

D. Finance, Audit and Infrastructure Committee

Mr. Fecher, in the absence of Mr. Fitzpatrick, chair, will report on the committee meetings of October 26, 2018 and November 16, 2018.

**Finance, Audit and Infrastructure Committee
Meeting of October 26, 2018**

Minutes

Present: D. Fecher, S. Fitzpatrick, B. Langos, A. Rains, G. Ramos, S. Wenrick

Guests: A. Barnhart, W. Branson, L. Chan, P. Cheng, T. Doom, J. Hensley, D. Kimpton, S. Mickey Boggs C. Schrader, S. Sherbet, J. Shipley, A. Steele Middleton, C. Woolley

Mr. Sean Fitzpatrick called the meeting to order at 9:02 a.m. and read the conflict of interest statement.

Chair's Comments

In the interest of a full agenda, no comments were offered.

- **Vice President's Comments**

Mr. Walt Branson, vice president for finance and operations and chief business officer, introduced Ms. Lora Sidor, who was recently promoted from Internal Audit to assistant university controller and is charged with Accounting and Payroll.

Mr. Branson informed the committee that the BDK financial audit for the University has been completed and has been filed on time with the Auditor of State.

- **Monthly Financial Performance Reporting**

Mr. John Shipley, interim associate vice president and controller, offered the monthly financial performance reporting.

- A. Financial Analysis: Unrestricted Funds Report**

The financial analysis revenue and expense report captures prior year results, current year performance to date, and the anticipated or projected performance through year-end of unrestricted funds.

As mentioned before, the year-end actual for FY2018 showed a net surplus of \$10.1 million in unrestricted funds. The revenue to expenses actual showed a positive \$45 million which mirrors last year's October report.

A downward variance of almost \$100 thousand in tuition revenue was noted reflecting courses dropped and an issuance of student refunds. While this may be unusual at other schools, historically students at Wright State readjust their Fall course loads triggering a decrease in revenue.

Mr. Shipley discussed other revenue variances which were mostly attributable to timing, pass through accounting, or unrealized gains in investment income recognized as revenue, not spendable, and subject to market fluctuations.

On the expense side, compensation showed small savings on salaries due to position vacancies. Supplies were under budget by \$600 thousand due to the inadvertent non-posting of purchasing card charges prior to month end. Departments continue to be very frugal by removing telephones and curtailing facilities or copier usage. No change in annual projection over last month was noted.

B. FY2018 to FY2019 Actual Comparison

This report compares budget versus actual for FY19 and actual versus year-end for FY18 and tracks where the University is now compared to year-end last year. Indications are that the budget has been right sized and continues tracking as expected with 45% of revenue to budget collected against last year's 45%. Expenses are slightly lower (29% of the budget) for this year against 31% for last year. This difference may be a factor of several budgets like strategic initiatives having just been allocated and not yet spent.

C. FY2018 to FY2019 Monthly Budget to Actual Variance

The report offered a comparison of the single month of September budget to actual for fiscal years 2018 and 2019. There were no items of note other than the tuition and fee variance previously discussed which reflects differently in FY18 Actual for September due to the movement of the cancellation from September to August this year.

Trustee Fitzpatrick asked about medical claims and how they were tracking. Mr. Shipley indicated that claims activity was relatively flat against expectations.

D. Cash Forecast

This report has been modified to pull working capital or cash apart from non-liquid restricted investments. An additional tracking measure was added to show monthly the number of "days of cash on hand". September's level showed 93 days of cash on hand which is projected to be 56 days in June. This shows improvement over June 2017 when the level was 27 days. The University continues to work towards a target level of 3-6 months of cash on hand.

E. Cash and Investment Income Activity

The Monthly Cash and Investment Balance graph now includes a second representation charting "days cash on hand" by month over the last three years. This visual representation shows the progress made on an annual

basis since 2017 to increase cash on hand. The graph in this report does not include the recent sale of real estate.

