

**WRIGHT STATE UNIVERSITY
BOARD OF TRUSTEES
OFFICIAL PROCEEDINGS OF THE
THREE HUNDRED AND THIRTY-FOURTH MEETING**

August 8, 2017

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**WRIGHT STATE UNIVERSITY
BOARD OF TRUSTEES
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THREE HUNDRED AND THIRTY-FOURTH MEETING**

August 8, 2017

I. CALL TO ORDER

The meeting of the Wright State University Board of Trustees was called to order by Mr. Douglas Fecher, chair, on Tuesday, August 8, 2017, 3:00 p.m. in Room 156, Student Union. Mr. Larry Chan, secretary to the Board of Trustees, called the roll:

Present

Douglas Fecher
Sean Fitzpatrick
Stephanie Green
Anuj Goyal
Bruce Langos
C.D. Moore
Grace Ramos
Jordan Large Kingsley
Austin Rains

Absent

Michael Bridges
William Montgomery

II. PROOF OF NOTICE OF MEETING

Mr. Fecher reported that the meeting was called by written notification and a quorum was present.

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.

III. CONFLICT OF INTEREST STATEMENT

Mr. Fecher asked if any of the trustees were aware of any conflicts of interest and instructed them to bring any conflicts to his attention should one arise as the meeting progressed.

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.

IV. REPORT OF THE CHAIR

Trustee Fecher welcomed everyone to the first meeting of the 2017-2018 academic year, reviewed the agenda and offered the following remarks.

Today is an important meeting because the issues the University faces ... both from within and without ... are certain to produce continued challenges as we work towards a strategic plan for strengthening our University and building for the future.

One thing we as a Board need to be clear about is this: The financial situation of the University remains precarious and the need to place the institution on a path to financial sustainability is just as urgent today as it was when we passed our most recent budget in June. Indeed, that budget did not really fix anything nor did it plan for the future. Rather, to use a healthcare metaphor, we passed a budget that amounts to an emergency tourniquet to slow the financial bleeding, but tourniquets do not heal patients. And while reserves and investments finished the year slightly better than anticipated, the improvements were due to one-time events and austerity measures that may not be sustainable in the long run if we are to reach our full potential of serving students.

Further, total enrollment is expected to fall in 2017, though perhaps not by as much as planned for in the budget. A critical need will be for the Board to adopt a strategic plan that focuses on strengthening our value proposition for students. This will not be an easy task in an environment where higher education in Ohio, and across the nation, is rapidly changing, and sometimes dramatically so. Ohio's high school graduation rates are expected to fall for the foreseeable future, shrinking the pool of in-state students from which Wright State attracts a good portion of its incoming class. Across the country questions are being asked about the value of a college degree in today's economy and whether the cost of education will earn a return in the labor markets after graduation.

For more, I encourage you to read a recent article from Inside Higher Education by Doug Lederman and Rick Seltzer with the headline "The Rose-Colored Glasses Come Off: A Survey of Business Officers, for a sobering discussion of some of the financial issues facing all of higher education, not just Wright State University.

What this article, and many others, point out is that universities across the nation are planning for increased financial challenges. Although Wright State's tuition

ranks among the lowest of any state school in Ohio, it is not immune from these trends. Accordingly, the Wright State community will need to come together with President Schrader and the entire university community to critically review every program to determine how best to ensure WSU continues to evolve in an uncertain world of challenges facing all of higher education.

And while I'm on the subject, I do want to take this opportunity again, on behalf of the Board, to thank all those who have worked so assiduously and sacrificed so much to get the University to this current point. But we must make sure these types of sacrifices become a thing of the past.

That's why the Board must be realistic and understand that our work is just beginning. Wright State University is not out of the woods by any means and has a long way to go to achieve financial sustainability. Although many of us sense the University is turning a corner, the reality is not much change has yet taken place. That is to say, the kind of changes all universities will most likely need to make in order to build a foundation for the future. Also, it is likely some legacy issues from our immediate past will require our attention to ensure these issues are finally resolved so we can concentrate fully on the future.

But there is a light just over the horizon, and although it may not be clear today just what is behind that light, we do have an opportunity to return Wright State University to financial health and its status as one of Ohio's most valuable public assets. Exactly what Wright State University will look like in the future is still to be determined – that's why a planning process is so critical for the university. I am looking forward to the work that this Board will do with our President to define who Wright State University is, and what we will be, as we embark on our second 50 years.

