

**OFFICIAL PROCEEDINGS OF THE ONE HUNDRED AND SIXTY-
FIFTH MEETING
FEBRUARY 6 and 7, 1997**

I. CALL TO ORDER

The meeting of the Wright State University Board of Trustees was called to order by Daniel W. Duval, chair, on Thursday, February 6, 1997, 4:00 pm, 157B, Student Union. Mr. Duval, chair, called the roll:

Present

Absent

Walter R. Bennett

Rajesh K. Soin

Robert E. Buerger

Matthew O. Diggs, Jr.

Dodie Ditmer

Daniel W. Duval

Daisy D. Foster

Thomas E. Palmer

Frederick W. Schantz

II. PROOF OF NOTICE OF MEETING

Mr. Duval reported that this meeting was called by written notification and that a quorum was present.

III. DISPOSITION OF PREVIOUS MINUTES

Mr. Duval moved that the December 2 and 3, 1996 minutes be approved as submitted. Mr. Bennett seconded, and the motion was unanimously approved, by voice vote.

IV. EXECUTIVE SESSION

In accordance with the Ohio Open Meetings Law, the Board, after a majority of a quorum, determined to hold an Executive Session by offering the following resolution:

RESOLUTION 97-23

RESOLVED that the Wright State University Board of Trustees agreed to hold Executive Session on Thursday, February 6, 1997, and be it further RESOLVED that pursuant to the Ohio Revised Code 121.22 (G), the following issues may be discussed in Executive Session:
Legal Report

Potential dismissal, demotion, or discipline of a tenured faculty member, and pertinent personnel matters

Purchase of real property by WSU Foundation, Inc., and pertinent real estate matters

Ms. Ditmer moved for approval. Mr. Diggs seconded and the motion was unanimously approved, by roll call vote.

V. RECESS

Following the Executive Session, dinner was served.

VI. RECONVENE - ROLL CALL

The Wright State University Board of Trustees reconvened at 8:30 am on Friday, February 7, 1997, Berry Room, Ervin J. Nutter Center. Ms. Heard, called the roll:

Present Absent

Robert E. Buerger Walter R. Bennett
Matthew O. Diggs, Jr. Rajesh K. Soin
Dodie Ditmer
Daniel W. Duval
Daisy D. Foster
Thomas E. Palmer
Frederick W. Schantz
NN Schneider
Lynn Rapp

Mr. Duval stated that 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 indicate their desire to do so 72 hours in advance 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.

VII. PRESENTATION AND POLICY DISCUSSION

DR. JOHN F. FLEISCHAUER

Wright State University Information Technology Research Institute

Dr. Fleischauer presented a brief report on Wright State's leadership in a community economic development collaboration. Wright State's leadership has led to the creation of a leveraged research institute that could increase research capability in information technology several fold. The new Information Technology Research Institute should infuse significant research opportunities and dollars into the economy of the Miami Valley.

Recognizing the importance of advanced research in any regional information technology development, President Flack last spring called together a steering committee of community leaders, chaired by Trustee Rajesh Soin, CEO of

Modern Technologies Corporation. The group included executives of major technology corporations in the MVEDC and representatives of the Air Force Materiel and Joint Logistics Commands. The Steering Committee identified needs in education and training, research, and information networking as the most urgent to implement the IT thrust. A subcommittee has already begun training activities, brokering courses needed by local industry. Wright State offered, ahead of schedule, the first two courses at BDM this past fall. Additionally, with leadership from NCR, a web site has been established to promote IT corporations, advertise courses, identify IT job opportunities, and other opportunities.

As the committee progressed on a plan to incorporate research and education in a collaborative Miami Valley Center for Information Technology, it became clear that no local university has sufficient program strength at the doctoral level to provide the caliber of applied research needed by the major local industries, such as Reynolds & Reynolds, Lexis-Nexis, MTC, NCR, and Standard Register. Wright State faculty have engaged in various contracted research projects with most of these corporations; but neither WSU nor the University of Dayton nor AFIT could offer the capability needed on a predictable basis. It was decided to move toward the MVCIT goal in two stages. Ultimately, Dr. Fleischauer envisions a collaborative center in which MVECD, Wright State, Sinclair Community College, our other DAGSI partners and the Air Force all contribute to the combined functions of applied research, training, and information services, including consulting assistance for smaller corporations. In the meantime, a consortium has been formed to oversee training activities, coordinated by Sinclair College, and information and consulting services, most of which will be handled by the staff of MVEDC. Research will be the target of a collaborative strengthening effort of the MVEDC members likely to benefit from increased capability. The effort will be housed in Wright State's College of Engineering and Computer Sciences. The creation of an internal Information Technology Research Institute has been proposed. Its purpose will be to enhance the university's research capability through the leveraging influence of sponsored research funding, corporate contract grants, and doctoral level research projects, all designed to support a strong faculty and student research component and to move Wright State to a place of national prominence in information technology research. The plan for the ITRI, developed by Computer Science and Engineering Chair, Dr. Oscar Garcia and Dean James Brandeberry, takes advantage of an Ohio Board of Regents initiative to improve support for the state's four doctoral programs in computer science, as well as a commitment by the Mead Corporation Foundation to share support for the Economic Development Coalition's information technology project. Both sponsors will demand community

