

BOARD OF TRUSTEES
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
REPORT SUMMARY

Date of Meeting: October 18, 2017

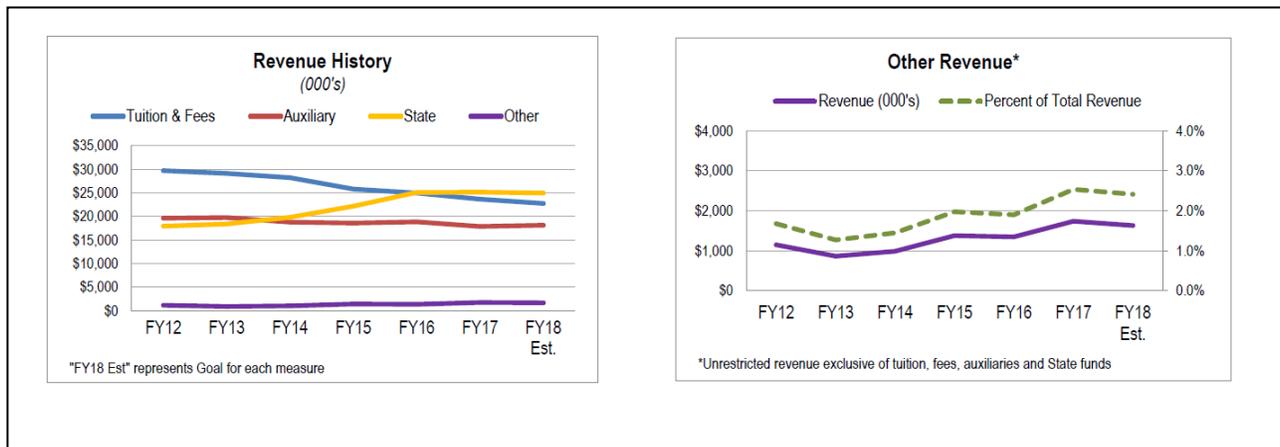
Date of Next Meeting: TBD

Committee Chair: John Wobensmith '93

Committee Members: Anirban Basu, Lex Birney, Donny Bryan '73, Asif Dowla, Susan Dyer, Sven Holmes, Tuajuanda Jordan, Katharine Russell

Staff Member: Chip Jackson

Dashboard Metrics:



Executive Summary:

Discussion Items

FY17 Operating Budget Closing and Status of Financial Statement Audit:

FY17 closed on June 30, 2017. Review and adjustments for year-end activity are complete and financial statement drafts are currently undergoing final review. We remain on schedule with the audit tasks. Audited statements are to be presented to the Finance, Investment, and Audit Committee for review in December.

Actual operating results are a surplus of \$1.2 million. Rollovers to FY18 total \$5.2 million including significant carry-forward items from the previous year (\$2.9 million), including the ERP project. In addition, \$100 thousand was transferred to Quasi Endowment as part of the year-end closing process.

Honors College 2.0 – Resource Requirements:

The College will provide \$710 thousand in one-time funds from the FY17 year-end surplus to support planning and development of the new educational master plan, recruiting, and marketing activity.

Enterprise Resource Planning System (ERP):

The College received initial proposals from four vendors in response to its RFP to replace the existing ERP. Assessment of the received proposals is ongoing with campus discovery and demonstrations by selected vendors scheduled in November and December of this year. Selection and award of the new ERP is anticipated early 2018. Implementation will take approximately 2 years from contract award.

Investment Policy Revision:

A draft revision to the College's investment policy has been prepared in consultation with the College's current investment manager, 19/19 Investment Council. The attached draft revision will be reviewed by both FIA and JIAC this fall with the goal to present a final policy to the Board of Trustees in February 2018.

Dashboards:

Dashboards reflect current and relevant data with regard to student characteristics in enrollment, student retention and persistence, revenue, and fundraising.

Information Items

May 1 and July 20, 2017 meeting minutes are provided for informational purposes. FY18 financial results to date, reportable procurement items, and a joint investment activities update will be provided. A report from the Foundation President is included in the materials.

Action Item(s) related to specific strategic plan goals as appropriate:

Action Item II.A. Revision of the FY18 Current Fund (Operating) Unrestricted Budget

The proposed revision to the FY18 current fund budget incorporates carry-forward authorization for \$5,174,866 encumbered but not expended as of June 30, 2017. Rollovers include significant carry-forward items from the previous year (\$2.9 million) including the ERP project. Significant new funding is provided to support the Honor's College 2.0 initiative, as well as increase contingency.

Action Item II.B. Reconciliation of the FY 18 Plant (Capital) Budget

FY17 plant fund activity is reconciled to the end of the fiscal year and new projects approved in July 2017 are added. The FY18 active project budget totals \$2.6 million. The projected unencumbered plant fund balance is \$1.6 million.

Action Item II.C. 2017 Performance Accountability Report

The Performance Accountability Report (PAR) is required by the State of Maryland to assess the College's progress on a variety of goals and objectives including academics, enrollment,

retention and graduation, financial aid, and student outcomes. The report provides data on specific metrics as well as narrative describing strengths and challenges. Maryland law requires institutions to submit their PAR to the Maryland Higher Education Commission for review, and final submission to the Governor and General Assembly. The PAR will also reviewed by the Student Affairs Committee and the Academic Affairs Committee at their respective meetings.

Action Item II.D. Maryland Residency Requirement Waiver – Puerto Rico and U.S. Virgin Islands

In response to the humanitarian disasters in Puerto Rico and the U.S. Virgin Islands, residency requirements for students from these U.S. territories who enroll at the College in either the Spring 2018 or Fall 2018 will be waived.

Committee Action Taken/Action in Progress:

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Recommendation to the Board:

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**FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF OCTOBER 18, 2017**

AGENDA

I. DISCUSSION ITEMS

- A. FY17 Operating Budget Closing and Status of Financial Statement Audit
- B. Honors College 2.0 – Resource Requirements
- C. Enterprise Resource Planning System (ERP)
- D. Investment Policy Revision
- E. Dashboards

II. ACTION ITEMS

- A. Revision of the FY18 Current Fund (Operating) Unrestricted Budget
- B. Reconciliation of the FY 18 Plant (Capital) Budget
- C. 2017 Performance Accountability Report
- D. Maryland Residency Requirements Waiver

III. INFORMATION ITEMS

- A. CFU FY18 Results to Date
- B. Reportable Procurement Items
- C. Joint Investment Activities
- D. Foundation President Report
- E. Minutes (Meetings of May 1 and July 20, 2017)

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

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF OCTOBER 18, 2017
DISCUSSION ITEM I.A.
FY17 OPERATING BUDGET CLOSING AND
STATUS OF FINANCIAL STATEMENT AUDIT**

Please note that these figures are preliminary and un-audited.

Fiscal year 2017 (FY17) closed on June 30, 2017. Review and adjustments for year-end activity are complete. The entrance interview with SB and Company took place on July 14, 2017, and field work which began on September 11 is complete. Drafts of the financial statements are currently undergoing final review. We remain on schedule with the audit tasks and the audited statements will be presented to the Finance, Investment, and Audit Committee for review in December.

Actual operating results are a surplus of \$1.2 million. Rollovers to FY18 total \$5.2 million, for a fully funded, net change in financial position over the last three fiscal years (FY15 & FY16 & FY17) of zero. Rollovers include significant carry-forward items from the previous year (\$2.9 million) including the ERP project. In addition, \$100 thousand was transferred to Quasi Endowment as part of the year-end closing process.

The year-end result is approximately \$1.2 million better than expected. Significant changes include revenue below budget totaling \$1.7 million, offset by: \$1.0 million of unspent expenditure budgets related to lower revenues in dining activity and study abroad participation; payroll savings totaling \$450 thousand exclusive of unfunded pension adjustments; utility savings in the amount of \$412 thousand; \$240 thousand in scholarship savings; encumbered items equaling \$282 thousand; and other miscellaneous unspent budgets.

FY17 preliminary and un-audited results are expected to be final at this time. On a cash basis, Current Fund Unrestricted (CFU) Revenues of approximately \$68.4 million were greater than expenditures and transfers, totaling \$67.2 million, a difference of \$1.2 million. The all-funds financial statement results on an accrual basis are an \$11 thousand loss before state capital investment and a gain of \$6.195 million overall.

Board of Trustees
St. Mary's College of Maryland
Finance, Investment and Audit Committee
Information preliminary as of 8-7-2017
Discussion Item I.A.
FY17 Current Fund Unrestricted Results

I.A.

	FY17 Budget	FY17 ACTUAL	FY17 Actual to Budget
REVENUES:			
Tuition & Fees	24,246,688	23,679,750	97.7%
State Appropriations	25,126,549	25,159,549	100.1%
Federal Grants & Contracts	0	2,085	0.0%
State Grants & Contracts		0	
Private Gifts, Grants		0	
Endowment Income		0	
Sales/Serv Educ Dept	611,820	679,934	111.1%
Sales/Serv Auxiliary Enter	19,122,862	17,839,848	93.3%
Interest Income Other	330,000	445,989	135.1%
Additions to Fund Balance - End. Incon	380,000	381,075	
Other Sources	255,600	225,396	88.2%
TOTAL CURRENT REVENUES	70,073,519	68,413,626	97.6%
EXPENDITURES			
Instruction	20,901,142	19,902,190	95.2%
Research	0	32	
Public Service	98,404	99,721	101.3%
Academic Support	2,434,800	2,589,719	106.4%
Student Services	6,275,422	6,409,189	102.1%
Institutional Support	17,446,823	13,415,297	76.9%
Operation & Maintenance	5,152,726	4,712,926	91.5%
Scholarships & Fellowships	6,035,280	5,930,527	98.3%
Auxiliary Enterprises	11,770,133	10,461,589	88.9%
TOTAL CURRENT EXPENDITURES	70,114,730	63,521,190	90.6%
Transfers In (Out)			
P & I Debt Requirements	3,548,591	3,587,681	101.1%
Non Mandatory Transfers			
Transfer to Plant			
Transfer to Quasi		100,000	
	0		
	3,548,591	3,687,681	103.9%
	73,663,321	67,208,871	91.2%
Total Increase (Decrease) Fund Balance	(3,589,802)	1,204,755	
Carry forward from prior year	3,589,801		
Change over two years	(1)		

ST. MARY'S COLLEGE OF MARYLAND

Statements of Net Position
As of June 30, 2017 and 2016

	2017	2016
ASSETS AND DEFERRED OUTFLOWS		
Current assets:		
Cash and cash equivalents	\$ 26,735,355	\$ 23,718,132
Accounts receivable, net	697,162	1,174,348
Inventories	295,546	335,713
Prepaid expenses and other assets	24,277	24,642
Total Current Assets	27,752,340	25,252,835
Noncurrent assets:		
Endowment investments	2,521,467	2,523,151
Other restricted investments	118,796	118,657
Notes receivable, net	142,476	191,000
Capital assets, net	167,289,288	163,749,952
Total Noncurrent Assets	170,072,027	166,582,760
Total Assets	197,824,367	191,835,595
Deferred outflow of resources:		
Deferred charge on refunding	1,603,119	1,698,419
Deferred financing outflows related to pensions	4,221,938	3,109,396
Total Assets and Deferred Outflow of Resources	203,649,424	196,643,410
LIABILITIES AND DEFERRED INFLOWS		
Current liabilities:		
Accounts payable and accrued liabilities	4,787,597	4,497,842
Accrued vacation, current portion	981,298	942,063
Accrued workers' compensation, current portion	67,950	70,500
Bonds and notes payable, current	2,377,209	2,469,136
Capital lease, current	14,622	14,222
Unearned revenue	753,598	733,682
Total Current Liabilities	8,982,274	8,727,445
Noncurrent liabilities:		
Bonds and notes payable	29,978,235	30,557,320
Accrued vacation	-	153,871
Accrued workers' compensation	385,050	399,500
Capital lease	22,316	37,137
Federal Perkins funds	114,888	290,187
Net Pension Liability	13,993,622	12,765,491
Total Noncurrent Liabilities	44,494,111	44,203,506
Total Liabilities	53,476,385	52,930,951
Deferred Financing Inflows Related to Pensions	1,252,058	987,337
Total Liabilities and Deferred Inflows	54,728,443	53,918,288
NET POSITION		
Net investment in capital assets	141,146,568	134,640,204
Restricted nonexpendable:		
Scholarships and fellowships	1,000,117	1,000,117
Restricted expendable:		
Research	297,047	470,886
Loans	83,288	75,272
Scholarships and fellowships	19,894	19,894
Unrestricted	6,374,067	6,518,749
Total Net Position	\$ 148,920,981	\$ 142,725,122

