

**BOARD OF TRUSTEES
FINANCE, INVESTMENT, AND AUDIT COMMITTEE**

**OPEN SESSION
REPORT SUMMARY**

Date of Meeting: February 2, 2024

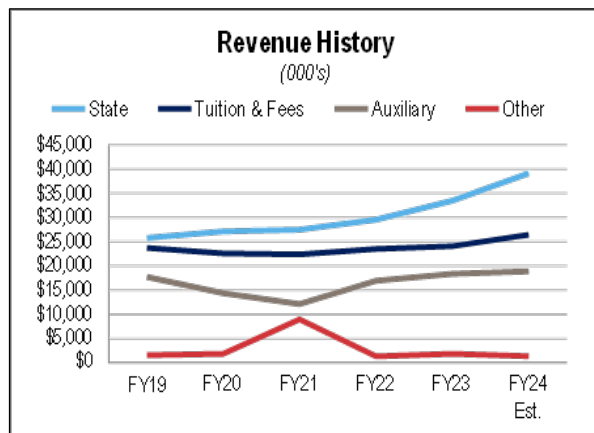
Date of Next Meeting: May 10, 2024

Committee Chair: John Wobensmith '93

Committee Members: Nick Abrams '99, Anirban Basu, John Bell '95, Lex Birney, Board Chair
Susan Lawrence Dyer, Sven Holmes, President Tuajuanda Jordan, Faculty Finance Delegate
Charles Holden, Melanie Rosalez '92, Ray Wernecke

Staff Member: Mary Grube

Dashboard Metrics



Discussion Items

Investment Strategy for Quasi-Endowment

A thorough review of the current quasi-endowment asset allocation strategy will be provided by the College's fund managers, 19/19 Investment Counsel, LLC, including a presentation that highlights current and future market conditions and expectations.

Outstanding Bonds Repayment Structure

A review of the repayment schedule for the 2012 Series A, the 2018 Series A, and the 2020 Series private placement bond actions will be provided, including the outstanding principal, the interest owed over time, and the anticipated annual payments for all outstanding bonds through 2040.

Information Items

Strategic Investments from Bond Proceeds

The FY24 anticipated College expenses to be supported by the bond currently total \$4.87M, producing an expected remaining balance of \$7.92M. Potential FY24 bond expenses related to the implementation of the strategic plan, *The Rising Tide*, will be accounted for and presented to the Finance, Investment, and Audit Committee at the May 2024 meeting.

Joint Investment Activities

The Foundation's Joint Investment and Advisory Committee met on November 16, 2023. As of December 31, 2023, the total market value of the Foundation's endowment was \$37.7M. The Foundation's endowment is comprised of three parts: a portion of the JP Morgan portfolio (\$36.8M), the Student Investment Group account (\$670K), and WesBanco shares (\$248K). Of the endowment managed by JP Morgan, the fiscal year-to-date increase in market value of \$824K includes \$188K in contributions, \$374K in income, \$1.243M increase in investment value, and distributions of \$981K.

The College holds investments totaling \$4.8M consisting of endowment and quasi-endowment. \$3.8M are funds functioning as endowment (quasi) and \$1.0M represents the Blackistone Endowment. Invested endowment funds, managed by 19/19 Investment Council, have a market value of \$4.61M as of December 31, 2023. The remaining \$271K of College endowment is currently held in a cash investment pool by the Maryland State Treasurer.

Action Items

II.A. Approval of the FY25 Plant Fund Budget

Contingent upon a favorable endorsement by the Technology, Buildings and Grounds Committee, the Finance, Investment, and Audit Committee will consider the proposed FY25 plant fund budget in the amount of \$1.662M. The primary source of funding comes from the student facility fee.



**BOARD OF TRUSTEES
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
FEBRUARY 2, 2024**

**OPEN SESSION
AGENDA**

- I. DISCUSSION ITEMS**
 - A. Investment Strategy for Quasi-Endowment
 - B. Outstanding Bonds Repayment Structure
- II. ACTION ITEMS**
 - A. Approval of the FY25 Plant Fund Capital Budget
- III. INFORMATION ITEMS**
 - A. Strategic Investments from Bond Proceeds
 - B. Reportable Procurement Items
 - C. Joint Investment Activities
 - D. Dashboards
 - E. Minutes (Meeting of October 13, 2023)

The Committee does not expect to close any portion of this meeting.

ST. MARY'S COLLEGE OF MARYLAND
BOARD OF TRUSTEES
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
FEBRUARY 2, 2024
DISCUSSION ITEM I.A.
INVESTMENT STRATEGY FOR QUASI-ENDOWMENT

The purpose of this discussion is to provide a thorough review of the current quasi-endowment asset allocation strategy, which was approved by the Board of Trustees on February 3, 2018, at the recommendation of the Finance, Investment, and Audit Committee. This strategy is currently employed by 19/19 Investment Counsel, LLC in the management of College assets.

The College's 19/19 fund managers will provide a presentation that highlights current and future market conditions and expectations, followed by a detailed question and answer session with Committee members. A portfolio investment review package and the Investment Policy were provided to the Committee prior to the meeting.

Below are excerpts from the Investment Policy as approved by the Board of Trustees on February 3, 2018:

The Committee believes that the College's risk and liquidity posture are, in large part, a function of asset class mix. The Committee has reviewed the long-term performance characteristics of various asset classes, focusing on balancing the risks and rewards of market behavior.

The following asset classes were selected:

- Domestic Equities
- International Equities
- Fixed Income
- Cash Equivalents

Based on the College's time horizon, risk tolerance, performance expectation and asset class preference, the asset allocation for the entire portfolio should be invested as follows:

	<i>Asset Allocation</i>		
	<i><u>Lower Limit</u></i>	<i><u>Target Allocation</u></i>	<i><u>Upper Limit</u></i>
<i>Domestic Equities*</i>	20%	30%	50%
<i>International Equities</i>	0%	5%	10%
<i>Fixed Income**</i>	50%	60%	70%
<i>Cash Equivalents***</i>	0%	5%	15%

