team for making sure that we have a competitive cost structure based on what we're doing. The focus on marketing from a enrollment standpoint is crucial.

Monthly Cash Flow Report

Mr. Borowy informed the committee that the report is as of November 30, 2020 and are consistent with the forecast just presented by Ms. Todd. Focusing on the working capital section; the November ending balance was \$91 million. This shows an increase of \$21.5 million over the prior year. Looking at the full year results, the ending cash investment balance (as of June 30, 2021) is forecasted at \$68.8 million. This is down \$15.3 million from prior year, however, slightly better than last month's forecast presented to the committee. As previously mentioned, this schedule will be updated for the spring semester enrollment figures.

Monthly Cash Flow Report

Mr. Borowy stated that the monthly cash flow had not changed significantly since last month's committee meeting.

6. INVESTMENT REPORTS

Mr. Borowy stated investment income budget for fiscal year 2020-21 is \$48,750. This includes restricted/unrestricted investment income. The unrestricted income portion is \$39,000. The student investment program continues to show strong results. This is where we're at, \$203,000 vs \$370,000 last year.

Trustee Fecher asked Mr. Borowy to remind the trustees why in September/October 2020 there were investment losses and if they were related alternative investments. Mr. Borowy indicated the FEI private equity loss of \$85,000 due to the elevation at the end of June 30. The October loss is due to Raider Asset Management (student run)...not a good month in equities.

Investment Pool vs IPS Targets

Mr. Borowy stated that there was not a lot of change from the last meeting as our business continued heavily weighted in cash and liquid assets. As was discussed in last month's meeting; we are looking into moving excess funds from Star Ohio to the SEI pool; to capture some increased yield.

Trustee Fitzpatrick asked about the risk involved in moving the assets. Mr. Borowy informed the trustees that the risk was relatively low and there was some discussion. Trustee Fecher asked that if the changes are made, the committee would like to see a summary perspective of the investments. Mr. Kawosa informed the committee that they were stress-testing the 50-50 split and once recommendations were decided the analysis would be provided to the committee before moving forward.

Investment Returns

Mr. Borowy stated that again all of our investments are up; other than Raider Asset Management—due to holding a significant amount of cash. He stated the report will look dramatically different once the VIA, September 30, valuation is included.

Mr. Borowy stated investment income budget for fiscal year 2020-21 is \$48,750. This includes Sherbet, University Bursar & Director of Treasury Services, shared some insight on our private equity investments. We were notified in mid-December of a \$6.7 million unrealized gain in Venture Investment Associates (VIA); based on September 30, 2020 valuation. Some history on VIA 7 and what happened. VIA 7 is comprised of 21 venture capitalist firms. A firm called Redpoint Venture V made an early investment in Snowflake; a cloud-based data warehouse solution. Snowflake now trades on the New York Stock Exchange and had their initial public offering on September 16, 2020—initial price offering was \$120. At NYSE close, the stock was

at \$253.93. At the end of September it fell to \$251 and as of December 31, 2020-closing price was \$286.32. As of January 19th, Wright State received its first distribution of \$2,277,179; with the potential for more distributions in the future. Mr. Sherbet cautioned that until the gains are realized, Snowflake is still considered a speculative stock.

Trustee Fecher asked if our intent was to liquidate as much as we can and pull this money back into a safer investment? Mr. Sherbet indicated that Snowflake rests with the venture capitalist and Redpoint Venture V (RVV) holds ownership of Snowflake. RVV was able to sell 25% of that investment (as trading rules dictate), thus the \$2.2 million received by Wright State University. RVV should begin selling off parcels, or the entire block, to an investor beginning mid-March. The university will have no control over this process.

7. BOND REFUNDING UPDATE

Mr. Sherbet reported that getting all of the important team members in place. Blue Rose Capital will act as our financial advisor for potential bond refunding. We've also secured the services of J. P. Morgan Securities to work with us; if in the future we actually sell bonds to refund the primarily 2011 series bond issue. We continue to work behind the scenes to know our best strategies.

Mr. Langos thanked Mr. Sherbet for his report.