ST. MARY'S COLLEGE OF MARYLAND

**Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
REVENUES		
Operating Revenues		
Student tuition and fees (<i>less scholarships and waivers of \$5,900,532 and \$5,436,540</i>)	\$ 19,005,149	\$ 20,868,601
Grants and Contracts:		
Federal	2,000,811	2,007,078
State	170,092	233,094
Other	2,212,873	2,445,283
Sales and services	1,138,117	1,388,112
Auxiliary enterprises:		
Residence facilities, net of waivers of \$101,101 and \$111,475	10,300,406	10,759,474
Dining services, net of waivers of \$41,911 and \$45,454	5,684,364	6,078,446
Bookstore	1,420,567	1,489,224
Other auxiliary enterprises revenues	20,686	32,799
Other operating revenues	108,273	66,601
Total Operating Revenues	<u>42,061,338</u>	<u>45,368,712</u>
EXPENSES		
Operating Expenses		
Instruction	21,003,162	20,790,525
Research	227,358	370,243
Public Service	109,499	183,371
Academic support	2,621,875	2,047,315
Student services	6,770,729	7,104,804
Institutional support	13,846,836	13,847,913
Operations of plant	7,556,448	8,650,028
Scholarships and fellowships	2,203,874	2,312,903
Auxiliary enterprises	12,171,148	12,774,209
Total Operating Expenses	<u>66,510,929</u>	<u>68,081,311</u>
Operating Loss	<u>(24,449,591)</u>	<u>(22,712,599)</u>
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	25,159,549	25,107,174
Gifts and grants	16,688	109,291
Other transfers	-	-
Investment gains and losses	94,160	342,325
Interest income	437,586	289,264
Interest on indebtedness	(1,269,029)	(1,304,523)
Net Non-Operating Revenues	<u>24,438,954</u>	<u>24,543,531</u>
Gain before other revenues, expenses, gains, or loss	(10,637)	1,830,932
Other revenues, expenses, gains and losses:		
Capital state appropriation	6,206,496	14,411,709
Net increase in net position	<u>6,195,859</u>	<u>16,242,641</u>
NET POSITION		
Net position, beginning of year	142,725,122	126,482,481
Net Position, End of Year	<u>\$ 148,920,981</u>	<u>\$ 142,725,122</u>

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF OCTOBER 18, 2017
DISCUSSION ITEM I.B.
HONORS COLLEGE 2.0 – RESOURCE REQUIREMENTS**

Initiatives to increase enrollment through a revised educational program, enhanced recruitment activities, and increased marketing/branding will be supported through allocation of one-time funds made possible through the FY17 year-end surplus.

The development of a new educational master plan that integrates practical learning activities into our liberal arts curriculum will require funding to support the planning, development, implementation, and on-going infrastructure to sustain a re-imagined, practical liberal arts program. A specific resource plan to support the Honors College 2.0 initiative will be created this fall as the planning process is organized.

Pending development of a specific resource plan, the College has allocated \$250 thousand in one-time funds to support the planning and development efforts to be undertaken this year. These funds will support the development of core requirements, including integrated academic themes and programs to provide professional and practical skills. Examples of activities that will require funds this year include course releases for faculty to participate in the planning, professional development for faculty and staff, travel to other institutions and conferences, and additional personnel to organize and develop skill laboratories. Funds may also be needed to implement pilot programs for the 2018 – 2019 academic year.

Year-end funding is also provided to Admissions to support recruitment efforts. Contracts are being awarded to outside vendors to provide new and enhanced financial aid modeling services and new, targeted searches for high school sophomores and juniors. A plan for a substantially increased marketing program is being implemented, and additional resources are provided for a variety of on-campus activities. Funding is also provided to continue technology solutions (Naviance) that connect to prospective students through school counselors. The total additional funding from the year-end surplus supporting recruiting is \$278 thousand.

Last, a new contract will be awarded to provide Enrollment Marketing Services including brand research, and development of an integrated marketing and media plan. This initiative will be supported by \$193 thousand in year-end funding.

Overall, the total year-end funding provided from the FY17 surplus to support enrollment initiatives is \$710 thousand.

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF OCTOBER 18, 2017
DISCUSSION ITEM I.C.
ENTERPRISE RESOURCE PLANNING SYSTEM (ERP)**

In Spring 2016 the College received one-time funding from the State totaling \$2.74M to modernize the wired and wireless network architecture and to upgrade the Enterprise Resource and Planning System (ERP). Funds were provided in two parts: \$1.6M in FY16 for the wired and wireless upgrades, and \$1.14M in FY17 funds (combined with the \$1.1M provided by the College) to upgrade the ERP and enhance reporting and business intelligence solutions.

The wired and wireless upgrades are complete and bring secure wireless capability to all academic and administrative buildings, which vastly improves coverage, capacity, and bandwidth. With the new modern, wireless infrastructure, the College can expand use of technology in the classroom, improve the student experience with much greater access to online resources, and begin allowing access to campus resources wirelessly that were previously restricted to the wired network.

Preparation and planning for the ERP project to replace the Jenzabar CX solution, which has served the campus well for 20 years, is underway. The new ERP will include human resources, business and finance, a student information system, and, potentially, an admissions CRM.

The College received initial proposals from four vendors in response to its RFP to replace the existing ERP. Assessment of the received proposals is ongoing with campus discovery and demonstration by selected vendors scheduled to occur in November and December of this year. Selection and award of the new ERP is anticipated in early 2018. Implementation will take approximately two years from contract award.

The College has \$2.4 million in one-time funds reserved to support the new ERP and its implementation. One-time and on-going costs for the project are anticipated to vary substantially between vendors/systems. As costs become known through the solicitation process, the financial plan to support the new ERP will be updated.

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF OCTOBER 18, 2017
DISCUSSION ITEM I.D.
COLLEGE ENDOWMENT INVESTMENT POLICY UPDATE**

The College holds investments totaling \$3.83 million consisting of Endowment and Quasi-Endowment: \$2.81 million are funds functioning as endowment (Quasi) and \$1.02 million represents the Blackstone Endowment. Over the past few years, the quasi-endowment fund has grown as new funds have been added in each of the previous three years at year end; totaling \$850 thousand (FY14 + 300, FY15 + 100, FY16 +350, FY17 +100).

Investment Manager

The College and the St. Mary's College of Maryland Foundation are planning to issue a joint solicitation for investment managers in 2018 in order to achieve administrative efficiencies. Preparations for drafting a RFP has been discussed at FIA, Foundation Board, and Joint Investment Advisory Committee (JIAC) meetings over the past year.

Investment Policy

A draft revision to the College's investment policy has been prepared in consultation with the College's current investment manager, 19/19 Investment Council. The attached draft revision will be reviewed by both FIA and JIAC this fall with the goal to present a final policy to the Board of Trustees in January 2018.

The draft policy largely updates the existing policy first approved by the Board in 1997 and updated in 2003. Key substantive revisions are proposed as follows:

- Decoupling of the policy as a joint policy of the College and Foundation. The Foundation and the College will have separate investment policies reflecting each organization's goals. Note: JIAC will continue to be delegated primary responsibility for reviewing the performance and asset allocations of the College's endowment.
- Addressing the potential for the College and Foundation to hire a single investment manager, while maintaining that College and Foundation assets are not to be co-mingled.
- Clarifying and amplifying the Investment Objective for the College's endowment funds to serve as a long-term reserve to provide income. The College currently budgets \$95 thousand of investment income into its unrestricted operating budget to support operations.
- Revising the asset allocation goals by lowering the weight of equities from a range of 50% to 85% to 20% to 50% and increasing the weight of fixed income and cash equivalents. This recommendation reflects the investment objective.

Draft October 11, 2017

St. Mary's College of Maryland
(Adopted by consent of the Board of Trustees, [date ____])

INVESTMENT POLICY

Preamble

All investment funds of St. Mary's College of Maryland ("College"), consisting of Endowment and Quasi-Endowment Funds (Fund), are held by the Board of Trustees as a fiduciary. The following investment objectives and directions are to be judged and understood in light of that overall sense of stewardship. The adoption of an investment policy is to insure an appropriate level of portfolio management of the assets.

Delegation

The Board of Trustees of the College has delegated supervisory authority over their financial affairs to the Finance, Investment and Audit (FIA) Committee of the Board of Trustees. While the FIA Committee is responsible for regularly reporting on investments to the board, the deliberative work of the committee, as it pertains to investment practice, has been delegated to the Joint Investment Advisory Committee whose membership is made up of representatives of the College Board of Trustees, the St. Mary's College of Maryland Foundation Board of Directors, and the President of the College.

The Joint Investment Advisory Committee was approved at the June 6, 1997 meeting of the St. Mary's College of Maryland Board of Trustees. The approved language follows:

Rationale

This proposal creates a joint investment advisory committee to the College. The committee would support the following three major objectives:

- 1. the development of a comprehensive asset management strategy and policy based upon the programmatic needs of the College and the development of strategies to direct the appropriate balance between investment income for annual expenditure and funds to be retained for investment;*
- 2. the development of a coherent, complementary investment plan that balances income, growth, and risk in the investment portfolios of the College; and*
- 3. the selection, direction and supervision of an external portfolio manager.*

Composition

The Joint Investment Advisory Committee will comprise five voting members: the President of the College, two members from the College's Board of Trustees and two members from the Foundation Board. The chair will be selected from the members of the committee. The term of office for the chair shall be reviewed every two years.

In carrying out its responsibilities, the Joint Investment Advisory Committee will adopt the policies herein (the "Policies"). The Board of the College may also grant exceptions to the Investment Policy when appropriate.

The Joint Investment Advisory Committee will recommend to the College one or more Investment Managers to direct the investment of funds and assets owned or administered by the College. In the event that the College and the St. Mary's College of Maryland Foundation coordinate to retain a single Investment Manager for each organization's assets, then the funds and assets of the College shall not be co-mingled with the funds of the Foundation and shall be managed as a separate entity. In discharging its responsibility, the Joint Investment Advisory Committee will act in concert with its Board committees and will receive reports from such managers. Compensation paid to such Managers related to the College's assets shall be paid by the College.

Investment Objective

The Fund serves as a strategic long-term financial reserve of St. Mary's College sufficient to meet withdrawal needs. Hence, the investment objective of the Fund should be a balanced approach that is expected to maximize the yield/income and preserve over the long-term the capital of the portfolio consistent with the guidelines outlined below. The assets shall be invested in accordance with sound investment practices that emphasize prudent investment fundamentals. Accordingly, the investment of the assets shall be guided by the following underlying principles:

- A high degree of liquidity;
- Investments in marketable securities;
- To achieve a positive rate of return over a period of time (no less than 5 years) comprised of current income and growth that contributes to meeting St. Mary's College's on-going needs;
- To diversify the asset allocation of the Funds in order to reduce the risk of large losses or wide swings in market value.

This investment policy is intended to be a summary of an investment philosophy that provides guidance for St. Mary's College and other parties interested in the management of this Fund. It is understood that there can be no guarantees about the attainment of the goals or investment objectives outlined here.

St. Mary's College is comfortable with a moderate risk strategy. This is a goal of relatively more stable returns over the longer term, with a reduced potential of negative returns in any given year.

Asset Allocation Constraints

The Manager is responsible for providing adequate liquidity to meet the College's cash flow requirements. The College shall prepare anticipated cash flow requirements for each disbursement period and communicate these disbursement requirements to the Manager with as much notice as possible. 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 following targets have been identified to achieve the objectives of the portfolio.

The asset allocation for the entire portfolio should be invested as follows:

Asset Allocation

	<u>Lower</u> <u>Limit</u>	<u>Target</u> <u>Allocation</u>	<u>Upper</u> <u>Limit</u>
Domestic Equities*	20%	30%	40%
International Equities	0%	5%	10%
Fixed Income**	55%	65%	75%
Cash Equivalents***	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

Rebalancing of Allocation

At least annually, the Manager shall make recommendations to the Joint Investment Advisory Committee regarding the current status of the portfolio with regard to the asset allocation mix. The percentage allocation to each asset class may vary as much as plus or minus 10% depending upon market conditions.