Trustee Langos asked what levers are in place to address the \$2.4 million projected shortfall in enrollment revenue. Mr. Branson indicated the plan includes the use of excess carryforward from last year as well as recovered savings from vacant positions.

This triggered a discussion on the importance of long-range modeling or proforma budgets that can project various scenarios and solutions. Mr. Shipley indicated the university previously has not had a long-range budget planning process and he is working to develop a 3-year model which will be shared with the Trustees when completed.

- **Approval of Expenditures \$500,000 and Above**

Ms. Shari Mickey Boggs, associate vice president and chief human resources officer, spoke about Wright State’s healthcare vendor contract.

Following a competitive bid process, Anthem Blue Cross and Blue Shield has been selected to continue as the University’s medical plan administrator and stop loss provider. The rebid process resulted in a 5.3% reduction in administrative costs for the new three-year contract over the current contract level.

The committee heard high cost claims have decreased over last year’s level and the University’s stop loss will remain at \$400 thousand. During open enrollment, informational meetings are being held to educate subscribers about their plans, ways to reduce expenses, and about the use of “live health” online doctor visits.

Wright State University is self-insured for healthcare expenses. A suggestion was made to look at ways the University could enhance insurance cost savings. One idea he mentioned was to move away from 90/10 plans to 80/20 plans and a single high deductible PPO plan.

The University has realized cost savings over the last two years by increasing deductibles and shifting some of the premium expenses to subscribers. Mr. Jerry Hensley, representing the Unclassified Staff Advisory Council, cautioned against using business norms for comparison as it unfairly shifts burdens to staff who are compensated at a lower level in academia than in the private sector.

With a motion by Mr. Fitzpatrick and a second from Mr. Fecher to bring the expenditure forward, the following resolution is before the Board for approval.

Vendor	Amount
Community Insurance Company dba Anthem Blue Cross and Blue Shield	\$99,300,000.00

Details and explanations of the expenditures:

http://www.wright.edu/sites/www.wright.edu/files/uploads/2018/Oct/meeting/FAI8_BOT%20500K%20and%20Over%20Sept%201-30%202018.pdf

Approval of Expenditures \$500,000 and Above

RESOLUTION 19-

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

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

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

I offer this Motion:

Is there a Second:

Roll Call Vote

• **Approval of Contracts \$250,000-\$499,999**

Mr. Shipley presented a contract between Wright State University and Barnes and Noble bookstore for pass through expenses related to inclusive access textbook affordability measures instituted by the University. Barnes and Noble purchases the books in bulk, the students receive them the first day of class, and the cost is included in the tuition and fees paid by the student.

The Finance, Audit and Infrastructure Committee reviewed the details of the expenditure and approved the following resolution on October 26, 2018.

Vendor	Amount
Barnes & Noble	\$450,000.00

Details and explanations of the expenditures:

http://www.wright.edu/sites/www.wright.edu/files/uploads/2018/Oct/meeting/FAI10_BOT%20250K-500K%20Sept%201-30%202018_0.pdf

RESOLUTION: Approved by the FAI Committee

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

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

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

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

- **Approval of Contracts \$150,000 to \$250,000**

Mr. Shipley reviewed two contracts between \$150,000 and \$250,000 with the committee and answered questions. No committee or Board action was required.

Vendor	Amount
Interpreters of the Deaf, LLC.	\$160,000
Walter Haverfield, LLP	\$150,000

Details and explanations of the expenditures:

http://www.wright.edu/sites/www.wright.edu/files/uploads/2018/Oct/meeting/FAI12_BOT%20150K-250K%20Sept%201-30%202018_0.pdf

- **Investment Reports**

Mr. Steve Sherbet, university bursar and director of treasury services, presented the SEI investment report for August 2018. Wright State has a conservative portfolio geared towards cash preservation and is heavily weighted in cash and liquid accounts. As requested last month by the Trustees, the SEI GNMA bond fund has been liquidated and the proceeds transferred to the Star Ohio fund to reduce interest rate risk.

