

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

Date of Meeting: January 22, 2018

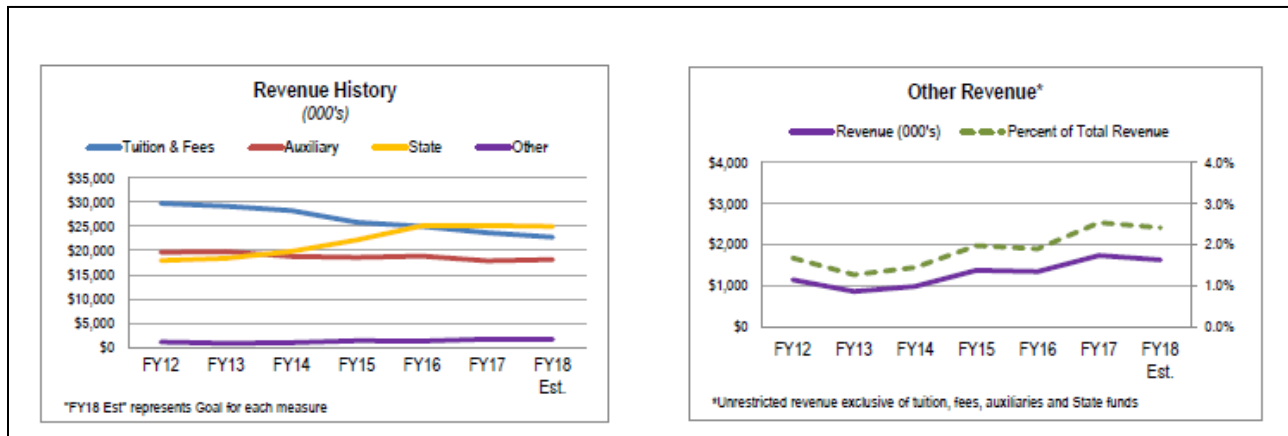
Date of Next Meeting: TBD

Committee Chair: John Wobensmith '93

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

Staff Member: Chip Jackson

Dashboard Metrics:



Executive Summary:

Discussion Items

FY19 Operating Budget Development: A preliminary review of anticipated revenues and expenses based on current assumptions are provided. Based on current assumptions, the preliminary Leadsheet projects a deficit of \$634 thousand. The internal budget process will be consistent with our practices to refine revenue and expense assumptions, identify reductions, and provide capacity for investing in strategic initiatives. A balanced budget will be prepared for approval by the Board at its May meeting.

Information Items

October 18, 2017 and December 22, 2017 approved meeting minutes; overview of the Governor's proposed operating and capital budgets; FY18 financial results to date; reportable procurement items; and joint investment activities are provided.

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

Action Item II.A.: Investment Policy Revision

The proposed revised Investment Policy updates the existing policy, initially approved by the Board in 1997 and updated in 2003, to reflect current needs.. A draft revision to the policy has been prepared in consultation with the College's current investment manager, 19/19 Investment Council.

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 JANUARY 22, 2018**

AGENDA

- I. DISCUSSION ITEMS**
 - A. FY18 Operating Budget Development

- II. ACTION ITEMS**
 - A. Investment Policy Revision

- III. INFORMATION ITEMS**
 - A. FY18 Financial Results to Date
 - B. Update on Legislative Session
 - C. Enterprise Resource Planning System (ERP)
 - D. Reportable Procurement Items
 - E. Joint Investment Activities
 - F. Foundation President Report
 - G. Minutes from October 18, 2017 and December 22, 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 JANUARY 22, 2018
DISCUSSION ITEM I.A.
STATUS OF FY19 BUDGET DEVELOPMENT**

The College's preliminary FY19 operating budget Leadsheet provides a review of revenues and expenses based on current assumptions. The preliminary estimates provided in the attached Leadsheet, and underlying assumptions from which they are based, are conservative at this time of the budget process and will be refined over the coming months. The current projection shows a deficit of \$0.62 million prior to refinement of assumptions and cost reduction efforts for FY19.

Revenues: The preliminary FY19 Leadsheet incorporates tuition and fee rates, currently anticipated student counts, and State support based on the Governor's proposed FY19 budget. Student counts are based on 1,398 full-time, on-campus undergraduates; a reduction of 13 from the current FY18 budget. New students for Fall 2018 are estimated at 460 (360 first year students and 100 new transfer students).

In-state tuition revenue is assumed to increase by 2%; State funds are anticipated to increase by the annual inflator plus additional funds equivalent to a 2% tuition buy-down. Additional State revenue for wages and health costs, in accordance with HB556 from the 2017 Legislative Session, were not known at the time the Leadsheet was developed. Revenue from the Foundation is undetermined at this time.

Expenses: Increases to wages include COLA and merit/market increases, as well as promotional pools for faculty and staff. The strategic plan calls for increasing wages to address existing wage gaps, and will be implemented in accordance with the compensation plan developed last year. Increased costs for healthcare expenses are undetermined at this time pending guidance from the State. Additional expense changes include strategic initiatives, dining savings, and increased utility costs. New expenses for Honors College 2.0 and reductions and reallocations to balance the budget will be determined during the budgeting process.

