

WASHINGTON STATE  
**OPPORTUNITY**  
 SCHOLARSHIP

**BOARD MEETING AGENDA**  
**MONDAY, JANUARY 8, 2018 | 1:00-3:00 P.M.**  
**MICROSOFT CAMPUS, BUILDING 34**

**CONFERENCE CALL DIAL IN #: 425-706-3500 / PASSCODE: 703256844**

I. Meeting Called to Order		<b>Brad Smith, Chair</b>	1:00p
II. Approval of Minutes from October 2, 2017 Meeting	[Tab A]	<b>Brad Smith</b>	1:00-1:05p
III. WSOS Scholar Spotlight	[Tab B]	<b>TBD</b>	1:05-1:15p
IV. 2017 Legislative Report	[Tab C]	<b>Kimber Connors</b> WSOS Sr. Director of Strategy & Programs	1:15-1:40p
V. WSOS 3.0: Implementation of Growth Options & 2018 Budget	[Tab D]	<b>Naria K. Santa Lucia</b> WSOS Executive Director	1:40-2:20p
VI. WSOS Activities Update	[Tab E]	<b>WSOS Staff</b>	2:20-2:30p
VII. Finance and Program Administrator Update	[Tab F]	<b>Mack Hogans,</b> F&I Committee Chair  <b>Cindy Gustafson,</b> CFO, Washington STEM	2:30-2:40p
VIII. Executive Session		<b>WSOS Board</b>	2:40-3:00p
– Program Administrator Review			
– Executive Director Performance Review			
IX. Closing		<b>Brad Smith</b>	3:00p

**Important Upcoming Dates**

- Scholarship Open Period – January 2 to February 28, 2018
- **2018 Board Meetings - all meetings at Microsoft campus at 1-3p**
  - Monday, April 16<sup>th</sup>
  - Tuesday, September 25<sup>th</sup>
  - Monday, December 10<sup>th</sup>

# **Tab A**

**Minutes from the October 2, 2017 Board Meeting**

**WASHINGTON STATE OPPORTUNITY SCHOLARSHIP BOARD MEETING  
MONDAY, OCTOBER 2, 2017, 1-3 PM, MICROSOFT CAMPUS**

**MEETING MINUTES**

The Board of Directors of the Washington State Opportunity Scholarship (WSOS) met on October 2, 2017 at the Microsoft headquarters in Redmond, Washington.

Board members: Brad Smith (Board Chair), Miller Adams, Diane Cecchettini, Mack Hogans, Jane Park, Julie Sandler and Jim Sinegal present; Antony Chiang by phone

Additional attendees: Naria Santa Lucia, Erin Ashley, Theresa Britschgi, Jane Broom, Klondy Canales, Marc Casale, Meg Chambers, Kimber Connors, Karyl Gregory, Cindy Gustafson, Caroline King, Jessica Monger, Megan Nelson, Patrick Okocha, Dave Stolier and Sam Whiting present; Terrie Ashby-Scott, Rachel Johnson, Reiko Kono, Jenna Magnotti, Joanna Moznette and Keith Swenson by phone

**Meeting Called to Order**

Having a quorum of the Board, Brad Smith, Board Chair of WSOS, welcomed everyone and called the Board meeting to order at 1:04 pm.

Mack Hogans moved that the minutes of the June 26, 2017 meeting be approved. Miller Adams \_\_\_\_\_ seconded the motion. The motion carried unanimously.

**WSOS Growth Options Presentation**

Santa Lucia reported that ~\$51M is available for Board investment (\$38.6M from adjustments in retention rates and \$15.4M in projected additional investment and donation income). Among four growth options for Board investment, Santa Lucia recommended two options to the Board: Investment #1 – Launch “Near-Peer Leaders” and industry connection programs to improve retention at every stage. This recommendation offers the highest impact in the shortest time period with 2250 more Scholars retained at a cost of \$22.4M. The Near-Peer Leaders (NPLs) would complement the role of Program Officers in which NPLs would focus on freshmen and sophomore Scholars while Program Officers would focus on upper class Scholars. NPLs would be paid a small stipend.

Investment #2 – Extend the scholarship to 2024-25 to serve 2200 more Scholars at a cost of \$28.7M.

Each investment would flex so that, if more Scholars remain, less money would be available for extending the duration. Santa Lucia reported that these two investments will result in 2,582 additional graduates employed in STEM/Healthcare (\$19,800 per graduate) – a cost savings of \$2700 per successful graduate.

Diane Cecchettini moved that both proposed investments be approved. Mack Hogans seconded the motion and it carried unanimously.

**WSOS Activities Update**

Theresa Britschgi reported that 207 newly-selected and accepted Cohort 6 Scholars attended our second annual Opportunity Launch program on the campus of UW-Seattle on August 6-8. The goal of this program was to provide orientation to new Scholars and to enhance community within this new cohort.

Britschgi further reported on our bigger than ever Skills That Shine mentor-mentee program which offers personal advice and coaching on the soft skills essential to securing an internship and job in today’s competitive professional market. Britschgi additionally reported on Office Hours which our Program team conducts on campuses across the state.

Santa Lucia reported on continuing advocacy work with two Senate bills. SHB 1452 would expand WSOS for professional/technical degree programs and SHB 2143 would allow WSOS to additionally fund students pursuing advanced healthcare degrees with a service obligation (underrepresented urban and rural areas).

Erin Ashley reported on plans for our third annual OpportunityTalks Breakfast which will be held on November 2, 2017 at the Sheraton Seattle. Ashley further reported that Gary Rubens has generously agreed to once again fund the match at this year's event: gifts of \$250 and above will be matched up to \$250,000. This support and the state of Washington's match will help us reach our goal of raising over \$1M again this year. Ashley additionally reported that we will be hosting members of the Western Governors Association at the Breakfast.

Santa Lucia announced that Megan Nelson will be leaving the WSOS team to move to California. Santa Lucia and Smith thanked Nelson for her valuable impact in raising the visibility of WSOS and for her inspirational passion for our Scholars. Santa Lucia welcomed three new staff: Kimber Connors as Sr. Director of Strategy & Programs, Jessica Monger as Director of External Affairs, and Patrick Okocha as Program Officer.

#### **Finance & Program Administrator Update**

Hogans reported that the WSOS Scholarship and Endowment Funds are showing strong performance. Hogans further reported that best fiduciary practices suggest a periodic review and evaluation of fund managers and it is timely to examine our investments approach through a disciplined RFP process.

Cindy Gustafson reported on the Program Administrator update: required milestones to date have been completed; the new accounting system conversion has been completed within budget and includes the history of WSOS since inception; planning has already begun for the audit of 2017 results; and implementation has been completed for \$21M from the last invoice sent to the State as of September 30<sup>th</sup>. Gustafson further reported that efforts are being made to optimize returns.

Caroline King expressed excitement over exploring more synergy between Washington STEM and WSOS in helping us fulfill our mission.

The meeting adjourned at 2:37 pm.

