[Please stand by for realtime captions]

>> [Captioner cannot connect to the audio/video]

>> We want to establish this, to assist the designs. As an example, if we look at the structure on campus, we have the architectural studies. We have the qualifications, and services, pursuant to the government code. We can reach out .

>> We want to approve the engineering services and that includes engineering , and the company LLC,
okay?

>> Any questions or comments?

>> We have the policy changes, you can look at the markers in the policy, we will review and request to come off campus, we will mark the communications, the ideas that the committee members will serve for two years, page 105, we have a similar strategy in place for anything to be removed later on.

>> What I would do, work with the president, and we will discuss those. We will talk to the chair about this. We are instrumental in this, we work hard to develop a vernacular, I think this needs to be consistent, whatever the scene is. There is an opportunity submit to the committee and I will take recommendations .

>> The other one, the operating guidelines have been removed and put into the, until policy, this will give them more flexibility and we will continue on the past trying to move the procedure. Any questions on that one? I can answer.

>> Any questions/comments? Concerning the policy changes?

>> DNA, would you walk us through the corrective structure?

>> There is construction items that we've included, I'm going to page through and highlight some of them for you. We are working the placement to discuss those, you can go over to the project, number 12. The disability renovation.

>> We will tour the facility. Project number 13, you might recall, the board approved us to reconfigure the room in the Coliseum, the strength and conditioning room, since we are in the process of architectural design, this particular project is on hold until we determine how we will incorporate this room into the process.

>> This is currently on hold, as the project develops, we will know what we will do. Project number 14, we brought this to you in July to you in July 2018, for an initiative for fiscal year 19 and beyond.

>> This is an attempt to set aside money to work on various moves that will occur as a result of the completion and the dominoes will fall, this isn't only elongated project , we have the welcome center for the one-stop that is not covered by the bonds, we have planned moves for student services initiatives, that will be a part of this, the library can be a part of this, along initiatives,
and consulting reports, we can incorporate this.

>> As we develop the objectives, and the project has an established projected budget cut , I will bring the projects back to the board for approval. For example, with a 1401 facility, which we refer to as the Hutchinson house, it is recommended that we will bring that back to the board for approval.

>> We are setting aside money that we can begin these initiatives.

>> We have established the projected budgets for the initiatives, this project is number 22, the basketball project. We currently set these proposed budgets up for approval when you approve the bond issue.

>> The expansion is $37 million, the practice facility is $26 million, the student resident facility is $39.5 million, the welcome center is $13 million.

>> By policy, once we establish what the project will be, I will come back to the board for your consideration and approval. These are the placeholders we have.

>> The bonds are issued in association with the project amounts. Speaking of the bonds, we have a person with us today. He will talk about securities, I will give you background. We will consider different ways we can begin to address the issues. What we will see today, what occurred last week, is a culmination of a lot of work. And to get us to this point, a little background, we took a trip to New York this week to have a bond sale and we will have that Thursday.

>> A little more background, we had a bond sale that took place on Thursday this past week. The underwriter, was UBS. United Bank of Switzerland. That is the principle lead, we had Devon Phillips. It was great having two people from Texas in the same room to speak the same language.

>> He was engaged, was involved, I want to share with you what to place and Mary will discuss the nuances.

>> $250,000 was indicated, the bond proceeds will find the projects of $37 million for final expansion. $23.7 million for student residence,
we work with the bond counsel for the dining room part, with Aramark being the associate with the dining facility we had an issue taxable bonds.

>> Anything you want to comment on?

>> You can go to the next page.

>> SFA as we reviewed, October 14, in the world of debt, there was not much that outstanding. It was closely held with a few institutional holders.

>> The most exciting part, there is new credit into the market. The underwriting team, you put on the full force, salesforce. In the debt market, size gets more attention. Especially from the institutional investors.

>> There is an opportunity to go out and advertise who the credit was, it was the credit portfolio to diversify, it was a learning curve.