I know my fellow trustees feel as I do that this is an exciting task filled with opportunities to make a meaningful difference in the lives of our students. Today is the first day we have to start working on the future.

A. Recognition of New Trustees

Three new trustees were recently named by the Governor of Ohio to the Wright State Board of Trustees. The Board has eleven members; nine of which are voting members and two student trustees who are non-voting members. A trustee's term is nine years and a student trustee serves two years.

Mr. Bruce A. Langos was appointed by Governor Kasich on June 2, 2017 to complete the unexpired term of Trustee Nina Joshi who resigned from the Board on February 12, 2016.

Mr. Austin Rains, Student Trustee was also appointed on June 2, 2017 to replace Mr. Ryan A. Pignatiello whose term was completed on June 30, 2017.

Ms. Stephanie E. Green was appointed by Governor Kasich on June 29, 2017 to replace Mrs. Eloise A. Broner whose term expired on June 30, 2017.

All of the Trustees named above have completed their appointment paperwork and official oath of office with the state of Ohio. The Trustees have been accorded the full rights and privileges of their positions.

The occasion was commemorated by a ceremonial recognition of their oath of office. Mr. Austin Rains, Student Trustee, was sworn in by Mr. Larry Chan, vice president for legal affairs and general counsel, and all three Trustees received a round of applause from the audience.

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

The Finance Committee received the following contract for review on June 30, 2017 and asked the administration for a further clarification on the terms of the contract. Mr. Keith Ralston briefed the Board on the contract history, terms of occupancy and the implementation of a third housing unit to handle demand.

There was also a discussion about housing subsidies, administrative fees, and housing as a profit center. Given current financial constraints, the Board would like to further review these options prior to approval of housing contracts for next year.

The following contract was presented to the Board for approval.

<u>Vendor</u>	<u>Description of Services</u>	<u>2016-2017 Contract Amount</u>	<u>Previous Contract Amount</u>	<u>Term of Contract</u>
Western Ohio Educational Foundation	Residence & Housing	\$540,000	\$345,730	7/1/17 – 6/30/18

RESOLUTION 18-1

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 contract now before the Board of Trustees be, and hereby are approved.

Mr. Fecher moved for approval. Ms. Ramos seconded and the motion was unanimously approved by roll call vote.

C. Facility Security Clearance

Changes in administrative and Board personnel have necessitated the passage of a new Facility Security Clearance resolution. Mr. Chan, vice president for legal affairs and general counsel, and Ms. Ellen Reinsch Friese, associate vice president for research, answered questions on the purpose of the Facility Security Clearance and how risk reviews are handled. The following resolution was presented to the Board for approval.

RESOLUTION 18-2

WHEREAS, Wright State University wishes to maintain its facility security clearance through the Defense Security Service, and

WHEREAS, those persons occupying the following positions among the officers and officials at Wright State University shall be known as Key Management Personnel (KMP) as described in the National Industrial Security Program Operating Manual:

Dr. Cheryl B. Schrader
President

Dr. Thomas Sudkamp
Provost

Dr. Robert E.W. Fyffe
Vice President for Research and Dean of the Graduate School

Ms. Ellen Reinsch Friese
Associate Vice President for Research

WHEREAS, the KMP have been processed, or will be processed, to the level of the facility clearance granted to this institution, and the Chief Executive has been granted a Temporary Exclusion as provided for in the aforementioned National Industrial Security Program Operating Manual; and

WHEREAS, the said KMP are hereby delegated all of the Board's duties and responsibilities pertaining to the protection of classified information

under classified contracts of the Department of Defense or User Agencies of its Industrial Security Program awarded to Wright State University; and

WHEREAS, the following named members of the Board of Trustees shall not require, shall not have, and can be effectively excluded from access to all classified information in the possession of Wright State University, and do not occupy position that would enable them to affect adversely the policies and practices of Wright State University in the performance of classified contracts for the Department of Defense or User Agencies of its Industrial Security Program, awarded to Wright State University, and need not be processed for a personnel clearance:

Michael Bridges
Douglas A. Fecher
Sean T. Fitzpatrick
Anuj Goyal
Stephanie E. Green

Bruce A. Langos
William W. Montgomery
C.D. Moore, II
Altagracia Ramos

THEREFORE be it

RESOLVED that the Board of Trustees of Wright State University authorizes the establishment of the above KMP and this resolution supersedes Resolution 17-61 dated April 7, 2017.