**Not more than 15% of equities (at market value) may be small-cap companies.*

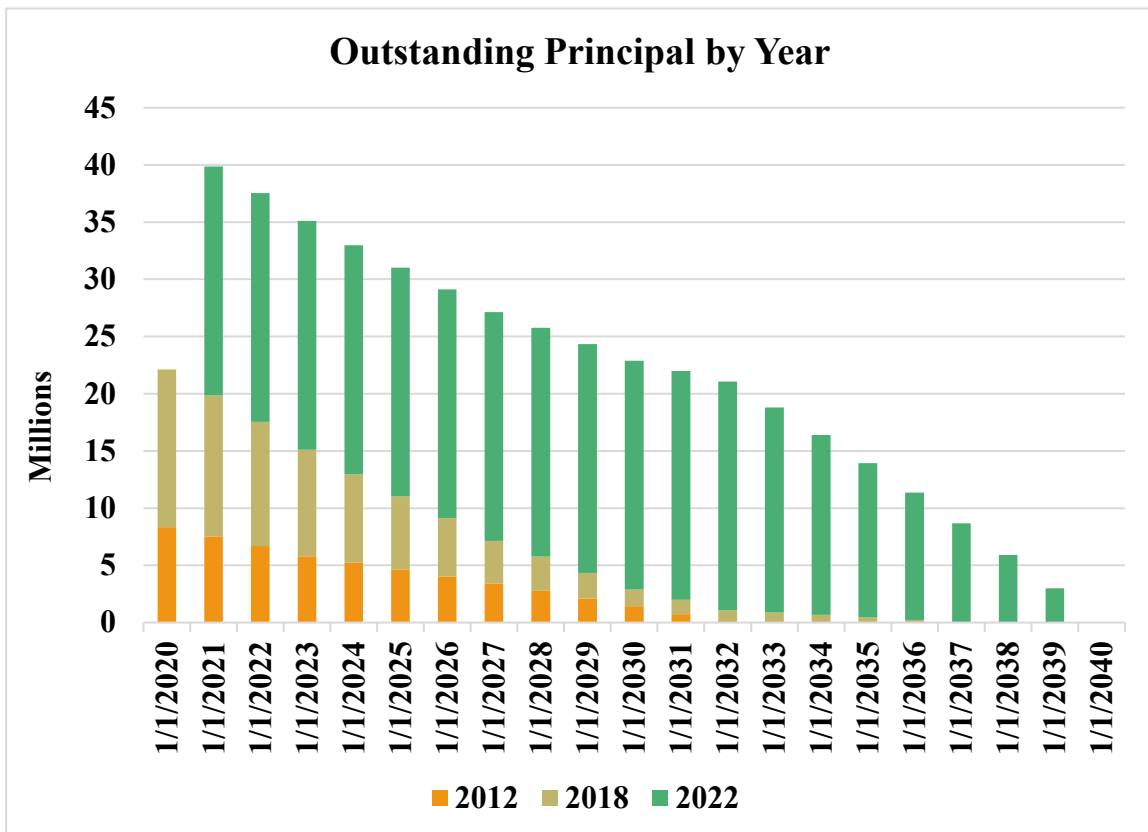
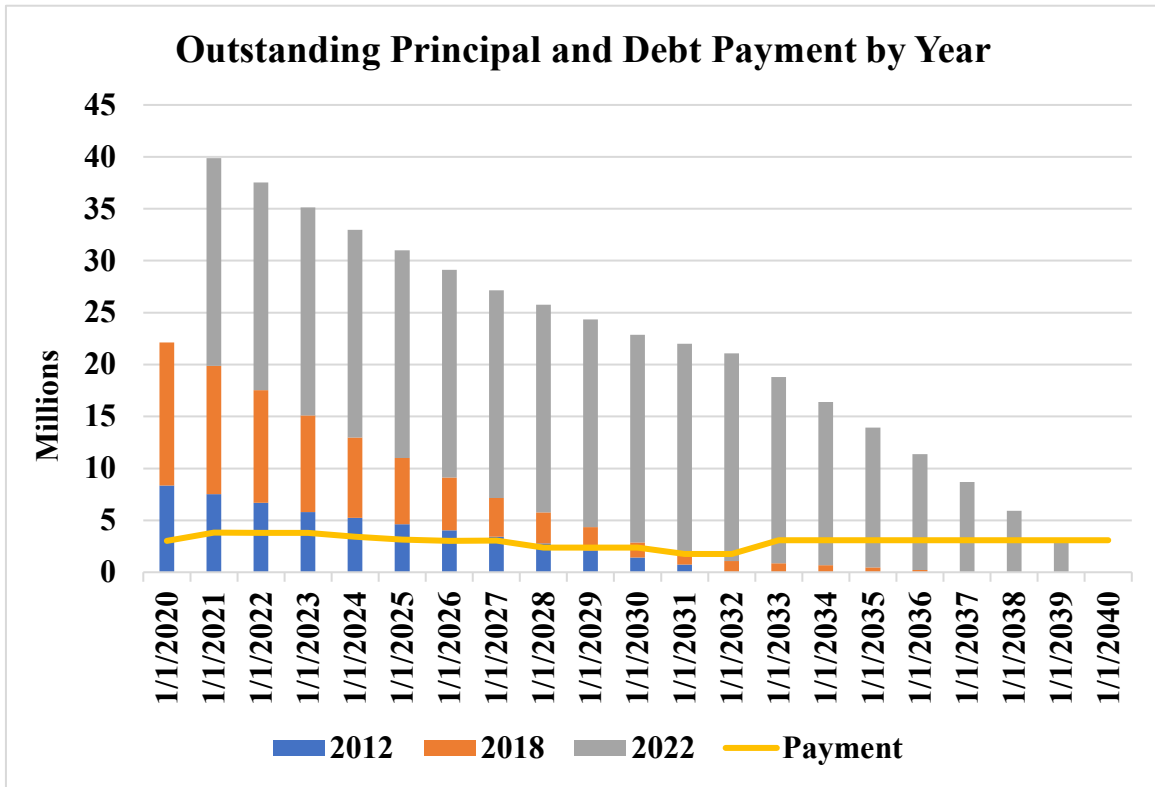
***All fixed income instruments shall be, and in no event, rated lower than BBB- (S&P) or Baa3 (Moody's) at time of purchase. Should a security fall below the minimum ratings, the Manager will notify the College and provide a recommendation.*

****Commercial paper must be rated A-1 (S&P) or P-1 (Moody's) or higher.*

ST. MARY'S COLLEGE OF MARYLAND
BOARD OF TRUSTEES
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
FEBRUARY 2, 2024
DISCUSSION ITEM I.B.
OUTSTANDING BONDS REPAYMENT SCHEDULE

At the Finance, Investment, and Audit Committee meeting on October 13, 2023, the Committee Chair requested that a breakdown of the repayment schedule for the 2012 Series A, the 2018 Series A, and the 2020 Series private placement bond actions be provided at its next meeting. Specifically, the Committee Chair indicated that the review should focus on the outstanding principal, the interest owed over time, and the anticipated annual payments for all outstanding bonds through 2040.

The College has a statutory debt limit of \$60M. As of December 31, 2023, there were \$35.115M in revenue bonds outstanding. A line item is included in the budget projections, under operating expenses for Debt Service, to capture payment for outstanding bond debt. The cost of debt service in FY23 and FY24 was \$3.79M. Each subsequent year the cost will begin to trend down, with the exception of FY33 when it trends upward as the College begins to pay the principal of the 2020 Series private bond placement.



ST. MARY'S COLLEGE OF MARYLAND
BOARD OF TRUSTEES
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
FEBRUARY 2, 2024
ACTION ITEM II.A.
APPROVAL OF THE FY25 PLANT FUND BUDGET

RECOMMENDED ACTION

The Finance, Investment, and Audit Committee recommends approval by the Board of Trustees, contingent upon a favorable endorsement by the Technology, Buildings and Grounds Committee, of the proposed FY25 plant fund budget in the amount of \$1.662M. The primary source of funding comes from the student facility fee.

RATIONALE

The Technology, Buildings, and Grounds Committee is charged with the responsibility to establish priorities for capital projects. A cost breakdown by priority categories and a listing of FY25 plant projects is provided.

Note: In the past years, approval of the plant budget for the upcoming fiscal year was sought at the May meeting. With endorsement from the Chairs of both the Technology, Buildings, and Grounds and Finance, Investment, and Audit Committees, approval of the plant fund budget is being advanced for approval at the February meeting. This will enable the College to expeditiously begin major renovation and repair work this summer. Awarding contracts requires the development of solicitations, advertisement of the renovations/repairs to be completed, evaluation of the submitted proposals from contractors, making the contract award, and allowing time for contractors to procure materials and mobilize for work. This process often takes three to four months, which means the work cannot be completed in the summer timeframe if cannot secure project approval until May.

Acquiring approval in February will permit the College to begin these plant projects immediately at the beginning of the new fiscal year (1 July).