When necessary and/or available, cash inflows/outflows will be deployed in a manner consistent with the asset allocation of the Fund.

If the College judges cash flows to be insufficient to bring the Fund within the strategic allocation ranges, the Joint Investment Advisory Committee shall decide whether to effect transactions to revise the allocation within the threshold ranges of the allocation schedule.

Asset Diversification

As a general policy, the Manager will maintain reasonable diversification at all times. The Manager may not allow the investments in any one company to exceed 5% of the portfolio nor the total securities position in any one company to exceed 10% of the portfolio. The manager shall also maintain reasonable sector allocations and diversification. In that regard, no more than 30% of the entire portfolio may be invested in the securities of any one corporate sector (Finance/Industrials/Utilities).

Asset Quality

1. Common Stocks - The role of domestic and international equities is to maximize and diversify returns. Marketable equity securities, which securities are listed on the New York Stock Exchange or the American Stock Exchange, or are traded in the over the counter market; provided, however, that each of such securities must be issued by an issuer having equity capital of at least \$500,000,000. It may also be permissible to invest in domestic or international equities through mutual funds or ETFs if it achieves a performance objective of the portfolio and complies with these quality provisions.
2. Preferred stock and convertible bonds - The Manager may use preferred stocks and convertible bonds as equity investments. The quality rating of preferred stock and convertible bonds must be BBB- or better, as rated by Standard & Poor's, or Baa3 or better, as rated by Moody's. The common stock into which both may be converted must be rated as specified in Section 1. It may also be permissible to invest in convertibles through mutual funds or ETFs if it achieves a performance objective of the portfolio and complies with these quality provisions.
3. Fixed-income securities – The quality rating of bonds and notes must be BBB- (S&P)/Baa3 (Moody's) or better. The portfolio may consist of only traditional principal and interest obligations (no derivatives) with an average duration of seven years or less. It may also be permissible to invest in fixed-income securities through mutual funds or ETFs if it achieves a performance objective of the portfolio and complies with these quality provisions.
4. Short-term reserves- By providing liquidity, this asset class will provide for necessary operating reserves of the Organization. The quality rating of commercial paper must be A-1, as rated by Standard & Poor's, P-1, as rated by Moody's, or better. The assets of any money market mutual fund must comply with the quality provisions for fixed-income securities or short-term reserves.
5. Cash equivalents - The quality rating of these instruments must be no less than AA as rated by Standard & Poor's or Moody's.

Transactions

All purchases of securities will be for cash and there will be no margin transactions, short selling, or commodity transactions.

Investment Criteria Based on Mission or Social Responsibility

The College's desire is to invest in companies whose business conduct is consistent with the goals and beliefs of St. Mary's College of Maryland.

Reporting Requirements

1. Monthly – The Manager will provide the Joint Investment Advisory Committee with a monthly written statement containing all pertinent transaction details for the separately managed portfolio for the College for the preceding month, including:
 - the name and quantity of each security purchased or sold, with the price and transaction date;
 - for each security, its description, percentage of total portfolio, purchase date, quantity, cost basis, current market value, unrealized gain or loss, and indicated annual income.
2. Quarterly – The manager shall provide the Joint Investment Advisory Committee detailed information about 1) asset allocation, 2) investment performance including the time-weighted rate of return calculations – from inception, year-to-date, and most recent quarter, 3) performance of relevant indexes over the same period of time, 4) future investment strategies, and 5) any other matters of interest to the Committee.
3. Annually – The Manager shall provide a fiscal year summary of all transactions in each fiscal year including interest, dividends, and capital gain distributions including unrealized and realized gains and losses.
4. In the event that there is more than one Manager, each shall agree to produce composite reports, including but not limited to, the total investments of the College.

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF OCTOBER 18, 2017
DISCUSSION ITEM I.E.
DASHBOARD**

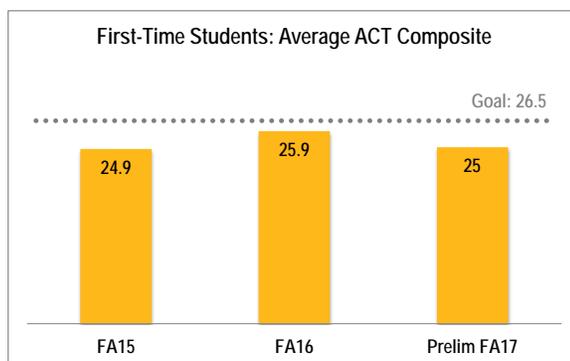
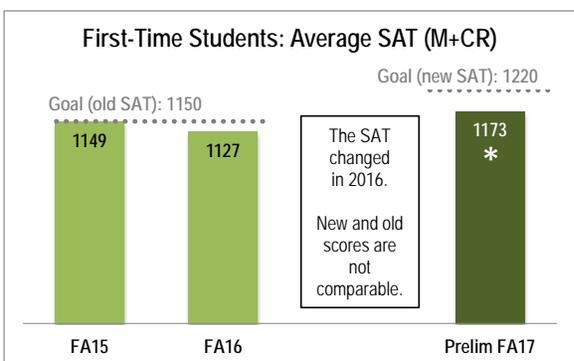
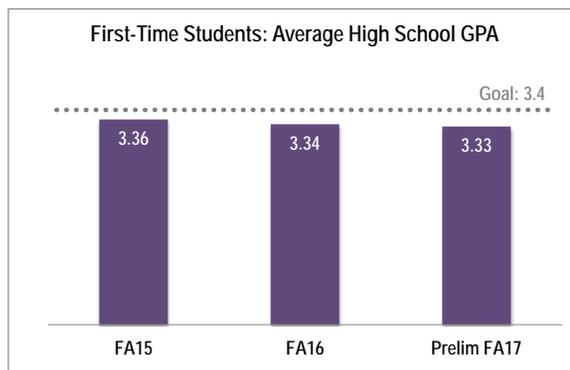
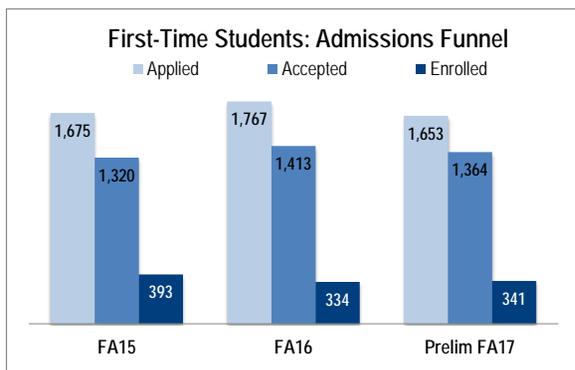
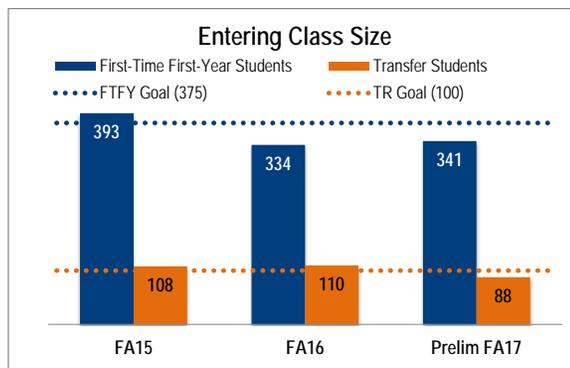
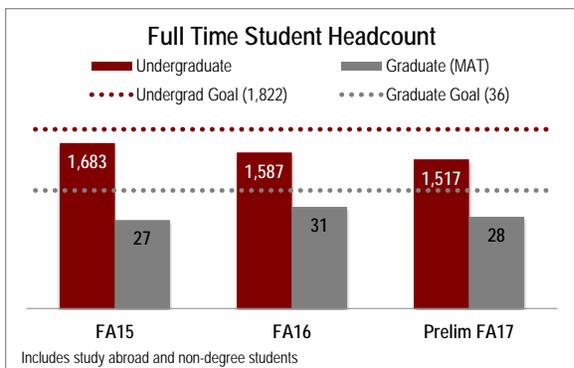
The current dashboard follows.

Board of Trustees Dashboard - October 2017



Student Characteristics in Enrollment

Fall 2017 figures based on preliminary census (freeze) data, 9/25/17



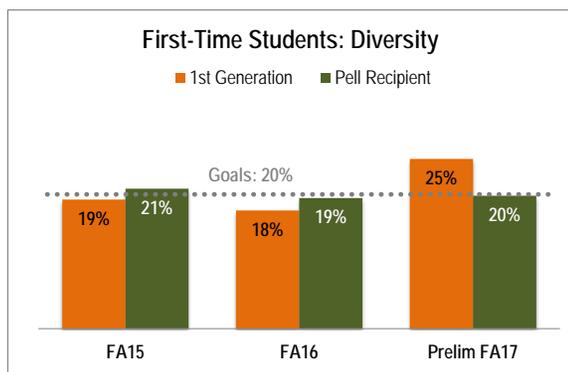
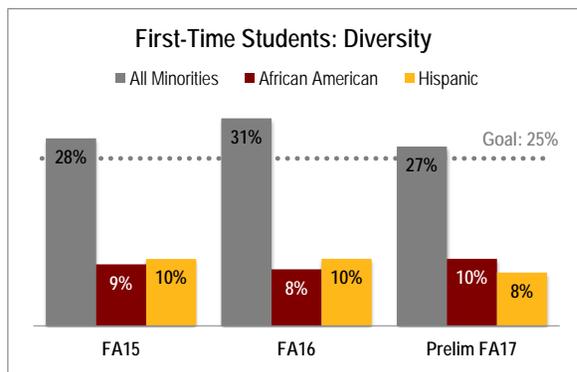
* FA17 scores represent an average of all reported SAT scores, including new SAT scores (n=249) and old SAT scores converted to the new scale (n=27).

ST MARY'S COLLEGE of MARYLAND

The Public Honors College

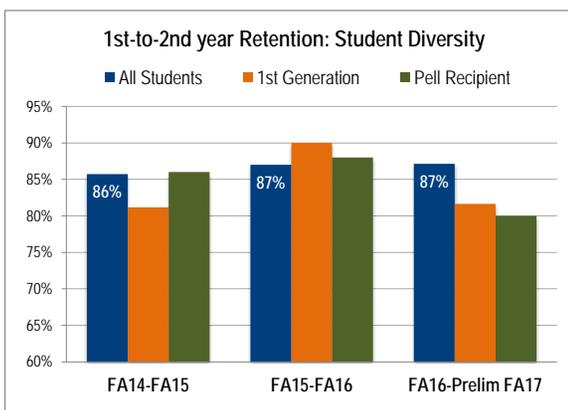
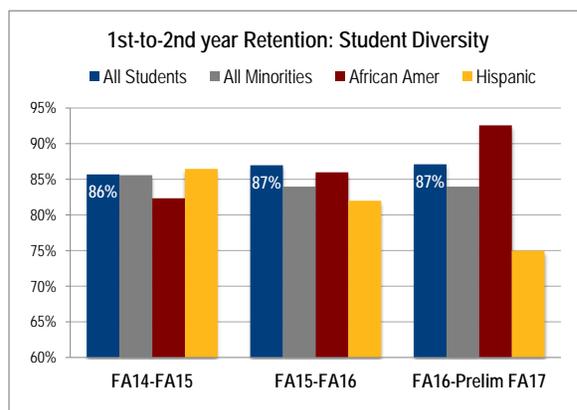
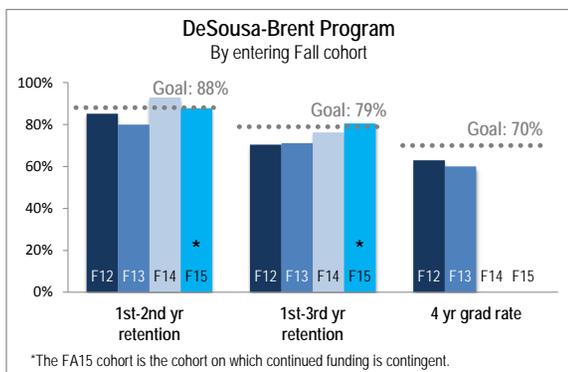
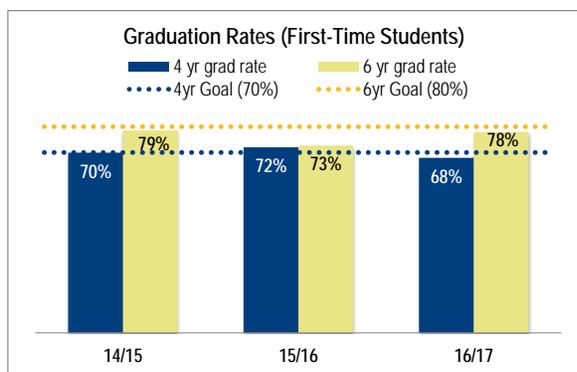
Student Characteristics in Enrollment