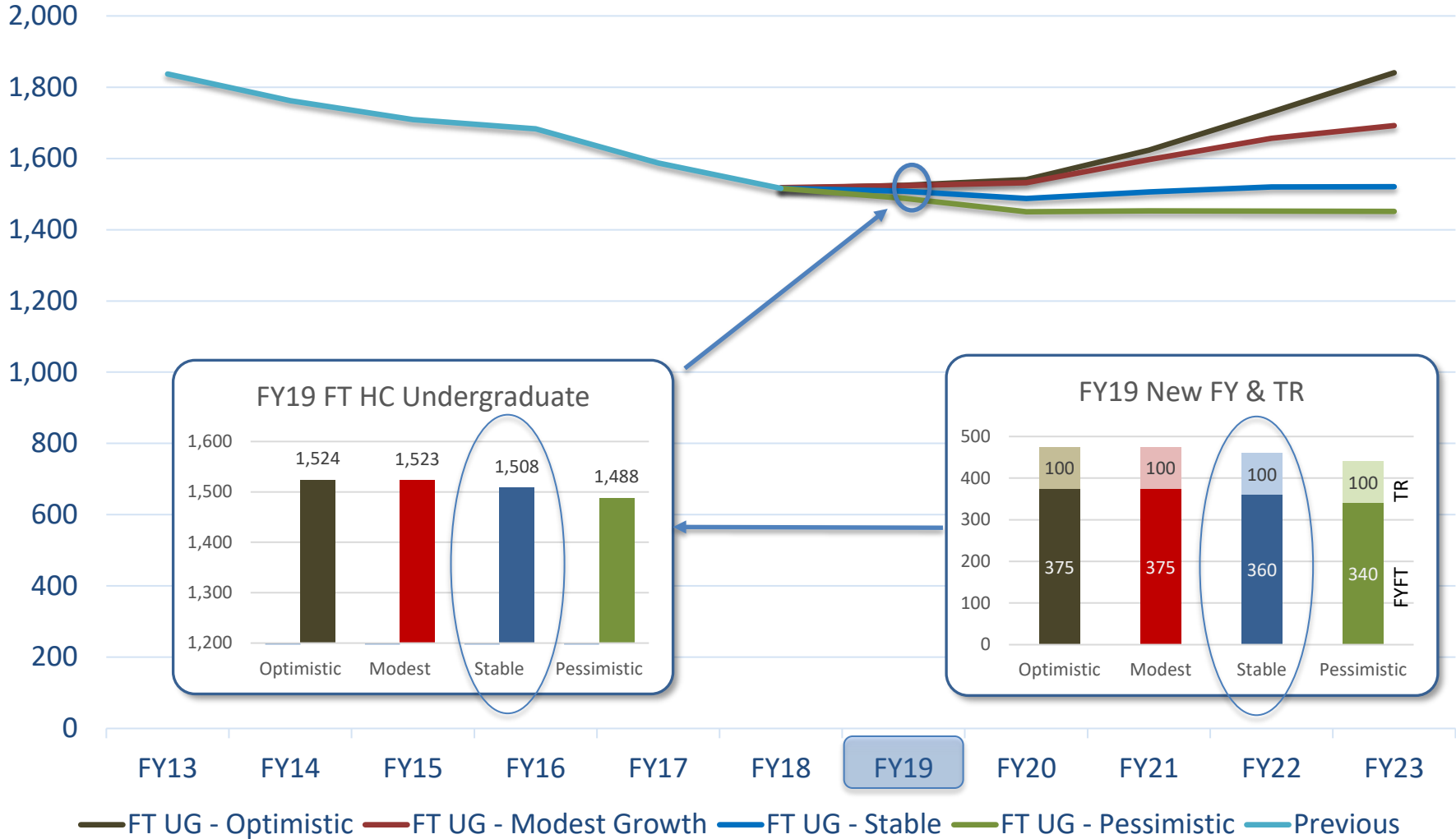
Process: The internal budget process will be consistent with our practices to refine revenue and expense assumptions, identify reductions, and provide capacity for investing in strategic initiatives. A balanced budget will be presented to the Board in May.

St. Mary's College of Maryland
 FY19 Budget Leadsheet
 State Budget Preparation
 Exhibit A

1/17/2018

	FY18	FY19	
		Jan-18	Notes
Tuition	19,702,887	19,803,251	2% Rate; Count = 1,398
Fees	3,073,764	3,129,675	4% Rate
State Appropriation - General Fund Grant & HEIF	24,964,954	25,568,613	
State Appropriation - 2% Tuition Buydown		319,755	
State Appropriation - Wage Pool Contribution		tbd	
State Appropriation - Health Contribution		tbd	
Sales & Services - Educational	782,039	781,635	
Endowment / Investment Income (College)	516,000	516,000	
Foundation Unrestricted Support	75,000	75,000	
Auxiliary Enterprises	18,151,499	18,313,579	3% Room, 3% Board
Other	255,600	243,600	
Total Current Fund Unrestricted Revenues	67,521,743	68,751,108	
Expenditures:			
Base Budgets Forward	26,457,565	26,049,750	
Scholarships	6,129,474	6,387,810	
Additional Scholarships	258,336	493,725	
Total Base Budgets + Transfers	32,845,375	32,931,285	
Wages & Benefits	35,075,477	35,321,116	
Foundation Endowed Chairs & Admin Support	(198,868)	(198,868)	
Instructional Wage Savings	(310,000)	tbd	
Wage Pool: Faculty Tenure & Promotions only	110,000	110,000	
Staff - Promotions		60,000	
Faculty & Staff Wage Pool		1,019,428	approx. 4% Pool
Remove State Share		(229,371)	
Related FICA & Pension		189,092	
Remove state share		(36,635)	
Health	445,639	tbd	as of 1/17/18, State projects no increase
State Share		tbd	
SMCM Share		tbd	
Total Wages + Benefits	35,122,248	36,234,761	
FY18 Additions / Reductions:			
Strategic Initiatives	138,076	371,140	Per Strategic Plan
Foundation Funded Expense Reductions	(114,698)	tbd	
New Initiatives		tbd	HC 2.0 and other
Reallocations / Reductions	(469,258)	tbd	
Dining Adjustments - net		(308,887)	net of cost changes and participation
Minimum Wage			
Plug to balance			
Utilities - 3%		57,000	
		100,535	
	(445,880)	219,788	
Total Expenditures	67,521,743	69,385,834	
Surplus (Deficit)	-	(634,726)	