ST. MARY'S COLLEGE OF MARYLAND
FY25 PLANT PROJECT SUMMARY

FY25 Priority List

PROJECT	ESTIMATED COST
<u>CAPITAL PROJECTS</u>	
Campus Wide - Interior Signage Upgrades	\$50,000
Capital Planning Design and Construction Programming and Revisioning	\$100,000
Classroom Refresh Project	\$25,000
Margaret Brent Hall - Renovation Project	\$40,000
Calvert Hall - Lobby Renovation	\$100,000
TOTAL COST OF FACILITIES PROJECTS	\$315,000
MAINTENANCE AND REPAIR	
Miscellaneous Maintenance and Repair Projects - Unknown	\$30,000
Plant Contingency	\$30,000
Campus Wide - Roof repairs	\$40,000
Campus Wide - Building Automation	\$20,000
Campus Wide - ADA Automatic Doors	\$15,000
Campus Wide - Parking Lot Repairs/Maintenance	\$20,000
Lucille Clifton - Basement Waterproofing	\$20,000
O'Brien ARC - Rec Court Roof Replacement	\$250,000
Old Townhouses - Bathroom and Kitchen Renovations Phase 1 of 3	\$280,000
Prince George Hall - Chiller Replacement	\$250,000
UST Fuel Tank Removal - Campus Wide	\$100,000
TOTAL COST OF MAINTENANCE AND REPAIR PROJECTS	\$1,055,000

PROJECT	ESTIMATED COST
PROGRAM SUPPORT	
Miscellaneous Enhancements - unknown	\$12,000
Miscellaneous Site Improvements Projects - Unknown	\$10,000
Artist House - Building Repairs	\$15,000
Calvert Hall - Retaining Wall Tree Removal	\$10,000
Cobb House - Window Replacement	\$30,000
Kent Hall - Second Floor Carpet and Repaint	\$15,000
O'Brien ARC - Screen and Refinish Arena, Rec Courts, and Movement Room Floors	\$20,000
TOTAL COST OF PROGRAM SUPPORT PROJECTS	\$112,000
<u>RESIDENCE HALL RENEWAL PROGRAM</u>	
Miscellaneous residence hall repairs	\$30,000
PG Hall - Bathroom Renovations Phase 1	\$50,000
Residence Hall - Fire Alarm Upgrade Phase 5	\$100,000
TOTAL COST OF RESIDENCE HALL PROJECTS	\$180,000
TOTAL COST OF PRIORITY A PROJECTS	\$1,662,000

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
FEBRUARY 2, 2024
INFORMATION ITEM III.A.
STRATEGIC INVESTMENTS FROM BOND PROCEEDS**

The FY24 anticipated College expenses to be supported by the bond currently total \$4.22M, producing an expected remaining balance of \$8.57M. Included in the materials are the following items which detail bond usage:

- List of FY24 anticipated bond expenditures.
- FY22 and FY23 specific expenses that were charged to the bond proceeds.
- Strategic allocation categories, with cumulative spend totals per category.

FY24 Categories of Anticipated Bond Spending	Amount Spent or Anticipated Expenditures	Available Balance
Starting Balance		\$20,000,000.00
Cost of Issuance	\$716,415	
		\$19,283,585.00
Starting Strategic Allocation Balance (April 1, 2021)		
FY22 Bond Proceeds Drawdown	\$3,184,107	\$16,099,478.00
FY23 Bond Proceeds Drawdown	\$3,309,272	\$12,790,205.57
FY24 Projected Anticipated Expenses		
Retaining Excellent Faculty (\$5.0M)		
FY24 Osprey and Eagle Named Junior Professorships	\$1,737,845	
Osprey and Eagle Research Awards	\$80,000	
Student Engagement/LEAD Focused Programs (\$5.8M)		
FY24 Student / Academic Support	\$140,000	
Center for Career and Professional Development - Internships	\$288,000	
Study Aboard Program - Financial Assistance	\$100,000	
Honors College Promise Program	\$200,000	
Executive Motor Coach Initiative	\$225,000	
Student Retention Programs (\$1.0M)		
Sum Primus (Summer Bridge Program)	\$28,625	
Seahawk Experience Expansion (Strategic Planning Initiative FY24)	\$25,000	
Rebrand Campus Life Experiences (Strategic Planning Initiative FY24)	\$30,000	
Student Alumni Mentor Program (Strategic Planning Initiative FY24)	\$7,500	
"Must Go To" Programs (Strategic Planning Initiative FY24)	\$40,000	
Spanish Speaking Diversity Recruitment Specialist Salary + Benefits Cost (Strategic Planning Initiative FY24)	\$90,000	
Out-of-State Recruitment Initiative (Strategic Planning Initiative FY24)	\$40,000	
Development of New LEAD-Focused Curricular and Co-Curricular Programming (\$2.42M)		
Renovation Costs for Schaefer Hall for Marine Science Lab	\$663,782	
Marine Science Instructional Lab Equipment	\$30,958	
Design, Research and Development Services for Marine Science Research Vessel	\$64,500	
Community Based Learning Courses	\$35,000	
Recruitment of New Faculty and Staff in LEAD Areas (\$1.4M)		
Dr. Elka Porter, Marine Studies Faculty (Year Two Start-Up Costs)	\$20,000	
Dr. Silvio Borrero, William Seale Professor of Business (Year Two Start-Up Costs)	\$23,000	
Coordinator of Studio Art (Base Salary + FICA)	\$71,500	
Marine Science Instructional/Lab Coordinator (Base Salary + FICA)	\$78,000	
Assistant Professor of Business (Base Salary + FICA)	\$126,100	
Performing Arts, Theatre Visiting Assistant Professor (Base Salary + FICA)	\$78,000	
Current Total of FY24 Projected Anticipated Expenses	\$4,222,810	\$8,567,395.47

FY22 Categories of Bond Spending	FY22 Actual Costs	Available Balance
Starting Balance		\$20,000,000
Cost of Issuance*	\$716,415	
Starting Strategic Allocation Balance (April 1, 2021)		\$19,283,585
FY21 Faculty Payouts	\$793,488	
FY22 Faculty Payout	\$76,978	
Private Advisory Group (wealth advisor services for exiting faculty)	\$4,900	
Retaining Excellent Faculty (\$5.0M)		
FY22 Osprey and Eagle Named Junior Professorships	\$1,534,973	
Osprey and Eagle Research Awards	\$49,444	
Student Engagement/LEAD Focused Programs (\$5.8M)		
Center for Career and Professional Development (program enhancements)	\$188,750	
Student Retention Programs (\$1.0M)		
Presidio for IT Assessment	\$122,268	
Development of New LEAD-Focused Curricular and Co-Curricular Programming (\$2.42M)		
Throwing Sports Project (student recruitment/retention)	\$100,000	
Marine Science Near Shore Vessel (Maritime 233)	\$98,531	
Design Costs for Renovation for Schaefer Hall for Marine Science Lab	\$161,800	
Recruitment of New Faculty and Staff in LEAD Areas (\$1.4M)		
Academic Search (Senior Professor of Business Administration)	\$52,975	
Total Spent for FY22	\$3,184,107	

* Wells Fargo Corporate Trust Fees (\$8,500), Greenberg Traurig Investors Counsel Fee (\$103,600), Whiteford Taylor & Preston Attorney Fee (\$53,012), PFM Financial Advisors Financial Advisory Fee (\$47,712), Jefferies LLC Placement Agent Fee (\$500,000), St. Mary's College Miscellaneous Project Costs (\$3,591)

FY23 Categories of Bond Spending	FY23 Actual Costs	Available Balance
Starting Balance		\$20,000,000.00
Cost of Issuance	\$716,415	
		\$19,283,585.00
Starting Strategic Allocation Balance (April 1, 2021)		
FY22 Bond Proceeds Drawdown	\$3,184,107	\$16,099,478.00
Retaining Excellent Faculty (\$5.0M)		
FY23 Osprey and Eagle Named Junior Professorships	\$1,534,973	
Osprey and Eagle Research Awards	\$53,530	
Student Engagement/LEAD Focused Programs (\$5.8M)		
Center for Career and Professional Development (program enhancements)	\$314,758	
Center for Career and Professional Development - Internships	\$217,599	
FY23 Student / Academic Support (part of FY23 SRI process)	\$493,476	
Student Retention Programs (\$1.0M)		
Summer Bridge Program - Sum Primus LLC	\$8,073	
Development of New LEAD-Focused Curricular and Co-Curricular Programming (\$2.42M)		
Iver C. Franzen Maritime - Marine Science Research Vessel Design Services	\$8,000	
Recruitment of New Faculty and Staff in LEAD Areas (\$1.4M)		
Dr. Elka Porter - Marine Studies Faculty (Base Salary + Start-up costs)	\$115,628	
Dr. Silvio Borrero, William Seale Professor of Business - Start-up costs only for FY23 - salary paid from Foundation	\$15,000	
Enhanced Business Efficiency (\$0.5M)		
NEC Campus Phone System Upgrade	\$540,073	
All Marine - Install of Boat Lift River Center	\$8,162	
Total Spent	\$3,309,272	

