

**WRIGHT STATE UNIVERSITY BOARD
OF TRUSTEES**

**Wright State University Foundation Report
November 2020**

1. President & CEO Report
2. Wright State Foundation Financial Report

Wright State University Foundation President & CEO Report

Objectives identified as being pursued by the Foundation since this report at the same time last year are listed below, with updates.

- Foundation board Trustee recruiting – Five (5) new board members were recruited to serve starting in July, 2020 (specific information on these new board members was included in the last update)
- Venture/Equity Fund purchase from the University - The Foundation board approved the purchase of these funds at full face value at their October, 2020 meeting.
- Foundation building – 2nd floor usage plan – Information on the Emergence Center is attached to this report.
- Foundation Strategic Planning – The process for this continues through the Governance Committee.
- Transition plan for University Advancement staff to Foundation – This plan has been developed and is awaiting the university. In the meantime, because of natural attrition, two positions have become available for the Foundation to fund. The Foundation will be adding the position of Finance Manager on December 1, 2020 and has posted the position of Gift Processing Specialist, to be hired as soon as possible.
- Evaluating alternative income strategies – The Foundation established an ad hoc committee to consider purchasing commercial real estate property owned by Double Bowler, Inc. Besides commercial real estate and the Emergence Center, the Foundation has other ideas that have not been vetted enough to be shared quite yet.
- Foundation branding – Conversations are ongoing with the College of Liberal Arts and Athletics to find ways to best leverage Foundation funds to intentionally enhance donor acquisition, cultivation and solicitation strategies. A list of other local sponsorship/branding opportunities is being developed along with UA with the same intentions.
- Memorandum of Understanding with the University – The Foundation Board provided the university an approved draft of MOU in April and is awaiting feedback.

Wright State University Foundation Financial Report

November 2020

Despite the ongoing COVID pandemic, public financial markets continued their robust advance during the first two months of the new fiscal year. Although markets corrected in September, the losses were less than the gains of the prior two months. Thus, the Foundation's fiscal picture brightened during the first quarter and total assets increased due to positive market performance. Economists continue to be wary of the long-term effects of the pandemic and, more specifically, how the economy will react to permanent changes within all sectors of the economy.

The Foundation's endowment portfolio ended the first quarter of FY21 with a market value of \$90.1 million, a net increase of \$1.4 million over the end of the previous fiscal year, including net withdrawals of \$2.8 million. That translated to a quarterly return of 5.96%. The return was 59 basis points better than the portfolio's composite index.

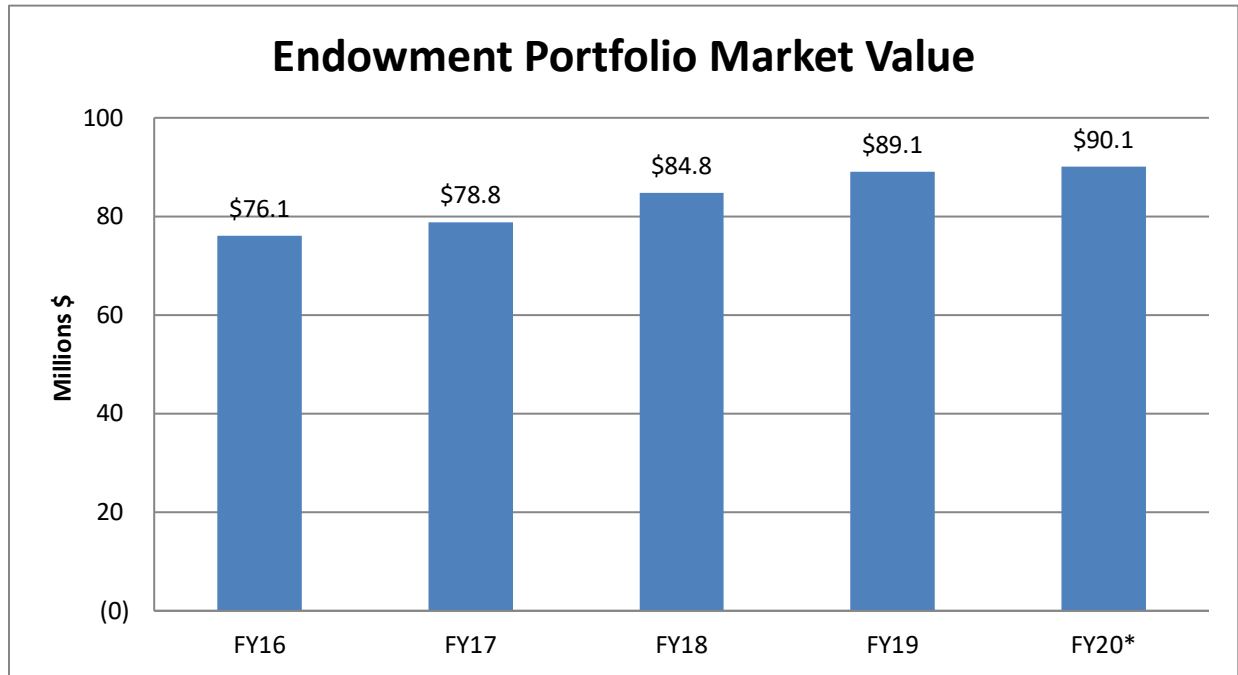
All asset classes performed in positive territory for the quarter ended September 30, 2020, except for private equity which earned slight losses (note that private equity results lag other assets classes so that these losses are actually attributable to June 30, 2020). Public equities returned 7.24% for the quarter, with U.S. large cap shares contributing 9.47% and emerging markets equity adding 8.90%. U.S. equity slightly outperformed world equity (ex – U.S.). Led by high yield bonds (+5.95%), fixed income returns were also positive contributing 2.17% to the portfolio's overall return. In the alternative space, our investment in energy debt paid handsomely at 16.07% for the quarter. Our hedge fund of funds also performed admirably with a 10.26% positive return. Finally, our dynamic asset allocation fund, which represents SEI's best thinking on current market conditions, returned 9.30% for the quarter.