Respectfully submitted,  
Karyl Gregory

# **Tab B**

## **WSOS Scholar Spotlight**

## SCHOLAR SPOTLIGHT

### TZIPPORAH OLIVENCIA-CHRISTENSEN



Tzipporah is a freshman at Pierce College in Steilacoom and her intended major is Exercise Science. She graduated from Bethel High School and her family lives in Tacoma.

Last summer Tzipporah attended our Opportunity Launch program. Through the fall, she has actively engaged with WSOS and her WSOS Program Officer Klondy Canales.

Tzipporah is interested in occupational therapy and wants to pursue a specialty in pediatrics and sensory therapy. She has chosen this field because she loves the idea of helping a child when they need it most and the opportunity to help the parents better understand why their child acts how they do.

***Tzipporah's take on WSOS:***

"WSOS is a huge benefit and I wouldn't currently be in school if not for it. It allows me to be stress free when it comes to financial issues so I can focus on school itself."

# **Tab C**

## **2017 Legislative Report**

# 2017 Legislative Report





# 2017 Application Cycle

Cohort 6

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# Cohort 6 Applicants

- **More than 3,800 applications** submitted
  - About **two-thirds met eligibility** requirements

Application Year	2012 Cohort 1	2013 Cohort 2	2014 Cohort 3	2015 Cohort 4	2016 Cohort 5	2017 Cohort 6
Submitted Applications	5,690	1,488	1,507	2,134	3,779	3,836
Eligible Applications	4,506	985	917	1,242	2,480	2,503
% of Submitted Applications Eligible	79% <sup>1</sup>	66%	61%	58%	66%	65%

<sup>1</sup> Eligibility requirements for eligible majors of study and term limit credits were not yet established in 2012.

# Cohort 6 Eligible Applicants

- Represent **38<sup>1</sup> of 39** counties in Washington

- 30% from King County
- 12% from Pierce County
- 9% from Snohomish County
- 8% from Yakima County
- 8% from Spokane County
- 5% from Clark County

- Compare to: State population<sup>2</sup>

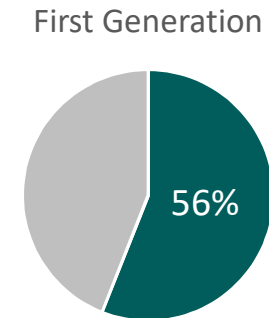
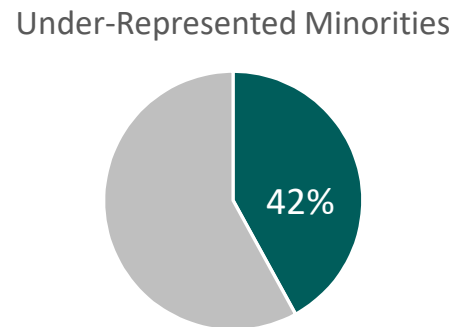
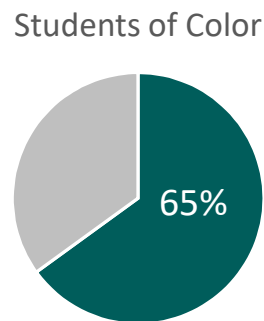
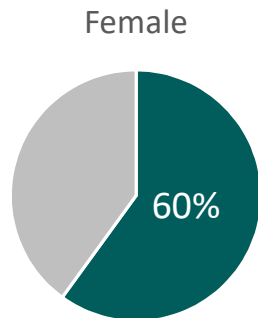
- 32% from King County
- 11% from Pierce County
- 10% from Snohomish County
- 3% from Yakima County
- 7% from Spokane County
- 6% from Clark County

<sup>1</sup> Ferry County, the third least populous in the state, is the county which had no eligible applicants.

<sup>2</sup> Proportions were calculated according to [OFM's April 2017](#) population estimates.

# Cohort 6 Eligible Applicants

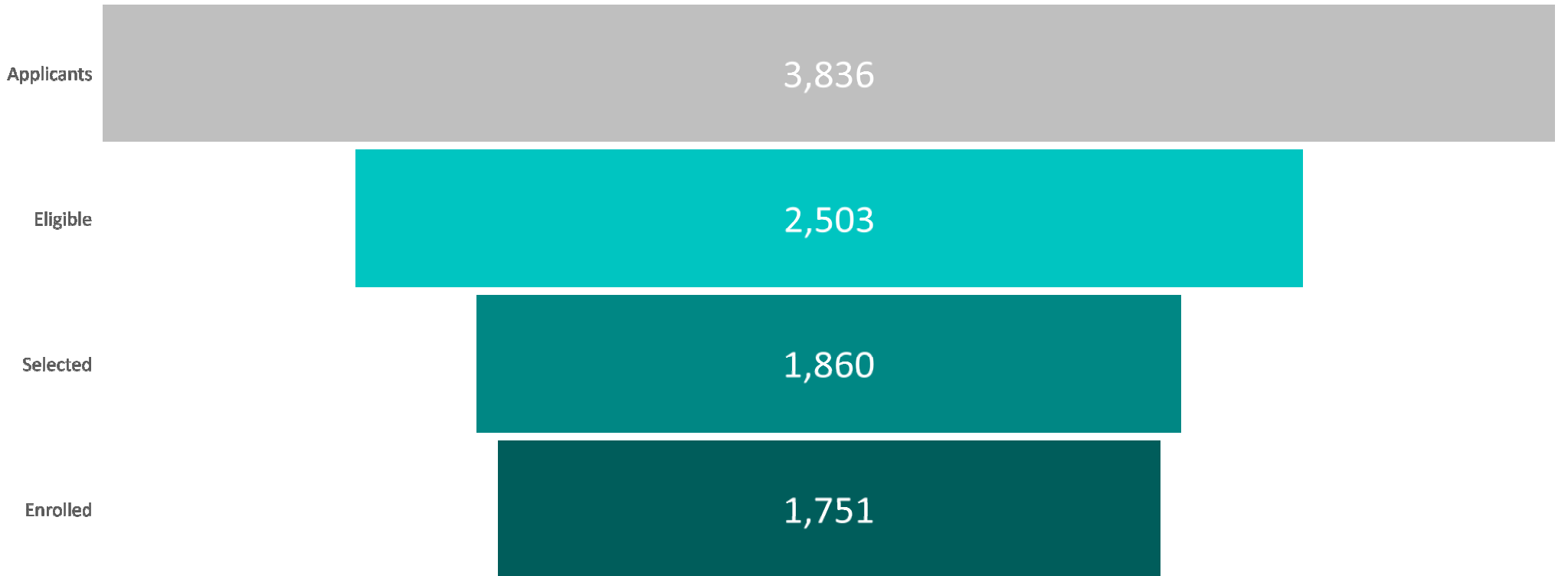
- Family Income
  - Median: **\$48,000**
  - Mean: **\$50,739**
- Compare to: Washington State Family Income
  - Median: **\$65,500<sup>1</sup>**



Compare to: the diversity of STEM workforce [here](#).