>> The learning curve occurred when the document was mailed almost 2 weeks beforehand. It went through internal research analysts they went through getting the internal credit approval, getting interest to the level of put in the orders.

>> The results was
of the $110 million sold, there were orders over four times subscribe, you had over $400 million of orders.

>> This was the breakdown of the combination of the institutional orders and the retail orders. The stock orders for those that the firms were buying for the individual inventory.

>> If you want to go to the next slide --

>> This is a list, what is highlighted in yellow, were the institutional investors that already owned SFA bonds, and the others not highlighted were new buyers to SFA.

>> Syndicate confirms have been involved, State Farm, Allstate, black rock, Morgan trust, Wells Fargo, a lot of noble firms were interested in SFA bonds.

>> If you cannot see, they put in $35 million of orders, $32 million, at the bottom were individuals, the individual was defined as anyone who had 500,000 $500,000 or less in the order and you have to ZIP Code, there were 29 individual orders, not necessarily -- it was a great opportunity to increase the profile of the University and proceed to have tremendous input, I will say Danny was a superstar along with Judy, they had attracted
from not quite the CEO, but the resident and chairman of all the markets, all day long they had the senior management of UBS, he came in and they pay homage they took them on the floor and they saw were the orders were,
SFA enter, it was exciting.

>> The results of this demand, since there was much demand they could lower the actual yield on the bonds, when we originally presented to

you in October, and the planning that was done, we estimated about $6.9 million per year in debt service.

>> It came in if you go to the next slide, at approximately $6.6 million.

>> I think as Judy said, that's at least two, three FTE every year that you state in the debt service.

>> All the coverage that we have shown earlier, it gives you a lot more ease and comfort for operations.

>> The bottom chart displays the outstanding debt service and what that was in the purple, the current short-term notes. And in the great is the new debt service, and in the purple, that is the TRB.

>> In the next 10 years the debt dramatically drops, and you will end up with a low debt service, all having the revenue source internally supported.

>> The overall cost and interest rate for all of this was 3.3%.
Under 4%. 30 year debt. By congratulations to you, quite a success and we had an excellent team.

>> Thank you, very much. Thank you for your help.
This is the allocated program.

>> Wants to reduce the yields,
[Indiscernible]

>> I have to say, this is a team effort from the beginning. It involves many individuals, the information came from different folks. In involves a lot of people coming together and making strong sales pitch.

>>
We had the sales team, they would come back and listen. Here's where we are,
we have all the orders. And you come back a little later, now we have opportunities.

>> He came back at one point, they were working so hard throughout the entire process. This is truly a team effort. What better way to represent SFA that you talk about team. We are fortunate to have the support.
She goes beyond what we expect her to do.

>> Thank you. One other item, the relationship with UBS, that will continue. There is an opportunity , the team will come to town and develop a relationship for the students and some possible opportunities for internships.

>> Would you consider internships , the ball is in my court, I will get back to you.

>> Thank you, very much. >>[Applause]

>> Is there an opportunity to receive power of the PowerPoint?

>> Yes.

>> Those that conclude your construction report?

>> Yes.

>> Before we going to the next report, I was room on the board, there are many people.

>> They came home with a big win and we appreciate that.

>> With that, do you want to go into the planned maintenance report?

>> We bring this every year, in January, this gives you a sense of the capital activities that we have on our radar. If you go to the next page, we have the new construction, we have shown the fiscal years 14 through 18 what was done, the new projects, the educational buildings, housing facilities that we brought in last year.

>> If you turn to page 162, this summarizes our plan of maintenance. This is a phrase we use.

>> It is deferred, but it is plant. It is not maintenance that takes us by surprise. It incorporates this into the fund areas, those are the facilities that the liver and they support education.

>> We have the student life areas, resident halls, student centers, and various types of infrastructure. This is intended to give you a sense of where we will go, what you will see, this is on page 163.