- **FY18 Consulting and Professional Services Contracts:**

Mr. Shipley presented a report outlining expenditures over \$50,000 paid for consulting or professional services provided to the University during fiscal 2018. This report is a requirement of the Board's Financial Governance Policy adopted in June 2017 and tracks the use of consultants and other outside entities offering professional services to the University.

The report can be accessed below:

http://www.wright.edu/sites/www.wright.edu/files/uploads/2018/Oct/meeting/FAI16_FY18%20BOT%20Combined%20Svcs%20FY18%20%2450k.pdf

- **Fiscal Sustainability Plan:**

An in-depth review of the new Fiscal Sustainability Plan for the University was presented to the committee by Mr. Branson and Ms. Amy Barnhart, assistant vice president and director of Financial Aid.

Fiscal Sustainability Plan:

http://www.wright.edu/sites/www.wright.edu/files/uploads/2018/Oct/meeting/FAI17_Fiscal%20Sustainability_priority%20projects_bot_0.pdf

The plan consists of 10 priority projects and numerous additional project plans. Priority projects are categorized as enhancing revenue or improving operational efficiencies.

The first project under revenue enhancement is the development of a comprehensive enrollment management plan for the University, which also includes marketing and retention efforts.

Centralizing the administration and awarding of scholarships is the focus of the second project. Ms. Barnhart explained that there are pools of scholarship funds administered across campus, which can lead to students missing opportunities to apply. Centralizing the availability of scholarship dollars offers more equitable support, better utilization of foundation scholarships, and a more comprehensive aid package for students.

The third project focuses on shortening the transcript evaluation process for transfer students. Optimizing class scheduling across campus to make courses available when needed for timely degree completion is the goal of the fourth project.

The fifth project supports the strategic use of a “waitlist” to enroll students in closed classes when someone drops a class and it adds the ability to monitor classes with waitlists for opening additional sections.

Improving student retention is the focus of the sixth project. A task force is working to enhance advising and outreach for students at academic risk to offer needed resources and support.

The last four projects center on creating operational efficiencies. Project 1 is the performance of an effectiveness and efficiency review of all programs and departments to evaluate their strategic alignment. With continuous improvement in mind, this process is ongoing.

Project 2 is bringing together decentralized units into a central organizational structure to reduce duplication and improve efficiencies. Examples include the centralization of career services, advising, and IT services.

Ongoing organizational restructuring and reorganization is the focus of Project 3 and reviewing and optimizing financial support for graduate students rounds out Project 4.

Several trustees requested the inclusion of quantifiable goals for each project, the addition of target metrics, and the assignment of individual accountability. Mr. Branson agreed to incorporate the request into the format of the projects.

A question was asked whether the plan included a growth initiative around online courses. Mr. Branson indicated that a campus-wide project is underway to offer more online core courses with a release in 2019 and the College of Business has recently offered more online MBA courses for Spring semester. This led to a lengthy discussion about resources and the need to adopt a high quality production standard to insure high-level coursework is developed.

Dr. Doom, Faculty Senate President, reminded everyone that there are two definitions of quality, namely, academic rigor and production quality. Accreditation standards insure academic quality while available resources combined with training and production expertise drives production quality. Trustee Rains suggested seeking student input to determine offerings and satisfaction levels.

President Schrader clarified that a comprehensive online program also means delivering an online laboratory experience done well. Replicating an in-person lab experience is much different from an online presentation.

The development of additional online courses, including the conversion of core and required courses to online offerings, and the development of new and innovative online courses, are a part of the Strategic Plan. The committee reiterated that making sure that there is a centralized plan in place to guide strategy, outcomes, and responsibilities is very important as online course development is expanded.

Good of the Order:

Trustee Fitzpatrick summarized the University's priorities in three areas. The three priorities include revenue growth, continued expense management, and the maintenance of liquidity and further enhancement of the University's reserves.