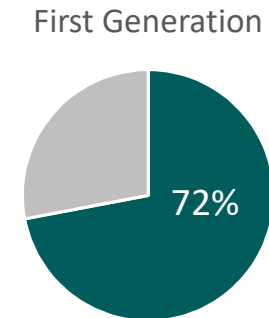
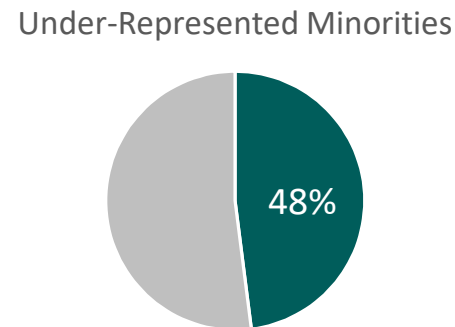
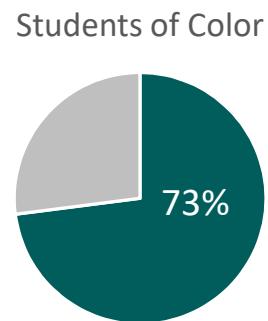
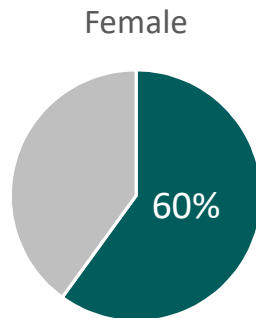
<sup>1</sup> Family income as [projected by OFM](#) for calendar year 2016.

# Cohort 6



# Cohort 6 Enrolled Scholars 2017-18

- Family Income
  - Median: **\$38,678**
  - Mean: **\$42,198**
- Compare to: Washington State Family Income
  - Median: **\$65,500<sup>1</sup>**



Compare to: the diversity of STEM workforce [here](#).

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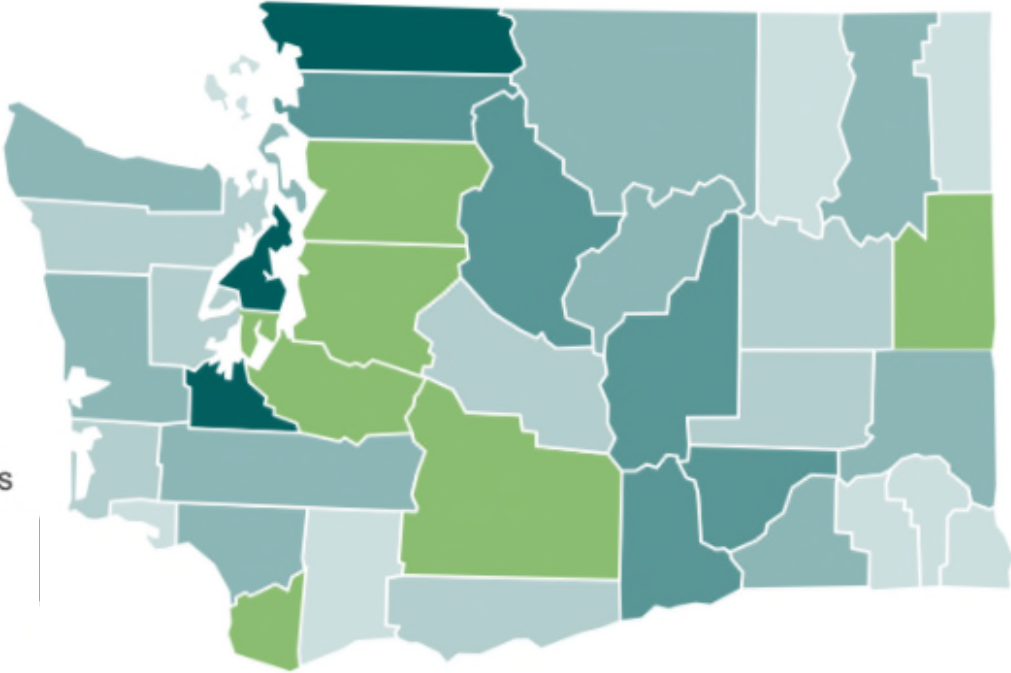
<sup>1</sup> Family income as [projected by OFM](#) for calendar year 2016.

# Trends of Cohort Characteristics

Cohorts 1 – 6

# State-Wide Representation

- More than 500 Scholars
- 200 to 499 Scholars
- 100 to 199 Scholars
- 50 to 99 Scholars
- 25 to 49 Scholars
- Fewer than 20 Scholars





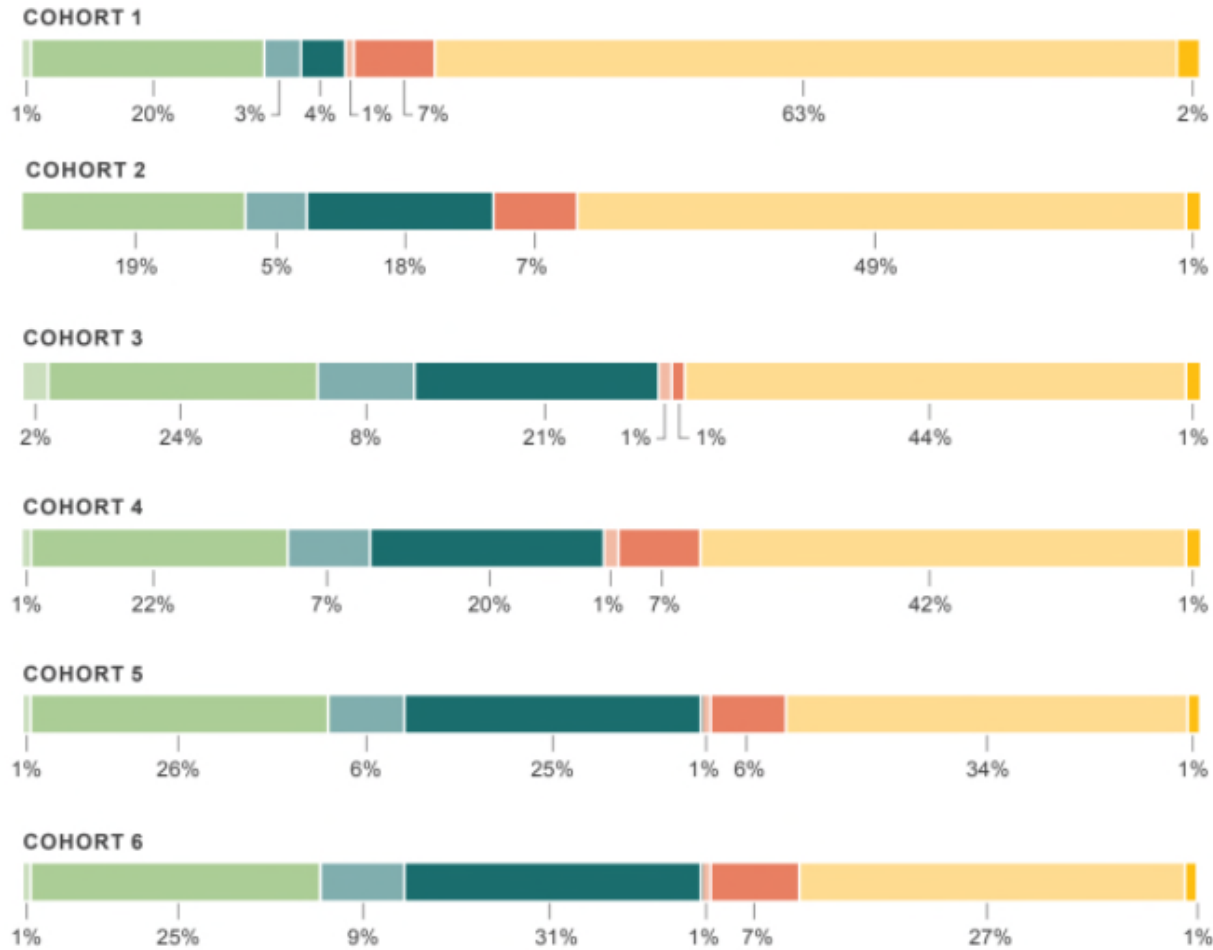
# Scholar Enrollment Across Cohorts in 2017-18



