Minutes

Present:  M. Bridges, D. Fecher, Stephanie Green, G. Ramos, A. Rains, S. Wenrick


Ms. Grace Ramos, in the absence of Mr. Fitzpatrick, committee chair, called the meeting to order at 8:32 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 several updates. Moody’s issued a new report when the Wright State reached a tentative settlement with the faculty union. While this report did not change Wright State’s credit rating, it did list Wright State as “credit positive” based on current circumstances.

  Agenda plans for future Finance, Audit and Infrastructure meetings include the presentation of a conceptual budget for the University in March and audit planning sessions with the internal and external auditors and the full Board before the end of the year.

- **Monthly Financial Performance Reporting**

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

  **A. Financial Analysis: Unrestricted Funds Report**

  FY18 is in the books and the report presented focused on FY19. Tuition and fees through January are under budget by $310 thousand while other revenue categories exceeded the budget, generating a surplus year-to-date of about $1 million. With actual tuition and fees calculated as of February 11, 2019, there is a projected shortfall of $2.2 million in revenue. This shortfall is reflective of the Fall decrease in enrollment, and incorporating the February figures, is actually less than the $2.4 million projected in November. Overall, total revenue is projected to be $1.5 million at the end of the fiscal year.

  Mr. Shipley noted that Wright State will be receiving a one-time SSI (State Share of Instruction) payment from the state due to a change in way the
formula has been calculated. While this payment will not occur next year, it has already been factored into this year-end revenue projection.

In reviewing expenses, there are shortfalls in “contracted/professional services” and in the “info/communications” categories. While not necessarily related to overspending it instead reflects the fluidity of departments reallocating funds from the “other” budget pool to the appropriate budget pool to cover expenditures. For year-to-date, expenses currently show a surplus of $4.6 million and it is anticipated that year-end will have a small shortfall of about $500 thousand.

Mr. Shipley discussed scholarships and fellowships and indicated that with a decrease in enrollment there will most likely be an underutilization of these funds resulting in potentially as much as $1 million in savings.

Overall projections for the fiscal year-end anticipate a surplus of $1 million which is down from the $3 million surplus built into the budget model. Mr. Fecher asked about the likelihood of making up this shortfall. Mr. Shipley indicated that there is a 50/50 chance of reaching the $3 million goal if certain conditions are met, namely, if additional salary savings are realized, if the scholarship surplus materializes, and if some funds being held centrally are not required for any unforeseen circumstances.

B. FY2018 to FY2019 Actual Comparison

This report shows year-to-date against budget compared to last year’s year-to-date against year-end.

Revenue is tracking on a comparable basis to last year. Eighty-four percent of revenue has been recognized to date compared to 84% at last year’s year end. Expenses are slightly under last year (63% versus 65%), however, a couple of categories are running ahead such as contracted services and info/communications. For info/comm., a large invoice for library journals was paid out in January that normally occurs later in the year. This skewed the report as a direct comparison against the same time period. As to the bottom line, Mr. Shipley indicated that there is nothing contained in this report that would trigger any changes at this time.

C. FY2018 to FY2019 Monthly Budget to Actual Variance

The last report is a stand alone comparison of budget to actual for the month of January. While tuition and fees appeared to be way ahead, Wright State budgets revenue by semester; not monthly, and the semester started a week ahead of last year. This start date slid more revenue collection into January in comparison to the previous year.

Mr. Fecher reflected on the improvement in financial reporting over the last few years when previous reports were annual and now they are monthly. He asked what it would take to create monthly operational budgets that
could identify and match spending with fluctuations. Mr. Shipley indicated that he has asked the budget managers to identify their reoccurring large expenditures by month and plot their overall spending patterns so the University can move forward with a more accurate operational reporting on a monthly basis.

D. Cash Forecast
Ending cash for January 31, 2019 was $96.2 million, an increase of $15.2 million over last year. For year end, the projection for cash and investments is $53 million as compared to $51 million on June 30, 2018. This represents a small increase of $1.6 million.

The university continues to receive good interest earnings on our cash investments with $174.9 thousand for the month of January. Most of those monies are on deposit with Star Ohio and it is currently earning 2.5%.

This report also includes "days cash on hand" which is a new reporting measure this year. This metric is very important for stability, especially when reviewed by Moody’s for their rating. Wright State’s year-end projection is for 57 days which is a little more than double the 2017 level of 27 days. The goal is for a minimum of 90 days which will still take some time to achieve.

Mr. Shipley reviewed progress on the replenishment of reserves over the last few years. The cash and investment balance at year-end in 2017 was $41 million, in 2018 it was $52 million, and 2019 is projected to be $53 million. This reflects a slow and steady rebuilding process.

A question was asked about that a 90 day reserve level looks like. At the university’s current spending level of between $900 and $950 thousand a day, a 90 day reserve at the low end would be $81 million.

1. Approval of Expenditures $500,000 and Above
Mr. Shipley presented three contracts for the committee’s review. The first was a one year renewal for custodial services. The second contract covered temporary staffing for events at the Nutter Center. Lastly, the committee discussed a contract for media buying whereby the vendor purchases advertising media for the University’s use.

