



WRIGHT STATE UNIVERSITY

**Board of Trustees
Committee Meetings
Friday, March 19, 2021**

Finance, Audit, Governance and Compliance

9:00 a.m.

Minutes

Present: D. Conway, D. Fecher, S. Fitzpatrick, M. Grunder, T. Gunlock,
B. Langos, R. Peters, A. Platt, B. Whiteside

Guests: M. Bolden, D. Borowy, E. Cozad, S. Culley, S. Edwards, O. Evans,
K. Everhart, M. Ingram, B. Kawosa, L. Luehrmann, S. Mickey-Boggs,
G. Sample, L. Sidor, S. Todd, J. White

1. Call to Order

Trustee Bruce Langos, chair, called the March 19, 2021 Finance, Audit and Governance Committee meeting to order at 9:00 a.m. and welcomed the board members present as well as the guests.

Trustee Langos asked the secretary, Shari Mickey-Boggs, to call the roll. There was a quorum.

2. Conflict of Interest Statement

Trustee Langos read the conflict of interest statement.

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.

Trustee Langos asked the secretary, Shari Mickey-Boggs, to call the roll.

3. Committee Chair Comments

Trustee Langos stated that the meeting had been called by written notification; a quorum was present.

Chair's Statement

Trustee Langos read the Chair's statement. 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.

Mr. Langos asked the Chief Operating Officer, Mr. Greg Sample, for his comments.

4. Chief Operating Officer Comments

Mr. Sample thanked Trustee Langos and informed the board members that there would be a series of updates with no actionable items to vote on for the committee.

Mr. Sample asked Ms. Sommer Todd, Director of University Fiscal Services, to begin the report.

5. MONTHLY FINANCIAL PERFORMANCE REPORTS

Ms. Todd reported that there were no significant changes to the schedules since the February 18 FAGC meeting. Ms. Todd briefly reviewed schedules two through five (posted at: <https://www.wright.edu/board-of-trustees/meetings/meeting/396431>). Ms. Todd asked committee members if they had any questions. There were no questions from the committee; Ms. Todd asked Mr. Don Borowy, Director of Treasury Services, to review the remaining schedules.

Monthly Cash Flow Report

Mr. Borowy highlighted the Cash Forecast as of January 31, 2021. For January there was an ending total cash investment balance of \$136.2 million; this is a \$24.9 million increase over January 2020 and a \$25.1 million increase from December 2020. The increase from December is normal as it relates to tuition and fees. Looking at the forecast for the full year, again no significant increase, still showing \$160 million at year end; this is up \$22.1 million from last year.

Mr. Borowy reviewed the Monthly Cash & Investment Balance with a few changes made from last month. The graph includes a line (at top of graph) for 2012 and indicates a high watermark for cash investment balances for the past ten years. This puts in perspective where we have been (at one time) and where we aspire to get back to. Mr. Borowy also indicated an added dotted line, for fiscal year 2021 forecast, that represents the cash investment balances, without the one-time impacts of the property sale reimbursement, Cares Act reimbursement, private equity investment gains, etc. The one-time items contributed approximately \$16 million to the reserves. The lower graph shows the impact of day's cash on hand. The graph's dotted line represents the cash on hand, excluding the aforementioned one-time items.

6. INVESTMENT REPORTS

Mr. Borowy reported that in January there was almost \$26,000 for investment income. Compared to last year's \$81,000 which was attributed to lower investment rates. Mr. Borowy reported that the investment pool, as of January 31, 2021, had an increase of \$22 million from last month due to January's increase of cash invested.

The January distribution shifted \$2.3 million from the alternate investment category to the liquidity pool. Mr. Borowy reported that all funds on the Investment Returns schedule beat their benchmarks for the month (1/31/2021), except for the short duration government funds. He further reported that the Raider Asset Management was leading the way with a positive (1.15%) one-month return. Mr. Borowy asked if the committee members had any questions.

Trustee Fecher asked if we had moved allocated (or reallocating) funds out of the \$132 million Star Ohio short term or ultra-short term as had been discussed in the past. Mr. Borowy reported that this had not been done as of this date. Some analysis was being done to determine if paying down debt was a better way to use the funds. Trustee Fecher indicated that Mr. Burhan Kawosa, Interim Associate Vice President, Financial Operations, mentioned that you were looking at perhaps paying down some of the debt and/or looking at refinancing the debt at a lower rate. Trustee Fecher also stated that another option would be to use some of the one-time funds received to pay down the debt and improve our cash flow in the coming year. He asked Mr. Kawosa to comment on paying down debt with the committee.

Mr. Kawosa stated that the team was looking at the refinancing of the 2011 and 2012 series. There is an underwriter and a municipal advisor in place and as we are modeling that we may realize \$3 to \$4 million in savings based on where the market is right now. However, if we refinance and do not change the term structure of the debt we are looking at 10 years. What will be given up in a refinance is the new bonds are straight bonds and will not have the call option that we have currently. As we are modeling this, we could achieve the same savings by calling \$15 to \$20 million of the outstanding debt. Mr. Kawosa informed the committee, that different possibilities will be presented to them for review at the April 2021 committee meeting. Trustee Langos indicated that the committee would also need a 'snapshot' of what is projected for fall 2021 before any decision is made.