Allocated Bond Spending by Category	Amount Allocated	Amount Actually Spent in FY22 & FY23	Amount Estimated for FY24	Balance
Retaining Excellent Faculty	\$5,000,000			
Osprey and Eagle Named Junior Professorships		\$3,069,946	\$1,737,845	
Osprey and Eagle Research Awards		\$102,974	\$80,000	
Balance Remaining				\$9,235
Student Engagement/LEAD Focused Programs	\$5,800,000			
Center for Career and Professional Development (program enhancements)		\$503,508		
Center for Career and Professional Development (internships) (Four-year program, began FY23 @ \$288,000 per year)		\$217,599	\$288,000	
Student / Academic Support		\$493,476	\$140,000	
Study Aboard Program - Financial Assistance (Five-year program begin FY24 @ 100,000 per year)			\$100,000	
Honors College Promise Program (Five-year program begin FY24 @ 200,000 per year)			\$200,000	
Executive Motor Coach Initiative			\$225,000	
Balance Remaining				\$3,632,417
Student Recruitment/Retention	\$1,000,000			
Summer Bridge Program - Sum Primus LLC		\$8,073	\$28,625	
Presidio for IT Assessment - Residence Hall and Academic Connectivity Improvement		\$122,268		
Seahawk Experience Expansion (Strategic Planning Initiative)			\$25,000	
Rebrand Campus Life Experiences (Strategic Planning Initiative)			\$30,000	
Student Alumni Mentor Program (Strategic Planning Initiative)			\$7,500	
"Must Go To" Programs (Strategic Planning Initiative)			\$40,000	
Spanish Speaking Diversity Recruitment Specialist Salary + Benefits Cost (Strategic Planning Initiative)			\$90,000	
Out-of-State Recruitment Initiative (Strategic Planning Initiative)			\$40,000	
Balance Remaining				\$665,784
Development of New LEAD-Focused Curricular and Co-Curricular Programming	\$2,420,000			
Throwing Sports Project (student recruitment/retention)		\$100,000		
Marine Science Near Shore Vessel (Maritime 233)		\$98,531		
Design Costs for Renovation for Schaefer Hall for Marine Science Lab		\$161,800		
Iver C. Franzen Maritime - Marine Science Research Vessel design service		\$8,000		
Renovation Costs for Schaefer Hall for Marine Science Lab			\$663,782	
Marine Science Instructional Lab Equipment (Estimated Cost)			\$30,958	
Composite Yachts - Design, Research & Development Services for Marines Science Research Vessel			\$64,500	
Community Based Learning Courses			\$35,000	
Balance Remaining				\$1,257,429
Recruitment of New Faculty and Staff in LEAD Areas	\$1,400,000			
Academic Search (Senior Professor of Business Administration)		\$52,975		
Dr. Elka Porter - Marine Studies Faculty (Base Salary + Start-up costs) (Two years begins in FY23)		\$115,628	\$20,000	
Dr. Silvio Borrero, William Seale Professor of Business (base salary + start-up costs + moving expenses) (Two years begins in FY23)		\$15,000	\$23,000	
Coordinator of Studio Art (Base Salary + FICA) (Two years begins in FY24)			\$71,500	
Marine Science Instructional/Lab Coordinator (Base Salary + FICA) (Two years begin FY24)			\$78,000	
Assistant Professor of Business (Base Salary + FICA) (Two years begin FY24)			\$126,100	
Performing Arts, Theatre Visiting Assistant Professor (Base Salary + FICA) (Two years begin FY24)			\$78,000	
Balance Remaining				\$819,797
Enhanced Business Efficiency	\$500,000			
NEC Campus Phone System Upgrade		\$540,073		
All Marine - Install of Boat Lift River Center		\$8,162		
Balance Remaining				-\$48,235
Operating Budget Contingency	\$2,200,000			
No Cost to Date		\$0	\$0	
Balance Remaining				\$2,200,000

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
FEBRUARY 2, 2024
INFORMATION ITEM III.B.
REPORTABLE PROCUREMENT ITEMS**

Payee	Description	Amount
SCB Management Solutions	Anthology Training Services	\$313,775
Master's Transportation, Inc.	Executive Coach (Bus) for 57 Passengers	\$354,900
Hord Coplan Macht, Inc.	Architectural and Engineering Services for Montgomery Hall Programming and Visioning	\$128,306
Dell Financial Services	Verkada Security Camera Installation and Fin Fees	\$307,920
Data Networks	Professional Services for Data Center UPS Upgrades	\$306,373
Data Networks	Dorm Re-cabling Project Phase II Fiber Optic	\$260,785
Fisher Scientific	Phase One of Goodpaster Hall Lab Equipment	\$133,571
Fisher Scientific	Phase Two of Goodpaster Hall Lab Equipment	\$198,396
Data Networks	Professional Services Network, Monitoring, Support	\$177,900
Data Networks	Juniper/Firewall Renewal through Dec 31, 2024	\$110,460

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
FEBRUARY 2, 2024
INFORMATION ITEM III.C.
JOINT INVESTMENT ACTIVITIES**

The Foundation's Joint Investment and Advisory Committee met on November 16, 2023, to review the Foundation's endowment portfolio with its investment manager J.P. Morgan. The Committee also received a report on the College's endowment/quasi endowment.

St. Mary's College of Maryland Foundation

As of December 31, 2023, the total market value of the Foundation's endowment was \$37.7M. The Foundation's endowment is comprised of three parts: a portion of the JP Morgan portfolio (\$36.8M), the Student Investment Group account (\$670K), and WesBanco shares (\$248K).

Of the endowment managed by JP Morgan, the fiscal year-to-date increase in market value of \$824K includes \$188K in contributions, \$374K in income, \$1.243M increase in investment value, and distributions of \$981K.

St. Mary's College of Maryland Endowment and Quasi Endowment

The College holds investments totaling \$4.8M consisting of endowment and quasi-endowment. \$3.8M are funds functioning as endowment (quasi) and \$1.0M represents the Blackistone Endowment. Invested endowment funds, managed by 19/19 Investment Council, have a market value of \$4.61M as of December 31, 2023. Funds are currently invested in a mix of fixed income instruments and equities. The annualized rate of return is +12.2%.

The remaining \$271K of College endowment is currently held in a cash investment pool by the Maryland State Treasurer.

St Mary's College of Maryland Foundation, Inc
Consolidated Investment Statement
for the period July 1, 2023 to December 31, 2023

	<u>Beginning Market Value</u> <u>7/1/2023</u>	<u>Ending Market Value</u> <u>12/31/2023</u>
<u>JP Morgan Portfolio</u>		
Endowed Accounts	\$36,002,831	\$36,826,469
Gift Annuity	\$1,057,723	\$1,114,556
Current Funds	\$6,675,434	\$7,288,674
Endowment Allocated Spending Funds	\$1,053,593	\$1,051,479
Total Investment Accounts Market Value	\$44,789,581	\$46,281,179
Endowed Funds Allocated Spending Account	\$1,320	\$1,296
Gift Annuity Cash Account	\$84,126	\$63,350
SGA Investment	\$664,473	\$669,510
Total JP Morgan Portfolio	\$45,539,500	\$47,015,336
<u>Other Assets</u>		
Perpetual Trust, PNC	\$1,483,315	\$1,501,103
WesBanco shares	\$202,370	\$247,886
<u>Cash</u>		
Checking Account	\$531,944	\$1,350,113
Endowment Spending Account	\$679,301	\$1,041,764
<u>Total</u>	\$48,436,430	\$51,156,202