corporate matching support as a condition for their contributions, because of the payback in economic growth from the basic and applied research and the influx of highly trained professionals into the job market. The Mead Foundation has pledged \$150,000 and the Board of Regents has requested and the governor has included in his budget - \$2.2 million, of which Wright State will receive \$500,000 annually to augment our computer science program as it is aligned with the Information Technology Institute.

The ITRI will be organized within the College of Engineering and Computer Science, in conjunction with the Department of Computer Science but under a separate director. An external advisory board will assure responsiveness to local industrial interests. It will advise the director on research opportunities and on issues associated with collaboration involving industry, WPAFB, AFIT, and UD.

The internal advisory board will include representatives of other WSU doctoral programs and other programs with Information Technology research interests, to assure broad university involvement, diversity of talent and application, and stimulation of other academic areas. Similarly, faculty attached to the ITRI will come from any appropriate discipline, industry, and DAGSI partners. Dr. Fleischauer projected over a million dollars in research funding for the Institute within a year of its start-up this fall, and significant growth over a three-year period until it merges with the other IT activities to form the Miami Valley Center for Information Technology at the turn of the century.

We are very proud of Wright State University's role in this community development initiative and of our ability to strengthen a critical academic area through collaboration with other institutions and the corporate sector. This effort represents the ideal focus of a mature metropolitan university.

VIII. REPORT OF THE CHAIR

A. Remembrance of Trustee Emeritus Harry P. Jeffrey, Sr.

On January 4, 1997, Harry P. Jeffrey, Sr., Wright State University Trustee Emeritus, a local attorney and former member of Congress, died at Hospice of Dayton. Mr. Jeffrey was 95 at the time of his death.

Mr. Jeffrey was a trustee of Wright State University from 1967 to 1977 and had been appointed by Gov. James Rhodes to the Advisory Committee of the Wright State Campus of Miami and Ohio State Universities in 1965. He contributed directly to the growth and stature of Wright State University through his service on committees of the Board and represented the university in the community. In 1976, he served as chair of the WSU Board of Trustees and retired from the Board in September, 1977.

B. State Higher Education Budget

Wright State University's budget request, along with those of the other state assisted colleges and universities, was included in the Ohio Board of Regents'

submission to the Governor. Based on the Governor's recommendations, Wright State University is expected to receive \$70,167,795 in instructional subsidy for FY 98 and \$71,329,086 for FY 99. The Regents' budget requested \$71,665,377 for FY 98 and \$74,139,867 for FY 99. The differences between the requested amount and the actual proposed budget allocations, based on percentages compared to FY 97, are listed below:

	PROPOSED SUBSIDY INCREASE	
	FY 98	FY 99
Regents' Recommendations	4.68%	4.00%
Governor's Proposal	2.49%	1.66%
Difference	-2.09%	-3.79%

A joint news conference was held by the presidents or representatives of Sinclair Community College, Clark State Community College, Edison Community College and Wright State University. The basic message to state legislators has been and continues to be the preservation of the Regents' budget so as not to penalize students who would be forced to pay higher tuition in order to preserve academic opportunities and student services.

IX. REPORT OF THE PRESIDENT

A. Miami Valley Higher Education Coalition

The presidents and provosts of Sinclair Community College, the University of Dayton and Wright State University have established the Miami Valley Higher Education Coalition to generate and support further collaborative projects among the schools. The emphasis is on improving education opportunities in the Miami Valley, and the partners will work together on service-oriented issues relating to family and children, technology, regional economic development and international affairs.

The Miami Valley Higher Education Coalition will allow us to draw on the distinct strengths of each institution to come up with creative programs that will result in higher quality educational opportunities and service for Dayton and the Miami Valley region.

