

**B. Board Governance and Compliance Committee**

General Moore, committee chair, will report on the committee meeting of March 29, 2019.

**Board Governance and Compliance Committee  
Meeting of March 29, 2019**

**Minutes**

**Present:** M. Bridges, D. Fecher, S. Fitzpatrick, S. Green, B. Langos, C.D. Moore, A. Rains, S. Wenrick

**Guests:** B. Batson, W. Branson, L. Chan, B. Cole, S. Edwards, D. Kimpton, A. Kunk, K. Tittle

General Moore, chair of the committee, called the meeting to order at 11:28 a.m. and read the conflict of interest statement.

- **Chair's Comments**

General Moore thanked Ms. Kelli Tittle, compliance director, for her work to implement the Affiliated Entity Policy and improve the university's compliance process and then outlined the agenda for the meeting.

- **Wright State University Foundation Presentation**

Ms. Andrea Kunk, vice chair of the Wright State University Foundation Board of Trustees, spoke about the history of the Foundation, its structure, and its future direction. The Foundation dates back to 1962 when area community leaders began fundraising efforts to start Wright State's Dayton campus. Working as a partner with the university, the Foundation's mission is to promote and facilitate a culture of engagement and philanthropy by raising funds that are managed and distributed in support of the university's mission and priorities.

The Foundation is a 501 (c)(3) corporation separate from the university that is governed by a 28-member Board of Trustees. Six committees make up the structure of the Foundation which include the Executive, Audit, Finance, Investment, Governance, and Grants Committees. Funding sources for the Foundation's budget include endowment administrative fees, unrestricted gifts, non-endowed investment earnings, and rental income on their building. Currently the Foundation and the University have a blended budget model for salaries and operations with the University contributing about \$2.5 million and the Foundation providing \$1.8 million.

In deference to the Affiliated Entity Policy, plans are underway for the Foundation to move to an independent status by assuming responsibility for Advancement employees thus potentially freeing up the \$2.5 million in University support. For this conversion to occur, the Foundation has been in conversation since 2016 with the University administration and created a Revenue Generating Strategies Task Force to model how the Foundation could generate revenue to sustain their operations. The first Advancement employee placed on the Foundation payroll,

Mr. Bob Batson, CFO, was hired in July 2019 and a second employee is set to transition to Foundation employment April 1<sup>st</sup>.

With the upcoming retirement of Ms. Becky Cole, current vice president of Advancement and the Foundation president, plans are underway to split the position and further redefine the roles and responsibilities. The position of the V.P. of Advancement will remain with the university and report to President Schrader. A newly defined President/CEO position with business development skills will be hired by the Foundation. The Foundation is interviewing search firms to assist in this process with the goal of having a candidate identified for the position by July 1, 2019. Wright State is preparing the position description for the Vice President for Advancement position and will begin a search in the near future.

Lastly, the Foundation and the University are close to a resolution for a signed Memorandum of Agreement as required by the Affiliated Entity Policy. This MOA would replace the current 1998 Memorandum of Understanding between the two parties.

A question was asked about the role of the Executive Committee. This decision - making body of the Foundation has eight members and is guided by the Foundation's strategic plan.

In response to a question on the Foundation's yearly revenue and expenses, Ms. Becky Cole indicated that the annual run rate in years outside of a major campaign is about \$8 million and expenses average \$4.5 million.

- **Foundation Requests for Exceptions to the Affiliated Entity Policy**

Ms. Kelli Tittle, director of compliance, briefed the Board on two exceptions to the Affiliated Entity Policy being requested by the Wright State University Foundation. The 2016 Affiliated Entity Policy outlines certain provisions required of any affiliated entity of Wright State. Should an affiliated entity not be able to meet one or more of these expectations, the affiliated entity must provide a response outlining any mitigating factors to the Board Governance and Compliance Committee for review and potential action.

The first exception being requested relates to the appointment of "University Directors" to serve on the affiliated entity's governing board. A University Director is someone nominated by the University President to exercise an appropriate level of oversight over the affiliated entities activities. Neither the MOA in negotiation between Wright State and the Foundation, nor the Foundation's Code of Regulations requires University Directors. However, the Code of Regulations calls for two members of the Wright State Board of Trustees to serve on the Foundation's Board, in addition to two members of the Alumni Association, two student trustees, the University President as a non-voting member, and representatives from the University Academy of Medicine and the WOEFF Board. While not labeled

“University Directors” the representation outlined above does seem to meet the spirit of having the University’s interests represented.

The second exception pertains to reserve powers; whereby, if the majority of the governing board are not University Directors, the University shall have certain reserve powers to approve material transactions such as approving budgets. The University and the Foundation have several mitigating factors in place which may satisfy the lack of formal reserve powers. Ms. Tittle explained these factors, including mitigating provisions in the MOA and in the Foundation Code of Regulations designating two University Trustees to serve on the Foundation Board and the inclusion of the Vice President of University Advancement as a voting member of the Foundation’s Executive Committee.

Trustee Fecher expressed concern for making an exception to the reserve powers clause. The reserve powers provision was put into place to insure the activities of an affiliated entity could not encumber, obligate, or create liability for the University either legally or financially by their actions. Mr. Fecher requested a written legal opinion as to the consequences of making this exception which was supported by Trustee Langos. Trustee Green also requested a report outlining the scope of the \$2.5 million in University support for Foundation staff and operations for further review and discussion.

Trustee Moore indicated that the request for exception would be tabled pending consultation with outside legal counsel on the associated risks involved.

- **Double Bowler Annual Report:**

Mr. Greg Sample, Double Bowler President, provided background on the creation of the Double Bowler Corporation and its role as an affiliated entity. The need for Double Bowler was envisioned in 2013 when Wright State had an enrollment of 18,000 students and was looking to expand its physical footprint and projected enrollment growth. Patterned after the model of Campus Properties in place at the Ohio State University, Double Bowler Corporation was created in 2014 by special counsel in the Attorney General’s Office as a 501 (c)(3) not-for-profit corporation to acquire property for the university’s needs. With no direct employees, its governing board consisted of four Wright State employees and three Wright State Board of Trustee members.

Properties acquired by Double Bowler on behalf of Wright State include two lots adjacent to the Duke Ellis Center, buildings surrounding the Wright State Foundation Building across from Wright State, and 38 acres of land at the Lake Campus.

Double Bowler assisted Wright State in securing \$1.5 million in financing for the Water Quality and Agriculture Building at the Lake Campus. Wright State continues to make payments on this debt as well as on the south campus properties.

Currently, Double Bowler has a \$1.8 million operating budget of which \$800 thousand covers debt service and the remaining \$1 million supports real estate property management expenses. Double Bowler does not use any facilities, services or brand marks from the University.

The focus of Double Bowler's future efforts include assisting the University with meeting its priorities which encompass enrollment, academic reorganization, and its strategic vision.

The Committee agreed to hold a special executive session to discuss the purchase or sale of real estate.

- **Executive Session**

In accordance with the Ohio Open Meetings Law, the Wright State University Board of Trustees' Board Governance and Compliance Committee, after a majority of a quorum and by roll call vote, determined to hold a Special Executive Session by offering the following resolution:

**RESOLUTION 19-50**

RESOLVED that the Wright State University Board of Trustees' Board Governance and Compliance Committee agreed to hold a Special Executive Session on March 29, 2019; 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

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

The Committee returned to Public Session at 1:22 p.m. and adjourned the meeting at 1:30 p.m.

Respectfully Submitted,  
Deborah Kimpton