*** In addition to the JP Morgan Portfolio, the Foundation Endowment includes the WesBanco Shares & the SGA investment

*** The College holds a quasi-endowment in addition to the above funds

**St. Mary's College of Maryland
Endowment Fund**

	<u>6/30/2023 Balance</u>		<u>12/31/2023 Balanc</u>
Legg Mason / 1919 Investments - Cash and Equivalents	\$358,388		\$281,782
Legg Mason / 1919 Investments - Fixed Income	\$2,270,322	Fixed & Cash	\$2,336,483
Legg Mason / 1919 Investments - Equity Portfolio	\$1,712,568		\$1,991,003
	<u>\$4,341,278</u>		<u>\$4,609,268</u>
Cash with Treasurer	\$271,434		\$271,434
Investable Total	<u>\$4,612,712</u>		<u>\$4,880,702</u>
Other Investments	\$978		\$978
Total Investments	<u>\$4,613,690</u>		<u>\$4,881,680</u>

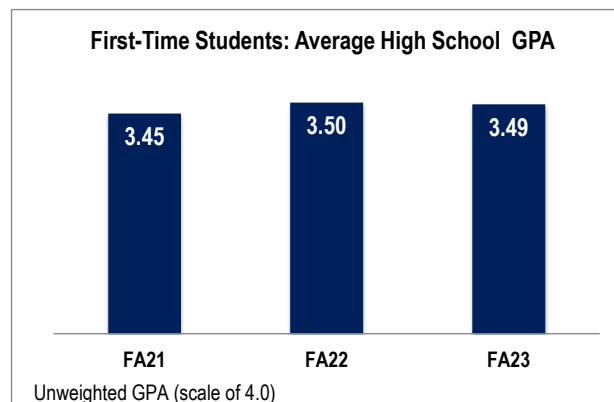
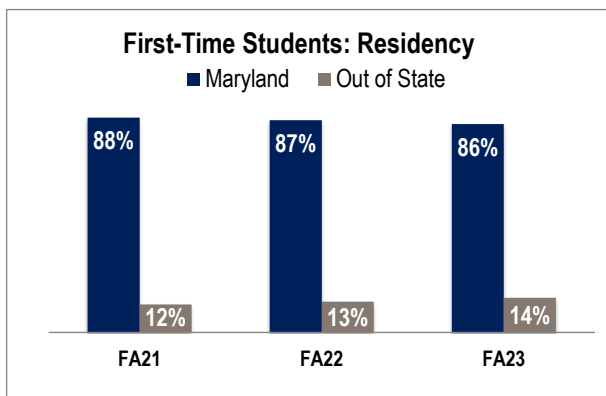
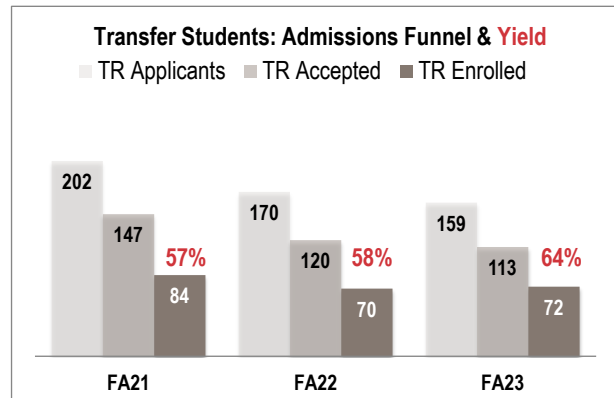
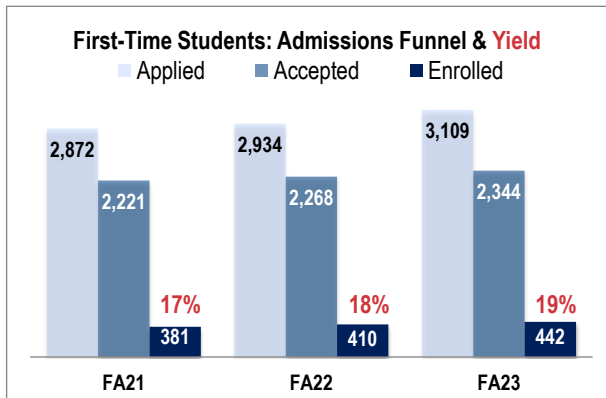
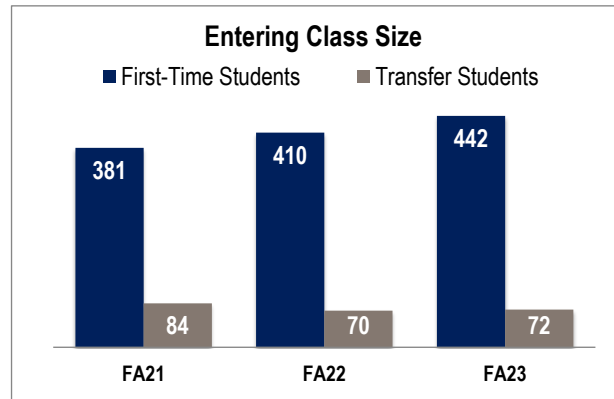
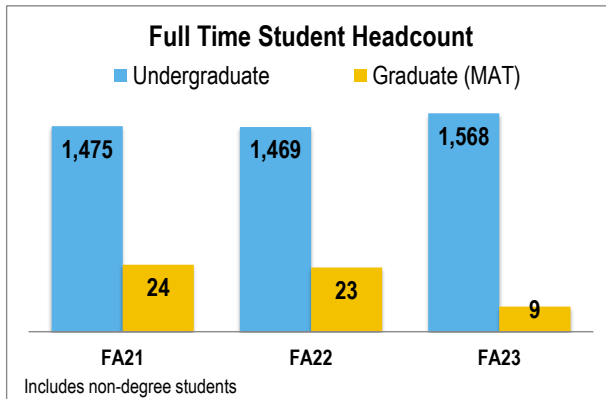
Asset Allocation *				
	Current	Lower	Target	Upper
Domestic Equities	40.4%	20%	30%	50%
International Equitie	2.8%	0%	5%	10%
Fixed Income	50.7%	50%	60%	70%
Cash	6.1%	30%	5%	15%
	<u>100.0%</u>	<u>100%</u>	<u>100%</u>	<u>145%</u>