SMCM ENROLLMENT PROJECTION FT Undergraduates - Fall



FY19 Budget Estimate

		Modest	Stable	Pessimistic
	FY18 Budget	FY19	FY19	FY19
Fall Total FT HC Undergraduate	1,490	1,523	1,508	1,488
Less Away - Fall	(27)	(36)	(36)	(36)
Fall Total FT HC Undergraduate - On-Campus	1,463	1,487	1,472	1,452
Less Fall to Spring	(80)	(71)	(73)	(72)
Less Fall to Spring Away (additional)	(24)	(19)	(19)	(19)
Spring Total - On-Campus	1,359	1,397	1,381	1,361
Average Fall & Spring - On-Campus	1,411	1,442	1,426	1,407
Budgeted Discount	0%	2%	2%	3%
	1,411	1,413	1,398	1,365

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF JANUARY 22, 2018
ACTION ITEM II.A.
COLLEGE INVESTMENT POLICY REVISION**

RECOMMENDED ACTION

The Finance, Investment, and Audit Committee recommends approval by the Board of Trustees, St. Mary's College of Maryland, of the attached revised Investment Policy dated January 16, 2018.

RATIONALE

The proposed revised Investment Policy updates the existing policy initially approved by the Board in 1997 and updated in 2003. A draft revision to the policy has been prepared in consultation with the College's current investment manager, 19/19 Investment Council. The College has reviewed the proposed policy with FIA (October 18, 2017) and with the Joint Investment Advisory Committee (JIAC) (November 14, 2017).

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 Blackistone Endowment. Currently, the endowments provide \$95 thousand of earnings used as unrestricted revenue in the College's unrestricted operating budget.

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.
- Revising the asset allocation goals by lowering the weight of equities from a range of 50% to 85% to 20% to 60% and increasing the weight of fixed income and cash equivalents. This recommendation reflects the investment objective. (Note: based on feedback from members of FIA and JIAC, the Upper Limit for equities was increased from 50% in the October 11, 2017 draft to 60% in the proposed policy.)

January 16, 2018

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 allocations 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 Limit</u>	<u>Target Allocation</u>	<u>Upper Limit</u>
Domestic Equities*	20%	30%	50%
International Equities	0%	5%	10%
Fixed Income**	50%	60%	70%
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 College's Chief Financial Officer with a monthly written statement containing all pertinent transaction details for the separately managed portfolio for the College for the preceding month, including:
 - A summary of the changes to the portfolio;
 - 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 JANUARY 22, 2018
INFORMATION ITEM III.A.
FY18 FINANCIAL RESULTS TO DATE**

REVENUES

Total revenue is 3.2% lower year-to-year. Tuition and fee revenues are 7.3% lower reflecting lower enrollment. Tuition & Fees include the spring billing and are at 100.6% of budget for the year. Auxiliary Enterprise revenues decreases 6.0% overall reflecting lower student counts. State Appropriations reflect the January payment from the State and are at expected levels for this time which is 75% of budget.

Overall, as of the report preparation date we have achieved 87.3% of budgeted revenue for the year. One other item which bears comment: the State is in the process of revising their process to allocate interest earnings to agencies. To date, they have only allocated earnings for the month of July which was posed on January 9, 2018. We expect them to “catch up” shortly.

EXPENDITURES

Overall, expenditures in fiscal year 2018 are running 3.2% lower than the reporting period last year, primarily due to expense reductions incorporated in the FY18 budget to match available revenues for the year. Scholarship expense is \$1.1 million greater than the prior year and is exceeding budget for the year by approximately \$150 thousand.

BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
INFORMATION ITEM III.A.
FY18 CURENT FUND UNRESTRICTED RESULTS
Information as of 1-11-2018 thru January 11, 2018

	FY18 Budget	FY18 ACTUAL	FY17 Actual	FY18 Actual to Budget
REVENUES:				
Tuition & Fees	22,776,651	22,904,297	24,711,299	100.6%
State Appropriations	24,964,954	18,631,716	17,628,131	74.6%
Federal Grants & Contracts	0	0	1,611	0.0%
State Grants & Contracts		0		
Private Gifts, Grants		906	0	
Endowment Income		0		
Sales/Serv Educ Dept	782,039	590,445	647,252	75.5%
Sales/Serv Auxiliary Enter	18,151,499	16,683,827	17,752,161	91.9%
Interest Income Other	421,000	28,941	109,948	6.9%
Additions to Fund Balance - End.	170,000	0		
Other Sources	255,600	101,631	79,370	39.8%
TOTAL CURRENT REVENUES	67,521,743	58,941,763	60,929,772	87.3%
EXPENDITURES				
Instruction	20,191,910	8,082,814	9,214,282	40.0%
Research	0	0	0	
Public Service	98,404	53,705	135,881	54.6%
Academic Support	2,378,210	1,366,861	1,489,354	57.5%
Student Services	6,335,376	3,335,409	3,459,031	52.6%
Institutional Support *	17,378,339	6,598,223	6,423,835	38.0%
Operation & Maintenance	4,798,998	2,198,081	2,636,301	45.8%
Scholarships & Fellowships	6,262,006	6,414,731	5,297,717	102.4%
Auxiliary Enterprises	12,840,586	6,002,850	6,518,364	46.7%
TOTAL CURRENT EXPENDITURE	70,283,829	34,052,674	35,174,765	48.5%
Transfers In (Out)				
P & I Debt Requirements	2,412,780	2,293,331	2,613,132	
Non Mandatory Transfers				
Transfer to Plant				
Transfer to Quasi				
	0			
	2,412,780	2,293,331	2,613,132	
	72,696,609	36,346,005	37,787,897	50.0%
Total Increase (Decrease) Fund Balance	(5,174,866)	22,595,758	23,141,875	
Carry Forward from Prior Year				
Change over 2 years	(5,174,866)			