The coalition will build a strong tradition of local higher education providing services to the Dayton community. A 1996 survey of community services, conducted by each of the schools and compiled by Wright State University, shows that 157 programs in the Miami Valley were sponsored by the three schools. Thirty of the programs were designed to strengthen schools, 20 of the

programs fostered organizational development and 24 were aimed at strengthening the quality of human services.

There also will be an internal focus for the coalition in promoting greater student access and success at each of the institutions, emphasizing international education and opportunities for lifelong learning for those at WSU, UD, Sinclair and in the community.

B. Update on AFIT

In late January, it had been expected that the Air Force would announce the closure of AFIT. However through the efforts of the Miami Valley Economic Development Coalition, DAGSI, Wright State, and UD, a privatization proposal was submitted to the Air Force. The proposal had a positive impact on the Air Force's deliberations regarding AFIT. Along with the legislative intervention of Senators Glenn and DeWine and Congressmen Hall and Hobson, the proposal to privatize AFIT is being reconsidered. It is expected that a new proposal which considers the logistics program that could be offered through DAGSI, and the alternatives and costs of facilities of AFIT, will be submitted soon.

Two years ago, Dr. Flack proposed the idea of privatization and shared this with the Board of Trustees. But, at that time though the Board was interested in this idea, support for privatization did not exist at the federal level. The Governor's Office, the Chancellor, and Senator Merle Kearns, who heads the subcommittee of the state's Finance and Budget Committee, have been apprised of the proposal.

The Miami Valley Economic Development Coalition has recognized the significant and timely role of Wright State University and the University of Dayton in preparing a privatization proposal submitted to the Air Force.

C. Confirmation of Academic and Administrative Appointments and Changes

Dr. Flack reported that since the last Board meeting, the following academic, administrative, title, and organizational changes, resignations, and terminations have been made:

RESOLUTION 97-24

RESOLVED that the Academic and Administrative Appointments, Changes, Retirements, Departmental Reporting, Resignations and Terminations submitted to this meeting be, and the same hereby are approved.

Ms. Foster moved for approval. Ms. Ditmer seconded, and the motion was unanimously adopted, by roll call vote.

D. Report on Investments

Dr. Flack reported that since the last Board meeting, investments for November 30 and December 31, 1996 have been received. These reports have been

distributed to the trustees and will be filed with the official Board of Trustees records.

E. Ratification of Contracts and Grants

Dr. Flack reported that since the last meeting of the Board of Trustees, \$2,668,735 in contracts and grants have been received. Wright State continues to show strong activity in its research and sponsored programs.

The faculty are to be commended for their continuing success in securing externally funded grants and contracts in a time of increasing grant competition and decreasing support for research.

RESOLUTION 97-25

RESOLVED that the contracts and grants submitted to this meeting be, and the same hereby are ratified.

Mr. Buerger moved for approval. Mr. Palmer seconded, and the motion was unanimously ratified by roll call vote.

X. REPORTS OF THE COMMITTEES OF THE BOARD

A. Academic Affairs Committee

Ms. Foster, chair, reported on the Academic Affairs Committee meeting of January 17, 1997.

1. Professor Emeritus Request

In accordance with university policy approved by the Board of Trustees, the following faculty member has met the requirements for emeritus status:

RESOLUTION 97-26

WHEREAS, faculty members who have served ten or more years as fully-affiliated and full-time members at Wright State University will automatically be granted the emeritus title upon retirement and upon written request by the faculty member to the provost; and

WHEREAS, Ellen Murray, Assistant Professor of Sociology, has served the university since 1967 in a fully-affiliated and full-time status and has requested emeritus status; therefore be it

RESOLVED that the request for emeritus status for the aforementioned faculty member submitted to this meeting be, and the same hereby is endorsed.

Ms. Foster moved for approval. Mr. Schantz seconded, and the motion was unanimously adopted, by voice call vote.

Strategic Planning

The Strategic Planning Council has been meeting weekly in five-hour sessions and is on schedule. Since November, the Council has reviewed and prioritized approximately 100 potential strategic goals for the university over the next five years. The Council has also undertaken an intensive and extensive review of nearly 300 program planning self-reviews and the ratings of program match with strategic planning indicators suggested by the subcommittees for academics, student services and athletics, and administrative areas.

The Strategic Planning Council expects to have tentative program observations ready for reconciliation with strategic goal priorities by the end of January. Goals most consonant with the university's mission and program strengths will be selected and released in February, if possible. Eventually, these goals and the program recommendations, along with the information from the program self-reviews, will serve as guidelines for division and department action plans tied to the budgeting process in order to assure that resources are allocated to allow implementation of our plans.