Fall 2017 figures based on preliminary census (freeze) data, 9/25/17



Student Retention and Persistence

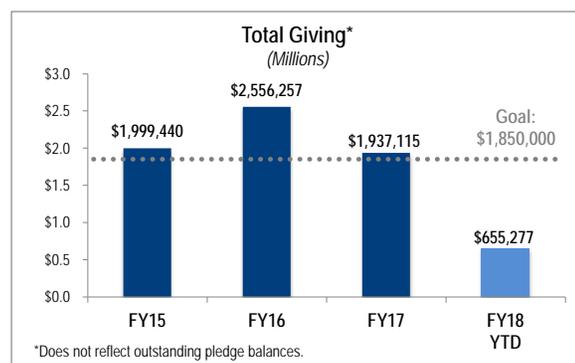
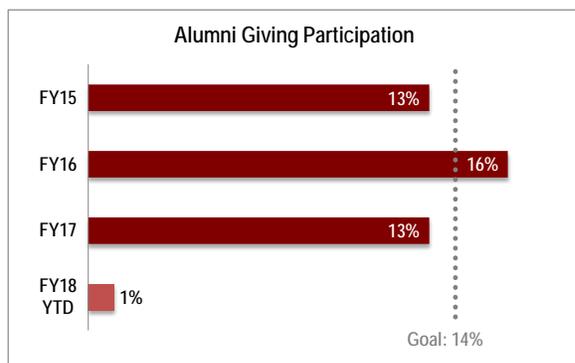
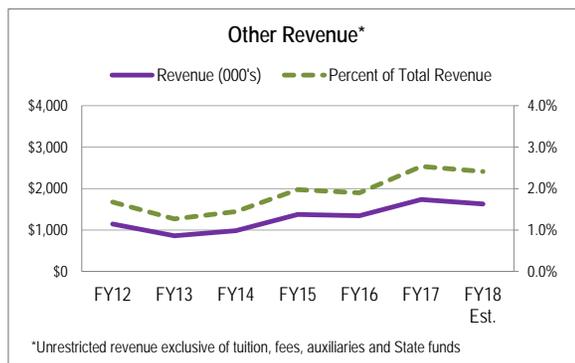
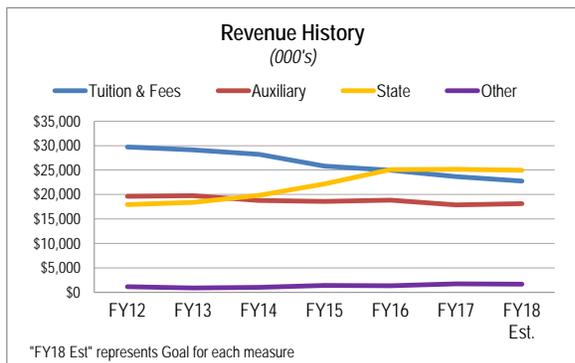
Fall 2017 figures based on preliminary census (freeze) data, 9/25/17



ST MARY'S COLLEGE of MARYLAND

The Public Honors College

Revenue and Fundraising



Note: FY15 and FY16 totals include donations to the capital building campaign.

BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF OCTOBER 18, 2017
ACTION ITEM II.A.
REVISION OF THE FY18 CURRENT FUND (OPERATING)
UNRESTRICTED BUDGET

RECOMMENDED ACTION

The Finance, Investment, and Audit Committee recommend approval by the Board of Trustees, St. Mary's College of Maryland, of revisions to the current fund (operating) budget for fiscal year 2018 (FY18) as attached.

RATIONALE

Maryland law entrusts the development and approval of the operating budget for the College to the Board of Trustees. Authorization of the attached FY18 current fund budget will allow the College to continue its mission of providing high-quality, public, post-secondary education.

The revision incorporates carry-forward authorization for \$5,174,866 encumbered but not expended as of June 30, 2017. Rollovers include significant carry-forward items from the previous year (\$2.9 million) including the ERP project. Significant new funding is provided to support the Honor's College 2.0 initiative, as well as increase contingency.

<i>Program of Expenditure</i>	<i>Type of carry-forward</i>	<i>Amount</i>
Instruction	Faculty Development, Startup and Other Academic Requests	\$78,764
	Other Rollover Items including equipment lease	\$68,997
Academic Support	Encumbered Items	\$6,952
Institutional Support	Encumbered items	\$121,913
	Special Rollover items, current and prior year:	
	- ERP Initiative / IT Infrastructure	\$2,391,687
	- Honor's College 2.0 – Educational Master Plan, Recruiting, Marketing	\$710,000
	- Contingency	\$837,000
	- Misc. Other	\$203,211
Scholarships	Book Scholarships	\$15,000
Student Services	Encumbered Items	\$30,415
	Rollover Items	\$86,183
Auxiliary Enterprises	Line of credit future debt service	\$459,156
	Encumbered Items	\$28,143
	Bookstore Labor	\$25,000
Physical Plant	Encumbered items and additional rollovers	\$112,445
Contingency		
	Total	\$5,174,866

St. Mary's College Of Maryland
FY18 Operating (Current Fund) Budget Revision

II.A.

FY18
Current Fund Unrestricted
(CFU)

	Jul-17 Approved Budget	% Of Total	Routine			For BOT Information	
			Reallocation	Rollovers	Changes	Budget	
Revenue							
Tuition	19,702,887	29.2%			0	19,702,887	29.2%
Fees	3,073,764	4.6%			0	3,073,764	4.6%
State Grant (Appropriation)	24,964,954	37.0%			0	24,964,954	37.0%
Gifts And Grants	0	0.0%			0	0	0.0%
Sales & Services-Educational	782,039	1.2%			0	782,039	1.2%
Endowment/Investment	516,000	0.8%			0	516,000	0.8%
Foundation Unrestricted Support	75,000	0.1%			0	75,000	0.1%
Sales & Services-Auxiliary	18,151,499	26.9%			0	18,151,499	26.9%
Other	255,600	0.4%	-		0	255,600	0.4%
Total Revenue	67,521,743	100.0%	0	0	0	67,521,743	100.0%
Expenditures							
Instruction	20,047,770	29.7%	1,808	147,761	149,569	20,197,339	29.9%
Research	0	0.0%	0		0	0	0.0%
Public Service	98,404	0.1%	0		0	98,404	0.1%
Academic Support	2,371,064	3.5%	194	6,952	7,146	2,378,210	3.5%
Institutional Support	13,165,905	19.5%	(2,875)	4,263,810	4,260,935	17,426,840	25.8%
Student Services	6,177,954	9.1%	874	116,599	117,472	6,295,426	9.3%
Plant Operation And Maintenance	4,677,839	6.9%	1	112,445	112,446	4,790,285	7.1%
Scholarships/Grants	6,247,166	9.3%	0	15,000	15,000	6,262,166	9.3%
Auxiliary Enterprises	14,735,641	21.8%	(1)	512,299	512,298	15,247,939	22.6%
Total Expenditures	67,521,743	100.0%	(0)	5,174,866	5,174,866	72,696,609	107.7%
Transfers In (Out)					0	0	
Plant-Deferred Maintenance & Parking Fee	0	0.0%	0		0	0	0.0%
Debt Service	0	0.0%	0		0	0	0.0%
Quasi Endowment	0	0.0%	0		0	0	0.0%
Total Transfers	0	0.0%	0	0	0	0	0.0%
Total Expenditures & Transfers	67,521,743	100.0%	(0)	5,174,866	5,174,866	72,696,609	107.7%
Budget Year Increase (Decrease in Fund Balance)	0		0	(5,174,866)	(5,174,866)	(5,174,866)	
Fund Balance Carried Forward From FY16 & FY17				5,174,866	5,174,866	5,174,866	
Total Increase (Decrease) in Fund Balance	0	0	0	(0)	0	0	

**St. Mary's College Of Maryland
 FY18 Operating (Current Fund) Budget
 FY18 Budget Revision, Rollover from FY17
 Meeting of October 18, 2017**

Summary by Program	Ongoing	One Time
Instruction	-	147,761
Research	-	-
Public Service	-	-
Academic Support	-	6,952
Institutional Support	-	4,263,810
Student Services	-	116,599
Plant Operation And Maintenance	-	112,445
Scholarships/Grants	-	15,000
Auxiliary Enterprises	-	512,299
Transfer to Plant	-	-
Transfer to State	-	-
Total Expenditures	-	5,174,866

Summary by Type	
Items encumbered as of 6-30-2017	281,343
Academic rollvers, faculty related	121,764
Line of credit debt service for future years	459,156
ERP Initiative / IT Infrastructure	2,391,687
Honors College 2.0 - Ed. Master Plan, Recruiting, Marketing	710,000
Contingency	837,000
Miscellaneous	373,916
	-
	5,174,866

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF OCTOBER 14, 2017
ACTION ITEM II.B
REVISION OF THE FY18 PLANT FUND (CAPITAL) BUDGET**

RECOMMENDED ACTION

The Finance, Investment, and Audit Committee recommends approval by the Board of Trustees, St. Mary's College of Maryland, of the following revisions to the plant fund (capital) budget for fiscal year 2018, as attached.

RATIONALE

The attached schedules are provided for information purposes and "walk" from the final approved FY17 plant budget total and add new projects approved by the Board in July 2017.

Four major projects with value greater than \$200,000 continue with a balance remaining of \$1.22 million. Projects with value greater than \$200,000 require explicit Board of Trustees approval. Additional projects with a value less than \$200,000 have a remaining balance of \$1.35 million.

FY17 plant fund activity is reconciled to the end of the fiscal year and new projects approved in July 2017 are added. The FY18 active project budget totals \$2,570,890. The projected unencumbered plant fund balance is \$1.6 million. Bracketed references in the reconciliation schedule are derived from the subsequent listing of all plant projects.

St. Mary's College of Maryland
 Reconciliation of FY17 to FY18 Plant Budget

FY17 Initial Plant Budget	3,378,104.80	
Final FY17 Plant Budget	<u>3,378,104.80</u>	[A] Final FY17 Final Numbers page 4
FY17 CARS Expenditures	<u>2,069,697.49</u>	[B] Final FY17 Final Numbers page 4
Year End Cleanup	<u>(5,656.10)</u>	[C] FY18 Start
FY17 Available Balance	<u>1,314,063.41</u>	[D] FY17 Final Numbers and FY18 Start
FY18 New Projects	<u>1,256,827.00</u>	[C] FY18 Start
FY18 Available Project Budgets	<u><u>2,570,890.41</u></u>	[D & C] FY18 Start
FY17 Project Budgets	17,801,905.01	[E & F] FY18 Start
Less: Inactivated Projects	<u>(5,732,203.84)</u>	[F] FY18 Start
Total Active Project Budgets	<u>12,069,701.17</u>	[E] FY18 Start
FY18 New Projects	1,256,827.00	[C] FY18 Start
Total Project Budgets	12,069,701.17	[E] FY18 Start
Total Cumulative Active Project Expenditures	(10,755,637.76)	[G] FY18 Start
FY18 Active Project Total	2,570,890.41	[D & C] FY18 Start
Variance method 1 to Method 2	0.00	
Cash Available in Unexpended Plant Fund 7/2/2017 (After funding all FY17 Outstanding Plant Projects)	1,625,853.00	
Less: Approved New Projects for FY18	<u>(1,256,827.00)</u>	
Excess / (Deficit) Plant Funds	<u>369,026.00</u>	
Estimated Facility Fee Revenue	1,256,827.00	
Total Source of Funds	<u>1,256,827.00</u>	
Projected Plant Fund Balance	<u><u>\$ 1,625,853.00</u></u>	