8. OTHER BUSINESS

Trustee Langos ask Mr. Gunlock for the next order of business for the committee. Trustee Gunlock reported that he is establishing a working group to explore the future status of intercollegiate athletics in higher education. With a goal of making recommendations around where Wright State University may be best positioned moving forward. Mr. Gunlock announced the trustees appointed to the committee:

- Mr. Grunder, Chair
- Mr. Andrew Platt
- Mr. Doug Fecher
- Ms. Brittney Whiteside

Mr. Gunlock state that collectively this group brings the depth of understanding and experience in university athletics. They may determine and/or request additional members from a broader community be added as they move forward. Specifically, this special committee will look at and analyze intercollegiate athletics in a variety of ways:

- Current status and role of intercollegiate athletics at universities
- Understanding the impacts of Covid-19 in intercollegiate athletics
 - Financial
 - Athletes' participation
 - University overall
 - Will the impact/s be permanent
- What changes can be expected in the NCAA
 - How the changes will affect Wright State University
- How is athletics best positioned going forward for service and support of the university
 - Being mindful of opportunities/benefits of enrollment and retention

Mr. Langos introduced Mr. Jim Creeden, Partner-BKD Advisors, for an update on the status of Wright State's audit.

9. BKD COMMENTS and UPDATE on AUDIT STATUS

Mr. Creeden reported that BKD Advisors had been engaged to conduct the external audit of the Wright State University financial statements (June 30, 2020). The audit was completed of the financial statements and submitted to the Auditor of State on October 15, 2020, with an unmodified opinion. Mr. Creeden further reported BKD conducted an agreed upon procedures engagement; over revenues and expenses of the athletics department—in accordance with NCAA guidelines as well as the Auditor of State. This report was submitted on December 15, 2020. Further, BKD was engaged to conduct a uniform guidance audit/compliance audit of the major federal award programs of the university. Each year the procedures are updated and we wait for the update/s – to determine what procedures are to be performed. This year with the Cares Act and the additional federal money, there was an addendum. The addendum was not received until December 22, 2020. The deadline is February 28, 2021 and we are working on the procedures right now with your controller's office. Conclusion is expected in the next few weeks.

10. Executive Session

Trustee Langos stated that at this time, the Finance, Audit, Governance and Compliance Committee would like to enter into a Special Executive Session: for the purpose of discussing the matters identified on the agenda and in the resolution in the Board's materials: matters required to be kept confidential, the employment of a public employee, to prepare for or review negotiations or bargaining sessions with public employees, and to conference with the University's counsel regarding pending or imminent litigation.

In accordance with the Ohio Open Meetings Act, the Wright State University Board of Trustees' Finance, Audit, Governance and Compliance Committee, after a majority of a quorum and by roll call vote, determines to hold a Special Executive Session.

Trustee Langos asked the secretary to the board to read the resolution.

EXECUTIVE SESSION RESOLUTION 21-

RESOLVED that the Wright State University Board of Trustees' Finance, Audit, Governance and Compliance Committee agrees to hold a Special Executive Session on January 22, 2021; and be it further

RESOLVED that pursuant to the Ohio Revised Code 121.22(G), the following issues may be discussed in Executive Session:

- Matters required to be kept confidential by federal law or regulations or state statutes per R.C. 121.22(G)(5);
- To consider the appointment, employment, dismissal, discipline, promotion, demotion, or compensation of a public employee or official per R.C. 121.22(G)(1);
- To prepare for, conduct, or review negotiations or bargaining sessions with public employees concerning their compensation or other terms and conditions of their employment per R.C. 121.22(G)(4); and
- To conference with an attorney for the Board concerning disputes involving the University that are the subject of pending or imminent court action per R.C. 121.22(G)(3).

Trustee Langos offered the motion; seconded by Trustee Fecher and was unanimously passed by roll call vote (5-0-0).

Adjournment

Trustee Langos asked for any additional business that needed to be brought before the committee. There being none, the chair entertained a motion for adjournment. Trustee Fecher moved to adjourn; seconded by Trustee Platt and unanimously approved by voice vote at 10:50 a.m.

Respectfully submitted,

Fran Keeley

Approved by FAGC on 2/18/2021