Faculty Concerns from December Board Meeting

It was reported that the Board of Trustees should review the following three areas: the faculty's role in retention efforts of the university; the relationship between budget allocation and planning; and the relative trends of employment levels of faculty and other university staff.

The faculty role in effecting higher retention rates for enrolled students is essentially unrestricted. Each of the deans has had a retention plan for some time, and all of the plans call for faculty initiative in retention efforts. In addition, faculty advice has been sought for retention efforts in other areas of the university. President Flack has established an Enrollment Planning Council with substantial faculty membership, charged to recommend action for recruiting and retention of students.

Relative to employment trends, it was reported that although recent operating budget reallocations targeted employment reductions in all employee areas, our trend over a three-year period shows only faculty levels with net reductions (7 FTE). Classified staff rose 9 FTE and unclassified staff remained essentially unchanged during this period. As a whole, faculty levels remain at 1991-92 levels, the year of the university's peak enrollment, and above the Ohio Board of Regents' model for faculty employment. The results of a detailed study of shifts in faculty, unclassified, and classified employment will be presented to the committee.

The Ohio Board of Regents new Master Plan, "The Challenge is Change" will govern the Regents coordination of public universities beginning with the 1998-2000 biennium and calls for new procedures for appropriations, accountability, and operation of all of Ohio's universities. Depending on state spending patterns, two major changes in state policy will affect Wright State University. One is a shift in appropriations, which removes automatic inflationary increases for universities and makes any increase dependent on our satisfactory achievement of several "performance funding criteria" related to core principles of access, student success, basic and applied research, and community development.

The second is a change in the enrollment-driven funding formula for ongoing subsidy distribution. In the past Wright State's subsidy for the entire year has

been based on the fall quarter 14th day count. This procedure worked to the advantage of metropolitan universities and those on quarter calendars. Beginning in 1998, however, subsidies will be based on an all-term counting procedure, which will remove that advantage. As a university catering to a large population of commuters and working adults, we experience significant reductions in enrollment at the end of each term--especially after fall quarter for freshmen and after winter quarter for upper class students. The new counting procedure adopted by the Board of Regents will put Wright State at a significant disadvantage. A survey undertaken by the University Curriculum Committee indicated a faculty preference for semesters, which would mitigate our disadvantage. Dr. Fleischauer will work with Faculty Leadership to pursue the issue.

Update on Student Study Areas

The University Libraries will publicize the availability of "after hours" study areas as part of the closing announcements over the public-address system. In addition, copies of study area handouts will be made available at information stands located throughout the University Libraries.

B. Advancement Committee

Mr. Palmer, chair, reported on the committee meeting of January 24, 1997.

Proposal for Venture Capital Investment

In June 1996, the Advancement Committee discussed the Venture Fund being formed by the Miami Valley Economic Development Coalition, and possible investment by the WSU Foundation in this offering. Since that date, the Venture Fund issue has been discussed with the Foundation Executive Committee and with various Foundation trustees. MVEDC is finalizing the initial offering of the Venture Fund, and the Foundation is reviewing the investment opportunity again.

The issues regarding the availability of Foundation unrestricted funds for such investment, the advisability of higher risk venture capital investments, and the relationship of WSU programs and partnership with MVEDC initiatives were outlined. The Foundation Finance and Executive committees have reviewed the offering and subscription agreement at length, and a special Foundation Board meeting is being considered for decision.

Development Progress to Date

As of December 31, 1996, development activities have achieved 51 percent of the \$3 million goal for 1996-97. There is a marked increase in alumni contributors. Corporate Appeal, Campus Scholarship Campaign, continued Annual Giving, and several special projects are scheduled for the balance of the fiscal year.

The College of Engineering development officer position has been filled, and the search for a major gifts officer is being finalized. The position of Director

for Advancement Services has been filled, and software database will be converted in the Spring which will greatly enhance support of development and alumni operations and management reporting.

Campaign Planning

It was reported that campaign planning continues on time lines and prospect identification and research. Public Relations is developing a campaign communications plan. Case statement materials and preliminary funding priorities will be presented at the March meeting.

An overall feasibility study will be conducted. Since this is the university's first major fundraising campaign, Dr. Fistler plans to use external consultants in conducting feasibility interviews and assessing campaign readiness and scope.

Public Relations Progress

Public Relations' progress was reviewed. Expanding advertising and marketing as well as increasing media mentions and editorial board meetings was discussed. Dr. Flack visited the *Akron Beacon Journal*, *Cleveland Plain Dealer*, and *Toledo Blade* in December, and the *Dayton Daily News* in January.