The Foundation's current endowment portfolio composition, including target allocations, actual allocations, and market values, as of September 30, 2020, is presented below:

Endowment Portfolio Composition

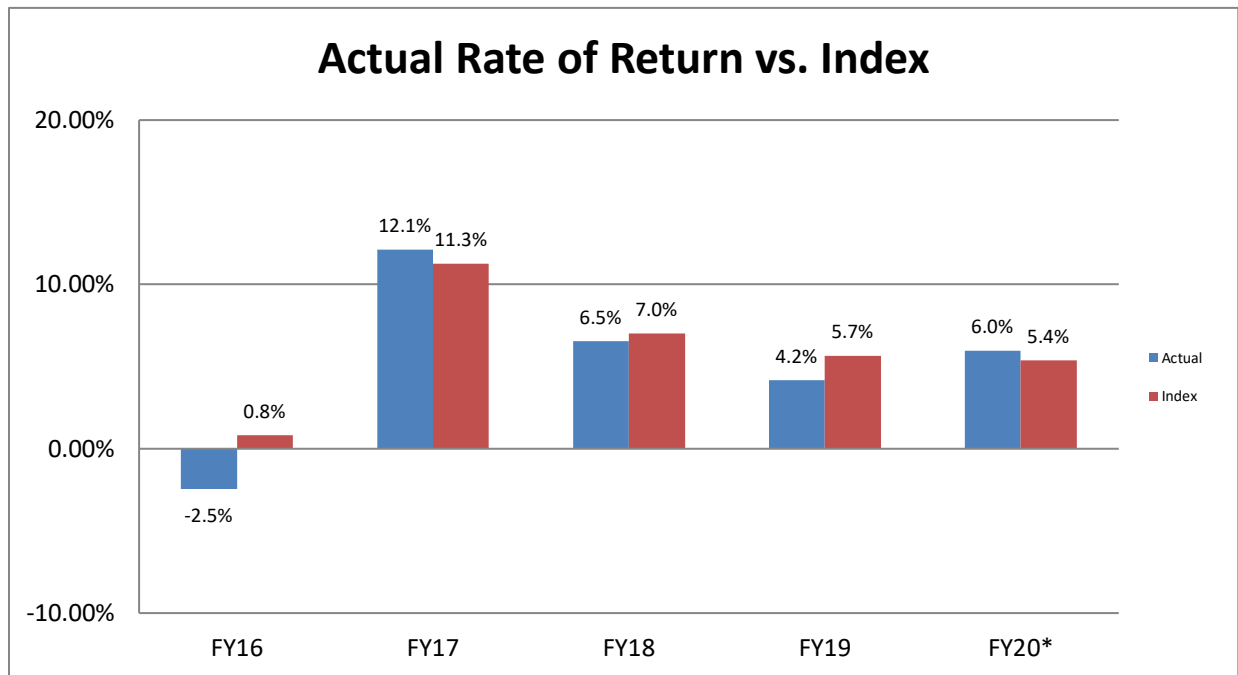
Asset Class	Target Allocation	Actual Allocation	Market Value September 30, 2020
Equity	58%	61%	\$54,698,872
Fixed income	22%	22%	19,971,928
Hedge funds	8%	8%	7,424,095
Private equity	8%	6%	5,175,666
Energy debt	4%	3%	2,800,938
Totals	100%	100%	\$90,071,499

Endowment Value



* As of September 30, 2020

Endowment Historical Rates of Return



* As of September 30, 2020

The index is composed of various market indices of like asset classes in the same proportion as the Foundation's approved asset allocation as defined in its Investment Policy Statement (IPS).