St. Mary's College of Maryland
FY18 Plant Project Summary
For December 31, 2017

FY18 CARS		FY18			Balance
Subfund	Description	Final Budget	CARS Exp	CARS Enc	Remaining
3004	Misc Small Enhancement	394,670.82	175,983.46	96,684.23	122,003.13
3003	Misc Maint & Repair	341,910.35	70,440.78	100,570.78	170,898.79
3239	Residence Hall Furniture	305,000.00	6,913.77	273,872.00	24,214.23
3121	Misc. Residence Hall Projects	217,041.78	156,801.75	25,540.76	34,699.27
Project Budgets > \$200K		1,258,622.95	410,139.76	496,667.77	351,815.42
Project Budgets < \$200K		1,312,267.46	159,292.11	254,237.24	898,738.11
All Projects		2,570,890.41	569,431.87	750,905.01	1,250,553.53

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF JANUARY 22, 2018
INFORMATION ITEM III.B.
UPDATE ON LEGISLATIVE SESSION**

Overview

Governor Hogan released his FY19 Operating and Capital budgets on January 17th, 2018, as shown below. The College will work through the legislative session to defend the budgets in the House and Senate.

FY19 Operating Budget Request

For FY19, the Governor included the College's full request of \$25.6 million in State funds, which includes our block grant inflator of \$0.74 million, a 3.0% increase from last year. In addition, the Governor has proposed providing an additional \$0.32 million in tuition-relief funding, equivalent to a 2% increase to in-state tuition.

The Governor's budget also provides funds for a 2% COLA increase for State employees. In accordance with HB556 of 2017, the College is expected to receive an additional \$0.27 million representing 50% of the State-wide allocation (by percentage) for our State-supported employees. State-supported employees total 92% of College employees and exclude auxiliary and grant funded positions (8%).

HB556 also provides for State funds to support increased health costs. At this time, the State has not projected an increase in health benefit costs state-wide. Thus, we do not expect to receive additional funding in FY19.

The Legislature holds agency operating budget hearings on a biannual cycle. The College will not have an FY19 operating budget hearing during the 2018 legislative session.

FY19 Capital Budget Request

The Governor's 5-year Capital Improvement Plan (CIP) fully funds our request. For FY19, \$3.0 million is included to continue design of the new academic building and auditorium. In addition, the Governor has included \$0.5 million in FY19 to support the slave quarter commemoration project as requested.

Funding for infrastructure improvements, totaling \$17.6 million over the next 5 years, remains in the Governor's 5-year CIP. For FY19, \$2.4 million is included to replace Calvert Hall windows, upgrade HVAC controls in the Hilda C. Landers Library, repairs roads, and improve shorelines.

The College capital budget hearings are tentatively scheduled as follows:

- Senate: March 1 at 3:00 p.m.
- House: March 7 at 4:00 p.m.

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF JANUARY 22, 2018
DISCUSSION ITEM III.C.
ENTERPRISE RESOURCE PLANNING SYSTEM (ERP)**

The College is moving forward with the procurement to replace its aging ERP. Proposals from four vendors were received in response to the College's RFP. Each vendor spent one week on campus during the fall semester to demonstrate their product, as well as engage in technical discussions with relevant College offices. Best and final technical and price proposals will be solicited in late January 2018. Selection and award of the new ERP is anticipated this spring. Implementation will take approximately two years from contract award.

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF JANUARY 22, 2018
INFORMATION ITEM III.D.
REPORTABLE PROCUREMENT ITEMS**

Creative Communications Associates: \$247,587 for Enrollment Marketing Services

Witt/Kieffer, Inc.: \$120,000 for the Chief Financial Officer Search

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF JANUARY 22, 2018
INFORMATION ITEM III.E.
JOINT INVESTMENT ACTIVITIES**

St. Mary's College of Maryland Foundation

The Joint Investment Advisory Committee met on November 14, 2017 to review financial information on the endowment. As of October 31, 2017, the total market value of the Foundation's endowment is \$32.3 million.

The Foundation's endowment is comprised of three parts - a portion of the JP Morgan portfolio (\$31.7m), the Student Investment Group (SIG) account (\$282k), and Old Line Bank shares (\$304k).

Of the endowment managed by JP Morgan, the net year to date increase in market value of \$552k includes \$4k in contributions, \$156k in income, \$1.2 million increase in investment value and \$808k of withdrawals. The overall rate of return over the past 12 months is 13.5%.

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

The College holds investments totaling \$3.9 million consisting of Endowment and Quasi-Endowment: \$2.83 million are funds functioning as endowment (Quasi) and \$1.02 million represents the Blackistone Endowment.

Invested endowment funds, managed by 19/19 Investment Council, have a market value of \$2.6 million as of December 31, 2017. Funds are currently invested in fixed income instruments. The rate of return over the past 12 months is 3.8%.

The remaining \$1.3 million of College endowment is currently held in a cash investment pool by the State Treasurer.

Upon approval of a revised investment policy, the College will coordinate with 19/19 Investment Council to move funds in accordance with the asset allocations provided in the updated policy.