Note: Asset Allocation per Board of Trustees Appoved Investment Policy

Board of Trustees Dashboard - February 2024

Student Characteristics in Enrollment

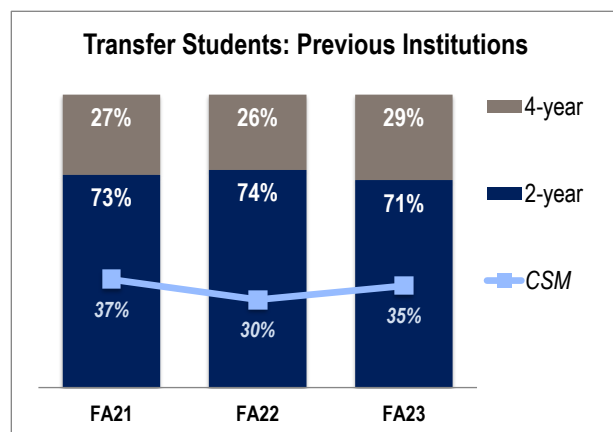
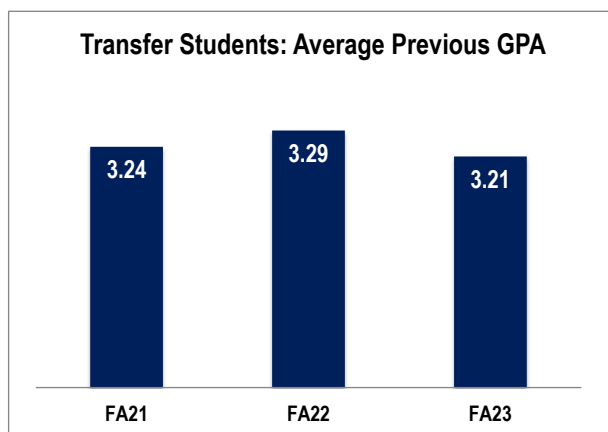
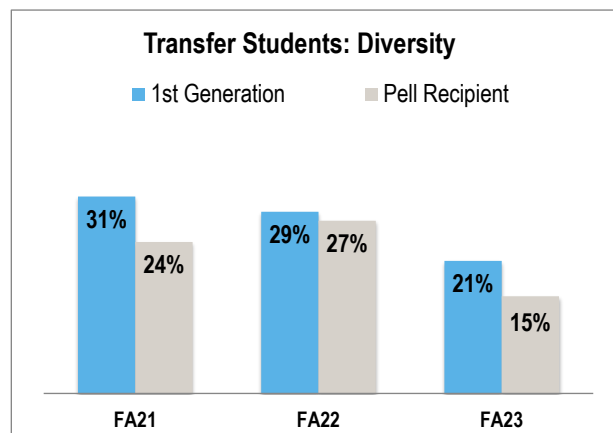
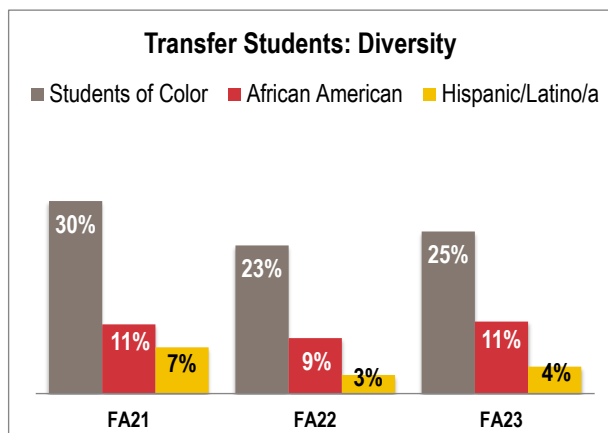
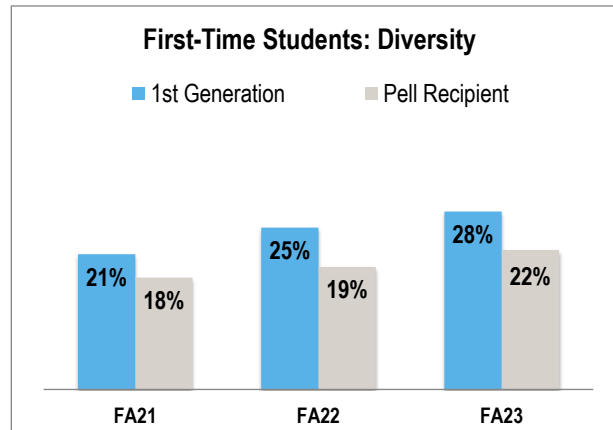
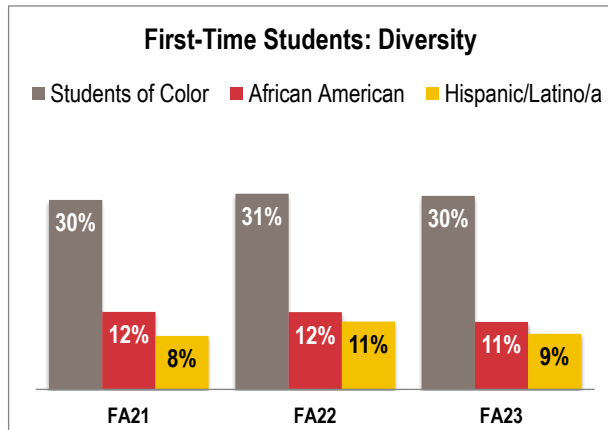
Fall 2023 figures based on final census (freeze) data, 9/25/2023



Board of Trustees Dashboard - February 2024

Student Characteristics in Enrollment

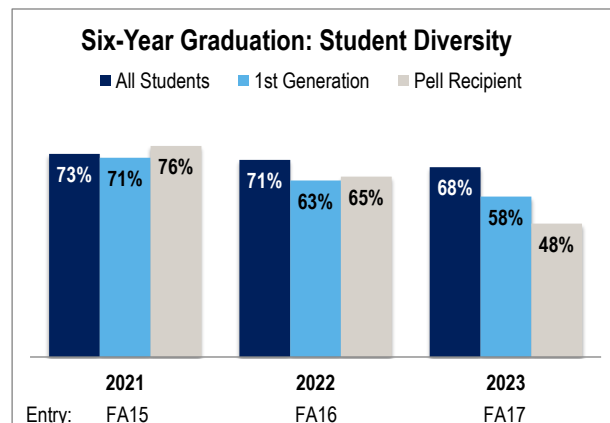
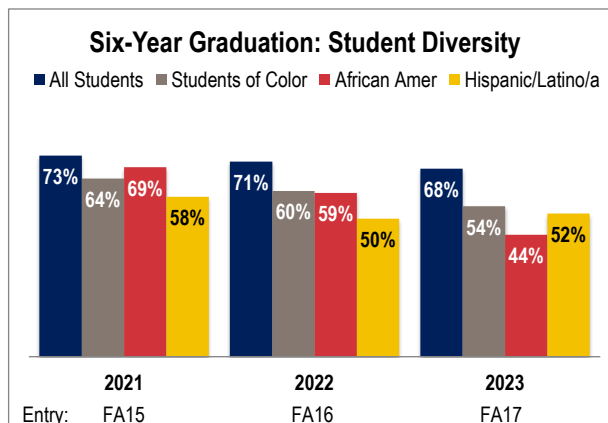
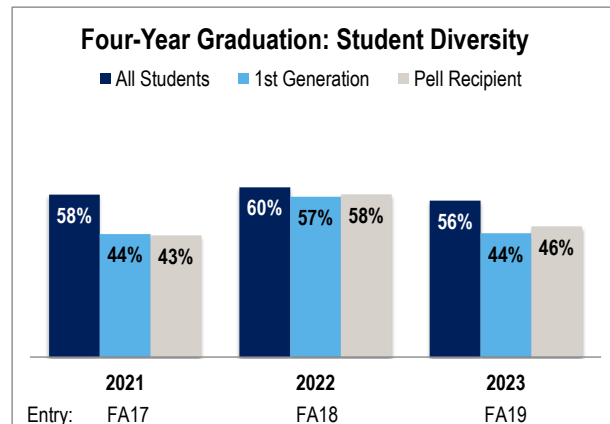
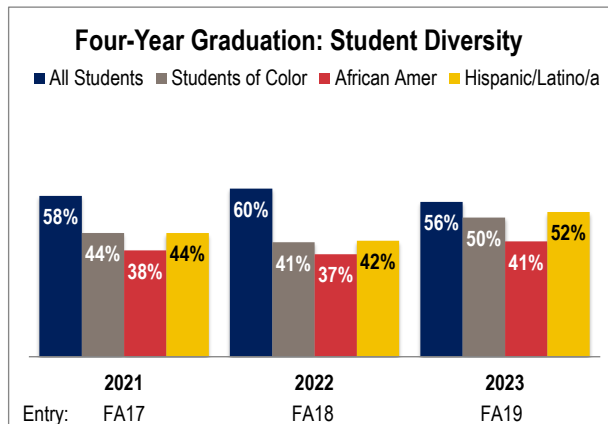
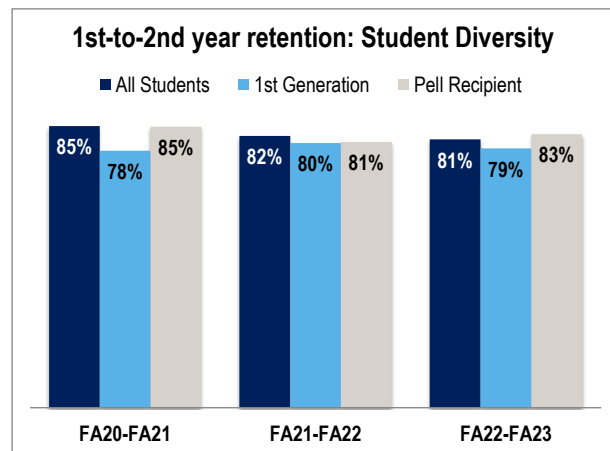
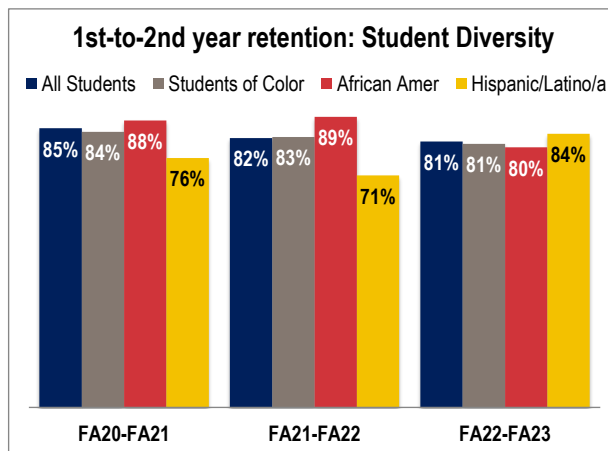
Fall 2023 figures based on final census (freeze) data, 9/25/2023