>> One building that you see in the first column, $275,000, that was in the capital plan for fiscal year 19 but was brought to you last year.

>> This is how the recommendations can be viewed in terms of maintenance, they align with our capital plan.

>> There are a lot of numbers and a lot of information, I want to give you a sense of our planning and how we try to leverage our funding to support deferred maintenance. That is one of the principal uses.

>> As we move on we have these intentional things, we allocate this into various areas . Any questions about that?

>>

This concludes our report.

>> Thank you, very much. Congratulations Danny on the job you did in New York.

>> Thank you. I appreciate you saying that. I would be remiss, it took a team effort. There were people at many different levels and there is no way I could have done this without our finance team, construction team, without the support of the board. Thank you.

>> Job well done. Thank you.

>> Next we will move on to the meeting of the finance committee.

>> Thank you so much. We have three members , we have the Chairman, he will return tomorrow. We will try to go through this without our great leader.

>> First thing, investment report from A&M.

>> Today we have Miss Maria Robinson, the treasure of the A&M system to talk about our investors.

>> We have the operating funds, the law firm, and the operating funds.

>> This has helped us tremendously.

>> Thank you. Madam Chairman, thank you for the opportunity to give you an updated on the investments.

>> Let's start with the only thing, 2018 so the biggest annual losses in the U.S. markets. It was the worst December since 1931, it was the biggest one month lost in December it's February, 2009. International markets, they saw similar results, not all the records were broken.

>> Economic growth concerns, concerns around the Fed policy they intensified. The China growth struggles, trade tensions, the strength of the U.S. dollar impacted returns.

>> On the cash concentration front, you can see, the pool was down 4.1% and in December, that compares to the balance index at -4.4%, longer-term, 3.5% return on the five year, 10 year was 7.4% and since inception, we have a 6.6% annualized return.

>> These are the periods that compare favorably with the index, to dive deeper into our portfolio, the fixed income was flat for the year.

>> The good news, on the domestic side, returns were negative, all the managers could meet their index. The domestic stock portfolio was down

1.9%, that beat the index 600 basis points, the managers held up well relatively speaking although returns were negative.

>> The international portfolio, they outperformed the index for the quarter, for the one year period they were down 120 basis points compared to the index.

>> Two of the managers outperformed and three underperformed.

>> The hedge funds, in the portfolio they did what we expected, they held up. They did not capture as much of the downside in the market.

>> The index was down 3.5%.

>> The managers did a good job of holding their own in a volatile market.

>> Here is the asset allocation you can see we were slightly off target and that is related to the market news, we did not make any moves in the portfolio, to drive asset allocation it was a result of market performance. We will work to rebalance the portfolio going forward.

>> On the next slide you can see the performance of SFA, on the operating funds. The net earnings were about $1.5 million, the book value $46.5 million, unrealized appreciation of $2.6 million, for a total value of $49.2 million.

>> On the quiet that endowment piece, the net earnings $190,000 were added back, bringing the market value $5.7 million, creation was $408,000, the market value $6.2 million.

>> Switching over to the endowment, this portfolio includes private investments, it could not weather the storm but it did so little better, the one year return was 1.2%, that compares to the balanced index of -3.6%. The managers did a good job.

>> Longer-term, all the returns compared favorably to the balanced index. Speaking of the credit investments, the private investments held up nicely, they were targeted 19.3% for the one year period and that compares to the Cambridge index of private equity, the performance was 12.8%, the managers were delivering 650 basis points over the Cambridge index.

>> The real assets and other slice of the investments returned 13.7%, which was 860 basis points over the index.

>> This shows you the asset allocation, you can see the private equity is way over target, that is a function of the market on the public site going down, plus appreciation from the private investments, as they held up well.

>> Stephen F Austin and down, the book value was 13 was $13.3 million market value was $13.5 million, these numbers are shown as of November because we value the portfolio on a fiscal quarter only.