Attachments

Emergence Center

Located in the heart of the Vishal Soin Innovation Park just south of Wright State University's main entrance, the Emergence Center will be a place for the greater Dayton region to collaborate with Wright State faculty, students, and one another — where ideas can be unleashed, free from typical institutional and bureaucratic barriers that hinder innovation.

In addition to Wright State University resources, the Emergence Center will offer on-site access to The Entrepreneurs Center and the Small Business Development Center to support business planning, development, and advancement in support of commercializing ideas or products for the university and greater Dayton community.

This will be a one-stop destination where corporate and community partners who join the Emergence Center as tenants or members can access shared facilities and front-door service to the university's resources, including students, faculty, research, continuing education, and more.

- WSU's Entrepreneurship Club will provide concierge and business services to the Emergence Center's clients
- New Media Incubator, The ONEIL Center, and other campus-based, experiential-learning centers will benefit from a pipeline of new clients from the Emergence Center
- Career Services will match students to Emergence Center's clients for internships and co-ops

Features. Functions. Benefits.

Configured to include event spaces, conference rooms, drop-in workspaces, co-working, private offices, and leasable floorplates up to 10,000 square feet, the Emergence Center will offer a variety of space and place-making options and amenities for a vibrant mix of companies and start-ups to work alongside individual entrepreneurs and innovators.

The Emergence Center will have the latest technology infrastructure and next-generation wireless capabilities throughout the building, providing tenants with secure, seamless, turn-key solutions to meet their needs.

The Business Model

Brokerage

The Emergence Center will act as a broker for Wright State University resources that voluntarily opt in to being represented by the Center. Hours of accessibility, pricing, etc. will be determined by the Wright State entities and included in an asset map that will be put together in a menu-like offering for potential clients to consider.

As with any brokerage firm, the Emergence Center will keep a small portion of any fees collected to offset costs incurred.

Offerings, prices, and associated fees will all be spelled out in a memorandum of agreement and kept on file for the duration of the relationship. The Emergence Center will only accept MOUs ultimately signed

by persons/positions designated by the provost or president to ensure continuity in the offerings/pricings in their areas.

Host Site

Currently, the Emergence Center consists of 30,000 square feet located at 3070 Presidential Drive. The building will have incubator/start-up space, co-working space, and configurable space for existing companies that would like to be in close proximity to the resources available at Wright State University.

Much like the mission of the Wright State University Foundation, the Emergence Center exists to support the educational mission of the university. In keeping with this mission, the Emergence Center will only accept tenants that demonstrate a commitment to utilizing university resources and can do so at what would be considered “below market” rates because of this commitment.

Grants

The Emergence Center will pursue funding through grants related to economic development and other focus areas specific to its mission with a goal of complementing, not competing with, the university’s external funding opportunities.

Ancillary Services

Other revenue-generating opportunities include centralized printing opportunities for tenants who would pay a per copy/print fee, vending machines, coffee shop, etc.

Workshops & Certifications

The Emergence Center will partner with community and campus-based experts to offer workshops and certification programs covering entrepreneurial, technical, and special-interest topics within a revenue-sharing model.

Membership Model

With only 30,000 square feet available, the Emergence Center is limited in how it can reconfigure its space and the number/type of businesses it can serve. Because of this, there is a need to establish a model in which non-tenants can access the same Wright State resources as tenants. A membership model that is based on the size of a company and/or other criteria will be implemented so they, too, can be considered a “Wright State company.”

Expense Side

Because the Emergence Center will be located in an existing Wright State University Foundation asset that is not currently generating any revenue from its available space, there are no new expenses expected from this endeavor. Any physical improvements made for tenants will be recouped through increased lease rates for those tenants.