The meeting was adjourned at 10:37 a.m.

Respectfully Submitted
Deborah Kimpton

**Finance, Audit and Infrastructure Committee
Meeting of November 16, 2018**

Minutes

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

Guests: W. Branson, B. Cole, L. Chan, P. Cheng, D. Dewey, T. Doom, J. Hensley, D. Kimpton, N. Lasky, R. Thompson, C. Schrader, S. Sherbet, J. Shipley, B. Webb, C. Woolley

Mr. Sean Fitzpatrick called the meeting to order at 8:02 a.m. and read the conflict of interest statement. No comments from the Chair were offered.

- **Vice President's Comments**

Mr. Walt Branson, vice president for business and operations and CFO, gave brief remarks. After reviewing where the University is financially, expenditures are holding steady as the University nears the end of the semester. The next financial event of note is enrollment for Spring semester and the determination of how this translates to revenue. In the meantime, there are a number of initiatives underway and committees meeting regularly to enhance and develop new revenue sources.

- **Monthly Financial Performance Reporting**

Mr. John Shipley, interim associate vice president and controller, presented the monthly financial performance report.

- A. Financial Analysis: Unrestricted Funds Report**

As mentioned, revenue and expenditures have leveled out in the middle of the semester. Looking at the first report, it compares FY 2019 actual revenue and expenditures to "budget to date" and to "budget at year-end". Variances have not changed all that much from last month. Revenues went up because of receipts of Chartwells' commission payments and revenue from the Nutter Center. The Chartwells' payment reflects a timing issue, not a true variance, as this payment normally occurs later in the year.

Expenses are relatively flat to budget. While there was a slight negative variance to the budget to date figure, this was most likely due to the formula used to estimate the "budget to date" rather than an indication of an overage. The budget office continues to tract position vacancies and salary savings on a monthly basis.

B. FY2018 to FY2019 Actual Comparison

This report compares the actual results to date for the current fiscal year as a percent of the annual budget for the current fiscal year, which is then compared to the same calculations for the previous year.

Revenue is tracking on a comparable basis to last year. Forty-nine percent of revenue has been recognized to date compared to 49% a year ago. Expenses are slightly under last year (37% versus 38%), however, some central accounts for strategic initiatives have just been allocated and have not been spent. This amounts to about a million dollars. Once these accounts are utilized, this difference would disappear.

A question was asked about the run rate in compensation and how the university was tracking against expectations. Mr. Shipley indicated that the expectations are being met. With nine-month faculty contracts, the run rate calculation will be different over summer so factoring a flat 12-month projection of run rate does not yield a true monthly picture.

C. FY2018 to FY2019 Monthly Budget to Actual Variance

Mr. Langos asked about the \$505,000 variance from last year in "Maintenance, Repairs & Utilities". Mr. Shipley indicated that several large maintenance agreement payments; planned for in the overall budget, were made but were timed differently.

With four months of the budget completed, Mr. Fecher inquired about any reservations on reaching the University goal of a \$3 million surplus at year-end to add to reserves. Mr. Shipley responded that expenses are tracking with budget. The issue then becomes what happens with revenue. Should revenue not perform as expected, shortfalls would need to be corrected on the expense side to continue to meet the \$3 million surplus.

D. Cash Forecast

As previously stated, beginning cash for the year was up \$10.6 million over the year before. Ending cash for October was \$75 million which was a big increase over the year before. With projections to end the year up \$2.6 million, this is an increase of \$12-13 million over the last two years.

Interest earnings and the earnings on investments continue to track on pace at about \$260 thousand. Included in this report and reflected in the anticipated year-end balance, was the sale of properties approved at the last meeting. This cash increase pushed the year-end days of cash on hand from 53 days last year to a projected 59 days this year. Another \$900 thousand in cash would allow Wright State to reach a goal of 60 days cash on hand.

There have been no major changes in the assumptions. Medical claims are tracking relatively flat.