Board of Trustees Dashboard - February 2024

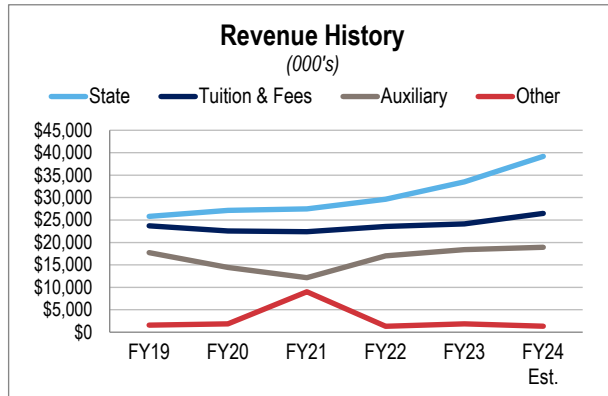
Student Retention and Persistence (First-Time Students)

Fall 2023 figures based on final census (freeze) data, 9/25/2023

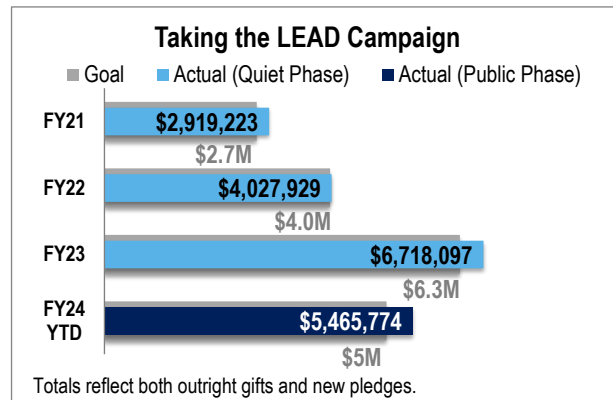
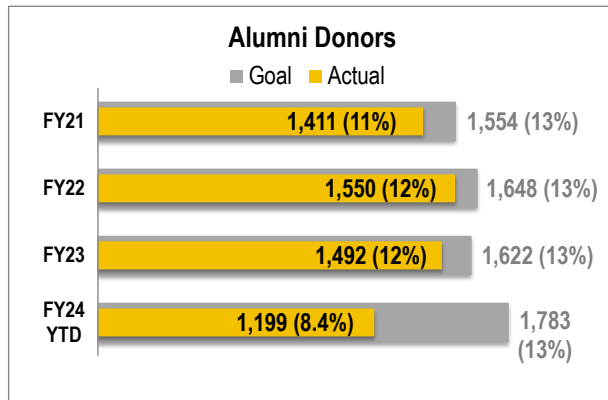


Board of Trustees Dashboard - February 2024

Revenue and Fundraising



Note regarding FY21 Revenue: The COVID-19 pandemic had major impacts on Auxiliary revenues. A significant portion of the student population chose to study remotely, leading to substantial decreases in on-campus living and dining participation rates. Offsetting revenue increases were recorded in the Other category in the form of CARES act institutional support (\$1.1 million), Paycheck Protection Plan loan forgiveness (\$6.7 million) and federally funded COVID expense reimbursements through the state (\$1.5 million).





**BOARD OF TRUSTEES
FINANCE, INVESTMENT, AND AUDIT COMMITTEE**

**OPEN SESSION
MINUTES**

Date of Meeting: October 13, 2023

Status of Minutes: Approved December 4, 2023

Committee Members Present: Committee Chair John Wobensmith '93, Nicolas Abrams '99, John Bell '95, Lex Birney, Board Chair Susan Lawrence Dyer, Faculty Finance Delegate Charles Holden, Sven Holmes, President Tuajuanda Jordan, Melanie Rosalez '92, Ray Wernecke

Committee Members Absent: Anirban Basu

Staff Member: Paul Pusecker

Others Present: Jamie Athey, Betsy Barreto, Anne Marie Brady, Mary Broadwater, Donny Bryan '73, Jeff Byrd, Paula Collins, Carolyn Curry, Todd Eberly, Brandon Engle '18, Katie Gantz, Kristen Greenaway, Mary Grube, David Hautanen, Talib Horne, Jerri Howland, Dereck Rovaris, David Taylor, Chris True, Anna Yates

Executive Summary

Finance, Investment, and Audit Committee Chair John Wobensmith '93 called the meeting to order at 1:55 p.m. Committee attendance was taken. Attendees participated both in-person and via videoconference.

Discussion Items

FY24 Financial Results to Date: Revenues are 26.3% of the budgeted level, with state appropriations trailing behind due to a delay in processing the quarterly payment. All other major revenue categories are as projected at 51.9% of the budgeted total. Actual operating budget expenditures for FY24 are approximately 16.7% of the forecasted budget. All programs of expenditures fall within expectations for current-to-prior year comparison. Debt service payments are approximately 83% of budget, as anticipated, and scholarship and waiver expenses are within projected expectations at 51% of the budgeted amount.

FY23 Operating Budget Closing and Status of Financial Statement Audit: Overall, expenses exceed revenue by \$3.027M. However, \$3.30M from the 2020 revenue bond supported approved limited-term/one-time operating expenditures and produced a net positive year-end position of \$272K. The fiscal year closed on June 30, 2023, and the year-end adjustments are complete.

Board Chair Dyer inquired whether the bond funds were used to offset the deficit. Committee Chair Wobensmith '93 noted that all bond proceeds are earmarked for programs that were

approved by the Board of Trustees. The proceeds are being allocated to the one-time expenses that were approved by the Board of Trustees. In other words, the bond proceeds are being used to invest in the College's programs. Moving forward, Committee Chair Wobensmith requested that all cumulative bond related expenses be provided to the Finance, Investment, and Audit Committee, beginning with the February 2024 meeting.

Audit firm Clifton, Larson, Allen, LLP remains on schedule with their audit work. The audited statements will be presented to the Finance, Investment, and Audit Committee, and to the Board of Trustees, for review and approval in December 2023.

Strategic Investments from Bond Proceeds: At the close of FY23, the College drew down \$3,309,272 from Wells Fargo Bank for approved bond supported expenses, leaving a balance of \$12.8M. Anticipated FY24 expenses to be supported by the bond currently total \$4.37M, with an expected remaining balance of \$8.42M. Updates will be provided at each Committee meeting.

This is the second year the College has utilized bond proceeds for strategic investments, as approved by the Board of Trustees. The impacts of these strategic investments should be visibly realized within the next few years.

Information Items

Periodic Audit by the Office of Legislative Audits: The Office of Legislative Audits initiated its regular fiscal compliance audit for the period beginning August 26, 2019 through July 15, 2023. The audit focuses on the major finance-related areas of operations and is based on assessments of materiality and risk. Areas subject to audit generally include revenue/cash collections, purchasing/disbursements, corporate purchasing cards, payroll/human resources, inventory control, and significant programs administered by the College. The audit also includes a technology component.

The final audit report, with management's response, will be issued as specified by state law, and made available to the public, in early 2024. These audits are intended to assist the Maryland General Assembly in exercising its legislative oversight function and to provide constructive recommendations for improving state operations.