>> The next valuations will come out at the end of February.

>> The payout for 2018, was $602,000, for 2019 we project that the be $651,000.

>> This is a recap of the calculation on the payout, it is a 20 quarter moving average, we calculate that, we calculate the value once a year, and it is based on the number of units held the market value at the end of November was $6.51 per unit. Looking at the spending, this gives you a recap of how the spending has gone over the last few fiscal years, you can see it has increased slightly, the goal is to keep her from , institutions can plan for spending and have a consistent flow of revenue to support the programs. Finally, we put the target to remind the difference between the two pools got the endowment has liquidy up portfolio as liquidity needs are minimal, the operating has no pilot investments in real assets.

>> I am happy to take any questions.

>> Do you have a slide that shows the annual percentage is and the changes, you mentioned at the beginning --

>> I can get that information to you.

>> What is spending? We invest the endowment and there is a distribution every year that is the piece that is spent so we have heard returns on that, and we distribute a portion every quarter to support the goals of the gift. $100,000 is put away as a gift, and the spending off of that is what supports the scholarships, operations.

>> So that is a distribution?

>> Yes. Same thing.

>> Any other questions?

>> The leadership looks good in purple.

>> Thank you cost so much.

>> Purple is my favorite color.

>> Is everybody else good?

>> Thank you. I appreciate your time.

>> Okay. Let's move on to number 12, the audit service report.

>> Good morning. The easiest way to navigate my report is to follow under the the navigation portion. The first want to present is the

office of research and graduate studies. The Department of research supported the vision of academic affairs, if you will recall, the office and program in the graduate school merged, some statistics and information, they had budgeted expenditures of $3.6 million, federal grant expenditures that they monitored, $3.3 million, the property inventory was small, faculty and staff, new graduate students and rolled, with 373, the total graduate students were 1746.

>> The objectives in scope are the same, as on the other audits, the audit was as of August 31, we found the office had controls in place to perform with the areas we tested, we had some opportunities for improvement which you will see as you move on into the report in the areas of training, procurement, and all those have been implemented and verified. It was a great audit.

>> Moving on to the next one, international programs, departmental all goods,

that is in the division of academic affairs, here is a table, had budgeted expenditures of $612,000, revenues $200,000, property inventory was small, 7500, ask faculty and staff, three student workers, 126 international students. That was for the fall of 2018.

>> We have the same objectives in scope, they conformed , we had some opportunities for improvement in the areas of receipts, training, procurements and reporting. In accounts receivable and travel, we have verified they have implemented all of those.

>> Another good audit that we had.

>> The next one, the department of geology, I saw dark we Wesley Brown, his budget is around $1.4 million, a larger property inventory of almost $800,000, 10 faculty staff, 16 student workers, in the fall of 2018 they had 53 bachelor students, 36 graduate students, they awarded 29 degrees, they generated 4434 credit hours.

>> We had the same schedule of procedures and they conformed. We had opportunities to improve in the areas of receipts, training, and student organizations. And information technology. All those we had verified the student organizations, they had to wait until the student population got back to make changes to those, they will be implemented April 30.

>> The next one is the computer science, Doctor Debbie Don has been the chair, she is present,

she has a larger budget, $1.2 million, property inventory $365,000, 13 faculty, 12 student workers, bachelor students enrolled were 273, 11 graduate students, for fiscal year 18, they awarded 53 degrees and generated 6000 6098 credit hours. The objectives, they conformed and

we identified some opportunities for improvement in the areas of receipts, training, procurement, that we have verified as implemented and we had one opportunity in the information technology area, they operate their own servers.

>> They completed the questionnaire, and with the relocation of the department, they need to update the assessment to make sure all those requirements are still in place .

>> They said they will have that done by April 30. That completes computer science.

