

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
655 Research Parkway, Suite 200 Oklahoma City

**MINUTES OF THE
COMMITTEE-OF-THE-WHOLE**

Wednesday, September 7, 2022

1. **ANNOUNCEMENT OF FILING OF MEETING NOTICE AND POSTING OF THE AGENDA IN ACCORDANCE WITH THE OPEN MEETING ACT.** The Committee-of-the-Whole met at 10:30 a.m. on Wednesday, September 7, 2022 in the Regents Conference Room at the State Regents' offices in Oklahoma City, Oklahoma. Notice of the special meeting was filed with the Secretary of State on September 28, 2021. A copy of the agenda had been posted as required by the Open Meeting Act.
2. **CALL TO ORDER.** Participating in the meeting were Regents Jack Sherry, Courtney Warmington, Dustin Hilliary, Ann Holloway, Dennis Casey, Michael C. Turpen, and Steven Taylor. Regent Turpen called the meeting to order. Regent Jeffrey Hickman joined the meeting in progress at 11:15 a.m.
3. **INVESTMENTS.** Mercer representatives Ms. Beth Johnson, Mr. Tim Westrich, and Mr. Anthony Brown were present in-person. Mr. Brown began by commenting on the market, noting the bond market index was down about 10 percent for the first half of the year and that it has been driven by inflation. He stated that it is an extraordinarily uncertain environment and that they are unsure of what it will take to get inflation down. He stated that consumption of goods is above where it was before COVID and that supply chains are stretched because demand is so high, which is contributing to the inflation. Mr. Brown added that the other uncertainty is what will happen with wages and that the concern is that inflation will not come back down. He stated that we could be in a mild recession later in the year and that if it brings inflation down, equity markets will be okay and it will help bring interest rates down, but if inflation stays high, there could be a lot more volatility with stocks and bonds. He discussed the historic examples of similar markets.

Ms. Johnson began by discussing the market performance and stated that the portfolio on a one-year number is positive almost a percentage point and that the diversified portfolio is paying off. She noted that the key takeaway from the June performance is that the portfolio was roughly flat and lost no money. She stated that she will provide a comparison of how the State Regents' portfolio has performed compared to peers in February and she added that there will be a recommendation for an asset allocation change in October.

Mr. Westrich discussed Mercer's recommendation to invest \$7,000,000 to the Sona Credit Long/Short Master Fund. He also discussed their recommendation to commit \$10,000,000 to H.I.G. Middle Market LBO, Fund IV and their recommendation to commit \$10,000,000 to Clayton, Dubilier and Rice Fund XII.

4. **STATE SYSTEM INSTITUTIONS.**
 - a. **Southwestern Oklahoma State University.** President Diana Lovell provided an update on activities at Southwestern Oklahoma State University. She commented on a recent donor gift and money received from the legislature and their plans to build a new

pharmacy and rural health center. She stated that their nursing and allied health programs will benefit the most from this. She commented on SWOSU's dedication to meet workforce demands and their dedication to their engineering and cybersecurity programs. She discussed partnerships with Integris, Rose State College, concurrent enrollment with local public schools, and their sponsored Ukrainian student. President Lovell also commented on SWOSU's e-sports arena. She also discussed some of the challenges that SWOSU is facing, stating that they have a strong desire to have pay raises but are unable to due to the current financial climate.


- b. **Rose State College.** President Jeanie Webb began by discussing recent awards and accolades that Rose State College has received, including: being named a Workforce Excellence for Aerospace and Cybersecurity, being named the top three for technical and workforce development, being a top three undergraduate school, and being the top online college for community colleges in Oklahoma. She also discussed their work to be the Center for Academic Excellence for Cyber Defense. President Webb discussed Rose State College's work with concurrent enrollment and their Diversity Center. She also discussed their STEM programs, their recent partnerships with SWOSU and Boeing, and what Rose State College is doing to meet workforce needs. She commented on articulation agreements that Rose State has.
5. **TULSA HIGHER EDUCATION CONSORTIUM.** Dr. Laura Latta, Executive Director of the Tulsa Higher Education Consortium, stated that the Tulsa Higher Education Consortium is a collaboration of higher education institutions in the Tulsa area. She discussed the value of collaboration and how collaboration can lead to innovation. She added that this consortia is unique in that it also includes business and industry organizations. She provided the history of the consortium. She stated that their mission is to advance student learning, to improve student success and degree completion, to achieve equity in higher education outcomes, and to meet workforce needs and discussed how they are achieving these goals. Dr. Latta also discussed their business partnerships and some of the benefits and incentives that businesses offer students. She also commented on their communities of practice and some of the events that they have coming up. Dr. Latta discussed their funding structure, stating that they are funded through the Schusterman Family Foundation, member dues, and other grants.
6. **GRANTS.** Grants Coordinator Ms. Christine Fisher began by discussing various federal grants, private foundation grants, and future grant plans. She added that an Executive Order from 2019 stating that grant applications over \$50,000 require Cabinet Secretary approval and grant applications \$100,000 require both the Cabinet Secretary and the Budget Secretary to approve the grant application. She noted that if the Regents are serving as a pass-through entity and the money is coming through the agency to be disbursed to other institutions, approval is not needed. It was mentioned that the State Regents' office could become a home for some shared grant writing services for institutions. Vice Chancellor for Budget and Finance Mr. Mark Tygret provided an overview of the E&G Budget Part 2 structure for the current year, stating that it is just short of \$650 million.
7. **ADULT DEGREE COMPLETION.** Senior Vice Chancellor for Academic and Student Affairs Dr. Debbie Blanke provided a brief overview of the Reach Higher Adult Degree Completion program. She discussed the FlexFinish and DirectComplete options and partnerships with businesses, which institutions participated in Reach Higher, and some of the funders. She also discussed plans for the Reach Higher Finish Line Scholarship.