Joint Investment Activities: As of August 31, 2023, the total market value of the Foundation's endowment, consisting of the JP Morgan portfolio (\$36.307M), the Student Investment Group account (\$665K), and WesBanco shares (\$200K), was \$37.172M. Of the endowment managed by JP Morgan, the fiscal year-to-date increase in market value of \$304K includes \$55K in contributions, \$88K in income, \$195K increase in investment value, and distributions of \$34K. The overall rate of return for the current fiscal year-to-date is +0.7% versus +0.4% for the policy index, on a net-of-fees basis.

The College holds investments totaling \$4.62M consisting of endowment and quasi-endowment. Funds functioning as endowment total \$3.6M and \$1.0M represents the Blackistone Endowment. Invested endowment funds, managed by 19/19 Investment Council, have a market value of \$4.35M as of August 31, 2023. Funds are currently invested in a mix of fixed income

instruments and equities. The annualized rate of return is +0.2%. The remaining \$271K of the College endowment is held in a cash investment pool by the Maryland State Treasurer.

Committee Chair Wobensmith suggested the College consider the possibility of investing in Treasury Bonds, which have a 5% - 5.5% return on investment depending on duration. Vice President Pusecker agreed to investigate the possibility and to determine whether it would be in accordance with the College's investment policy, as approved by the Finance, Investment, and Audit Committee and by the Board of Trustees.

Action Items

II.A. Approval of a Revision to the FY24 Current Fund Operating Budget: The proposed revision to the current fund operating budget for FY24 incorporates a carry-forward authorization for \$2,061,504 that was encumbered, but not expended, as of June 30, 2023, and amends the budget approved by the Board of Trustees in May 2023. Committee Chair John Wobensmith '93 asked for a motion to approve the action item as presented. A motion was made by Trustee Nicolas Abrams '99 and seconded by Trustee Sven Holmes. The motion passed unanimously.

II.B. Reconciliation of the FY24 Plant Fund Budget: The Committee was presented with proposed revisions to the FY24 plant fund budget. Five major projects with a value greater than \$200K continue, with a FY24 balance remaining of \$2.4M. Projects with a value greater than \$200K require explicit Board of Trustees approval. FY23 plant fund activity is reconciled to the end of the fiscal year, and new projects approved in May 2023 have been added. The plant fund currently carries \$1.918M in expenses and \$304K in encumbrances that are related to the Calvert Hall remediation and repairs due to the contractor related fire, for which the College is seeking reimbursement from the state treasurer's office. Committee Chair John Wobensmith '93 asked for a motion to approve the action item as presented. A motion was made by Trustee Nicolas Abrams '99 and seconded by Trustee Sven Holmes. The motion passed unanimously.

II.C. Approval of the 2023 Performance Accountability Report: The Performance Accountability Report, required by the State of Maryland, assesses the College's progress on a variety of goals and objectives including academics, enrollment, retention and graduation, financial aid, and student outcomes and provides data on specific metrics along with a narrative describing strengths and challenges. The report, with endorsements from both the Campus Life and the Academic Affairs Committees, was brought forward to the Committee for approval. Committee Chair John Wobensmith '93 asked for a motion to approve the action item as presented. A motion was made by Trustee Sven Holmes and seconded by Trustee John Bell '95. The motion passed unanimously.

Committee Chair John Wobensmith '93 asked for a motion to close the meeting. A motion was made by Trustee Nicolas Abrams '99 and seconded by Trustee Sven Holmes. The motion passed unanimously. The meeting adjourned at 2:27 p.m.



**BOARD OF TRUSTEES
FINANCE, INVESTMENT, AND AUDIT COMMITTEE**

**OPEN SESSION
MINUTES**

Date of Meeting: December 18, 2023

Status of Minutes: Approved January 24, 2024

Committee Members Present: Committee Chair John Wobensmith '93, Nicolas Abrams '99, Anirban Basu, John Bell '95, Lex Birney, Board Chair Susan Lawrence Dyer, Sven Holmes, President Tuajuanda Jordan, Melanie Rosalez '92, Ray Wernecke

Committee Members Absent: Faculty Finance Delegate Charles Holden

Staff Member: Paul Pusecker

Others Present: Jamie Athey, Betsy Barreto, Mary Broadwater, Donny Bryan '73, David Cannavo, Kristen Greenaway, Robert Gauthier, manager, Clifton, Larsen, Allen, LLC, Mary Grube, Gail Harmon, Gabriel Mbomeh, Remi Omisore, principal, Clifton, Larsen, Allen, LLC, David Taylor, Anna Yates

Executive Summary

Finance, Investment, and Audit Committee Chair John Wobensmith '93 called the open session meeting to order at 11:07 a.m. The meeting took place via videoconference.

Mr. Remi Omisore, principal, Clifton, Larsen, Allen, LLC, provided a thorough presentation to the Committee and explained the audit firm's scope of engagement and responsibilities, as well as the audit process, the audit results, and the College's financial statements. The audit included an assessment of the control environment and an evaluation of key processes, all of which were found to be effective in both design and operation. Additionally, the College implemented GASB No. 84 successfully. Mr. Omisore noted that the audit firm received full cooperation from management.

At 11:27 a.m. Committee Chair Wobensmith '93 asked for a motion to reconvene the Committee meeting in closed session in accordance with Title 10, Subtitle 3 of the General Provisions Article, the Open Meetings Act, for the purposes set forth in the closing statement, specifically, to provide an opportunity for the Clifton, Larsen, Allen, LLC representatives to engage in discussion with Trustees regarding their assessment of how management is performing with respect to the financial health of the College and any issues related to fraud, waste, and abuse. The closed session adjourned at 11:59 a.m. and the Finance, Investment, and Audit Committee meeting reconvened in open session at 12:00 p.m.

Upon resuming the open session, Board Chair Susan Lawrence Dyer stated that the Committee would not vote on the action item at this time. Although the auditors do not anticipate any substantial discrepancies in the proposed financial statements, there are still a few components of the financial statements that need to be completed. The Committee will meet at a later date to review and take action on the FY23 Auditor's Report and Audited Financial Statements.

Action Items

IV.A. Acceptance of the FY23 Auditor's Report and Audited Financial Statements

The financial statements presented for review and approval reflected the financial transactions and position of the College for the period July 1, 2022 through June 30, 2023, and were prepared by the independent firm of Clifton, Larsen, Allen, LLP in accordance with generally accepted accounting principles, reflecting the GASB 34 and 35 reporting requirements. No action was taken at this meeting.

The meeting adjourned at 12:04 p.m.

Summary of Closed Session Held on December 18, 2023

Time: 11:28 a.m.

Location: Virtual

Purpose: To provide an opportunity for the Clifton, Larsen, Allen, LLC representatives to engage in discussion with Trustees regarding their assessment of how management is performing with respect to the financial health of the College and any issues related to fraud, waste, and abuse.

Motion to close meeting made by: Sven Holmes

Seconded by: Ray Wernecke

Names of members voting aye: Committee Chair John Wobensmith '93, Nicolas Abrams '99, Anirban Basu, John Bell '95, Lex Birney, Board Chair Susan Lawrence Dyer, President Tuajuanda Jordan, Melanie Rosalez '92

Members Opposed: None

Abstaining: None

Statutory authority to close session: In accordance with Md. Gen. Prov. Code Ann. § 3-305 (b) to discuss the matters set forth on the closing statement, specifically: (8) To consult with staff, consultants, or other individuals about pending or potential litigation that are not subject to disclosure under the Maryland Public Information Act.

Topic Description: The Committee met with representatives from audit firm Clifton, Larsen, Allen, LLP to receive an assessment of how management is performing with respect to the financial health of the College, including identifying any issues related to fraud, waste, and abuse, and any concerns related to pending or potential litigation.

Persons present for discussion: Committee Chair John Wobensmith '93, Nicolas Abrams '99, Anirban Basu, John Bell '95, Lex Birney, Board Chair Susan Lawrence Dyer, Robert Gauthier, manager, Clifton, Larsen, Allen, LLC, Sven Holmes, Remi Omisore, principal, Clifton, Larsen, Allen, LLC, Melanie Rosalez '92, Ray Wernecke