>> The next one is the alumni relations audit.
Alumni relations includes the university personnel that supports the SFA alumni Association which is a nonprofit. The University has a document the relationship with them, from the University site, we have expenditures in the area of about $625,000, the faculty and staff are seven and they have six student workers, the same objectives in scope, and they conformed. We had some opportunities for improvement in the areas of time reporting, University disclosure forms, and information technology and we found they were in compliance and they adopted everything they needed to do, so we thank you.

>> Those are the departmental audits. Any questions? I will discuss safety.

>> The details were presented yesterday, for the public open record,
University is required by the safety and security audit, every three years. Under the code we have to have a multi-hazard operations plan for emergencies that includes litigation, preparedness response, recovery, employee training, drills, coordination with other entities, and the requirement for the state and security audit.

>> The acting vice president, directed the study, we went in and verified the study and we performed procedures , the criteria used was with the division of emergency management, and the governor, we utilized criteria that was developed by Texas A&M, the objective was to make sure the safety problem was in compliance.

>> We found the University was in compliance substantially and we gained assurance the University was in compliance with the code, we had opportunities for improvement, some were identified in the self-study and some in the audit.

>> For the emergency operations point, to formally document that plant, and have a separate policy, that gives credence to a formalized flexible document that is more consistent and flexible and easy to change faster than a policy. The doctor has responded that they will do that by August 31, 2019, with regard to the emergency management community, we set University should strengthen oversight, the committee will be done by August 3 is first, we have suggestions for improvements in the areas of mitigation, preparedness, response. And those have an August 31 implementation date.

>> That is the safety and security audit.

>> Information technology, antivirus and vulnerability audit, this was presented in the executive session yesterday. The SFA systems are

subject to various regulations such as the Department of information catalog, and other federal requirements, the importance of the complete and timely implementation of antivirus software, and updates at the university, to make sure the infrastructure including workstation servers, network devices, they are protected from exposure due to exploitation and vulnerability to malware. We contracted an internal audit, they provided information technology services to assist, the objective was to determine the IT controls were in place to ensure that we had patches that were timely and consistent, workstations were protected, and they were scanned periodically, vulnerabilities were identified timely based on risks, the audit scope included the SFA environment and what was in existence as of September 30.

>> The audit identified opportunities in the environment to strengthen controls, in the areas of patch management, antivirus, management, the specific details are security sensitive.

>> Moving forward, on the left is investigations. We have worked with the Council and we performed investigations in manners that come through the office, a couple of opportunities for improvement were identified, through the investigations, you can see they are general.

One thing that came out, we need to review the policies , small size of classes, and clarify the treatment of internships as small classes, that has been sent by Doctor Ford to the academic committee.

>> They expect to have a review and update by April 30. The next Board of Regents meeting. The next one relates to course fees, we have the University policy 3.8, it discusses how course fees are assessed and charges reflect the cost.

>> We noticed some instances where we could utilize those course fees, and attain materials at a lower cost, since that time Doctor Ford has worked with the department and they offer resources online, in the Board of Regents meeting today, there is a proposal to reduce the fees for the students, you will see the January 31 implementation.

>> The next one relates to the conflict and interest disclosures at the university, we recommend they are reviewed for reporting options, and we are realigned with the for that, we have verified that has been taking place, the policies and procedures we reviewed them and suggested that the department updates are made more formal. That will be done by October 31.

>> The last one relates to the University party policy and procedures, we have policy 17.2, that states that University employees cannot purchase [Indiscernible] without going through procedures and we have discussed policies, we had a purchase made from an undisclosed party so the department head was notified to review the situation and we have verified additional procedures were put in place and actions were taken.

>> Those are the investigations for the quarter.

>> Moving forward we have the agreed-upon procedures review, this is required every year, to be in compliance with the NCA bylaws, and the

athletic director could not be here but he has been through this and review this.