- 1 University of Washington Seattle
- 2 Washington State University Pullman
- 3 Eastern Washington University
- 4 Western Washington University
- 5 Central Washington University

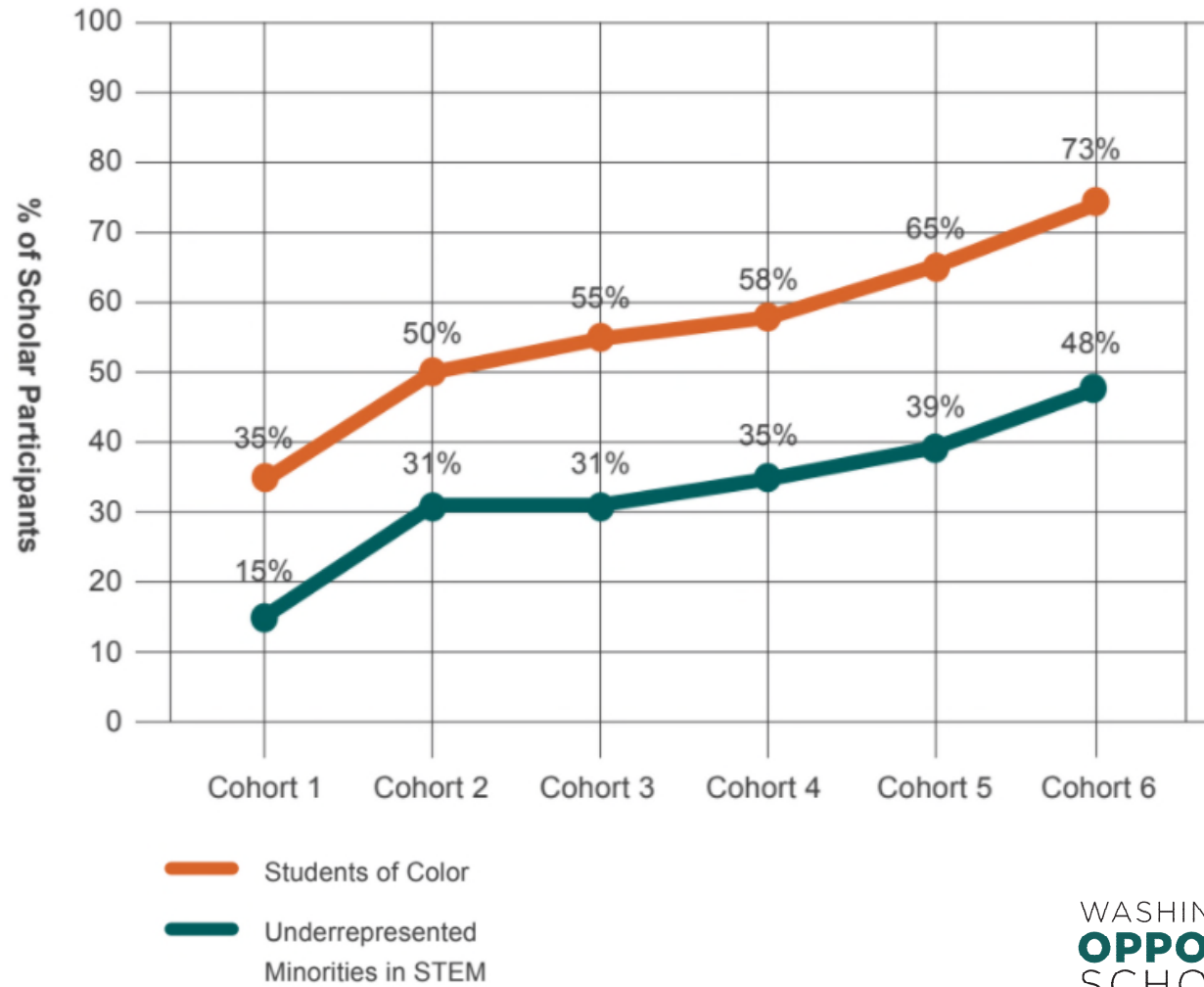
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# Race or Ethnicity



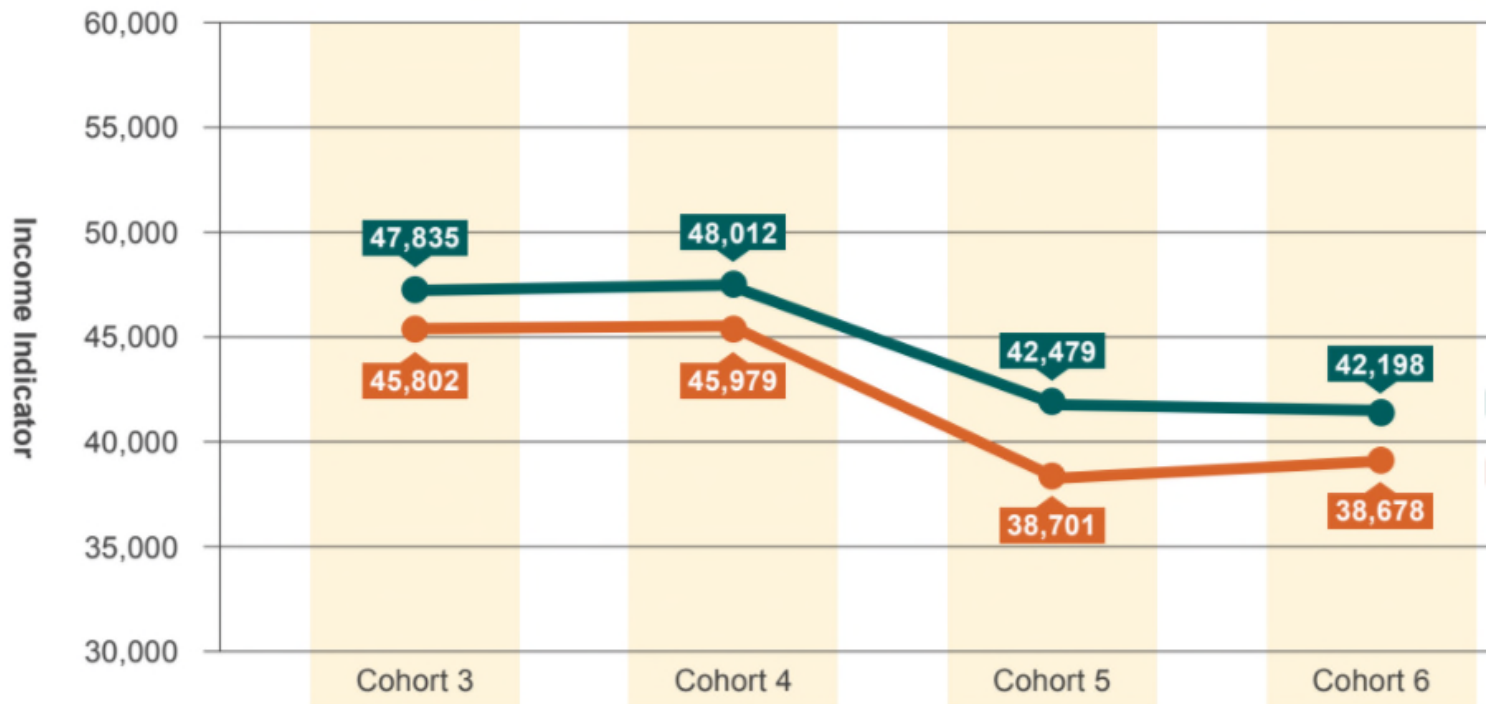
- American Indian or Alaska Native
- Asian
- Black or African American
- Hispanic/Latino of any race(s)
- Native Hawaiian or Other Pacific Islander
- Two or more races
- White
- Not reported