**St. Mary's College of Maryland
FY17 Plant Project Summary
For June 30, 2017 as of August 17, 2017**

FY17 Final #'s

CARS Subfund	Description	Cumulative Project Budgets	FY17 Approved Budget	FY17 Changes	FY17 Final Budget	CARS Exp	CARS Enc	Balance Remaining
3001	Plant Contingency	55,287.06	46,300.00	13,700.00	60,000.00	0.00		60,000.00
3003	Misc Maint & Repair	3,921,979.25	83,876.44	378,658.55	462,534.99	369,624.64		92,910.35
3004	Misc Small Enhancement	1,377,182.52	34,004.78	209,345.72	243,350.50	204,679.68		38,670.82
3020	Site Improvements	638,529.23	95,016.61	13,500.00	108,516.61	33,981.56		74,535.05
3022	Campus Master Plan	411,515.02	39,419.30	0.00	39,419.30	0.00		39,419.30
3090	Parking Lot Improvements	574,233.00	124,370.66	0.00	124,370.66	0.00		124,370.66
3121	Misc. Residence Hall Projects	1,476,152.36	181,663.97	314,499.00	496,162.97	324,121.19		172,041.78
3184	MH Refurbishments	582,160.00	15,891.71	126,669.45	142,561.16	136,128.17		6,432.99
3189	Schaefer Window Replacement	156,232.00	5,198.00	25,202.00	30,400.00	0.00		30,400.00
3206	AA Hall Replacement-Miscellaneous	309,593.00	235,897.53	(60,422.56)	175,474.97	94,983.92		80,491.05
3225	Athletics Renovation	100,683.00	2,130.00	(2,130.00)	0.00	0.00		0.00
3226	AA Hall Green Building Design	164,000.00	129,040.00	0.00	129,040.00	0.00		129,040.00
3227	New Academic Building Facility Prg	104,567.00	34,310.03	10,000.00	44,310.03	4,088.50		40,221.53
3229	HSMC Chancellors Point	1,500.00	1,500.00	0.00	1,500.00	0.00		1,500.00
3230	Traffic Calming Project	148,000.00	70,719.07	0.00	70,719.07	1,119.48		69,599.59
3233	Sun Trust - LOC	200,000.00	39,318.48	0.00	39,318.48	3,753.40		35,565.08
3235	Cobb House Renovation	0.00	0.00	240,484.00	240,484.00	206,812.73		33,671.27
3236	Pathway Project	0.00	0.00	50,000.00	50,000.00	0.00		50,000.00
3237	College Entrance Signs	0.00	0.00	100,000.00	100,000.00	10,500.00		89,500.00
6501	GSMRF	490,610.57	126,427.38	(62,029.00)	64,398.38	(81,295.56)		145,693.94
	Total Project Budgets	10,712,224.01	1,265,083.96	1,357,477.16	2,622,561.12	1,308,497.71	0.00	1,314,063.41
								[D]
3211	Chancellor's Point Renovation	60,000.00	25,531.39	1,219.00	26,750.39	26,750.00	0.00	0.39
3221	Schaefer HVAC Renovations	320,000.00	10,988.16	(10,988.16)	(0.00)	0.00	0.14	(0.14)
3231	Residence Hall Renewal	4,961,973.00	632,028.84	0.00	632,028.84	637,685.78	250.00	(5,906.94)
3234	Debt Service	400,000.00	96,764.45	0.00	96,764.45	96,764.00	0.00	0.45
	Inactive Projects	5,741,973.00	765,312.84	(9,769.16)	755,543.68	761,199.78	250.14	(5,906.24)
	Total Projects	16,454,197.01	2,030,396.80	1,347,708.00	3,378,104.80	2,069,697.49	250.14	1,308,157.17
					[A]	[B]		

St. Mary's College of Maryland
FY18 Plant Project Summary
 For 6/30/2017 as of 10/11/17

CARS Subfund	Description	Cum. Budget	Cum. Expenses	FY17 Available	FY17 YE Cleanup	FY18 Approved Budget	FY18 Changes	FY18 Final Budget	CARS Expense	CARS Enc.	Balance Remaining
3001	Plant Contingency	68,987	8,987	60,000		60,000	40,000	100,000			100,000
3003	Misc Maint & Repair	4,300,638	4,207,727	92,910		92,910	249,000	341,910			341,910
3004	Misc Small Enhancement	1,586,528	1,547,857	38,671		38,671	313,000	351,671			351,671
3020	Site Improvements	652,029	577,494	74,535		74,535	54,827	129,362			129,362
3022	Campus Master Plan	411,515	372,096	39,419		39,419		39,419			39,419
3090	Parking Lot Improvements	574,233	449,862	124,371		124,371		124,371			124,371
3121	Misc. Residence Hall Projects	1,790,651	1,618,610	172,042		172,042	70,000	242,042			242,042
3184	MH Refurbishments	708,829	702,396	6,433		6,433		6,433			6,433
3189	Schaefer Window Replacement	181,434	151,034	30,400		30,400		30,400			30,400
3206	AA Hall Replacement-Miscellane	249,170	168,679	80,491		80,491		80,491			80,491
3225	Athletics Renovation	98,553	98,553	-		-	115,000	115,000			115,000
3226	AA Hall Green Building Design	164,000	34,960	129,040		129,040		129,040			129,040
3227	New Academic Building Facility	114,567	74,345	40,222		40,222		40,222			40,222
3229	HSMC Chancellors Point	1,500	-	1,500		1,500		1,500			1,500
3230	Traffic Calming Project	148,000	78,400	69,600		69,600		69,600			69,600
3233	Sun Trust - LOC	200,000	164,435	35,565		35,565		35,565			35,565
3235	Cobb House Renovation	240,484	206,813	33,671		33,671		33,671			33,671
3236	Pathway Project	50,000	-	50,000		50,000		50,000			50,000
3237	College Entrance Signs	100,000	10,500	89,500		89,500		89,500			89,500
3238	Programming / Study Project						135,000	135,000			135,000
3239	Residence Hall Furniture						280,000	280,000			280,000
6501	GSMRF	428,582	282,888	145,694		145,694		145,694			145,694
Total Project Budgets		12,069,701	10,755,638	1,314,063		1,314,063	1,256,827	2,570,890	-	-	2,570,890
		[E]	[G]	[H]		[D]	[C]	[D & C]			[D & C]
3211	Chancellor's Point Renovation	61,219	61,219	0	(0)	(0)		(0)			(0)
3221	Schaefer HVAC Renovations	309,012	309,012	-		-		-			-
3231	Residence Hall Renewal	4,961,973	4,967,630	(5,657)	5,657	(0)		(0)			(0)
3234	Debt Service	400,000	400,000	0	(0)	0		0			0
Inactive Projects		5,732,204	5,737,860	(5,656)	5,656	(0)	-	(0)	-	-	(0)
		[F]									
Total Projects		17,801,905	16,493,498	1,308,407		1,314,063	1,256,827	2,570,890	-	-	2,570,890
		[E & F]				[C]					

St. Mary's College of Maryland
FY18 Plant Project Summary
For 6/30/2017 as of 10/11/17

FY18 Start Status	CARS Subfund	Description	FY18 Approved Budget	FY18 Changes	FY18 Final Budget	CARS Expense	CARS Enc.	Balance Remaining
A	3004	Misc Small Enhancement	38,670.82	313,000.00	351,670.82			351,670.82
A	3003	Misc Maint & Repair	92,910.35	249,000.00	341,910.35			341,910.35
A	3239	Residence Hall Furniture		280,000.00	280,000.00			280,000.00
A	3121	Misc. Residence Hall Projects	172,041.78	70,000.00	242,041.78			242,041.78
Projects > \$200,000			303,622.95	912,000.00	1,215,622.95	-	-	1,215,622.95
A	6501	GSMRF	145,693.94		145,693.94			145,693.94
A	3238	Programming / Study Project		135,000.00	135,000.00			135,000.00
A	3020	Site Improvements	74,535.05	54,827.00	129,362.05			129,362.05
A	3226	AA Hall Green Building Design	129,040.00		129,040.00			129,040.00
A	3090	Parking Lot Improvements	124,370.66		124,370.66			124,370.66
A	3225	Athletics Renovation	-	115,000.00	115,000.00			115,000.00
A	3001	Plant Contingency	60,000.00	40,000.00	100,000.00			100,000.00
A	3237	College Entrance Signs	89,500.00		89,500.00			89,500.00
A	3206	AA Hall Replacement-Miscellaneous	80,491.05		80,491.05			80,491.05
A	3230	Traffic Calming Project	69,599.59		69,599.59			69,599.59
A	3236	Pathway Project	50,000.00		50,000.00			50,000.00
A	3227	New Academic Building Facility Prg	40,221.53		40,221.53			40,221.53
A	3022	Campus Master Plan	39,419.30		39,419.30			39,419.30
A	3233	Sun Trust - LOC	35,565.08		35,565.08			35,565.08
A	3235	Cobb House Renovation	33,671.27		33,671.27			33,671.27
A	3189	Schaefer Window Replacement	30,400.00		30,400.00			30,400.00
A	3184	MH Refurbishments	6,432.99		6,432.99			6,432.99
A	3229	HSMC Chancellors Point	1,500.00		1,500.00			1,500.00
Projects < \$200,000			1,010,440.46	344,827.00	1,355,267.46	-	-	1,355,267.46
Total All Projects			1,314,063.41	1,256,827.00	2,570,890.41	-	-	2,570,890.41

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF OCTOBER 18, 2017
ACTION ITEM II.C.
2017 PERFORMANCE ACCOUNTABILITY REPORT**

RECOMMENDATION

The Finance, Investment, and Audit Committee recommends that the Board of Trustees approve the 2017 Performance Accountability Report for submission to the Maryland Higher Education Commission. This recommendation is contingent upon the endorsement of the Student Affairs Committee and the Academic Affairs Committee.

RATIONALE

The Performance Accountability Report (PAR) is a report required by the State of Maryland that assesses the College's progress on a variety of goals and objectives including academics, enrollment, retention and graduation, financial aid, and student outcomes. The report provides data on specific metrics as well as narrative describing strengths and challenges. Maryland law requires institutions to submit their PAR to the Maryland Higher Education Commission for review, and final submission to the Governor and General Assembly.

ST. MARY'S COLLEGE OF MARYLAND

1. MISSION

St. Mary's College of Maryland is Maryland's honors college, a selective, public liberal arts college—a vibrant community of scholars and learners. We foster a rigorous and innovative curriculum; experiential learning; scholarship and creativity; close mentoring relationships; and a community dedicated to honesty, civility, and integrity. We are committed to diversity, access, and affordability. Our students, faculty and staff serve local, national, and global communities and cultivate and promote social responsibility.

2. INSTITUTIONAL ASSESSMENT

A. FY17 Highlights

Significant changes and events occurring at St. Mary's College of Maryland (SMCM) during FY17 included the following.

- A small team site visit from the Middle States Commission on Higher Education (MSCHE) was held on March 27, 2017. Based on this visit, and on a Monitoring Report submitted in March 2017, the MSCHE voted in June 2017 to remove the accreditation warning and fully re-affirm SMCM'S accreditation through 2024-2025 without the need for a progress report.
- SMCM completed the first year of implementation of the 2016-19 strategic plan, *A Time For Rebirth*.
- Anne Arundel Hall opened for classes on August 29, 2016, the first day of the fall semester. The building was dedicated on October 15, 2016, and provides much-needed classroom, office, and laboratory space for Anthropology, International Languages and Cultures, Museum Studies, and Historic St. Mary's City.
- Groundbreaking for the Jamie L. Roberts Stadium took place on September, 17, 2016, marking the official completion of the \$2.5 million capital building campaign.
- Dr. Kortet Mensah was appointed to the new position of Associate Vice President of Diversity and Inclusion.
- The Bachelor of Science (B.S.) degree was implemented in six disciplines (biology, biochemistry, chemistry, computer science, physics, and psychology). Among the graduating class of 2017, 106 of the 154 students (69%) in one of these majors elected to earn B.S. degrees. Students entering SMCM in 2016 or later will automatically earn a B.S. instead of a Bachelor of Arts (B.A.) in these disciplines.
- SMCM was one of 12 institutions (selected from 88 applicants) to participate in the Council on Undergraduate Research (CUR) Transformations Project. Faculty from

chemistry and psychology will work with CUR experts to identify ways to integrate undergraduate research into the curricula of those majors.