Mr. Fecher moved for approval. Dr. Goyal seconded, and the motion was unanimously approved by roll call vote.

D. Limited Waiver of Privilege

The State Auditor's office of Ohio has requested permission to talk to the auditors who conducted the Plante Moran report to further their investigation of issues that have arisen from the Plante Moran report. A limited waiver of privilege is necessary to honor this request. The following resolution was presented to the Board for approval.

RESOLUTION 18-3

**The Board of Trustees to Authorize a Limited Waiver of the
Attorney-Client and Attorney Work Product Privileges
Attached to the Plante Moran Audit Report and
Discussions with the Report Authors**

WHEREAS, Wright State University through its Board of Trustees engaged the law firm of Dinsmore & Shohl, LLP, ("Dinsmore"), to represent the University in a variety of legal matters including but, not limited to, the U.S.

Attorney's investigation of the University's use of H-1B visas;

WHEREAS, Pursuant to its representation of the University in the federal investigation, Dinsmore engaged Plante Moran to provide forensic investigative services in connection with Dinsmore's representation of the University;

WHEREAS, The investigative services provided by Plante Moran and Dinsmore's representation of the University are subject to attorney-client and attorney work product privileges, and may not be disclosed without a waiver of the privileges by Dinsmore's client, the University's Board of Trustees; and

WHEREAS, The Board of Trustees desires, and intends to, authorize a limited waiver of the attorney-client privilege and the attorney work product privilege attached to the final Plante Moran audit report and to any discussions held among the Report authors to allow questions and answers and additional discussions between the Report authors and the State Auditor's Office.

NOW THEREFORE,

BE IT RESOLVED, that the Trustees hereby authorize a limited waiver of the attorney-client privilege and the attorney work product privilege that are attached to the final Plante Moran audit report and to any discussions held among the Report authors to allow questions and answers and additional discussions between the Report authors and the State Auditor's Office.

Mr. Fecher moved for approval. General Moore seconded, and the motion was unanimously approved by roll call vote.

E. Financial Update

Mr. Jeff Ulliman, vice president for business and finance, briefed the Board on the preliminary results from the University's June 30, 2017 year-end financial audit. Results were more positive than anticipated. Cash and investments ended \$10 million over projections predominately due to austerity measures, limited hiring, lower spending of renewal and replacement funds, and conservative estimates. A \$30 million P/L loss was projected but it appears the loss will be about \$27 million, which is positive news. These two factors are encouraging, and while Senate Bill 6 ratios are expected to drop below 1.75 in October, there is optimism that should the University enter Fiscal Watch, it can be addressed and corrected more quickly than previously anticipated.

The latest enrollment report showed headcount was down 1.84%. Enrollment levels are tracking similar to last year at this time. Year to date, 94% of budget revenue has been realized for Fall and indications are strong that the University will receive the full amount budgeted.

With respect to the FY 2018 budget, after all final adjustments, the budget for the University is currently \$2.3 million short of the mandated \$6 million surplus for reserves. Measures are already being implemented to control expenses and manage hiring to address this issue and confidence is high that the target will be reached. Provost Sudkamp is working on a review of all colleges and units to evaluate for mergers and consolidations where appropriate, and all academic and non-academic programs are being reviewed for efficiencies and cost savings.

V. REPORT OF THE PRESIDENT

Dr. Cheryl Schrader, university president, reflected on her first month at Wright State and offered the following remarks:

Mr. Chairman, Members of the Board: Let me say how honored and humbled I am to be here with you today as President. My first month has been one of discovery as I have immersed myself into all things Wright State.

Every day brings evidence of how integral this university is to the region, to the state of Ohio, and beyond. Every day I learn more about its people and culture. Every day adds insight into the extraordinary capabilities and dreams of our Wright State family. And every day convinces me of the potential this university has to be the institution Ohio needs it to be.

Even in recent challenging times, Wright State University has not wavered from its 1967 commitment to discovery, education and service. Fifty years ago, Wright State University was created to meet the research needs of the region, and this year we celebrate nearly \$100 million in basic and applied research funding. Wright State graduates form the very fabric of this community and are leaders in a wide variety of industry, government, academic and non-profit sectors. And Wright State employees, students and programs provide important services as the region's intellectual, cultural and social hub.