# Race or Ethnicity



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# Family Income



\* Family income at the time of selection

■ Mean Income  
■ Median Income

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# Outcomes

Graduates and Notable Achievements

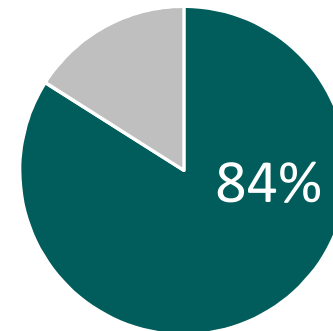
# Retention & Graduation for Cohorts 1-5

	Total Participants	Graduated		Re-Enrolled		Graduated or Re-Enrolled	
	#	#	%	#	%	#	%
COHORT 1 (2012)	2,887	2,155	75%	1	-	2,156	75%
COHORT 2 (2013)	713	444	62%	62	9%	506	71%
COHORT 3 (2014)	734	190	26%	281	38%	471	64%
COHORT 4 (2015)	982	32	3%	666	68%	698	71%
COHORT 5 (2016)	1,352	8	1%	1,134	84%	1,142	84%
COHORT 6 (2017)	1,751	-	-	-	-	-	-
<b>Total C1-C5 Participants</b>	<b>6,668</b>	<b>2,829</b>	<b>42%</b>	<b>2,144</b>	<b>32%</b>	<b>4,973</b>	<b>75%</b>

# Bachelor's Degrees Earned

- **2,829 Scholars** have earned **2,938 bachelor's degrees**
- Of bachelor's degrees earned:
  - 84% are in STEM or health care fields
    - 19% of degrees are in engineering
    - 18% of degrees are in biology
    - 17% of degrees are in health care
    - 9% of degrees are in computer science

Degrees in STEM Fields



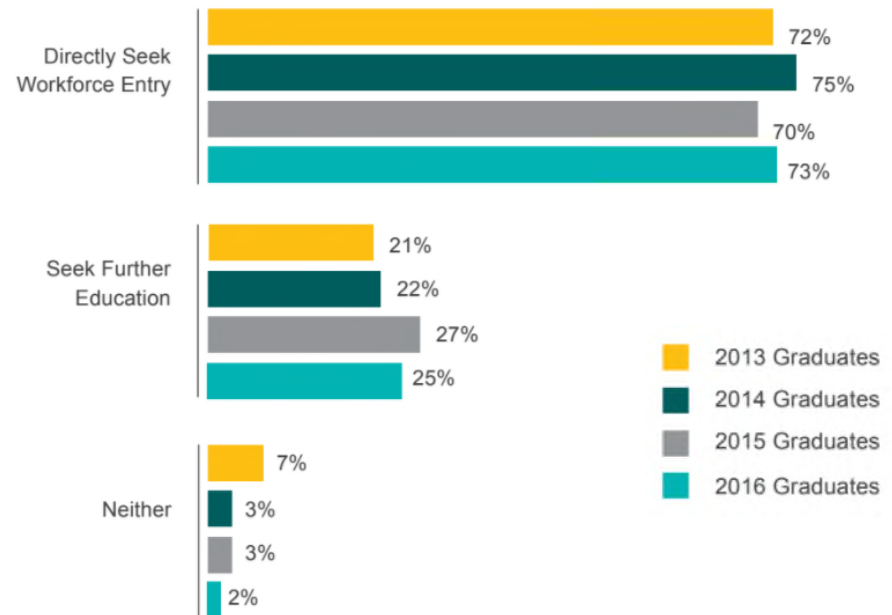
# Graduates Outcomes

- **WSOS graduates** over the last four years, on average:

- **73%** seek direct workforce entry
- **24%** attend graduate school
- **4%** do neither

- **40%** of employed graduates received **two or more job offers** in their field of study.

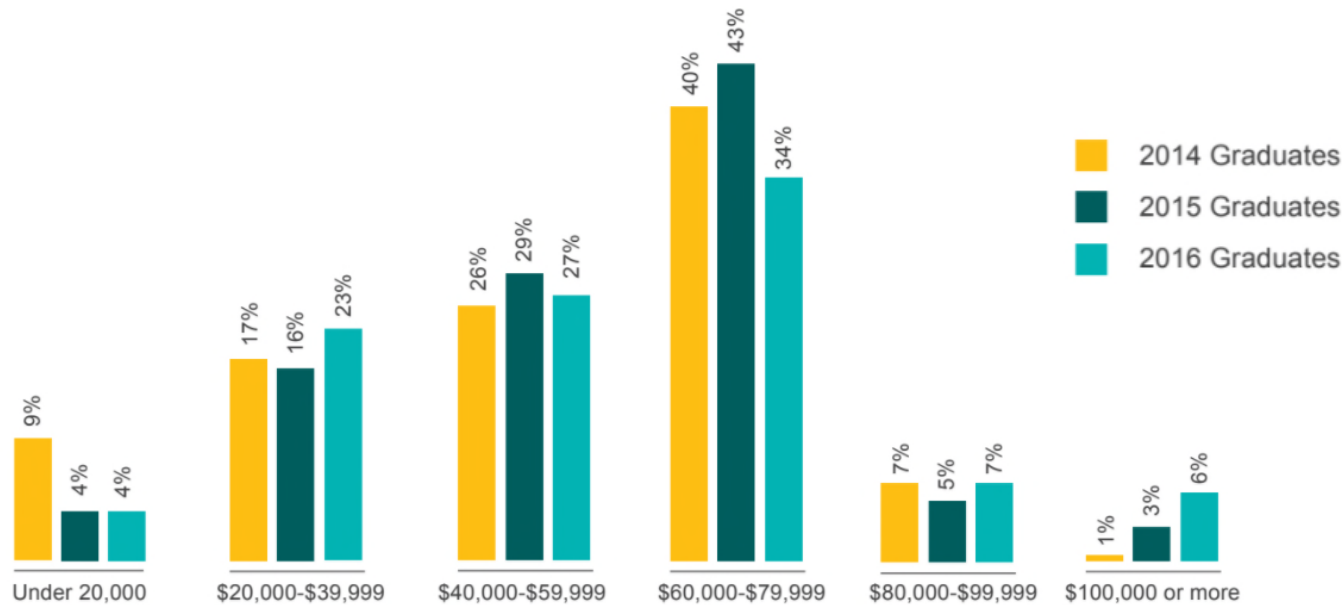
- **Nine out of ten** graduates who sought work were employed within nine months.