- The state funding formula for SMCM was reset during the 2017 General Assembly session to include State support for health care and wage increases to help maintain affordability, and to establish a performance based funding incentive based on achieving six-year graduation rates.
- SMCM was named to several college ranking lists, including: Top Public Liberal Arts Colleges (U.S. News & World Report), Colleges of Distinction, Best 380 Colleges (Princeton Review), Best Colleges for Your Money (Money Magazine), Best Value Colleges (Kiplinger's), Fiske Guide to Colleges, Best Colleges in Maryland (AdvisoryHQ), and Top Colleges in the South for Student-Faculty Ratio (Wall Street Journal).

B. Analysis of Goals and Objectives

Goal 1: Ensure a high quality and rigorous academic program.

Strengths

Objective 1.1: SMCM students continue to complete one-on-one learning experiences with faculty at high rates. The 2016-19 Strategic Plan includes a number of objectives related to expanding opportunities for high-impact practices, as we continue to strive toward the target of 80% of the graduating class participating in a one-on-one learning experience.

Objectives 1.2 and 1.3: SMCM is committed to offering a rigorous curriculum taught by qualified faculty. For three of the past five years, SMCM has met or exceeded the targeted percent of full-time faculty who have terminal degrees, and full-time faculty teach the great majority of undergraduate credit hours as indicated by meeting or exceeding the target for the past three years. This combination of a consistently low student-faculty ratio with a faculty of qualified full-time professors is essential to the success of achieving and maintaining a high quality academic program.

Peer Benchmarks: SMCM has by far the lowest student-faculty ratio (10:1) among the traditional four-year public institutions in Maryland, with the next lowest being Coppin State at 13:1 and the average being 16:1. The SMCM student-faculty ratio (along with New College of Florida) is also the lowest among COPLAC institutions, which also average 16:1; and is on par with peer and aspirant peer institutions, which range from 9:1 to 14:1 (with an average of 11:1) and include many private colleges. (*Source: IPEDS Data Center*)

Goal 2: Recruit, support, and retain a diverse and qualified group of students, faculty and administrative staff.

Strengths

Objective 2.1: In FY17, SMCM was able to recruit a first-year class that exceeded the target for the percentage of minority students for the fourth year in a row, and once again nearly met the target for those receiving Pell grants (only 1/2 a percentage point below). Additionally, SMCM continues to attract a significant portion of its entering class from first generation college students. Although the percentage dropped slightly to 18% (after three years at 19%, just below the target of 20%), current estimates indicate that first-generation students will represent an increased proportion of the FY18 incoming class (24%). High school academic performance of the entering class remains strong, with an increase in GPA projected for FY18.

Objective 2.2: After a one-year decline in FY16, the overall six-year graduation rate (Fall 2011 cohort graduating by 2017) returned to previous higher levels (78%) in FY17, although not quite reaching the target of 80%. Six-year graduation rates for Hispanic students (81%), first generation students (74%), and Pell grant recipients (68%) remain strong and at or near individual targets.

Peer Benchmarks: Despite falling just short of our own target for six-year graduation rates this year, the most recent comparison data available (FY15) show that SMCM's overall six-year graduation rate in that year (79%) exceeded that of other COPLAC institutions (average = 55%), other Maryland public four-year institutions (average = 47%), and peer institutions (average = 75%). The average six-year graduation rate at private aspirant institutions was 90% in FY15. Furthermore, the most recent data for Hispanic students show that SMCM's six-year graduation rate in FY15 (86%) was far above that of all comparison groups, including other COPLAC institutions (50%), other Maryland publics (39%), and peer institutions (69%), equaling the rate reported by private aspirant institutions (86%). (Source: IPEDS Data Center)

Objective 2.3: While the specific target for the first to second-year retention rate was not met in FY17, the rate has remained high and relatively stable for the past five years. Early estimates indicate that this rate will increase in FY18, for the entering class of Fall 2016 returning in Fall 2017. SMCM has implemented a comprehensive early-alert system (the Beacon Student Success module within CampusLabs) in an effort to reach our retention target moving forward.

Peer Benchmarks: Based on the most recent data available (FY16), SMCM's first-to-second year retention rate (86%) was well above those of other public liberal arts colleges (COPLAC schools, average = 75%) and Maryland public four-year institutions (average = 76%), and is on par with peer institutions (average = 86%), many of which are private. Retention rates at private aspirant institutions averaged 94% in FY16, which is well above SMCM's target but is a useful aspirational benchmark as we strive to remain competitive with those institutions. (Source: IPEDS Data Center)

Objective 2.4: SMCM continues to work toward its goal to maintain a diverse faculty and staff.

Several strategies were implemented in FY17 to work toward attracting and retaining faculty and staff, which is also a prominent aspect of the Strategic Plan. For example, a campus-wide Affirmative Action Plan was developed; a new faculty mentoring program was implemented; and search committees were educated on best practices in recruiting a diverse pool of candidates. Early indications are that these strategies have been successful; for example, 46% (6 of 13) of new tenure-track faculty members beginning in FY18 are members of a minority group.

Objective 2.5: SMCM has achieved and exceeded the target of an entering class that contains 20% transfer students, and levels are expected to maintain at 20% or higher over the next two years.

Objective 2.6: The three-year graduation rate for transfer students exceeded the target this year, and is at its highest point in five years. The projected data shows that this positive trend is expected to continue through FY18 and FY19. Although the four-year rate was lower than the target this year, this rate is also expected to climb over the next two years and to exceed the set target of 70%. We will continue to explore strategies to support transfer students and ensure their timely graduation, for example through the continued development of articulation agreements with two-year institutions.

Peer Benchmarks: Graduation rates for transfer students are not tracked in the federal IPEDS database; therefore benchmark information is only available from those schools which participate in the voluntary Student Achievement Measure (SAM) program. Based on the most recent data available from SAM (2014), SMCM's four-year graduation rate for transfer cohorts (73%) was well above those of other Maryland public four-year institutions (average = 56%). SMCM also compares favorably to COPLAC institutions that participate in SAM (16 of 24) which report an average four-year transfer graduation rate of 57%. Only 2 of 12 peer institutions (both also COPLAC institutions) and no aspirant institutions participate in SAM. (Source: studentachievementmeasure.org)

Challenges

Objective 2.1: The median SAT scores of the entering class have continued to decline in recent years. SMCM strives to use a holistic admissions process, prioritizing overall "fit" and multiple indicators of success rather than relying heavily on GPA and SAT scores alone. SMCM will continue to closely monitor the recent entering classes for signs of struggling students. In addition, SMCM has instituted the use of a national risk analysis tool, the Student Interest Survey, to identify at-risk students and intervene with appropriate and targeted support. Also, SMCM continues to face challenges in recruiting and enrolling students from outside of Maryland, and this is a critical aspect of the overall Strategic Plan.

Peer Benchmarks: Despite falling short of our own target for SAT scores, the average SAT score of SMCM entering students (1127) continues to exceed that of most other Maryland four-year institutions (FY17 average = 1027), and our students rank well against high school seniors both in Maryland (FY17 average = 980) and nationwide (FY17 average = 1002). (Source: *MHEC 2017 Data Book*)

Objective 2.2: Four-year graduation rates for FY17 (Fall 2013 cohort graduating by 2017) were lower than previous years, both overall and in almost all groups. This is likely an anomaly regarding the Fall 2013 cohort, as most four-year rates are projected to rebound in the coming years. Six-year graduation rates for minority students and for African-American students in particular continue to be low this year, below targets and below the overall six-year rates for all students.

We continue to look for strategies to support and encourage students to graduate, ideally in four years or less; for example, the Beacon Student Success module was implemented on a pilot basis in Fall 2016 as a means to coordinate communication with students among the faculty and staff most centrally involved with them. Beacon also allows us to identify students who may be at risk and help design interventions that can be implemented early in the students' career, and will be implemented more widely in the FY18 academic year.

Recent analysis indicates that far fewer students of color, particularly African-American students, enter SMCM with advanced placement credits, placing them at a disadvantage in achieving four-year graduation. SMCM is investigating expanding course offerings outside the traditional fall and spring semester schedule (e.g., expanded summer offerings, a winter term) to provide opportunities for students to make up missing credits and graduate in a timely fashion.

Peer Benchmarks: Based on the most recent comparison data available (FY15), SMCM's overall four-year graduation rate (67% for the 2009 cohort) exceeded those of other public liberal arts colleges (COPLAC schools, average = 37%) and other Maryland public four-year institutions (average = 26%), as well as peer institutions (average = 66%), many of which are private. The average four-year graduation rate at private aspirant institutions was 86% in FY15, well above our target. Furthermore, both four-year and six-year graduation rates for African-American students, Hispanic students, and all minority students combined in FY15 were 22-47% higher at SMCM than at other COPLAC or Maryland public institutions. Compared to peer institutions, four-year rates for these groups were comparable (within 5%), and six-year rates were 11-17% higher at SMCM. Finally, although SMCM's four-year rates for these minority groups average 22-29% lower than private aspirant institutions, the six-year rates for African-American students, Hispanic students, and all minority students combined at SMCM were within 5% of those reported by aspirant peers in FY15. (*Source: IPEDS Data Center*)

Goal 3: Ensure access for students with financial need through a strategic combination of federal, state, private, and institutional funds.

Strengths

Objective 3.1: This objective has consistently been met as SMCM has focused on meeting the financial needs of entering first-time students.

Objective 3.2: These performance measures reveal that students receiving need-based aid in

their first semester are successfully persisting at SMCM. While the specific performance targets were not all met this year, students receiving need-based aid performed on a level comparable to the overall student population with regard to first-to-second year retention, four-year graduation, and six-year graduation.

Goal 4: Increase student contributions to the Maryland community and to the state and national workforce.

Strengths

Objectives 4.1, 4.2, 4.3, and 4.4: SMCM prides itself in preparing students for life after college. Recently, we have focused on promoting community service (4.1) and internships (4.2) and these efforts appear to be succeeding. Community service participation has risen sharply from previous levels over the past two years, and internships are on the rise as well. Performance in both areas meets or exceeds the target this year. Strategic Plan initiatives are expected to support continued increases in student participation in internships. SMCM students continue to be employed at high rates five years after graduation (4.3), and the proportion of students continuing their education at the graduate level within five years (4.4) also continues to increase. Both of these measures have exceeded their targets for the past two years.

C. Response to Commission Assessment

The College is to be commended for increasing the percentage of transfer students enrolling from two-year institutions (growing from 16% of the entering fall class in 2012 to 22% in 2016). The College's 2016 Performance Accountability Report indicated that graduation rates for transfer students had fallen below targeted goals but plans are underway to ensure timely graduation for these students. Please discuss specific initiatives and efforts the College has in place or will implement to help transfer students persist and graduate.

The College is engaged with three separate but mutually supportive initiatives. *First*, Vice President for Enrollment Management David Hautanen is working with several community colleges in the region to streamline and better support transition to St. Mary's. Activities span from program-specific articulation agreements (e.g., Biology) to dual acceptance at the community college and St. Mary's with an assigned SMCM faculty advisor from day one to help the students realize a more planful transition. *Second*, each department at St. Mary's will designate one faculty as the "transfer student advisor" and by so doing provide explicit accountability for transfer student transition and foster in-depth experience with transfer student concerns. Each transfer student will be assigned a transfer student advisor immediately upon submitting an enrollment deposit. *Third*, the College has begun a policy of grouping incoming transfer students together during Orientation in order to help these students connect with other similar students. The Orientation group receives specialized advising and attends a special student panel composed of existing transfer students.

Since Fall 2011, the College has experienced a substantial shift in the enrollment pattern of transfer students. In Fall 2011, new transfer students entering St. Mary's were evenly split between those entering with 48 or fewer credits (first-year or sophomore standing, 50%) and those entering with over 49 credits (junior standing or above, 50%). In contrast, in Fall 2016, the majority of new transfer students (68%) entered with junior standing or above. The three initiatives outlined above are designed to streamline overall student transfer enrollment and to engage students in planning transfer earlier in their academic progress, and by so, doing graduate on time.

MISSION

St. Mary's College of Maryland is Maryland's honors college, a selective, public liberal arts college—a vibrant community of scholars and learners. We foster a rigorous and innovative curriculum; experiential learning; scholarship and creativity; close mentoring relationships; and a community dedicated to honesty, civility, and integrity. We are committed to diversity, access, and affordability. Our students, faculty and staff serve local, national, and global communities and cultivate and promote social responsibility.