8. **STRATEGIC PLAN.** Regent Courtney Warmington provided an update on the Strategic Planning Committee and the meetings that have taken place. She discussed the work of the four subcommittees – student pipeline, student success, workforce development, and system operations. Regent Warmington stated that the committees will continue to work through the fall and the goal is for each subcommittee to come up with three to five recommendations to present to the full Strategic Planning Committee, and then the Strategic Planning Committee will present to the Regents at the December meeting. Chancellor Garrett discussed some of the recommendations from the Task Force on the Future of Higher Education and the work that has been done to accomplish those recommendations. She highlighted work in data analytics and SAS, marketing, concurrent enrollment expansion, promoting adult degree completion, military-affiliated students and the military course equivalent matrix, and the expansion of open educational resources.
9. **BUDGET REPORT AND REVENUE UPDATE.** Vice Chancellor for Budget and Finance Mr. Mark Tygret provided the budget report and revenue update. He began by discussing the general revenue fund and the year-end 22. He stated that in FY21, reserves and savings were built up to about \$1.7 billion and that the rainy day fund is the highest it has ever been at over \$1 billion. Mr. Tygret added that we are 17 percent over the estimate.
10. **LEGISLATIVE UPDATE.** Vice Chancellor for Governmental Relations Dr. Jarrett Jobe began by stating that ARPA request hearings have ramped up and that institutions who will be receiving funds should expect to receive them in October. He added that some institutions have requests that are still being considered. He provided an update on interim studies, discussing some of the studies that higher education has been invited to participate in. Dr. Jobe stated that the theme of workforce and collaboration is important and that higher education needs to focus on this to be successful at the capitol. He discussed the legislative agenda and the possibility of moving it up and decoupling it from the budget request and making it more focused on policy requests so that there is a clear articulation between these requests. There was a discussion about the timing of the legislative agenda moving forward.
11. **PROPOSED EXECUTIVE SESSION.**
 - a. Possible discussion and vote to enter into executive session pursuant to 25 O.S. § 307(B)(4) for confidential communications between the board and its attorneys concerning: (1) Shepherd v. Oklahoma State Regents for Higher Education, et al., CJ-2020-2383, Oklahoma County District Court; and (2) Black Emergency Response Team, et al. v. O'Connor, et al., Case No. CIV-21-1022 in the United States District Court for the Western District of Oklahoma; if the board, with the advice of its attorney, determines that disclosure will seriously impair the ability of the board to process the claim or conduct a pending investigation, litigation, or proceeding in the public interest. Regent Holloway moved, seconded by Regent Taylor, to enter executive session for confidential communications between the board and its attorneys concerning pending investigations, claims, or actions. Voting for the motion were Regents Sherry, Warmington, Hilliary, Holloway, Casey, Hickman, Turpen, and Taylor. Voting against the motion were none.
 - b. Enter into executive session.
 - c. Open session resumes.
 - d. Vote to exit executive session. Regent Taylor moved, seconded by Regent Hickman, to exit executive session. Voting for the motion were Regents Warmington, Hilliary,

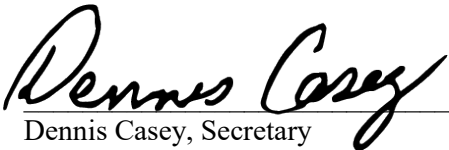
Holloway, Casey, Hickman, Turpen, Taylor, and Sherry. Voting against the motion were none.

12. **“BEST OF HIGHER EDUCATION.”** Regents received the September 2022 update on institutional activities via e-mail on Tuesday, September 6, 2022.
13. **CALENDAR OF EVENTS.** The calendar of events was distributed in written form to the Regents.
14. **ADJOURNMENT.** With no other items to discuss, the meeting was adjourned.

ATTEST:



Michael C. Turpen, Chair



Dennis Casey, Secretary