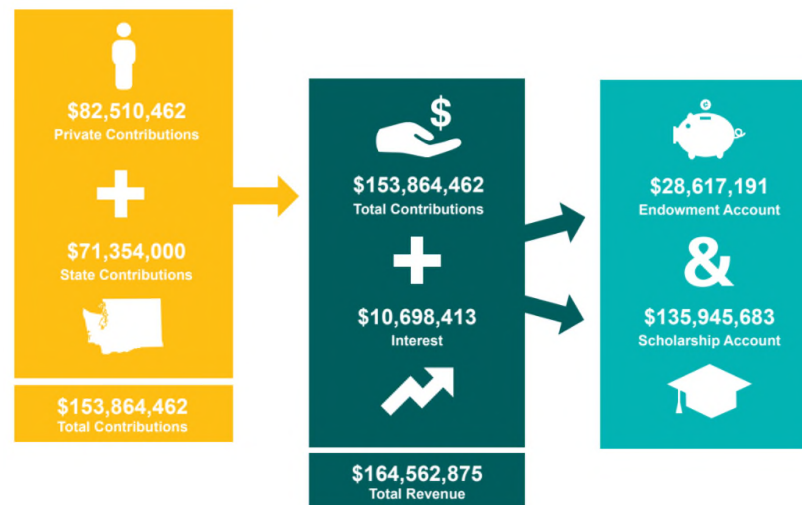
# Graduates Outcomes

- **Most (61%)** 2016 graduates employed full-time in their field of study **earn between \$40,000 and \$79,000 per year**. The greatest proportion (34%) earn between \$60,000 and \$79,999.



# Key Achievements

- Total enrollment 2017-18: **3,895**
- **Most (88%)** WSOS graduates across the first four cohorts, employed in their field of study **stayed in Washington state.**
- Scholarship dollars by year-end 2017-18: **Nearly \$50M**



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# **Tab D**

## **WSOS 3.0 Implementation of Growth Options & 2018 Budget**



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# WSOS 3.0 Growth Options

# Options & Recommendations to WSOS Board at October 2017 Board Meeting

## Recommendation 1

**Improve scholar retention**



**Highest potential for impact in shortest time horizon. 2,250 more students retained at a cost of \$22.4M**

## Recommendation 2

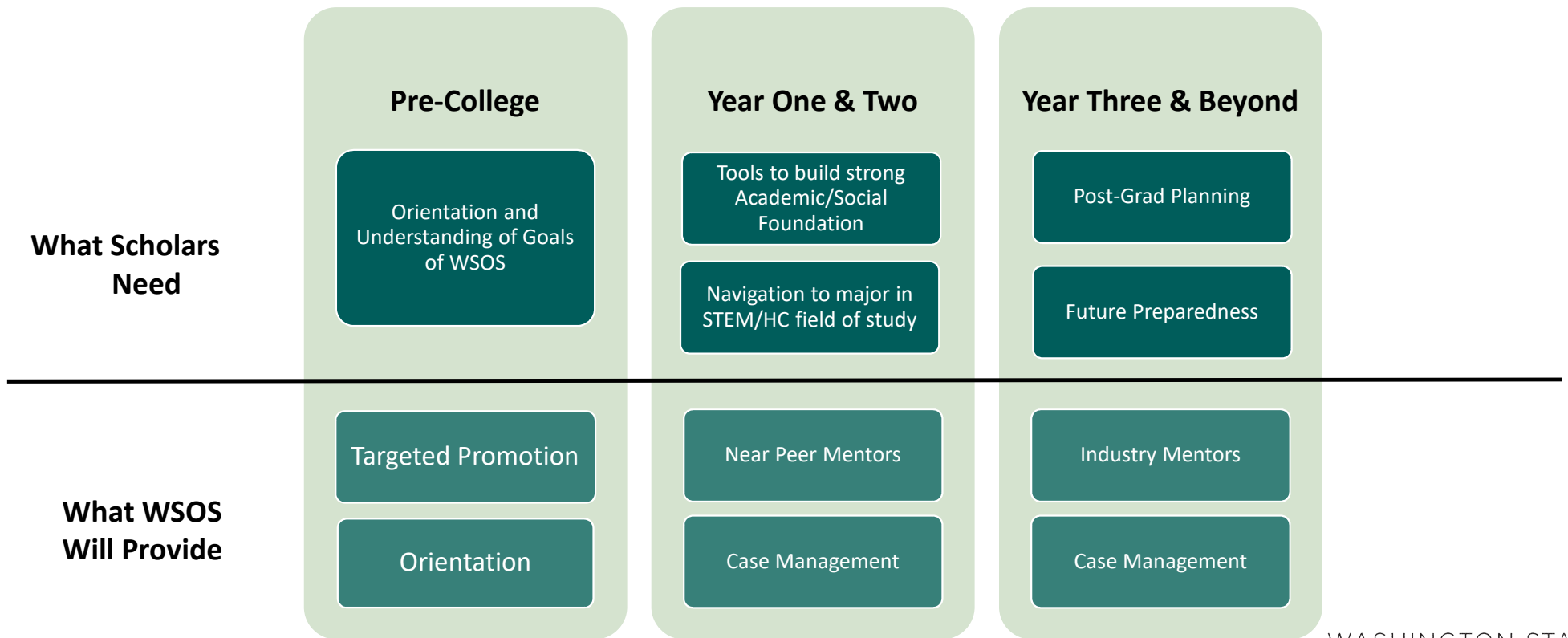
**Extend to Fall Start 2025 (Cohort 14)**