VISION

St. Mary's College of Maryland will increasingly serve as the liberal arts college of choice for intellectually ambitious students, faculty, and staff from diverse backgrounds, attracted by a rigorous, innovative, and distinctive curriculum that integrates theory and practice; a talented, professionally engaged, and student-centered faculty and staff; and a strong infrastructure. Students will be part of a collaborative learning community that embraces intellectual curiosity and innovation, the power of diversity, and the College's unique environment. Our graduates will thrive as responsible and thoughtful global citizens and leaders.

KEY GOALS, OBJECTIVES, AND PERFORMANCE MEASURES

Goal 1. Ensure a high quality and rigorous academic program.

- Obj. 1.1** At least 80 percent of the graduating class will participate in a one-on-one learning experience. This is typically fulfilled through a St. Mary's Project, directed research, independent study, or credit-bearing internship.
- Obj. 1.2** Maintain a full-time faculty of which 98 percent have terminal degrees. Maintain the proportion of undergraduate credit hours taught by full-time faculty at 88 percent annually.
- Obj. 1.3** Maintain an environment that promotes individual contact between faculty and students by maintaining a student-faculty ratio of no more than 12 to 1.

Performance Measures	2013 Act.	2014 Act.	2015 Act.	2016 Act.	2017 Act.	2018 Est.	2019 Est.
Percent of the graduating class successfully completing a one-on-one learning experience	73%	79%	74%	77%	75%	77%	80%
Percent of all full-time faculty who have terminal degrees	97%	100%	100%	97%	98%	98%	98%
Percent of undergraduate credit hours taught by full-time faculty	87%	87%	88%	89%	91%	90%	90%
Undergraduate student to faculty ratio (IPEDS calculation)	10:1	10:1	10:1	10:1	10:1	10:1	10:1

Goal 2. Recruit, support, and retain a diverse and qualified group of students, faculty and administrative staff who will contribute to and benefit from the enriched academic and cultural environment provided by St. Mary's.

Obj. 2.1 Recruit a qualified and diverse entering class with the following attributes: Median verbal and math combined SAT score of at least 1150, average high school grade point average (GPA) of at least 3.40 (4 point scale), minority enrollment of at least 25 percent, out of state student enrollment of at least 10 percent, students from first generation households enrollment of at least 20 percent, and Pell Grants disbursed during their first semester student enrollment of at least 20 percent.

Obj. 2.2 Achieve and maintain 4-year graduation rates for all students (70 percent), all minorities (59 percent), African-American students (51 percent), Hispanic students (70 percent), all first generation students (65 percent), and all students with a Pell Grant disbursed during their first semester (58 percent). Maintain 6-year graduation rates for all students (80 percent), all minorities (74 percent), African-American students (71 percent), Hispanic students (80 percent), all first generation students (78 percent) and all Pell Grants disbursed during their first semester (68 percent).

Performance Measures	2013 Act.	2014 Act.	2015 Act.	2016 Act.	2017 Act.	2018 Est.	2019 Est.
Median (verbal and mathematics combined) SAT scores of first year entering class	1,210	1,190	1,165	1,150	1,130	1,130	1,130
Average high school GPA	3.34	N/A	3.39	3.36	3.34	3.43	3.4
Percent of entering first year class who are minorities	17%	27%	33%	28%	31%	26%	31%
Percent of entering first year class who originate from outside of Maryland	15%	10%	6%	7%	7%	9%	11%
Percent of entering first year class from first generation	15%	19%	19%	19%	18%	24%	20%
Percent of entering first year class receiving Pell Grants disbursed	12%	23%	18%	21%	19%	20%	20%
Four-year graduation rate for all students	67%	65%	70%	72%	68%	68%	69%
Four-year graduation rate for all minorities	59%	57%	55%	63%	52%	64%	61%
Four-year graduation rate for African-American students	53%	41%	48%	48%	49%	46%	69%
Four-year graduation rate for Hispanic students	55%	68%	75%	67%	52%	76%	45%
Four-year graduation rate for all first generation students	63%	58%	68%	79%	60%	62%	63%
Four-year graduation rate for students with a Pell Grant disbursed during their first semester	41%	56%	66%	76%	57%	59%	66%
Six-year graduation rate for all students	79%	81%	79%	73%	78%	80%	75%
Six-year graduation rate for all minorities	70%	80%	85%	68%	67%	72%	65%
Six-year graduation rate for African-American students	74%	74%	87%	56%	55%	59%	69%
Six-year graduation rate for Hispanic students	65%	79%	86%	82%	81%	76%	61%
Six-year graduation rate for all first generation students	73%	84%	77%	69%	74%	85%	71%
Six-year graduation rate for students with a Pell Grant disbursed during their first semester	64%	78%	65%	69%	68%	86%	70%

Obj. 2.3 The first to second-year retention rate will be 90 percent.

Obj. 2.4 The College will strive for diversity in the faculty and staff so that the composition reflects the aspired diversity of the student body. The aspirant goal for full-time faculty and staff will be: all minorities (20 percent and 28 percent), and women (50 percent and 50 percent).

Obj. 2.5 Ensure access for transfer students, particularly those from 2-year institutions. Achieve and maintain transfer students at 20 percent of the entering class each fall.

Obj. 2.6 Achieve and maintain degree completion rates for transfer students at 60 percent for three-year graduation rates, and at 70 percent for four-year graduation rates.

First to second-year retention rate	87%	90%	86%	86%	87%	88%	88%
Percent minority of all full-time tenured or tenure-track faculty	14%	17%	17%	18%	16%	18%	18%
Percent women of all full-time tenured or tenure-track faculty	47%	49%	47%	47%	46%	51%	51%
Percent minority of all full-time (non-faculty) staff	25%	24%	23%	24%	24%	25%	26%
Percent women of all full-time (non-faculty) staff	56%	56%	57%	54%	55%	55%	55%
Percentage of entering fall class who are transfer students	16%	20%	21%	22%	25%	20%	20%
3-year graduation rate for all transfer students	61%	60%	61%	53%	63%	65%	71%
4-year graduation rate for all transfer students	71%	73%	67%	74%	62%	73%	76%

Goal 3. Ensure access for students with financial need through a strategic combination of federal, state, private, and institutional funds.

Obj. 3.1 72 percent of entering first-year student need is met by awarding any need-based aid.

Obj. 3.2 Support persistence to graduation of students receiving need-based aid at entry. Achieve and maintain first-to-second year retention rates at 90 percent, four-year graduation rates at 70 percent, and six-year graduation rates at 80 percent for students receiving need-based aid in the first semester.

Performance Measures	2013 Act.	2014 Act.	2015 Act.	2016 Act.	2017 Act.	2018 Est.	2019 Est.
Average percent of first-time full-time degree-seeking student need met by awarding need-based aid	70%	75%	71%	72%	72%	72%	72%
First-to-second year retention rate for students receiving need-based aid in the first semester	86%	91%	86%	86%	84%	82%	82%
Four-year graduation rate for students receiving need-based aid in the first semester	63%	64%	71%	75%	66%	65%	63%
Six-year graduation rate for students receiving need-based aid in the first semester	71%	84%	76%	72%	75%	82%	78%

Goal 4. Increase student contributions to the Maryland community and to the state and national workforce.

- Obj. 4.1** 65 percent of graduating seniors will have performed community service while at SMCM.
- Obj. 4.2** 45 percent of graduating seniors will have participated in a paid or unpaid internship.
- Obj. 4.3** The rate of employment among five-year out alumni will be 95 percent.
- Obj. 4.4** At least 50 percent of the five-year-out alumni of SMCM will pursue an advanced degree.

Performance Measures	2013 Act.	2014 Act.	2015 Act.	2016 Act.	2017 Act.	2018 Est.	2019 Est.
Percent of graduating seniors who will have performed community service while at SMCM	75%	62%	62%	70%	79%	75%	75%
Percent of graduating seniors who fulfilled a paid or unpaid internship	50%	47%	40%	43%	45%	47%	50%
¹ Employment rate of five-year-out alumni	95%	92%	91%	98%	97%	95%	95%
Percent of alumni pursuing or obtained an advanced degree five years after graduation	54%	44%	48%	63%	60%	60%	60%

NOTES

¹ Due to issues encountered with the Alumni survey administration, numbers for 2014 and 2015 include extrapolated data based on previous years' reports.

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF OCTOBER 18, 2017
ACTION ITEM II.D.
WAIVER OF MARYLAND RESIDENCY REQUIREMENTS**

RECOMMENDED ACTION

The Finance, Investment, and Audit Committee recommends that the Board of Trustees authorize a waiver of the Maryland Residency Requirements for students from Puerto Rico or the U.S. Virgin Islands for the purpose of paying tuition.

RATIONALE

In response to the humanitarian disasters in Puerto Rico and the U.S. Virgin Islands, residency requirements for students from these U.S. territories who enroll at the College in either the Spring 2018 or Fall 2018 will be waived. Students whose residency is from Puerto Rico or the U.S. Virgin Islands who enroll at the College in either Spring 2018 or Fall 2018 will receive the residency waiver for up to 8 semesters. There are no current students enrolled at the College from these territories.

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF OCTOBER 18, 2017
INFORMATION ITEM III.A.
FY18 FINANCIAL RESULTS TO DATE**

Results for the FY18 Unrestricted Operating Budget are presented as of August 31, 2017.

Board of Trustees
St. Mary's College of Maryland
Finance, Investment and Audit Committee
Information thru August 31, 2017
Information Item III.A.
FY18 Current Fund Unrestricted Results

	FY18 Budget	FY18 ACTUAL	FY17 Actual	FY18 Actual to Budget
REVENUES:				
Tuition & Fees	22,776,651	12,251,392	12,492,033	53.8%
State Appropriations	24,964,954	6,241,239	6,006,637	25.0%
Federal Grants & Contracts	0	545		0.0%
State Grants & Contracts		0		
Private Gifts, Grants		0	475	
Endowment Income		0		
Sales/Serv Educ Dept	782,039	198,347	236,700	25.4%
Sales/Serv Auxiliary Enter	18,151,499	8,569,601	8,646,716	47.2%
Interest Income Other	421,000	0	33,787	0.0%
Additions to Fund Balance - End. Incon	170,000	0		
Other Sources	255,600	36,374	31,500	14.2%
TOTAL CURRENT REVENUES	67,521,743	27,297,498	27,447,848	40.4%
EXPENDITURES				
Instruction	20,048,578	1,317,374	738,742	6.6%
Research	0	0	0	
Public Service	98,404	40,538	43,202	41.2%
Academic Support	2,371,258	751,418	724,399	31.7%
Student Services	6,178,828	1,048,842	762,905	17.0%
Institutional Support	13,164,030	2,358,374	2,113,496	17.9%
Operation & Maintenance	4,677,840	646,945	530,484	13.8%
Scholarships & Fellowships	6,247,166	3,290,659	2,450,487	52.7%
Auxiliary Enterprises	14,735,640	3,667,225	3,549,143	24.9%
TOTAL CURRENT EXPENDITURES	67,521,743	13,121,375	10,912,858	19.4%
Transfers In (Out)				
P & I Debt Requirements	0			
Non Mandatory Transfers				
Transfer to Plant				
Transfer to Quasi				
	0			
	0	0	0	
	67,521,743	13,121,375	10,912,858	19.4%
Total Increase (Decrease) Fund Balance	0	14,176,123	16,534,990	
Carry forward from prior year				
Change over two years	0			

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF OCTOBER 18, 2017
INFORMATION ITEM III.B.
REPORTABLE PROCUREMENT ITEMS**

There are no reportable procurement items to report.

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF OCTOBER 18, 2017
INFORMATION ITEM III.C.
JOINT INVESTMENT ACTIVITIES**

The Foundation continues to work with JP Morgan to manage the majority of the endowed funds. The Joint Investment Advisory Committee met on September 19, 2017 to review financial information on the endowment.

FY18 Information

The Foundation's endowment is comprised of three parts - a portion of the JP Morgan portfolio, the Student Investment Group (SIG) account and 10,075 Old Line Bank shares.

As of August 31, 2017, the endowed funds held within the JP Morgan portfolio totaled \$31.7M as compared to \$31.1M on July 1, 2017. The net year to date increase in market value of \$596k includes \$1.2k in contributions, \$65.3k in income, \$548.4k increase in investment value and \$18.6k of withdrawals.

The SIG investment is now held by JP Morgan. As of August 31, 2017 the value of the SIG investment was \$267k, compared to \$262k on July 1, 2017. The increase of \$5k is due to \$4k increase in investment value and \$1k in investment income.