Trustee Langos asked Mr. Sample to introduce discussion on Higher Education Relief Funds.

7. HIGHER EDUCATION RELIEF FUNDS (HERF Round II)

Mr. Sample introduced to the committee members Ms. Kim Everhart, Director of Financial Aid. She is a Wright State University success story, like many of our graduates, she is a graduate of Wright State and has been in the financial aid office

for seventeen years. She began as a graduate assistant, worked her way up, and in 2019 was appointed director.

Ms. Everhart thanked Mr. Sample and the committee for the opportunity to discuss Higher Education Emergency Relief Funds (HEERF). She spoke specifically about the student allocation of the emergency relief funds, earmarked explicitly for grants to students. The funds were not going to be used to reimburse the institution for housing, meal plans or other various fees. Ms. Everhart shared a PowerPoint presentation (will be posted with minutes) and also credited many departments across the campus with collaborating on this plan (e.g. Bursar, Finance, Computing and Telecommunications, Counseling and Wellness, etc.). Guidelines from the Department of Higher Education helped to identify those students that would be eligible for a portion of the \$5 million in funds to be distributed. Some of the guidelines provided:

- CARES was passed in late March 2020, providing WSU with \$5 million in HEERF grants for students. To provide grant funding directly to students to assist with COVID-19 and campus operations going remote. Priority to be given to students based on need.
 - To be eligible: Degree seeking, enrolled in at least one face-to-face course, filed a FAFSA and otherwise eligible for Title IV aid
 - Intended expenses: food, housing, course materials, technology, healthcare, childcare

Ms. Everhart reviewed the method to award the relief funds:

- Mass Awards using Objective Criteria
 - Awarded in May 2020 – expected family contribution (determined by FAFSA and Spring 2020 enrollment)
 - Grant Ranges - \$84 - \$1,000
 - Students Receiving – 5,764
 - Total Awarded - \$4,475,359
- Application for Funds: those students who did not qualify for a grant using the EFC and enrollment matrix were allowed to apply for HEERF:
 - Grant amount ranges - \$100 - \$500
 - Number of recipients – 300
 - Total Awarded - \$134,956
- Residing in On Campus Housing
 - 860 students – awarded \$250 in HEERF for fall 2020
- Special Circumstances – 20 students – awarded \$1,000 each

December 2020, Congress passed HEERF II – providing Wright State University an additional \$5 million in grants. To assist students with COVID-19 and additional expenses related to the national emergency.

- To be eligible: Degree seeking, US citizen or eligible non-citizen as determined by FAFSA
- Intended expenses: food, housing, course materials, technology, healthcare, childcare, tuition

Mass Awards Using Objective Criteria

- Awarded in March 2021 – expected family contribution (EFC), as determined by the FAFSA and Spring 2021 enrollment
 - Grant Ranges - \$150 - \$1,100
 - Students Receiving – 6,740
 - Total Spend - \$5,203,275

A website has been created to report and disclose how HEERF funds are spent and informs students on what to expect if they received a grant. The American Rescue Plan (ARP) was passed by Congress this month (March 2021). This includes funding for HEERF III, specifically additional grants for students. Specific information has not yet been released. Ms. Everhart asked if the Trustees had any questions.

There being no questions, Trustee Langos asked Mr. Matt Ingram, Senior Lecturer-RSCOB and Faculty Advisor for RAM, to give his report on the Raider Asset Management (RAM).

8. RAIDER ASSET MANAGEMENT STUDENT PRESENTATION

Mr. Ingram informed the committee members that RAM is a capstone course for RSCOB finance and financial services students (Real Money Investing – FIN 4220). He shared a PowerPoint presentation (will be included with the minutes) that show it is a portfolio of stocks that the students manage; currently valued at \$2.48 million. Some background, in 2008 the university increased the amount to \$550,000 that the students would manage (includes 85% university and 15% foundation) and is an equity only fund – the students buy only stocks. The students research, analyze and choose all the stocks purchased for the portfolio. Total return since January 2016 has been 123% vs 111.5% for SP 500; return for 2020 is 20.3% vs 18.33% SP 500. Mr. Ingram praised the students for the stocks chosen for this year with current return for 2021 (3/18/2021) is 10.1% vs 4.71% SP 500.