Alumni Programs Update

The *Alumnews* is now issued three times per year and all colleges will have published at least one newsletter this year. Efforts continue to expand activities in the Miami Valley, Columbus and Cincinnati chapters. The Alumni Association has added items to the benefits package in an effort to increase membership. Expanded alumni activities will provide a broader base of alumni volunteer participation in student recruiting, career networking and student mentoring, public relations and fund raising.

Advisory Items

It was reported that there has been an amendment to the public records law, effective March 31, 1997, which provides an exemption for intellectual property and donor profile records. The Human Factors Engineering Teaching Laboratory will be dedicated on February 22, 1997 as the "Anthony J. Cacioppo Teaching Laboratory."

C. Building and Grounds

Ms. Ditmer reported on the committee meeting of February 3, 1997.

Campus Overview

An overview of all buildings on the main campus including residence halls was presented. Discussion highlights are as follows:

The university owns two of the residence hall areas: Forest Lane (four buildings) and Hamilton Hall.

The university plans to install cable for computer connectivity between all university-owned facilities and in the residence halls (Forest Lane and Hamilton Hall). The administration is in negotiations with AMS to allow installation to residence halls by this fall quarter. There will be one outlet for

every student in all of the residence halls. The university will pay for the wiring to AMS' buildings. AMS will pay the cost from that point to all residence hall rooms. An easement document that will allow the university to put conduit on AMS property will be brought to the Buildings and Grounds Committee for approval in April or June. Current biennial capital budget funds have been made available for this project. There will be no connect charge for students to hook-up to the campus network from their residence hall rooms, but they will need to provide their own computers. The main campus student computer labs will remain.

There had been some discussion with Jim Miller of AMS approximately one year ago about converting one of the lounges in College Park into a computer lab.

The pedestrian bridge structural drawings have been approved by the county. Design is underway for lighting, emergency telephones, and railings. Due to unfavorable cost estimates, the project is being rebid. The bridge will be completed this summer and will meet all ADA requirements.

Shuttle service to student housing will not be discontinued.

Interdisciplinary Teaching Laboratories (IDTL)

This project is located in the Frederick A. White Center. Because the School of Medicine has changed its curriculum and teaching methods for freshman medical students, facilities were reconfigured into one large classroom with computer connectivity to each student station and a laboratory that could be sub-divided into five separate teaching laboratories. The large tiered classroom is currently under construction, and will be completed in March, in time for spring quarter.

Capital Projects Status Report

The status of capital projects was reviewed. Projects discussed are currently in planning, design, construction stages or completion stages.

Fawcett Hall Rehabilitation, Phase III - Bid Package "B," for the auditorium retrofit, has been completed. The auditorium seating was installed at the wrong height and was adjusted. Bid Package "C," the first and third floors, renovation is ongoing. The third floor rehabilitation is underway with new partitions being installed. Asbestos removal will be done on the remaining part of the first floor from June 1-30, 1997. The first floor upgrade will be completed in time for fall quarter. There is no back-up plan for a scheduled delay other than the three week cushion from the time the project is completed to the beginning of fall quarter.

Creative Arts Center Rehabilitation - Acoustical and architectural rehabilitation are complete.

Oelman Hall Rehabilitation and Elevator Upgrade to ADA Compliance,
Oelman Hall - The fourth floor will be released to the Chemistry Department

by next Monday. The third floor completion date is February 24. March 20 is the guaranteed completion date for the elevator.

Academic Building - John Ruetschle Associates is the design firm. The exterior building material will be brick with limestone accents to blend aesthetically with the other buildings on the Quad.

Access Circulation - Shaw Weiss & DeNaples has the contract design work on the first three phases. Phase III involves changing the space between Russ Engineering Building and School of Medicine from parking lot into green space. The suggestion of installing swing sets, tether balls and/or other playground equipment in one of the green spaces for use by students and families will be presented to the designers.

Campus Services Building - Lorenz and Williams is the design firm.

Fawcett Hall Phase IV - Funding has been received for the basement renovation.

Technology Infrastructure - The university has purchased \$600,000 of equipment to date. The next two phases involve completion of the networking of campus buildings and connectivity to the residential halls.

Replace Chillers - Student Union - This project will be completed by May 21.

Chiller Refrigerant Conversion - Creative Arts Center - This work is basic renovation. Capital funding.

Library Remodeling - This is the circulation area and lighting.

Interdisciplinary Teaching Lab (IDTL) - Warranty items are being completed.