As of August 31, 2017, the Old Line Bank shares were worth \$277k compared to \$284k on July 1, 2017, based on the NASDAQ share price.

The total market value of the endowment is \$32,263,650.

St Mary's College of Maryland Foundation, Inc
Consolidated Investment Statement
for the period July 1, 2017 to August 31, 2017

	<u>Beginning Market Value</u> <u>7/1/2017</u>	<u>Ending Market Value</u> <u>8/31/2017</u>
<u>JP Morgan Portfolio</u>		
Endowed Accounts		
A82968008	24,646,042	25,546,140
A85469004	1,714,038	1,727,303
S57678005	897,265	812,318
S57698003	1,131,689	1,144,804
W72363000	365	379
W72408003	2,341,749	2,479,625
N95987009	383,041	8,949
Donations awaiting transfer to pool	8,999	(0)
Total Endowed Accounts held within JP Morgan***	31,123,187.53	31,719,517
Gift Annuity		
V91738001	1,042,348	1,060,667
Current Funds	2,264,028	2,290,169
Total Investment Accounts Market Value	34,429,563	35,070,353
Endowed Funds Allocated Spending Account	1,030	1,005
Gift Annuity Cash Account		
JP Morgan 424629884	24,238	17,039
JP Morgan - SGA Investment ***	261,962	267,071
Total JP Morgan Portfolio	34,716,793	35,355,468
<u>Other Assets</u>		
Perpetual Trust, PNC (Landers Chair)	1,464,450	1,493,872
Old Line Bank Shares, Common Stock ***	283,914	277,063
<u>Cash</u>		
Old Line Bank Checking Account	2,496,998	2,562,842
Old Line Bank Endowment Spending Account	442,368	393,229
Total	39,404,523	40,082,474

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

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



ST. MARY'S COLLEGE OF MARYLAND FOUNDATION, INC.

Date of Meeting: October 18, 2017

Reporter: Harry Weitzel, President (*outgoing*), St. Mary's College of Maryland Foundation, Inc. and Joint Investment Advisory Committee (JIAC) chair (*outgoing*)

Executive Summary:

The St. Mary's College of Maryland Foundation, Inc. Board of Directors and the Foundation's Joint Investment Advisory Committee (JIAC) met for their annual meetings on September 19, 2017. Board of Trustee members appointed to the FY18 JIAC are Donny Bryan and Danielle Troyan. Foundation Director appointees are Mike O'Brien and Chris Holt. Mike O'Brien was elected president for this year's JIAC.

Michael Garvey, J. P. Morgan's Asset Manager, reviewed the endowment investment portfolio with the JIAC which stands at \$31.7M as of August 31, 2017. He noted the fiscal year-to-date performance was 12% against the 9.3% benchmark. In his report he noted that current considerations in managing the portfolio may include selectively reducing long-only equity exposure if valuations continue to extend, closely watching the Euro and Yen and continuing to assess these USD hedges, and reviewing opportunities in direct real estate to further diversity portfolio risk.

The JIAC will be working on an RFP for an investment manager to be released in 2018 and has started to review criteria important to the RFP. The Foundation's Investment policy requires an RFP be let, as a matter of best practice, every seven years. The RFP will also include the management of the College's quasi-endowment, by the same manager but in separate accounts. The JIAC will also assist in reviewing proposed revisions to the College's current investment policy.

Elected as FY18 Foundation officers are Jack Saum, president; Bonnie Green, vice president; Harry Weitzel, treasurer; and Tom Daugherty, secretary. The Foundation voted in two new directors for three year terms: Molly Mahoney Matthews and former Ambassador Tim Broas.

Auditors from CliftonLarsonAllen presented their annual audit findings: once again the Foundation had no findings resulting in a clean audit for the year ending June 30, 2017.

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

Date of Meeting: May 1, 2017

Status of Minutes: Approved September 29, 2017

Committee Members Present: Lex Birney, Donny Bryan '73, Asif Dowla, Board Chair Sven Holmes, President Tuajuanda Jordan, Mike O'Brien '68, Chair John Wobensmith '93

Committee Members Absent: Katharine Russell

Others Present: Annie Angueira, Leonard Brown, Chris Burch, Tommy Cable, Carolyn Curry, Kathy Grimes, Cynthia Gross, Mary Grube, Kelley Hernandez '08, Chip Jackson, Shannon Jarboe, Kortet Mensah, Sharon Phillips '18, Chris True, Harry Weitzel, Michael Wick, Anna Yates

Executive Summary:

The meeting was called to order at 4:02 p.m.

DISCUSSION ITEMS

Results of Legislative Session

The College's FY18 operating and capital budget requests were fully funded. The FY18 operating budget included \$1 million that includes the block grant inflator and tuition buy-down funding. The State appropriated \$10 million to continue the design of the new academic building and auditorium and the Jamie L. Roberts Stadium.

The College introduced two legislative bills during the 2017 legislative session, both of which passed through the legislature. House Bill 556 will increase funding for the College beginning in FY19 by augmenting the current block grant formula. The Bill will provide supplemental funding for health insurance costs and cost of living increases, requires SMCM to be included in future State-wide tuition buy-down funding, and provides additional performance based funds related to 6-year graduation rates. In addition, House Bill 561/Senate Bill 435 clarifies the authority of the Board of Trustees in managing the College. This legislation places the College's Board in the same statutory position as the University System of Maryland and Morgan State University governing boards.

Overview of Foundation Support

The College and the St. Mary's College of Maryland Foundation have continued discussions focused on how to best leverage the Foundation's resources to support the needs of the College. The College's FY18 Operating Budget includes \$75,000 as unrestricted revenue, an increase from \$35,000 in the current FY17 budget. In addition, the Foundation has made available new

one-time funds to support strategic initiatives such as internships, faculty support, and academic equipment.

INFORMATION ITEMS

FY 2017 Financial Results to Date

FY 2017 Financial Results to Date: Revenues are 96% compared to budget. Expenditures are equal to the same period as last year and are 70.7% of budget.

College Endowment Investment Policy Update

The College is preparing revisions to its investment policy, planning to transfer certain funds from cash to equities, and coordinating with the Joint Investment Advisory Committee (JIAC) to prepare an RFP for a joint fund manager to be issued in Fall 2018.

Reportable Procurement Items

Items were provided to the Committee.

Joint Investment Advisory Activities

The Joint Investment Advisory Committee met on March 21, 2017. Details of the current fund values were provided to the Committee.

Foundation President Report

Foundation President and Chair of the Joint Investment Advisory Committee Harry Weitzel reported on Foundation activity. He expressed his support for the College and the Foundation to jointly seek a single firm to manage their respective portfolios.

Staff Senate President Report

Staff Senate President Mary Grube provided an overview of the accomplishments and events of the spring semester. Staff Senate held elections on March 29th and new officers will assume their place on the executive committee on July 1, at which time Kelley Hernandez '08 will begin her position of Staff Senate President. President Jordan expressed her gratitude to Mary for all of her accomplishments during her tenure as Staff Senate President.

ACTION ITEMS

FY18 Tuition, Fees, Room and Board Rates, and the FY18 Preliminary Budget

The tuition and fees schedule for academic year 2017-2018 were presented to the Committee and reflected a proposed 2% tuition increase for all students. The proposed increase reflected additional funding provided by the State to limit tuition increases for Maryland residents at 2%. This is consistent with tuition increases within other Maryland public institutions. Increases to mandatory fees, room and board were also reviewed. The action item passed unanimously.

FY19-FY23 State Capital Budget Proposal

The State Capital Budget Proposal was reviewed with the Committee and action was contingent on endorsement by the Buildings and Grounds Committee. The proposal is a continuation of the

current capital budget and is consistent with the College's current plans. Included are the new academic building and auditorium, the Jamie L. Roberts Stadium, and various campus infrastructure improvements. The action item passed unanimously.

Employee Handbook Revisions

The Committee was presented with proposed revisions to the Employee Handbook that would include the addition of an Employment of Foreign Nationals Policy, an Affirmative Action Policy, a Non-Discrimination Policy, and a Criminal Background Check Policy Revision.

Inclusion of the three additional policies will establish guidelines to ensure consistency and fair practice, while recognizing the College's commitment to equal employment and educational opportunities for faculty, staff and students.

The addition of an Employment of Foreign Nationals, Affirmative Action, and Non-Discrimination policies were approved by the Committee. Faculty Representative Professor Asif Dowla abstained. The Committee did not take action on the proposed revision to the Criminal Background Check Policy.

Committee Action Taken/Action in Progress:

The following action items were approved by the Committee:

- III.A. FY18 Tuition, Fees, Room and Board Rates and the FY18 Preliminary Budget
- III.B. FY19-FY23 State Capital Budget Proposal
- III.C.1. Employment of Foreign Nationals Policy
- III.C.2. Affirmative Action Policy
- III.C.3. Non-Discrimination Policy

The following action item was not approved at the meeting:

- III.C.4. Approval of Employee Handbook Revisions: Update to the Criminal Background Check Policy to clarify requirements for the re-hiring of retired employees.

Recommendation to the Board:

The Finance, Investment, and Audit Committee recommends approval by the Board of the action items presented at its May 12, 2017 meeting.

The meeting adjourned at 4:49 p.m.

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

Date of Meeting: July 20, 2017

Status of Minutes: Approved September 29, 2017

Committee Members Present: Lex Birney, Donny Bryan '73, Asif Dowla, Board Chair Sven Holmes, President Tuajuanda Jordan, Katharine Russell, Committee Chair John Wobensmith '93

Committee Members Absent: None

Others Present: Annie Angueira, Leonard Brown, Chris Burch, Carolyn Curry, Cynthia Gross, Susan Dyer, Bonnie Glick, Mary Grube, David Hautanen, Kelley Hernandez '08, Chip Jackson, Shannon Jarboe, Larry Leak '76, Kortet Mensah, Chris True, Michael Wick, Anna Yates

Executive Summary:

The meeting was called to order at 9:03 a.m.

DISCUSSION ITEMS

None

INFORMATION ITEMS

None

ACTION ITEMS

II.A.1. Approval of the FY18 Current Fund (Operating) Budget, including new personnel positions

The proposed operating budget totals \$67.5 million. State funds total \$25 million, which includes \$0.5 million of inflator funding and \$0.4 million in tuition buy-down funding. The proposed operating budget is based on an adjusted estimate of student enrollment to 1,411 full-time undergraduate students, 112 less than the prior year budget. Tuition rates for both in-state and out-of-state students increased 2% and Auxiliary fees 3%, as approved by the Board of Trustees at its May 2017 meeting.

Revenue is \$2.7 million lower than the previous year, primarily related to the enrollment challenge. Significant expense reductions to balance the budget include the elimination of 12 positions; faculty personnel savings due to retirements; elimination of wage increases; deferred strategic initiatives; and reductions to departmental budgets. Funds are provided for increased health care costs for permanent and contractual employees. As in the past, faculty promotion and retention funds are provided for FY18.

Chip Jackson described the campus consultation process to develop budget reductions. VP's worked with various stakeholders on campus to identify potential reductions to be brought forward to the president for consideration. He expressed appreciation to everyone who has worked collaboratively to find expense reductions, and also to Carolyn Curry and the Foundation for increasing its funding support to the College. President Jordan has been very communicative of the enrollment challenge to the faculty and staff over the past few months. Details of the final budget reductions will be made available to the campus community.

Chair Holmes stated that much of the upcoming Board retreat will focus on enrollment. This action item passed unanimously.

II.A.2. Approval of the FY18 Plant Fund (Capital) Budget

The Committee on Buildings and Grounds prioritizes the capital projects and forwards them to the Finance, Investment, and Audit Committee for funding consideration. In recognition of the enrollment issues, plant fund priorities were decreased in order to accommodate the budget and the recommendation from Buildings and Grounds Committee has been reduced by \$77 thousand. The amount of funding available for the FY18 plant budget is expected to be \$1.26 million. This action item passed unanimously.

Committee Action Taken/Action in Progress:

The following action items were approved by the Committee:

II.A.1. Approval of the FY18 Current Fund (Operating) Budget, including new personnel positions.

II.A.2. Approval of the FY18 Plant Fund (Capital) Budget

Recommendation to the Board:

The Finance, Investment, and Audit Committee recommends approval by the Board of the action items presented at its July 20, 2017 meeting.

The meeting adjourned at 9:24 a.m.