As advisor, Mr. Ingram gives the students the framework and they do all the work. Framework equates to:

- Risk first (margin of safety)

- Contrarian strategy (look for neglected/misunderstood businesses)

- Students make decisions with real money, approve all buy/sell orders (w/faculty supervision)

- Learn to analyze financial data, risk management, behavioral and cognitive biases

Mr. Ingram introduced Ms. Mackenzie Bolden, senior, dual major in accounting and finance, graduating in May 2021. Ms. Bolden currently manages a handful of stocks in the portfolio. She closely watches the stocks, updates the class on news items, calculates intrinsic values and makes recommendations based off her valuations. She presents her recommendations to the class and answers questions and then the class votes on her recommendations. Weekly, new ideas for prospective stocks are presented by all those in the class. She reviews their valuations and recommendations. She follows current market trends to be sure she's prepared to ask questions and/or offer insights.

Mr. Ingram introduced alumnus Mr. Joe White, BS Accountancy and Finance (2017) and Masters of Accountancy (2018). Mr. White informed the committee members that he is currently portfolio manager assistant at Johnson Investment Counsel. His day-to-day private client group primarily focuses on developing and executing portfolio management and wealth management solutions for high net worth families and individuals with some exposure to management of money for nonprofits. He stated that the FIN4220 capstone course was the single most integral part of his degree – hands down. The value was in marrying academic/textbook knowledge with real world equations/formulas and cash flow models. Learning what actually moves capital markets and developing an investment thesis. This course allows students to apply everything they have learned in their time at Wright State University. The day-to-day basis in his job, whether presenting to his boss or clients; he took with him tangible skills that apply in real world situations. This course really inspired a passion for portfolio management that totally redirected his career path.

Mr. Ingram introduced alumna Ms. Emily Cozad, BS Financial Services (2019), Portfolio Analyst for Buckingham Advisors. Her main responsibilities are management of client portfolios-invested in mutual funds. This course taught her how to avoid mistakes that investors had made and learned from along the way. She learned different fundamental evaluation factors and how to apply them when

researching companies, different ways to calculate intrinsic values and pitching a stock (uses this almost every day in her work). This course is different from a simulation, because real money is being risked, as more responsibility and pressure is in play and gives the student a different mindset-knowing that real money is at risk. The team approach is invaluable as you have to research and apply the knowledge as you defend/present your recommendations to the team—very real-life. Excellent preparation for real world application.

Mr. Ingram thanked Mackenzie, Joe and Emily for participating in today's presentation to the WSU BOT FAGC committee. Mr. Ingram asked if the trustees had any questions.

Trustee Langos asked if the FIN4220 students had access to stock analytics on a Bloomberg Terminal. Mr. Ingram indicated that for many years Bloomberg was used and recently switched to Factset (another large, very popular database) for equity analysis. This was a budgetary decision, Bloomberg is approximately \$65,000 per year and Factset services are approximately \$22,000 per year. Being in a cost savings mode here at Wright State University, we made the switch, however, the students haven't really missed a beat with Factset.

Trustee Fecher congratulated Mr. Ingram and the student team on their return performance; he asked to name some top investments currently in the portfolio. Ms. Bolden reported that American Eagle Outfitters, closed retailer, has done very well—and actually performed better than expectations. Mr. Ingram shared a snapshot of the holdings.

Trustee Platt congratulated Mr. Ingram and his team for the great work they are doing and have accomplished. He is proud to be a product of the Wright State University Raj Soin College of Business. Many leaders in the community truly covet Wright State University graduates.

9. OTHER BUSINESS

Trustee Langos asked Mr. Sample if there was any other official business for the committee. Mr. Sample indicated that there was no other official business, except requesting the committee to move into executive session.

10. EXECUTIVE SESSION

Trustee Langos stated that at this time, the Finance, Audit, Governance and Compliance Committee would like to enter into a Special Executive Session; for the purpose of discussing:

- Matters Required to be Kept Confidential Pursuant to Federal or State Law.
- The appointment, employment, dismissal, discipline, promotion, demotion, or compensation of a public employee or official.

In accordance with the Ohio Open Meetings Act, the Wright State University Board of Trustees' Finance, Audit, Governance and Compliance Committee, after a majority of a quorum and by roll call vote, determines to hold a Special Executive Session.

Trustee Langos asked the secretary to read the resolution.

Executive Session RESOLUTION 21-

RESOLVED that the Wright State University Board of Trustees' Finance, Audit, Governance and Compliance Committee agrees to hold a Special Executive Session on March 19, 2021; and be it further

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

- Matters required to be kept confidential by federal law or regulations or state statutes per R.C. 121.22(G)(5);
- To consider the appointment, employment, dismissal, discipline, promotion, demotion, or compensation of a public employee or official per R.C. 121.22(G)(1);

Trustee Langos offered the motion; seconded by Trustee Platt and unanimously passed by rollcall vote (6-0-0).

Adjournment

Trustees returned to Public Session.

Trustee Langos asked for any additional business that needed to be brought before the committee. There being none, the chair entertained a motion for adjournment. Trustee Fecher moved to adjourn; seconded by Trustee Platt and unanimously approved by voice vote at 10:35 a.m.

Respectfully submitted,
Fran Keeley

Approved by FAGC on 4/29/2021