Student Union Front Entrance Lighting - Ground lighting has been installed.

The two lights over the entrance will be lowered and additional lighting will be installed along the sidewalk toward the Russ Engineering Building.

Rockafield House Exterior Lighting - Ground and driveway lighting has been installed.

Phase II Ice Facility Lease

Highlights of the draft lease discussion are as follows:

An appraisal has been completed with the rental charge based on a 25 year lease.

The Building and Grounds Committee looked at a drawing of the campus showing the location of the twin-ice building (corner of Lot 20). The 5.8 acres will encompass space from the existing entrances on Kauffman Road and University Boulevard eastward to the asphalt edge.

Day-to-day parking in Lot 20 will not be impacted nor will the soccer fields.

The goal is to break ground in April.

Fall quarter classes will not be scheduled. Academic classes (i.e., hockey, figure skating) will be held in the building. University access time to use the facility will be from 9 am to 2 pm Monday through Friday (non-prime time).

Intramural sports activities such as broom ball will also be held in the facility.

Vice President Achterman will be meeting representatives from the Dayton Bombers organization to negotiate final payment plans.

The Bombers organization will provide adaptive sleds for physically challenged students.

There will be a separate construction agreement.

The schematic design has been approved.

Bank One's deadline for approval is February 15. They have been working with legal counsel.

The university will maintain the lot, but will charge the Bombers Organization for grounds maintenance including snow removal, repaving, etc. Also, the Bombers organization will be responsible for obtaining all utilities. Gas service will be provided through Wright State University with back-charge paid by the Bombers.

A final lease will be presented for approval at the next Board of Trustees meeting.

Classroom Building

Preliminary discussions have brought forth concern expressed about the quality of classrooms in Millett Hall. The College of Liberal Arts and The College of Education and Human Services are currently housed in Millett Hall, the building with the highest classroom utilization. With a goal of upgrading the quality of academic classrooms, it was suggested that perhaps construction of a "classroom" building between the Student Union and Russ Engineering Building or between Russ Engineering Building and the Frederick A. White Center be investigated. This is the first year that the State of Ohio has allowed the university to directly issue bonds for academic buildings. If the university were to go forward with a building such as this, it would have to issue debt in order to stay on the capital plan cycle. The debt would be repaid out of operating dollars. There is the potential of the university issuing bond anticipation notes. The state will not guarantee anything in advance, but admits such a project could eventually be paid for by the state through a capital line item.

It was reported that the university should proceed with a feasibility study if the project is deemed necessary and financially viable. The general understanding of the Board of Trustees is that there is no new building construction planned after the Academic Building, particularly since enrollment has been declining. Need and financial viability must be demonstrated.

D. Finance and Audit

Mr. Diggs, chair, reported on the committee meeting of January 22, 1997.

1. Endowment Funds Performance Results, Spending Policy, and Investment Policy Change

David Stein, Vice President, Fund Evaluation Group, reviewed both the university's investment policy and endowment funds spending policy and made a recommendation for each as to whether they are appropriate for the university at this time. In addition, he was asked to review the performance of the fund as of December 31, 1996.

The document entitled, "Performance Evaluation Report for Periods Ending December 31, 1996" was discussed. While reviewing the 1996 Year-end Market Review, Mr. Stein's comments pertaining to investment performance included the following: Standard and Poor 500 is up 22.8%; National Asset Management held seven of the 10 largest stocks and continues to do a good job; and, the international markets are down 16%. Endowment Fund investment objectives to be achieved over a 5-year moving average through December 31, 1996, were then reviewed.

The objectives of the Asset Allocation and Spending Policy are to accumulate a pool of assets sufficient to meet the specific objectives of the individual endowments with a primary emphasis on the long-term growth of assets and income without undue exposure to risk. The current spending policy directs the Endowment Fund to distribute 4% of the average market value calculated over the previous 12 quarters (three years). In addition, the current asset allocation mix has been at 50% fixed income and 50% equity with an emphasis on large cap stocks. This mix has an expected compound rate of return of 8.7% and an expected annual standard deviation of 8.8%. Recommendations are: 1) Increase the expected rate of growth in the Endowment Fund's assets while maintaining a similar risk profile by increasing the portfolios' equity exposure to 60% of assets from 50%, and further diversify the equity portfolio to include international stocks and U.S. small cap stocks; and, 2) maintaining the current 4% spending policy.