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

Date of Meeting: November 14, 2017

Reporter: Michael O'Brien '68, Joint Investment Advisory Committee (JIAC) chair

Executive Summary:

The Joint Investment Advisory Committee (JIAC) and the St. Mary's College of Maryland Foundation, Inc. Board of Directors met on November 14, 2017. The JIAC was led by Chair Michael O'Brien and the Foundation meeting was led by President Jack Saum.

Michael Garvey from J.P. Morgan reviewed with JIAC the SMCM Foundation portfolio. The ending market value as of 9/30/17 is \$32,143,487. The portfolio gained +9.9% during the first nine months of 2017, compared to the composite benchmark which returned +10.5%. The portfolio outperformed the benchmark +11.4% compared to +10.5% in the one-year time period. Since inception, the portfolio is up +6.6%, versus the composite benchmark return of +5.1%. Mr. Garvey noted that current considerations include a) continuing to selectively reduce long-only equity exposure if valuations continue to extend; b) closely watching the Euro and Yen and continuing to assess these USD hedges; and c) reviewing opportunities in direct real estate to further diversify portfolio risk.

Vice President Chip Jackson shared the FIA Committee's draft College Endowment Investment Policy update and asked for feedback. In addition to the JIAC members, several Foundation Directors — Nick Abrams, Chris Holt, Jack Saum and Harry Weitzel — offered to connect with Chip to provide thoughts.

At the upcoming February 20 JIAC meeting, J.P. Morgan will review the recent tax reform and any impact on charitable giving.

Submitted with this report is the latest **J.P. Morgan Endowment and Foundation Group Flash Report** provided to JIAC and Foundation members for a snapshot of the portfolio.

J.P. MORGAN ENDOWMENTS & FOUNDATIONS GROUP

MONTHLY FLASH REPORT

as of December 31, 2017

Client Name ST MARYS COLLEGE OF MD FDN INC, HGP-AXXXX8008

Portfolio Facts

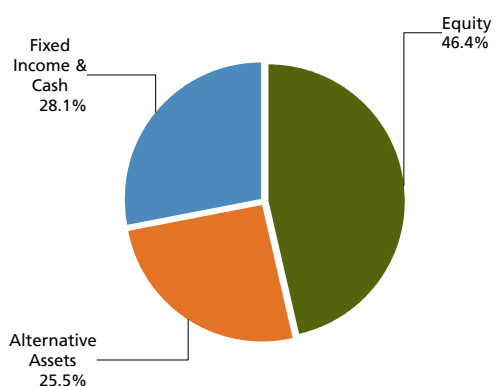
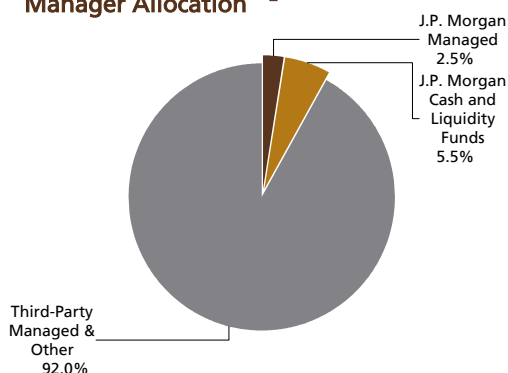
Market Value \$32,566,221

Objective

The portfolio is designed to deliver a high return to risk while maintaining a moderate allocation to global public equities.

Portfolio Positioning

The portfolio maintains a high degree of liquidity while still exposing the portfolio to potentially higher alpha opportunities in private equity/debt and real estate.

Asset Allocation ¹Manager Allocation ²

J.P. Morgan Managed includes mutual funds, other registered funds and hedge funds managed by J.P. Morgan and structured products issued by J.P. Morgan. **J.P. Morgan Cash & Liquidity Funds** includes cash, J.P. Morgan deposit sweeps and J.P. Morgan money market mutual funds.

Third-Party Managed & Other includes mutual funds, exchange traded funds, hedge funds, and separately managed accounts managed by parties other than J.P. Morgan; separately managed accounts managed by J.P. Morgan where a party other than J.P. Morgan is the appointed investment advisor; structured products and exchange traded notes issued by parties other than J.P. Morgan; investment conduits investing in non-J.P. Morgan managed hedge funds, where J.P. Morgan is solely administrator to the conduit; and other investments not managed or issued by J.P. Morgan.

Performance Summary for the periods ending December 31, 2017

Period	Current (%)	Returns (%)						Inception Date
		1M	3M	FYTD	CYTD	4YR	5Y†	
Total Portfolio (Net of Fees)	100.0	1.2	3.3	6.6	13.5	5.7	7.0	12/31/12
Equity	46.4	1.8	5.8	11.2	23.5	9.0	12.0	12/31/12
Alternative Assets	25.5	0.9	2.0	4.5	7.7	4.3	4.4	12/31/12
Fixed Income & Cash	28.1	0.4	0.5	1.5	3.7	2.2	1.9	12/31/12
Comparative Indices								
Composite Benchmark		1.2	3.7	7.2	14.6	4.8	5.7	12/31/12
MSCI AC World USD Net Index		1.6	5.7	11.2	24.0	8.0	10.8	12/31/12
HFRI FOF: Diversified CM ARR		-	1.1	3.5	5.9	2.4	3.7	12/31/12
Bloomberg Commodity Total Return		3.0	4.7	7.3	1.7	-8.2	-8.5	12/31/12
BB U.S. Aggregate Index		0.5	0.4	1.2	3.5	3.2	2.1	12/31/12

†Since Inception Performance

Global Macro and Market Theme

December saw investor sentiment buoyed by further evidence of synchronized global growth and the passage of tax reform in the US. Stocks rallied with leadership rotating from the US to Emerging Markets, TIPS outperformed US Aggregate bonds, and oil followed the strength of the global economy.