*Details of the contracts under consideration are available below:*
There were several questions on the scope of the media buying contract and when it would be up for bid. There will be an RFP done in the spring for this contract.

The following resolution was presented to the Finance, Audit and Infrastructure Committee for their approval. With a motion from Mr. Bridges and a second from Ms. Green, the following resolution is before the Board today.

**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 to $499,999**

The committee reviewed two contracts in this range. The first was for a new 5-year contract to purchase a wide spectrum of gases for use in instructional and research applications. The second was a pass-through payment to Barnes and Noble for repayment of course materials utilized by students under the textbook affordability initiative.

*Details of the contracts under consideration are available below:*

Mr. Fecher asked how the University’s medical claims are tracking to the budget. Mr. Shipley indicated that medical claims payments are down in relation to the budgeted amount and seem to be lower due to a decreased amount of high dollar claims.
Contracts Approved by the Finance, Audit, and Infrastructure Committee
Between $250,000 and $499,999

RESOLUTION

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 nowe before the Finance, Audit, and Infrastructure Committee of the Board of Trustees be, and hereby are approved.

Mr. Fecher moved for approval. Ms. Green seconded, and the motion was unanimously approved by the Finance, Audit and Infrastructure Committee by roll call vote.

- **Contracts less than $250,000**

One contract for $150,000 was presented for executive search services for the open positions of Vice President of Research and for the Dean of the Raj Soin College of Business. Mr. Rains asked about the status of the searches and President Schrader indicated that both searches have been moved to the beginning of Fall semester to maximize the applicant pool.

The following contract was for information only. No further action was required.

*Details of the contract are available below:*


- **Investment Report**

The written SEI investment report for the period ending January 31, 2019 was presented to the committee in their packet for review. There were no questions or discussion on the information contained in the report.

2. **Authorization of Conveyance of Highway Easement**

Mr. Larry Chan introduced Mr. Greg Sample, chief operating officer and CEO, Double Bowler Properties Corporation, to speak about a request the University
recently received from the Ohio Department of Transportation (ODOT) for an easement on property located at the Lake Campus.

The Celina Board of Education operates a vocational school / adult education facility known as Tri-Star. Tri-Star’s new location will be on State Route 703 directly across from Wright State’s Lake Campus. ODOT is making improvements to the road to accommodate the increased traffic. Part of the intersection and some of the traffic equipment will encroach on approximately 0.265 acres of Wright State’s property along the road. ODOT is requesting a perpetual roadway easement on 0.125 acres, and a temporary construction easement on 0.14 acres, all of which are adjacent to the road on the edge of the property.

ODOT will ultimately be constructing a traffic light for this intersection paid for by the state and maintained by them. Wright State’s Lake Campus will benefit from this intersection to relieve traffic congestion and as such is not seeking compensation for the temporary or permanent easement.

The following resolution was presented for the Committee’s consideration. With a motion from Ms. Green and a second from Mr. Bridges, the resolution was forwarded to the Full Board for consideration at their Public Session later that morning.

Resolution of the Board of Trustees to Authorize Conveyance of Highway Easement

WHEREAS, the Wright State University Board of Trustees owns a certain parcel of real property located in Mercer County, Jefferson Township, Section 3, Town 6 South, Range 3 East (the “Property”), which is situated along State Route 703;

WHEREAS, the Ohio Department of Transportation intends to expand and improve State Route 703 to accommodate the development of a public vocational school north of the University’s Lake Campus. Traffic signaling equipment and a turn lane will be erected to accommodate an increased flow of traffic when the trade school begins operations.

WHEREAS, some parts of the State Route 703 improvements will be installed on the Property, and some portions of the Property will be temporarily occupied by construction equipment.

WHEREAS, the Ohio Department of Transportation desires a perpetual easement on approximately 0.125 acres of the Property, and a temporary easement on approximately 0.14 acres of the property, and has submitted detailed drawings, a donation letter, and an easement for the Board's consideration.

WHEREAS, the Trustees have determined that the easement will benefit Wright State University by improving the flow of traffic around the Lake Campus, and that the perpetual and temporary easements will not materially impair the value
or usability of the Property.

NOW THEREFORE,

BE IT RESOLVED, that the Trustees hereby authorize the creation of perpetual and temporary easements in favor of the Ohio Department of Transportation on land abutting State Route 703 in Mercer County, and as more particularly described in drawings and legal instruments previously submitted by the Ohio Department of Transportation.

BE IT FURTHER RESOLVED; that the Trustees authorize the President and/or her delegees to execute contract and conveyances, and take and perform all other actions necessary and proper, to create and convey the easements described in this Resolution.

• **Good of the Order**

Mr. Fecher asked if it were possible for the Finance Office to prepare a monthly report outlining medical expense claims as they relate to budget. Mr. Shipley indicated that it was possible and would be added to the packet for future Finance, Audit and Infrastructure Committee meetings.

The meeting was adjourned at 9:02 a.m.

Respectfully Submitted,
Deborah Kimpton