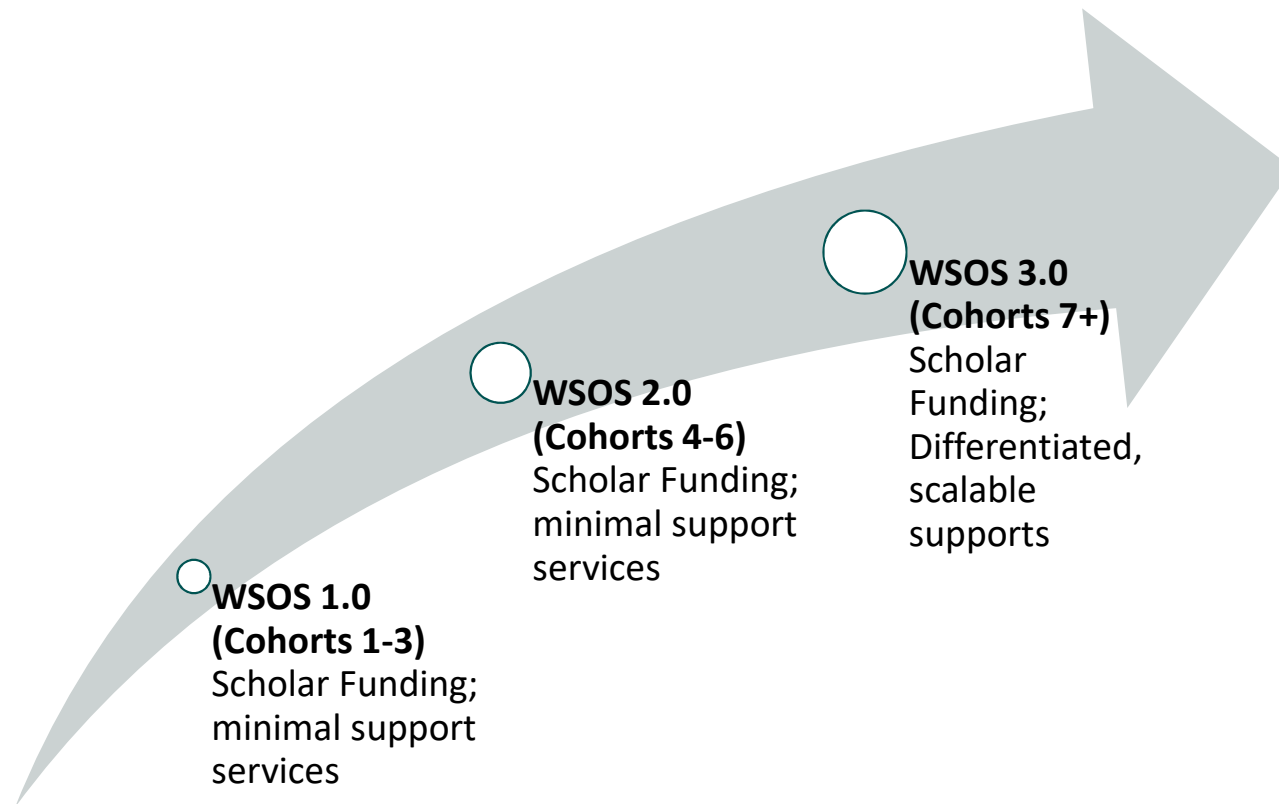
**2,200 more students at a total cost of \$28.7M (may flex with retention)**

**WSOS Board voted to invest in improving scholar retention and extending award until 2025**

# Scholar needs vary by year: we must provide full-cycle support



# WSOS Scholar User-Experience Timeline



# Hit Refresh: WSOS 3.0

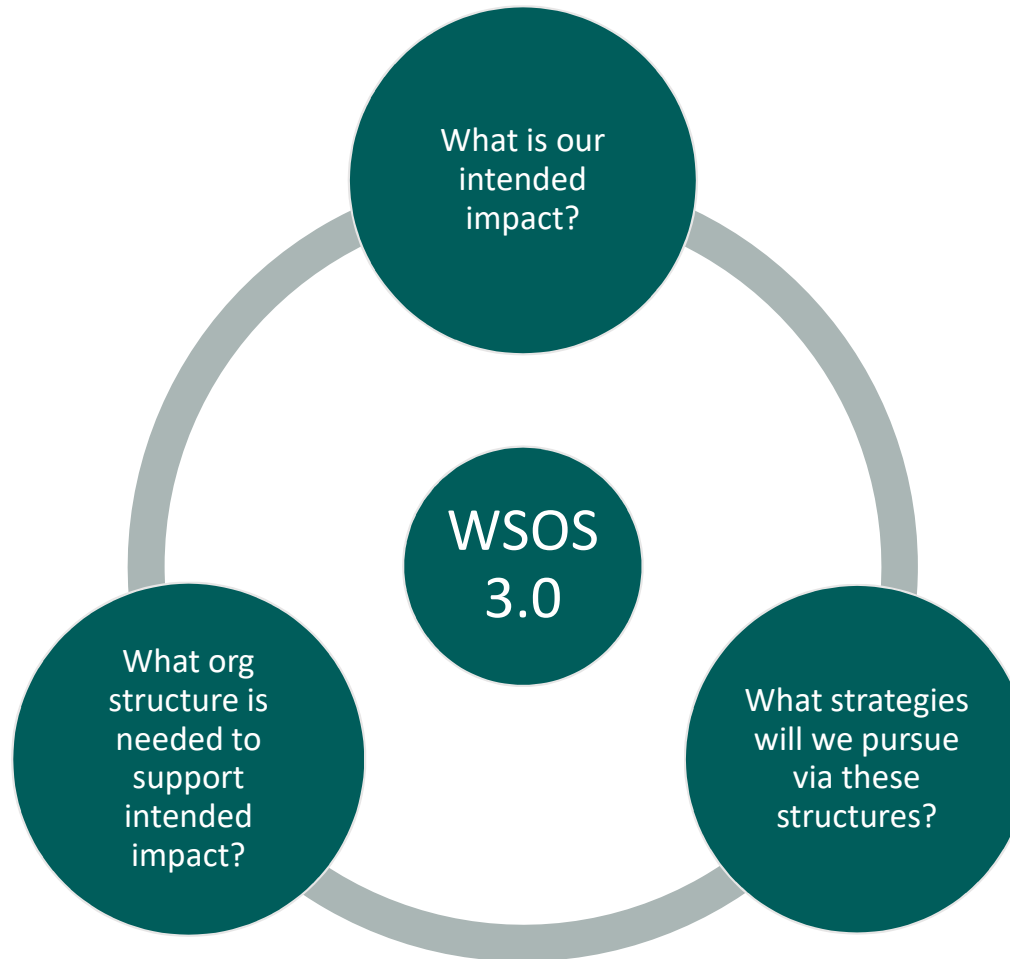




# Key Themes

- Clarity about the intended impact
- Provide structures for team members to develop deeper functional expertise
- Scholar-facing services vs. capacity building activities
- Industry verticals vs. geographic focus

# WSOS 3.0: Questions We Considered



# What is our Intended Impact?

Earn a bachelor's degree in a high-demand, STEM or health care field in 5 years or less