Emerging Market stocks rallied 3.5% on the back of higher commodity prices and stronger-than-expected Chinese exports. Meanwhile in the US, the reduction of the corporate tax rate was signed into law and the unemployment rate remained at a 17-year low. This pushed the S&P 500 up 1.1% and the Dow Jones Industrial Average closer to the 25,000 mark. In Europe, the first stage of Brexit negotiations was completed and third quarter corporate earnings rose 10% year-on-year. This contributed to the continent's stocks advancing 1.9%, outperforming Japan's return of 1.3% in dollar terms.

The US Federal Reserve raised its policy rate for the third time in 2017, making good on their forecasted number of hikes, and US inflation expectations rebounded. Against this backdrop, TIPS advanced 0.9% and outperformed US Aggregate bonds, up 0.5%, and US High Yield, up 0.3%. Meanwhile in Europe, core bonds closed the month down 0.3% in local currency terms.

Hedge Funds posted - on average - positive results for the month, with the HFRI FoF Diversified Index climbing 0.8%. Event Driven managers led the way (HFRI Event Driven, 1.1%) while Macro strategies lagged (HFRI Macro, 0.7%). Finally, commodities surged 3.0% on the back of a 5.2% rally in oil prices, while Global REITs advanced 1.2.

¹ Your current asset allocation shown in this report is determined by categorizing investment vehicles (such as separately managed accounts and funds) in discretionary accounts and categorizing securities in custody and brokerage accounts.

² The Manager Allocation covers the following discretionary accounts: SXXXX8003, SXXXX8005, FXXXX2004, AXXXX8008.

Past performance does not guarantee future results. Please see the important disclosure on the next page.

INVESTMENT PRODUCTS ARE: ● NOT FDIC INSURED ● NOT A DEPOSIT OR OTHER OBLIGATION OF, OR GUARANTEED BY, JPMORGAN CHASE BANK, N.A. OR ANY OF ITS AFFILIATES ● SUBJECT TO INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED

Client Name ST MARYS COLLEGE OF MD FDN INC, HGP-AXXXX8008

Important Information

Calculation Methodology in this Report

From time to time, we make enhancements to the systems that generate this performance report. Updates that went into effect on December 8, 2017 may result in changes to performance data and other presentations in this report.

Performance

Past performance does not guarantee future results. You could get back less than you invest. Returns for periods greater than one year are annualized, and returns for periods less than one year are not annualized. Percentages may not add to 100% due to rounding. Performance reflects time-weighted rates of return.

"Gross of Fees" returns reflect fees paid by any funds in which the selected accounts invest (i.e., fees embedded in the valuation of underlying funds) and certain transaction costs. As well as those fees, **Net of Fees** returns reflect the advisory fees paid to J.P. Morgan for the services it provides in any investment management accounts and advisory accounts, and any additional product fees for investment vehicles in these accounts, based in each case on the total market value of managed assets in the account. Net of Fees returns might not include certain miscellaneous fees or expenses in any type of account. Net of Fees returns would be lower if they reflected all fees and expenses. Please see your account statement for all fees charged to your account.

Returns shown for asset classes and Excluded Assets do not reflect the deduction of any fees or expenses, other than embedded fund-level fees and certain transaction costs. These returns would be lower if they reflected all fees and expenses. If this report includes Excluded Assets, they are included in the Total Portfolio, and this section also shows the Total Portfolio less Excluded Assets.

The Inception Date is generally the last day of the month in which the account was opened or in which the index was established (except that, for indices established before the portfolio's Inception Date, the Inception Date shown for the index is instead the portfolio's Inception Date).

Information Might Not Be Accurate or Could Be Opinions

We believe the information in this report is reliable, or comes from sources that we believe to be reliable. But it might not be accurate or complete, and we are not liable for any loss or damage (whether direct or indirect) arising from your use of this information. We are not obligated to update you if information in this report is corrected or changes for any other reason.

Any views, opinions or estimates expressed in the "Global Macro and Market Theme" section are general views, which are not specific to your circumstances and might not be suitable for you. They may differ from those expressed by other areas of J.P. Morgan, or from views expressed for other purposes or in other contexts. They constitute our judgment based on current market conditions and are subject to change without notice. Any forward looking statements are not guarantees or predictions of future events. Any projected results are based on assumptions, and actual results could differ. This report is not a research report.

Tax

J.P. Morgan and its affiliates and employees do not provide tax, legal or accounting advice. Please consult your own tax, legal and accounting advisors before engaging in any financial transactions.

Valuation

To calculate the performance in this report, we may value an asset using one of our own pricing models or an external pricing service. Its

resulting value could be based on, among other things, estimates and assumptions about relevant future market conditions, which are subject to change without notice. The values used for this report may differ from those in other documents, such as statements and performance reports, because of, e.g., updated pricing, late posted trades and income accruals.

Conflicts Of Interest

Conflicts of interest will arise whenever JPMorgan Chase Bank, N.A. or any of its affiliates (together, "J.P. Morgan" in this "Conflicts of Interest" section) have an actual or perceived economic or other incentive in its management of its clients' portfolios to act in a way that benefits J.P. Morgan. Conflicts will result, for example: (1) when J.P. Morgan invests in an investment product, such as a mutual fund, structured product, separately managed account or hedge fund issued or managed by JPMorgan Chase Bank, N.A. or an affiliate, such as J.P. Morgan Investment Management Inc.; (2) when J.P. Morgan obtains services, including trade execution and trade clearing, from an affiliate; (3) when J.P. Morgan receives payment as a result of purchasing an investment product for a client's account; or (4) when J.P. Morgan receives payment for providing services (including shareholder servicing, recordkeeping or custody) with respect to investment products purchased for a client's portfolio. Other conflicts will result because of relationships that J.P. Morgan has with other clients or when J.P. Morgan acts for its own account.