In determining the combined endowment's target rate of return, both the spending needs and a long-term growth objective need to be incorporated. Increasing the equity exposure to 60% of assets results in a 10.3% expected annual rate of return which provides for greater real growth potential than the current asset mix. In addition, the U.S. equity market represents only one-third of the market capitalization worldwide; U.S. stocks and foreign stocks move in different cycles; and, international stocks tend to be less well researched by analysts than their U.S. counterparts, allowing for a greater potential of a higher return.

It was recommended that the University's Endowment Fund Asset Allocation and Spending Policy should increase the Fund's small cap exposure. It is recommended that instead of using the 50/50 split, the same amount be allocated as in the Wright State University Foundation's allocation. In other words, 40% should be invested in bonds, 40% in large cap stocks, 10% in small

cap stocks, and 10% in international stocks. This would increase the expected return to 10.3% without increasing the risk.

The following resolution to amend the Wright State University Endowment Fund Investment Policy Statement was submitted for the Board's approval. In addition, it was agreed to eliminate the necessity for the full Board to approve future changes to the policy. This resolution will allow for a higher expected return without increasing risk due to diversifying the equity portfolio.

RESOLUTION 97-27

WHEREAS, the university maintains endowment and quasi-endowment funds which are to be invested to maximize long-term returns consistent with prudent levels of risk; and

WHEREAS, the current endowment fund investment policy includes a target of 50% equity and 50% fixed income securities; and

WHEREAS, the university wishes to enhance the returns on its endowment and quasi-endowment funds without substantially increasing its level of risk; therefore be it

RESOLVED that the asset allocation targets identified in the Wright State University Endowment Fund Investment Policy Statement be amended to include 60% equity securities, to be further broken down with a target of 40% large cap equities, 10% small cap equities, and 10% international equities, and 40% fixed income securities; and be it further

RESOLVED that the Board of Trustees Finance and Audit Committee be granted the authority to make future Wright State University Endowment Fund Policy Statement modifications at the discretion of said committee.

Mr. Diggs moved for approval. Mr. Schantz seconded, and the motion was unanimously adopted by a roll call vote.

It is recommended that the spending policy remain at 4%. A lower spending policy (4%) can result in the substantial increase in the endowment's assets compared to a higher spending policy (5%). The lower spending policy will eventually provide for higher annual distributions than the higher spending policy as the market value of the endowment experiences greater real growth in assets.

Mainframe Computer & Disk Storage Space and Telephone Switch-Update

It was reported that the purchase included a telephone switch, main server, and partial (one-half) replacement and expansion of disk space. After aggressive bidding, a NEC ICS-UMGx platform (telephone switch) has been purchased. It will be installed in June and comes with an integrated voice mail system which will improve service to students and staff at a cost of \$1,290,636 (\$1.3 million had been authorized).

Bidding was very aggressive for the mainframe (main server) computer. The new HDS Pilot 24 is the latest available technology and will be installed next month. The processing capacity will be increased 160%. This item cost \$585,000. The university was authorized to spend \$900,000 for both the mainframe computer and disk storage. The new HDS 770 Disk Subsystem is also the latest in technology and offers 55% increased storage capacity. It will be installed next month and cost \$233,000. The new system should last five years or more. Wright State is the only higher education site in Ohio for Hitachi Data Systems. The university has the complete Hitachi system which includes the tape, disk, and processor.

Mr. Hernandez and his colleagues were thanked for a job well done in securing the new equipment.

Strategic Planning

The Strategic Planning Committee has been meeting every Friday and some Saturdays to go through the two page self-reviews of all areas. Academic units and Student Affairs units are completed and review of the administrative units has begun. The reviews should be completed by the end of January. All recommendations from the Strategic Planning Committee will feed the budgets from now on. The FY 98 budget is currently being discussed. When strategic planning is complete, there will be a budget for 1999-2000 and biennially thereafter. "Source and Use of Funds Analysis" (sources of funds, uses of funds and net sources) was discussed. Highlights are as follows:

The FY 98 budget is expected to be a rollover budget.

The issue of student employee pay increases was briefly discussed.

There will be possible equity issues as a result of the final faculty salary survey (by rank and discipline).

The governor's proposed budget will call for an increase in institutional subsidy of only 2.2%, and will limit fee increases to 3% annually. This is less than half of what the Regents proposed.

The EPC Committee has developed many proposals to increase student retention including enhancing scholarships. In addition, a plan is being formulated to enable students to spread out tuition payments over five years with no money down and \$350 per month for 5 years. If a student graduates in four years, one free year of graduate school may be offered. For students who graduate in five years, they may be given one or two quarters of free graduate tuition. Another proposal is to offer first year student individualized career planning to enhance retention. Also, a semester system as opposed to a quarter system is being considered.