Emergence Center

The ONEIL Center at Wright State | October 29, 2020

Problem <ul style="list-style-type: none">• In the face of declining enrollments and state subsidies, universities must downscale or find new revenue streams• WSU has underused or idle assets of interest to industry, but multiple barriers prevent the university from leveraging and industry from accessing these assets• Dayton has a thriving entrepreneurial ecosystem, but WSU has yet to emerge as a significant institutional player Existing alternatives <ul style="list-style-type: none">• Expensive recruitment & retention campaigns and contingencies for downscaling• Inefficient directory searches• Individual WSU units, faculty, and service providers independently participate	Solution <ul style="list-style-type: none">• Create new revenue streams by leveraging personnel (experts & interns) and material (equipment & labs) assets of interest to industry• Create a single point of access to assets WSU chooses to opt-in• Create place-based value linked to EC's proximity to WSU, WPAFB, NCMR, and more Key metrics <ul style="list-style-type: none">• Amount of revenue flowing from EC to WSU• Number of opportunities (e.g., collaborators, internships, projects, corporate relations) flowing from EC to WSU• Number of startups launched from WSU• Degree of regional economic impact made by EC	Unique value propositions <ul style="list-style-type: none">• EC will showcase and build on success of existing WSU assets choosing to opt-in (e.g., The ONEIL Center, New Media Incubator)• Unlike programs that invest tens of millions in physical infrastructure, EC will launch via pandemic-proof digital infrastructure to complement its existing physical infrastructure• EC will tailor the benchmarked model used at Purdue's Convergence Center to reflect needs of region and WSU's unique assets• EC's AcceleRaider will create a fund to incubate startups to create class of "WSU companies"• EC will include a professional development center to provide training and certifications in capabilities critical to the region• EC will launch a competitive fellowship program	Competitive advantage <ul style="list-style-type: none">• EC has invaluable place-based value due to its proximity to WSU, WPAFB, NCMR, and more• In collaboration with NucleusX, EC will exclusively pilot a state-of-the-art digital platform designed to maximize interfaces between WSU and local businesses• EC has strong existing relationships with organizations committed to directing pipelines of startups to the EC Channels <ul style="list-style-type: none">• Business development• Referrals from clients, collaborators, and community champions• Pipelines from partnering organizations, including MBAC, PTAC, SBDC, TEC, StartupGrind, TrepHouse, Founders Institute, and more• Marketing & Outreach	Customer segments <ul style="list-style-type: none">• WSU stakeholders• Near-launch and existing startups• Small to-mid-size companies in innovation fields• Pipeline organizations (e.g., MBAC, PTAC, SBDC, TEC, StartupGrind, TrepHouse, Founders Institute)• Employees seeking professional development opportunities Early adopters <ul style="list-style-type: none">• WSU units, faculty, staff, and students• Champions of WSU (e.g., alumni, board members, community partners)• Near-launch startups• Companies seeking WSU assets
Cost structures <ul style="list-style-type: none">• Fixed: Executive Director Salary & Benefits (50%)• Fixed: Business Development Budget• Variable: Marketing• Variable: Revenue-Sharing• Variable: Utilities & maintenance		Revenue streams <ul style="list-style-type: none">• Leases & Memberships• Equity stakes in startups• Shared services upcharge (e.g., printing)• Brokerage commissions• Training & professional development offerings• Special events		

Emergence Center

Wright State University Foundation



The Emergence Center Connects Businesses to Campus

Facing declining enrollments and state support, universities are creatively generating new revenue streams. As Wright State's strongest champion, the Emergence Center will drive relationships to the university to create even more opportunities with industry via access to labs & specialized equipment, consulting, collaboration, fee-based services & projects, internships, and entrepreneurship.

1

ENGAGE

Rally internal stakeholders & external champions to inspire buy-in

2

EMPOWER

Drive relationships & revenue to Wright State by leveraging experts and assets

3

EMERGE

Assert place in regional ecosystem via unique infrastructure & capabilities



Economic Impact

Driving regional entrepreneurship, job creation, & professional development



Place, Not Space

Leveraging proximity to & relationships with WPAFB, AFRL, NCMR, and more



Innovation

Amplifying faculty discoveries & innovation

Pandemic Proof

In an Environment Where Space Is Losing Value and Places Are Empty, the Emergence Center Creates Presence

The Emergence Center is partnering with local startup LunarX and Qme Local to exclusively pilot University Connect, digital infrastructure that seamlessly connects Wright State to regional startups, businesses, and support organizations such as the Small Business Development Center, Minority Business Assistance Center, and more.








University Connect will be the digital Emergence Center and enable effortless brokerage of university assets.

University Connect is an innovative platform that

- Cultivates collaborative intellectual property development
- Supports opt-in asset mapping & academic resource commercialization
- Delivers university resources and services to local businesses and communities
- Links students, faculty, and alumni to drive a unified business and community growth mission
- Generates and supports experiential learning & internship opportunities
- Indexes faculty publications by subject

Benchmarking the Model

The Emergence Center Stacks Up to Purdue's Proven Model

Benchmark	WSU
Mentorship & Alumni Network Database	
Capital funding: Connecting startups with potential funding sources	
Student-led professional services: marketing, videography, Web & software development, accounting, proposal writing, statistical consulting, market research, and business planning	
Events: Entrepreneurial ecosystem networking events	
SBIR/STTR Proposal Support	
Professional Development, Certifications, Workshops, & NSF I-Corp Program	
Leased office space, co-working, and gathering spaces	
Entrepreneurial ambassadors and support for campus entrepreneurship	

Existing WSU Capability		Available WSU Capability	
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