Investment strategies are selected from both J.P. Morgan and third-party asset managers and are subject to a review process by J.P. Morgan's manager research teams. From this pool of strategies, J.P. Morgan's portfolio construction teams select those strategies it believes fit its asset allocation goals and forward looking views in order to meet the portfolio's investment objective.

As a general matter, we prefer J.P. Morgan managed strategies. We expect the proportion of J.P. Morgan managed strategies will be high (in fact, up to 100%) in strategies such as, for example, cash and high-quality fixed income, subject to applicable law and any account-specific considerations.

While internally managed strategies generally align well with J.P. Morgan's forward looking views, and J.P. Morgan is familiar with the investment processes as well as the risk and compliance philosophy of the firm, it is important to note that J.P. Morgan receives more overall fees when internally managed strategies are included. J.P. Morgan offers the option of choosing to exclude J.P. Morgan managed strategies (other than cash and liquidity products) in certain portfolios.

Benchmark Indices

Indices are unmanaged. They do not reflect management fees, transaction costs or other expenses, and assume reinvestment of dividends and interest. An individual cannot invest directly in an index. Past performance of any index does not guarantee future results.

Your Benchmark is comprised of one or more indices. If index data is not available throughout a period, a return for that index and the Benchmark cannot be calculated for the period (n/a). If this report covers only accounts opened under a single Discretionary Portfolio Mandate, your Benchmark is based on the Strategic Asset Allocation in your Discretionary Portfolio Mandate. If this report covers only accounts forming part of a single Holistic Group, your Benchmark is the custom blended benchmark that you and your J.P. Morgan representative have agreed to show for informational purposes. It might not be a meaningful comparison to your Holistic Group returns. Your Holistic Group is not managed by J.P. Morgan as a collective group of accounts or with reference to your Benchmark, and we have no duty to periodically review or recommend changes to the Holistic Group's Benchmark. Please contact your J.P. Morgan representative if you would like to change the Benchmark for your Holistic Group.

MONTHLY FLASH REPORT

as of December 31, 2017

Client Name ST MARYS COLLEGE OF MD FDN INC, HGP-AXXX8008

S&P 500 Index is a capitalization-weighted index of 500 stocks from a broad range of industries. The component stocks are weighted according to the total market value of their outstanding shares. The impact of a component's price change is proportional to the issue's total market value, which is the share price times the number of shares outstanding. "S&P 500" is a trademark of Standard and Poor's Corporation

Bloomberg Barclays Aggregate Index represents securities that are SEC-registered, taxable, and dollar denominated; it covers the U.S. investment grade fixed rate bond market (generally rated Baa3/BBB-or higher), with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

MSCI All Country World Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets.

Bloomberg Commodity Index: A rolling commodities index composed of futures contracts on 20 physical commodities traded on U.S. exchanges. The index serves as a liquid and diversified benchmark for the commodities' asset class.

HFRI Fund of Funds Diversified Index is an equally-weighted, unmanaged index comprised of domestic and offshore hedge fund of funds. FOFs classified as "Diversified" exhibit one or more of the following characteristics: invests in a variety of strategies among multiple managers; historical annual return and/or a standard deviation generally similar to the HFRI Fund of Fund Composite index; demonstrates generally close performance and returns distribution correlation to the HFRI Fund of Fund Composite Index.

Benchmark History

From 12/31/2016 to Present: 3% Bloomberg Commodity Total Retu, 27% BB U.S. Aggregate Index, 10% MSCI World USD Net, 10% HFRI FOF: Diversified Index, 6% S&P GLOBAL REIT GR USD, 44% MSCI AC World USD Net Index

From 09/30/2014 to 12/31/2016: 5% Bloomberg Commodity Total Retu, 30% BB U.S. Aggregate Index, 20% HFRI FOF: Diversified Index, 5% BB T-Bill 1-3 month TR, 40% MSCI AC World USD Net Index

From inception to 09/30/2014: 5% Bloomberg Commodity Total Retu, 20% HFRI FOF: Diversified Index, 30% BB Global Aggregate, 5% BB T-Bill 1-3 month TR, 40% MSCI AC World USD Net Index

Accounts Included in this Report

The following table shows the accounts included in this report (known as the "holistic group" or "HGP"). These accounts could include:

- investment management accounts or advisory accounts managed by JPMorgan Chase Bank, N.A.
- custody accounts held at JPMorgan Chase Bank, N.A., and in which you make all decisions on which securities and other assets to buy and sell, subject to any applicable appropriateness standards and documentation or other requirements.
- brokerage accounts that are Full-Service Accounts at J.P. Morgan Securities LLC and its brokerage affiliates, and in which you make all decisions on which securities and other assets to buy and sell, subject to any applicable suitability standards and documentation or other requirements.

"MND" indicates accounts grouped together under the same Discretionary Portfolio Mandate.

Nothing in this report creates a duty of care owed to you or an advisory relationship with you.