We cannot forget the excellence that abounds at Wright State University. And we cannot underestimate the critical role this institution plays in our students', our region's and our state's transformation now and in the future.

Yet, it might be easy to slip into complacency upon hearing the news of our improved financial situation at this juncture. It might be easy to think that we have experienced merely a slight detour in the way we do business. Make no mistake. This would be shortsighted, as we have not resolved our financial challenges over the long term. Rather, the difficult decisions and austerity measures introduced up to now simply bought time to enact a more permanent, strategic and sustainable path forward.

This will require our utmost attention and the development of a bold, comprehensive strategic plan. As we move forward, our budget will represent our core priorities and strategy as a university. Indeed, this was a core tenet adhered to in my previous position at Missouri S&T. And it works.

Let me repeat that, because it is the most important concept I would like you to walk away with today. As we move forward, our budget will represent our core priorities and strategy as a university.

Clearly my time spent this spring and summer and during my first month as President has helped me more fully understand the challenges this university faces as well as potential solutions.

My three-fold focus for the coming year of financial stability, administrative transparency, and campus conversation will put us on the right path and lay the foundation for our success. Already progress has been made in each of these areas that will help us move forward together.

We are a leaner university, but now we need to lean in. We cannot and will not overspend the FY18 budget, and we will work diligently together to be in the best possible financial position by year-end.

The trials of the past few years are Wright State's stark wake up call to the swift pace of change and complex challenges that face higher education today. As an industry, we are at a crossroads and face numerous challenges:

- access, affordability and accountability;
- declining resources amid increasing expectations;
- changing demographics and needs;
- critical importance of diversity and inclusion;
- public trust and support;
- national conversations on the value of a college degree;
- And, the game-changer of disruptive technologies (which, by the way, universities help create!).

The world is changing around us, and thousands of corporations and organizations face challenges as well. We merely need to look to healthcare or the media to see similar issues with changing resource models; disruptive technologies; and heightened accountability.

Even though a university is not a business in the traditional sense, current challenges dictate that we become more business-like. And we can look to other sectors outside of higher education to identify best practices in addressing related challenges.

That is why it is a top priority to streamline finance and other university-wide operations to ensure that these shared services are customer-focused, efficient and effective.

We all must be most effective with the resources we do have. We need to carefully examine not only our expenses but also how we might strategically enhance and diversify revenue streams.

This includes a thorough understanding of how enrollments, student body composition, recruitment and retention impact our financial health. It requires an assessment and prioritization of current programs, both academic and non-academic. And it invites new and innovative approaches and strategic partnerships.

While all of us would prefer to begin this next chapter of Wright State's history on a more solid financial footing, we cannot afford to dwell on the mistakes of the past. What we must do is learn from them and move forward together, focusing on excellence.

We must stop trying to be everything to everyone. It is not a good use of our resources or our talents.

We have much to accomplish this year as we get to know one another and begin laying the foundation for our next 50 years.

While I don't know what the future holds, I do know this. Together we will create a vision and plan that will guide us forward so that Wright State is a great place to work and be. So that Wright State is, the university Ohio needs it to be.

Together we will take this university to the next level. I look forward to working with you to lead Wright State University into its next 50 years!

Dr. Schrader outlined the Strategic Planning process that Wright State will undertake in the fall of 2017. The process begins with envisioning Wright State's mission and incorporating input from thousands of individuals both internal and

external to the University on Wright State's capabilities and possibilities. This input will lead to high-level discussions to explore vision, mission and shared values. The discussions will help clarify starting points to determine where Wright State is going, how we propose to get there and what our unique advantages are. A strategy statement will be derived to provide guidance on the path the University will follow.

Over winter, themes will be developed and used to identify goals and objectives. Metrics will be created to define actions and ownership of the actions will be assigned. These metrics will also contain measurement points to chart progress on the actions.

Trustee Fecher indicated the Board's support for the process and agreed to meet with Dr. Schrader to plan their participation.