The majority of subsidy is based on the number of students enrolled at the university on the 14th day of classes. Winter and spring quarters don't count. It is assumed that the same number of students are enrolled all year. Beginning in

FY 99, the university will be on an all terms reporting basis which means subsidy will fluctuate depending upon how many students are enrolled fall, winter, spring, and summer quarters.

An operating budget increase has not been incrementally given in years.

The governor's budget probably won't be adopted until June. In order for the university's budget to be finalized, the following information must be obtained: 1) information about a tuition increase; 2) determinations about salary increases for faculty and staff; and, 3) results of the faculty salary survey and what it means in terms of equity decisions.

Budget vs Actual Operating Results

Where the university is in terms of revenues and expenditures was discussed. Overall, the educational and general fund is ahead of budget by approximately \$1 million. It is significant to note that the funding of the early retirement debt accounts for approximately \$600,000 of this variance. \$1-\$1.5 million should be set aside to retire the early retirement expense in the current fiscal year.

2. Approval of Contracts \$500,000 and Above

This item pertains to contracts incurred during the ordinary course of business that requires Board approval.

The following resolution was submitted for the full Board's approval.

RESOLUTION 97-28

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

WHEREAS, occasionally these expenditures exceed \$500,000 therefore, be it RESOLVED that authorization is granted for the following as submitted to this meeting be, and the same hereby is approved.

ServiceMaster - \$733,000

(Physical Plant Management Services-Opting to renew for 1 year)

Brownlee - \$750,000 (3 years @ \$250,000 per year)

(Temporary Services for the Nutter Center)

Student Assurance - \$520,000

(Student Health Insurance-Opting to renew for 1 year)

Mr. Diggs moved for approval. Mr. Buerger seconded, and the motion was unanimously adopted, by roll call vote.

Investment Reports

Investment reports for November and December 1996 were reviewed. There are no substantive changes in status from the previous months. Currently, the university is in the midst of the RFP process for an investment manager for a portion of its working capital portfolio. It was also reported that treasury securities' yields are down slightly.

E. Student Affairs

Ms. Ditmer, chair, reported on the committee meeting of January 17, 1997.

Student Government President Report

Thirteen student government representatives attended a retreat at Hueston Woods on Friday, January 10, 1997. The group participated in leadership training with Vice President Abrahamowicz and Katie Deedrick on Friday evening. On Saturday, the focus was on personal and group goal planning. The Director of Student Services, Tiffany Brown, has resigned to take the position of University Ombuds. An effort to fill this position will take place immediately.

SODEXHO has been working with students on meal plan options. The management for SODEXHO is receptive to student ideas for improved dining services.

The second annual Homecoming week was January 27, 1997 to February 1, 1997. Student Government has been encouraging more alumni to attend the events. The basketball game with Cleveland State culminated the week's festivities.

Vice President for Student Affairs and Enrollment Services Report

Vice President Abrahamowicz reported that the coaching positions in athletics (men's soccer and men's basketball) will attract quality applicants. Mike Cusack, Director of Athletics said the two coaching vacancies provide the opportunity for positive changes in athletics at Wright State.

Ms. Ditmer challenged Josh Coutts and student government representatives to come up with ideas to get more Wright State students interested in attending the games.

Wright State University's Office of Campus Activities and Orientation received a mini-grant for \$2,500 from the Ohio Parents' Association to focus efforts on combating binge drinking on campus.

The current policy Sexual Assault Protocol is under revision and will be formalized. The standing protocol will be communicated to the entire Wright State community. The Greene County Victim Witness Program is actively involved in helping develop the campus protocol. Sexual Assault Awareness Week and Take Back the Night are educational programs currently in place, which address sexual assault.

In September, 1996 several staff and students attended the Ohio Parents' Association conference on binge drinking. President Flack signed a pledge of commitment to issues involving binge drinking. A review and revision of the alcohol policy on campus will take place this year as well as efforts to change the campus culture regarding alcohol consumption.

XI. UNFINISHED BUSINESS

None

XII. NEW BUSINESS

A. Date of Next Board Meeting

The next meetings of the Board are:

Executive Session, 4:00 pm, Thursday March 27, 1997, 437 Millett Hall; and,
Public Meeting, 8:30 am, Friday, March 28, 1997, Berry Room of the Nutter
Center

B. AGB Conference

April 12-15, 1997, San Diego, CA

XIII. ADJOURNMENT

The meeting adjourned at 9:45 am

Daniel W. Duval, Chair

Walter R. Bennett, Secretary