Client Number	Client Name
HGP-AXXX8008	ST MARYS COLLEGE OF MD FDN INC
WXXX0000	ST MARYS COLLEGE OF MD FDN INC
WXXX3008	ST MARYS COLLEGE OF MD FDN INC
MND-AXXX8008	ST MARYS COLLEGE OF MD FDN INC
AXXX8008	ST MARYS COLLEGE OF MD FDN INC
AXXX004*	ST MARYS COLLEGE OF MD FDN, INC- FMI
NXXX009*	SMCM - TRIBUTARY
FXXX2004	ST MARYS COLLEGE OF MD FDN, INC- FMI
MND-SXXX8005	SMCM - PRIVATE EQUITY PROXY ACCT
SXXX8005	SMCM - PRIVATE EQUITY PROXY ACCT
MND-SXXX8003	SMCM - REAL ESTATE PROXY ACCT
SXXX8003	SMCM - REAL ESTATE PROXY ACCT
WXXX3000	SMCM ENDOWMENT CS
WXXX8003	SMCM- ENDOWMENT MAIN

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

MINUTES

Date of Meeting: October 18, 2017

Status of Minutes: Approved January 15, 2018

Committee Members Present: Donny Bryan '73, Asif Dowla, Susan Dyer, Bonnie Glick, Board Chair Sven Holmes, President Tuajuanda Jordan, Katharine Russell, Committee Chair John Wobensmith '93

Committee Members Absent: Anirban Basu, Lex Birney

Others Present: Allison Boyle, Leonard Brown, Chris Burch, Carolyn Curry, Cynthia Gross, Mary Grube, David Hautanen, Kelley Hernandez '08, Chip Jackson, Shannon Jarboe, Todd Mattingly, Kortet Mensah, Chris True, Michael Wick, Anna Yates

Executive Summary:

The meeting was called to order at 11:04 a.m.

DISCUSSION ITEMS

FY17 Operating Budget Closing and Status of Financial Statement Audit:

FY17 ended well with a net surplus. 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 will be presented to the Finance, Investment, and Audit Committee for review in December. Rollovers to FY18 totaled \$5.2 million and will be used to fund initiatives, primarily the ERP project. Additionally, \$100,000 was transferred to quasi-endowment as part of the closing process.

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. A resource plan for supporting honors College 2.0 will be developed in the fall. The total FY17 year-end funding provided to support enrollment initiatives is \$710,000. Included in that amount is \$250,000 in one-time funds to support the planning and development of the initiative; \$278,000 to admissions for recruitment efforts; and \$193,000 for brand research and the development of an integrated marketing and media plan.

Enterprise Resource Planning System (ERP):

The College has received proposals from four vendors. Campus demonstrations by selected vendors are scheduled to take place in November and December. Selection and award of the new ERP is anticipated early 2018. Implementation will take approximately two years.

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 draft revision of the Policy 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 reflecting current and relevant data with regard to student characteristics in enrollment, student retention and persistence, revenue, and fundraising were provided.

INFORMATION ITEMS

FY18 financial results to date, reportable procurement items, and a joint investment activities update were provided. A report from the Foundation President was included in the materials.

ACTION ITEMS

The following action items were approved by the Committee:

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. The action item passed unanimously.

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 remains unchanged from last year at \$1.6 million. The action item passed unanimously.

Action Item II.C. 2017 Performance Accountability Report

The Performance Accountability Report (PAR) is required by the State of Maryland and assess the College's progress on a variety of goals and objectives including academics, enrollment, retention and graduation, financial aid, and student outcomes. 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 was reviewed and approved by the Student Affairs Committee and the Academic Affairs Committee at their respective meetings. The action item passed unanimously.

The following action item was not approved at the meeting:

Action Item II.D. Maryland Residency Requirement Waiver – Puerto Rico and U.A. 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 Chair Wobensmith '93 expressed full support for the waiver, but requested that no action be taken at the meeting. Chair Wobensmith '93 asked that State legislators be informed of our intentions and the results of those conversations shared with the Committee. The item would then be brought before the full Board for approval at its October meeting.

The meeting adjourned at 11:43 a.m.



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

MINUTES

Date of Meeting: December 22, 2017

Status of Minutes: Approved January 15, 2018

Committee Members Present: Anirban Basu, Lex Birney, Board Chair Sven Holmes, President Tuajuanda Jordan, and Committee Chair John Wobensmith '93

Committee Members Absent: Donny Bryan '73, Susan Dyer

Others Present: John Bell '95, Monique Booker (SB & Company) Allison Boyle, Peter Bruns, Asif Dowla, Chip Jackson, Peg Duchesne '77 Todd Mattingly, Chris True, and Anna Yates

Executive Summary:

The meeting was called to order at 9:36 a.m. by Committee Chair John Wobensmith '93.

Monique Booker, engagement partner for the firm SB & Company, LLC, provided a detailed presentation to the Committee regarding the audit process, the audit results, and the College's financial statements. The audit produced no findings, no instances of fraud, and no material weakness in internal controls. The audit firm has issued an unqualified opinion letter indicating that the financial statements fairly present, in all material respects, the financial position of the College.

At 9:59 a.m., Committee Chair Wobensmith asked for a motion to close the session in accordance with Title 10, Subtitle 3 of the General Provisions Article (the Open Meetings Act) to discuss an administrative function. Specifically, Trustees discussed the audit report and financial statements with representatives from SB and Company.

The closed session adjourned at 10:08 a.m. and the open session of the Finance, Investment, and Audit Committee meeting resumed.

ACTION ITEMS

The following action items were approved by the Committee:

Action Item I.A. Acceptance of the FY17 Auditor's Report and Audited Financial Statements
Statements reflecting the financial transactions and position of the College for the period July 1, 2016 through June 30, 2017 prepared in accordance with generally accepted accounting principles,



reflecting the GASB 34 & 35 reporting requirements. The independent firm of SB and Company audited these statements. The action item passed unanimously.

Action Item I.B. Waiver of Maryland Residency Requirements

Provides a waiver of the twelve-month Maryland Residency Requirement for employees of the Department of Defense Joint Strike Fighter, Hybrid Product Support Integrator Program who move to Maryland, should the Program locate at the Naval Air Station Patuxent River. The action item passed unanimously.

The meeting adjourned at 10:20 a.m.