>> We had to look at the university statement of revenues and expenses, specifically related to the intercollegiate program, we contracted out externally , we presented the audit yesterday,
it includes things that are required by the NCAA such as what we had controls on, athletic program, revenues and expenses, we reviewed receipts, disbursements, we looked at ticket sales, coaching salaries, travel, all the different areas that are required, the information is detailed in the report.

>> I will go into the details.

>> An update on the audit plan, we have been working with the auditors office, we had the report the follow-up when our 2017 contract audit, the findings were reported by the division of finance and administration as implemented. That will be included in the future report.

>> We were mentioned in the report on delegation of audit authority, there was the contracts, related to services, our contracted audits that we expect to have and work on, are the Perkins closeout audit, with the close out the audits and transfer them to the Department of Education.

>> There is a requirement to have them audited within 90 days and the timing of the staff, that has to be done by an external firm. We are beginning our annual risk assessment process. We appreciate everybody's time. We will be starting our quality assurance review which has to be audited every three years. We have a team from Baylor University who will perform the audit. We should have a self-assessment for the report.

>> We have talked about this, [Indiscernible] related to the pension disclosures, with that, any questions?

>> It seems like we regularly have the same general findings on the departmental audits over time. The training, we see procedures, lead documentation, do you see a trend of improvement? Less observations? Are things holding steady? What can be done to make your observations?

>> The trend we see there are improvements. We look back historically, the previous fiscal year, we do expect into this next year, the finance division has implemented training and we have met with the VPs as a group, we have looked at those common findings and we have talked about that.

>> We have implemented additional training, that is moving forward. We see a greater awareness. In some departments, we happened to pick the training, there may be more where it is okay.

>> For the most part I would say, there is an increased awareness. We have not had as many findings. In some of the other areas, we have

worked with Danny and his group on some of the findings that we have, stepping back and looking at, the legal request. And the way the levers requirements are. Are those state requirements? University requirements? Are we too strict? We had a meeting in November to look at what the actual requirements should be. We have to order whatever the procedures are. Any changes based on the updates?

>> Does the training usually yield fruit? Is that just checking a box? The receipts training is detailed.
It depends on the training time. The security training was updated and that was launched in January. It is a lot more tailored.

>> Every benefit for the self-assessment, and Simmons areas, in each department,
would that help?

>> Yes, we had discussions with the compliance committee.
Each department documenting any complaint areas that they are over, the next step is a certification.

>> We have discussed that. It would be great but the process has to come through the compliance committee.

>> Can you bring back the issue at the next board meeting?

>> We will.

>> Anybody else?

>> Thank you.

>> Let's move on to number 13, approval of the annual report.

>>
Mr. Chairman, the action item we bring to you, for verification, this report [Indiscernible]
I bring this back to you. I will cover the elements and considerations . We will go over them.

>> If I can start with you on page 257. I will go over some scenarios.

>> I will discuss 75. If you look at the statement of depositions, page 257.

>> It shows the assets, liabilities, and the total position on the next page, 258, $113 million.
This represents the impact of GASBY 75 .
The impact of 75 for fiscal 18, the total net position, you can see the benefits, the verbiage indicates retired health insurance, life insurance, and non-pension benefits, there was a proportionate share of the prior year. That was $56 million.

>> On the statement of net positions, there was that restatement.

>> If you look at the bottom, you can see the statement of revenues and expenses change in that position. A couple of things, if you look at the operating revenue, you can see the tuition and enterprise, and the operating loss of $72 million, what has to be considered, go to the next page, legislative appropriations.

>> In terms of operations, with the inclusion of the non-operating revenue, we have a total revenue of $220 million, if you look at the income loss, you can see there was a net of $10.8 million with a change in position of $23 million.

>> Here is what I want to point out, the restatements , the total produces the net position of $130 million, the actual activity changes the position.

>> GASBY 75, I want to share with you some background information, it is significant for us. Retired health insurance, it includes medical, dental, vision, hearing insurance, life insurance, non-pension benefits, the factors include service costs, interest to liability, the impact of changes, benefit terms, employee contributions , earnings, administrative costs, differences between expected and actuarial expense. There is a process whereby entities will estimate what the liabilities should be, relative to the state. That is 1.4% but that is significant for us.