A question was raised concerning what activities might pose a risk to cash. Mr. Shipley indicated that risks might include unforeseen maintenance issues such as boiler repairs or insured losses where costs were incurred before insurance reimbursements were made.

E. Cash and Investment Income Activity

Reserves levels continue to increase relative to 2017. This shows a reversal of the continued declines in reserve levels that have taken place since 2012. Revenue growth remains the key to long term improvement.

1. Wright Guarantee Tuition and Fees

Last Fall Wright State implemented the Wright Guarantee Tuition Program offering a locked tuition rate for four years to incoming first year students. The second cohort under this plan will be arriving in Fall 2019. Mr. Steve Sherbet, university bursar and director of treasury services, updated the committee on some clarifying language to the terms of the program. For students in Cohort 2, the rate lock occurs after the student maintains their registration through the census date (Day 15 of the term).

There was a question about indications coming from the State House on whether the new administration will be allowing colleges to adjust tuition rates. Mr. Sherbet explained provisions within the Wright Guarantee Tuition agreement that cover implementing any statewide tuition increases adopted by Ohio's General Assembly.

Since the final undergraduate tuition rate would not be known until late June, the proposed resolution delegates final authority to the university president to determine the undergraduate tuition rate for cohort 2 once the state's biannual budget is released. Actual proposed rates for meal plans and room rates were contained in appendix C and D of the proposal before the committee.

President Schrader indicated that early reports from the Joint Commission show the State realizes that freezing tuitions levels over the last five years has created a hardship on state colleges and institutions. With that focus, there appears hope that relief may be forthcoming.

With a motion from Mr. Fitzpatrick and a second from Ms. Ramos, the following resolution was moved to the Board for consideration today.

**AMENDMENT OF WRIGHT GUARANTEE PROGRAM AGREEMENT
AND
ACADEMIC YEAR 2019-2020 UNDERGRADUATE
TUITION, FEE & RATE INCREASES**

RESOLUTION 19-

WHEREAS, under Revised Code Section 3345.48 Wright State University established the Wright Guarantee Tuition Program beginning with Academic Year 2018-2019; and

WHEREAS, under Revised Code Section 3345.48 the University may make amendments to the program document to clarify provisions within the document subject to final approval by the Chancellor of the Ohio Department of Higher Education; and

WHEREAS, Revised Code Section 3345.48 states that tuition, fee and rate increases may be increased one time per subsequent cohort by the sum of the 60-month rate of inflation as measured by the Consumer Price Index plus the percentage amount increase authorized by the General Assembly for the applicable fiscal year; and

WHEREAS, the one-time tuition rate increase for subsequent Cohort Group 2 needs to be established once the percentage amount increase authorized by the General Assembly for Fiscal Year 2019-2020 is determined,

NOW THEREFORE,

BE IT RESOLVED that the Board of Trustees adopts the amended Wright Guarantee Tuition Program document subject to final approval by the Chancellor of the Ohio Department of Higher Education, attached as Exhibit A; and

BE IT FURTHER RESOLVED that the Wright State University Board of Trustees delegates authority to the President of Wright State University to establish final tuition rates for subsequent Cohort Group 2 not to exceed the 60-month rate of inflation as measured by the Consumer Price Index (currently at 1.5%) plus the percentage amount increase authorized by the General Assembly for the 2019-2020 Fiscal Year as footnoted in Exhibit B attached, subject to final review by the Chancellor of the Ohio Department of Higher Education, and

BE IT FURTHER RESOLVED that the Residence Services Proposed 2019-2020 Room Rates for subsequent Cohort Group 2 is approved by the Board of Trustees subject to a final review by the Chancellor, Ohio Department of Higher Education, attached as Exhibit C; and

BE IT FURTHER RESOLVED that the proposed 2019-2020 Meal Plans for subsequent Cohort Group 2 is approved by the Board of Trustees subject to a final review by the Chancellor, Ohio Department of Higher Education, attached as

Exhibit D; and

BE IT FURTHER RESOLVED that the university is authorized to make future modifications to the Wright Guarantee Tuition Program document to provide for the effective and efficient administration of the program, subject to compliance with the requirements of Ohio Revised Code Section 3345.48.