VI. PRESENTATIONS AND DISCUSSIONS

A. Board of Trustees Plan for 2017-2018

Mr. Fecher presented a draft of the Board's objectives for 2017-2018, which included:

- The development of a long term financial plan that ensures financial sustainability
- Assisting the President in developing and adopting a comprehensive strategic plan
- Onboarding the new President, including a comprehensive process for evaluating performance
- Improving Board governance and oversight to include updating the Board By-Laws
- Improving trustee onboarding, training, and engagement
- Improving transparency and trust

B. Committee Structure and Appointments

The Board of Trustees and the Compliance Committee have been working to update the Board's By-Laws and committee structure. The current Board of Trustees' By-Laws were written in 2003 and have not been updated since then.

Mr. Fecher offered a proposal for the creation of a new Executive Committee and the realignment and combination of some of the current committees to better support the University's operations and needs. The proposed committee structure included four committees:

- Governance & Compliance Committee
- Finance, Audit & Infrastructure Committee
- Academic Affairs & Enrollment Committee
- Student Affairs & Athletics Committee

Brief descriptions outlining the committee's focus were presented and will be developed to further clarify the full scope and responsibilities of each committee. Trustees were asked to submit their preferences for committee assignment and agreed to meet again to adopt the committee proposal.

The Trustees discussed the need for a special committee to support the areas of health care and medicine at Wright State and decided to adopt a Medicine and Health Care Committee for the next year.

The role of National Trustees, and how they might serve Wright State, was also introduced. National Trustees are appointed by the Board, are non-voting and usually are distinguished alumni of the institution. They bring high-level expertise to a board and often are subject matter experts.

C. Role of Student Trustees

Mrs. Jordan Large Kingsley, Student Trustee, reflected on her role as a student trustee. She discussed the learning experience and professional development she has gained over the last year, and the value student trustees bring to the Board. The role of a student trustee is not currently well defined in the Board's By-Laws or in relevant literature. Mrs. Kingsley and Mr. Austin Rains, newly appointed Student Trustee, spoke about research they have done exploring the role of student trustees and whether it is appropriate for student trustees to have voting rights or attend executive sessions.

Student trustee voting continues to be a contested topic in Ohio. Both Mrs. Kingsley and Mr. Rains are not in favor of student trustees voting but support having student trustees exercise limited attendance in executive session. The student trustee insight and perspective into routine matters could enhance and supplement discussions as has been shown at Wright

State when student trustees were included in the search process for the University's new president.

The Board held a discussion on the merits and challenges of including student trustees in executive session. It was proposed that student trustees be included in routine matters discussed in the presence of Cabinet and excluded from any personnel or sensitive matters. Mrs. Ramos moved and Mr. Fitzpatrick seconded the motion that Student Trustees be allowed to attend Executive Session at the discretion and invitation of the Board Chair. The motion was unanimously approved by voice vote.

D. Open Meetings Act

In the interest of time, and to allow the Board to enter into Executive Session, the presentation by Mr. Larry Chan on Ohio's Open Meetings Act was postponed for a later date.

VII. RECESS

The meeting adjourned at 4:28 p.m. The Trustees moved to the Wright Brothers Room, Student Union to enter into an Executive Session.

VIII. RECONVENE – ROLL CALL

The meeting of the Wright State Board of Trustees reconvened on Tuesday, August 8, 2017, 4:32 p.m., in the Wright Brothers Room, Student Union. Mr. Larry Chan, secretary to the Board of Trustees, called the roll:

Present

Douglas Fecher
Sean Fitzpatrick
Stephanie Green
Anuj Goyal
Bruce Langos
C.D. Moore
Grace Ramos
Jordan Large Kingsley
Austin Rains

Absent

Michael Bridges
William Montgomery

IX. CONFLICT OF INTEREST STATEMENT

Mr. Fecher read the conflict of interest statement and reminded the Trustees to alert him should such a conflict arise.

X. PROOF OF NOTICE OF MEETING

Mr. Fecher reported that the meeting was called by written notification and a quorum was present.

XI. EXECUTIVE SESSION

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

RESOLUTION 18-4

RESOLVED that the Wright State University Board of Trustees agreed to hold a Special Executive Session on Tuesday, August 8, 2017; and be it further

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

- Purchase or sale of real estate
- Pending or imminent court action
- Contract Bargaining

Mr. Fecher moved for approval. General Moore seconded, and the motion was unanimously approved by roll call vote.

XII. ADJOURNMENT

The meeting adjourned at 6:15 p.m.