>> This is a process that is prescribed for us. We do not calculate this. ERS is involved in the calculation.

>> They make the entry and they report to us. It is not anything we have discretion over. It is a state calculation .

>> That is how the process works. A little more background, this is the overall liability Municipal bond rates, cash flows, and actuarial assumptions, the net differences are from one year to the next.

>> That is GASBY 75 as implemented, that is a significant impact on our financial statement. With the change in that position, exclusive of that, with the inclusion of that, it reduces that significantly.

>> I will share with you, [Indiscernible] they understood it is simply just a projection for the long-term liabilities. Obviously, they will not retire on the same day.

>> It's a matter of long-term ability. Going forward, what we will do is adjust to the liability. Based on the reporting , there is nothing we have discretion over. That is part of the financial reporting.

>> We did not change the rates, we left them constant. That set the tuition income for FY 18. Right?

>> Just so I understand the relationship . I am assuming FY 19 , with a tuition increase, that will inch upward. Will we continue to see, is an increase in exemptions.

>> What is the amount?

>> That is over $4 million. The latest exemption, the total exemption is over $7 million.

>> [Indiscernible]

>> Any other exemption categories? That would be interesting.

>> There are numerous categories. Students who have certain disabilities, [Indiscernible]

>> If you can present that to S, I would like to see a comparison over three different school years.
If they are creeping up, I would like to see how much.

>> Maybe the top few exemptions.

>> We can track them.

>> Is Hazelwood the largest?

>> I don't know.

>> We will work on that.

>> Any other issues other than GASBY that is unstated?

>> I am not aware of anything.

>> The one that is implemented this year, has to do with capital loss. That is related to construction.

>> I want to point out a couple of more things. Go to page 263.

>> There is a pie chart and that illustrates the fiscal year, 2018 categories. I will share with you the salaries and the wages. 97.89 million , total operating expenses, benefits are 10.66%. Page 265,
you can see that improves.

>>
The proceeds were in cash.
If you go to page 267. You can see the changes in the position.

>> The other thing I will point out, the policy involves the ratios. They are measures of the reserves and the ability to operate.

>> The benchmark is 40% . The calculation, those are the spendable net assets.

>> We have temporary restricted assets, operating expenses $209,000, nonoperating expense, $2.5 million, subtract depreciation and adjustments. Denominator 189,000, [Indiscernible] with the impact of GASBY, $38,000 . The target was 40%. And that includes GASBY.

>> We have a primary reserve ratio of 54.86 which is comparable to last year of 40.

>> The 40% is no longer the industry standard, I did some research. It appears, the board should understand the significance of the net assets. We have to make sure this compares to what we have done in the past. [Indiscernible] this gives you a sense of the changes and the impact.

>> This is too early in the calendar.

>> Yes. We will bring the policy back to you in April and we will change the policy. We will incorporate the reporting . That will take some research on our part.

At least the bond agencies, they took an implementation. I do not want to discount it.

>> I suspect that our peer institutions have similar issues.

>> I would think so.

>> To my knowledge, [Indiscernible] I have heard that conversation. They are meeting this weekend. I will keep the finance chair and the members of dated.

>> On the balance sheet, page 267, intergovernmental receivables, there is a big drop. Is that due to research grants that are pending?

>> Research.

>> In FY 17, we have not drawn down the Pell Grant, it's just a communication. In FY 18 --

>> Okay.

>> Any other questions?

>> I will make a comment, historically. Maybe 10 years ago when we looked at all of this, 40% was the target. We were at 10%. We were very low.

>> We have worked hard for a good 10 years. And then we get slapped with this thing.

>> It is kind of disheartening. The money that is they are.

>> [Captioners transitioning]