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

Wright Guarantee Tuition Program Proposal:

<http://www.wright.edu/sites/www.wright.edu/files/uploads/2018/Nov/meeting/FA8-Exhibits%20A-D%20-%20Wright%20Guarantee%20Program%20Resolution.pdf>

- **Capital Project Approval between \$250,000 and \$499,999**

Construction and renovation projects with a capital budget between \$250,000 and \$499,999 require the approval of the Finance, Audit and Infrastructure Committee. Mr. Branson presented the University Archives Relocation Phase 1 project and outlined the need to move Wright State's valuable Archive collections. Project funds have been raised by donors as part of a larger project to centralize the Archive collections in a larger facility.

Ms. Dawne Dewey, head of Special Collections and Archives, spoke about the need for controlled humidity, additional storage space, and ready access to the collections for the public. Mr. Rob Thompson, university architect, answered questions about fire suppression, humidity controls and building codes. Trustee Moore reiterated that Wright State's Archives is a national treasure and includes one of a-kind-artifacts on aviation history. The collections should be accessible to researchers and the public.

Trustees Langos and Ramos spoke about the continued need for a university master plan and a report on space utilization. President Schrader indicated that a campus master plan is included in the University's Strategic Plan. At the request of Mr. Langos, Mr. Branson agreed to take on the space planning project and to provide an initiation date for the project at the next committee meeting.

The Finance, Audit and Infrastructure Committee approved a resolution for a capital project approval of the University Archives Relocation Project Phase 1.

No further action is necessary.

RESOLUTION - Approved by the FAI Committee

WHEREAS, construction and renovation projects with a total project budget between \$250,000 and \$500,000 require prior approval by the Finance, Audit, and Infrastructure Committee; and

WHEREAS, funds for the University Archives project phase I have been raised by the WSU Foundation and the project is budgeted at \$450,000, and upon completion will provide University Archives more suitable and appropriate space for the storage, maintenance and presentation of special collections; and

WHEREAS, in compliance with section K of the Financial Governance Policy, 100% of project funding is in hand prior to beginning the capital project,

THEREFORE, BE IT

RESOLVED that the Finance, Audit, and Infrastructure Committee of the Wright State University Board of Trustees authorizes receipt of appropriate bids or proposals and authorizes the President or her designee to accept and award contracts within the total budget identified.

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

- **Executive Session:**

At 8:50 a.m., the Finance, Audit and Infrastructure Committee unanimously moved to go into Executive Session to discuss:

- Personnel Matters: Employment and Compensation
- Matters required to be kept confidential by State or Federal statute

Committee Members Present:

Sean Fitzpatrick
Bruce Langos
Grace Ramos
Shaun Wenrick

Committee Members Absent:

Other Trustees Present:

Michael Bridges
Douglas Fecher
C.D. Moore
Austin Rains

Other Trustees Absent:

Anuj Goyal
Stephanie Green
William Montgomery

In accordance with amendments to the Ohio Open Meetings Law, the Finance, Audit and Infrastructure 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 19-20

RESOLVED that the Finance, Audit, and Infrastructure Committee of the Wright State Board of Trustees agreed to hold a Special Executive Session on Friday, November 16, 2018 at 8:50 a.m. in the Double Bowler Conference Room, 2455 Presidential Drive; and be it further

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

- Personnel Matters: Employment and Compensation
- Matters required to be kept confidential by State or Federal law

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

The Executive Session adjourned at 10:36 a.m. and the Trustees returned to the First Floor Gallery Space, 2455 Presidential Drive for the continuation of Committee Day.

The meeting was adjourned at 10:36 a.m.

Respectfully Submitted,
Deborah Kimpton