Gain employment in field of study in WA State within 9 months of graduation

**THEORY OF CHANGE** | Continuum of Differentiated Support

# What is the organizational structure needed to support intended impacts?

## Awards

- Mitigating financial burden

## Persistence

- Year-to-year map of success for persistence & graduation

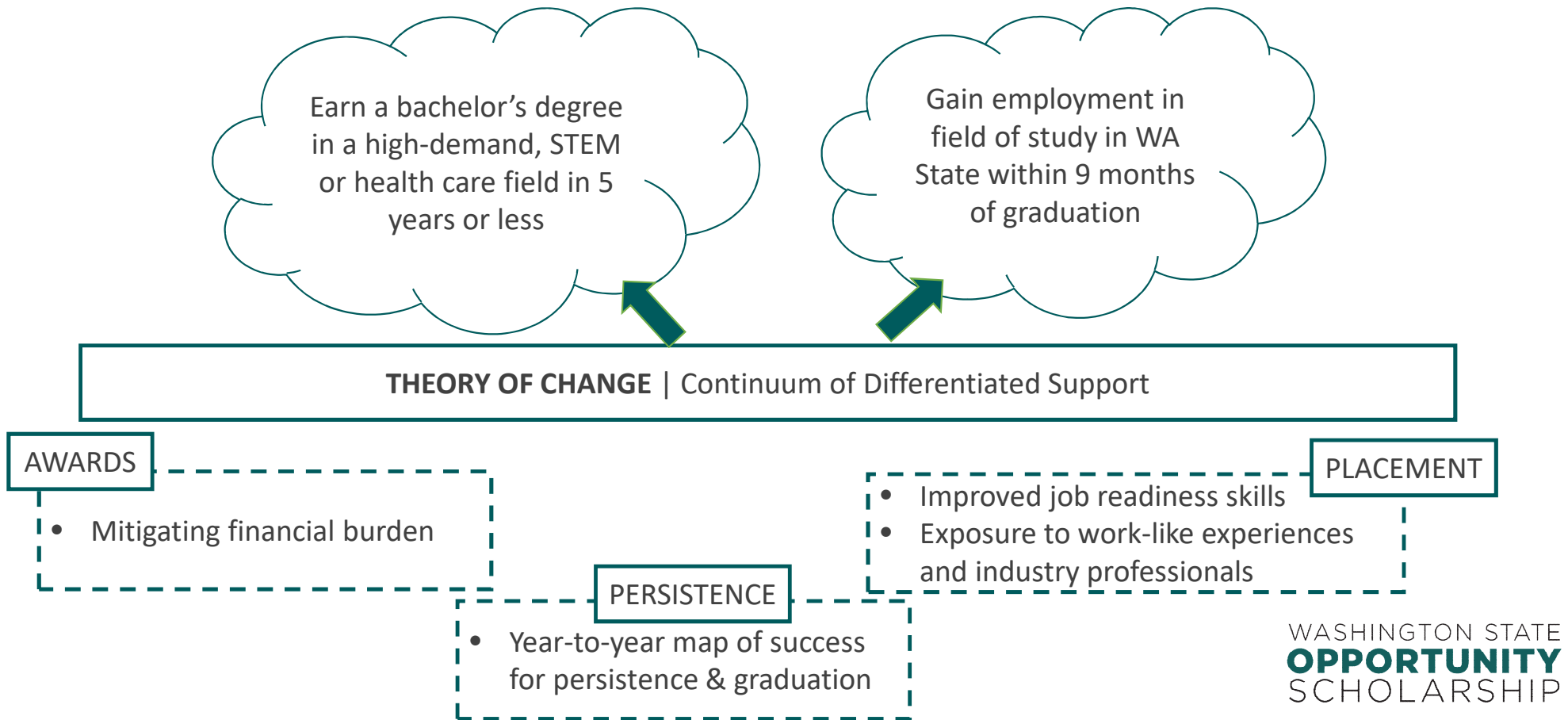
## Placement

- Improved job-readiness skills
- Exposure to industry professionals and work-like opportunities

## Capacity Building

- Resource Development
- Communications Support
- Operations

# Theory of Change and Intended Impact

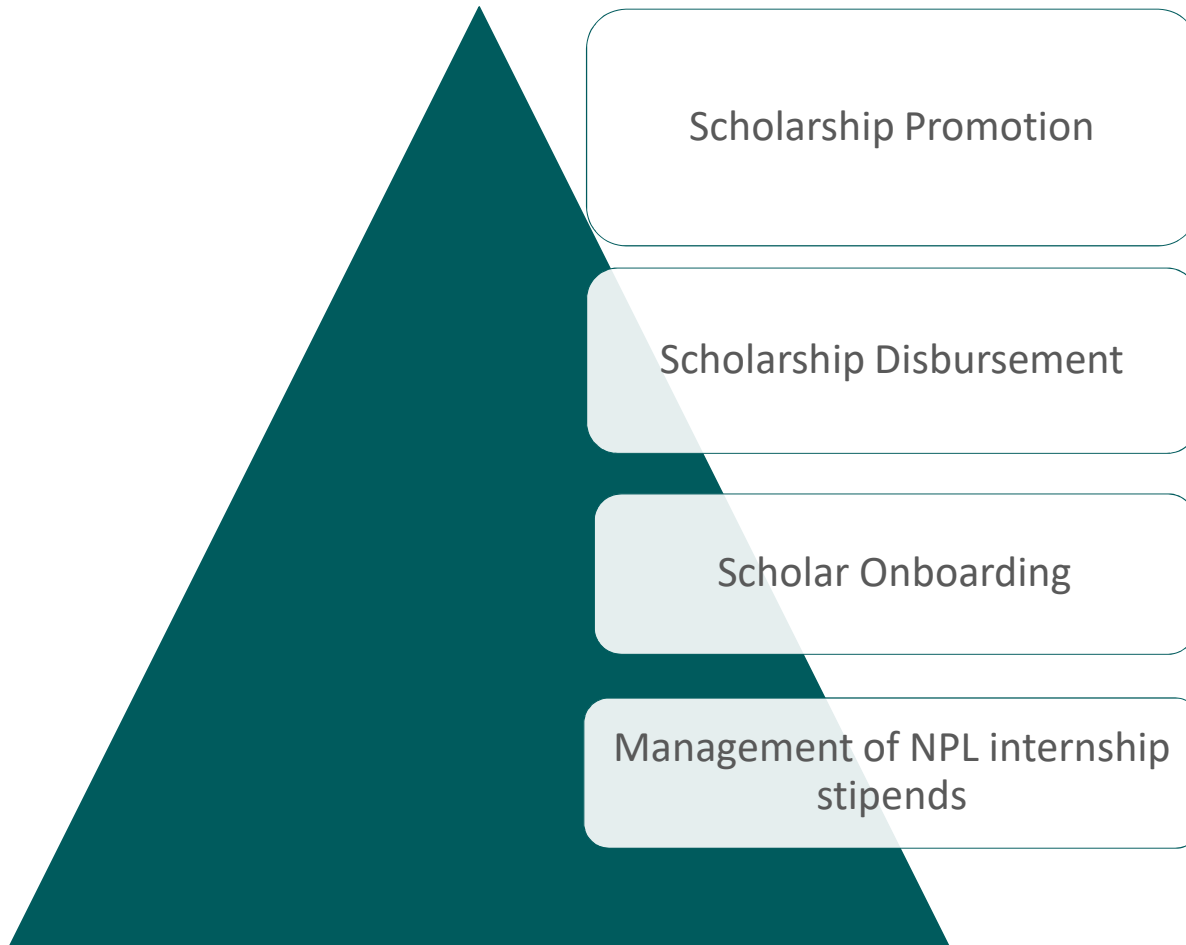




# AWARDS STRATEGY

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# Awards Strategies





# PERSISTENCE STRATEGY

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# Persistence Strategies

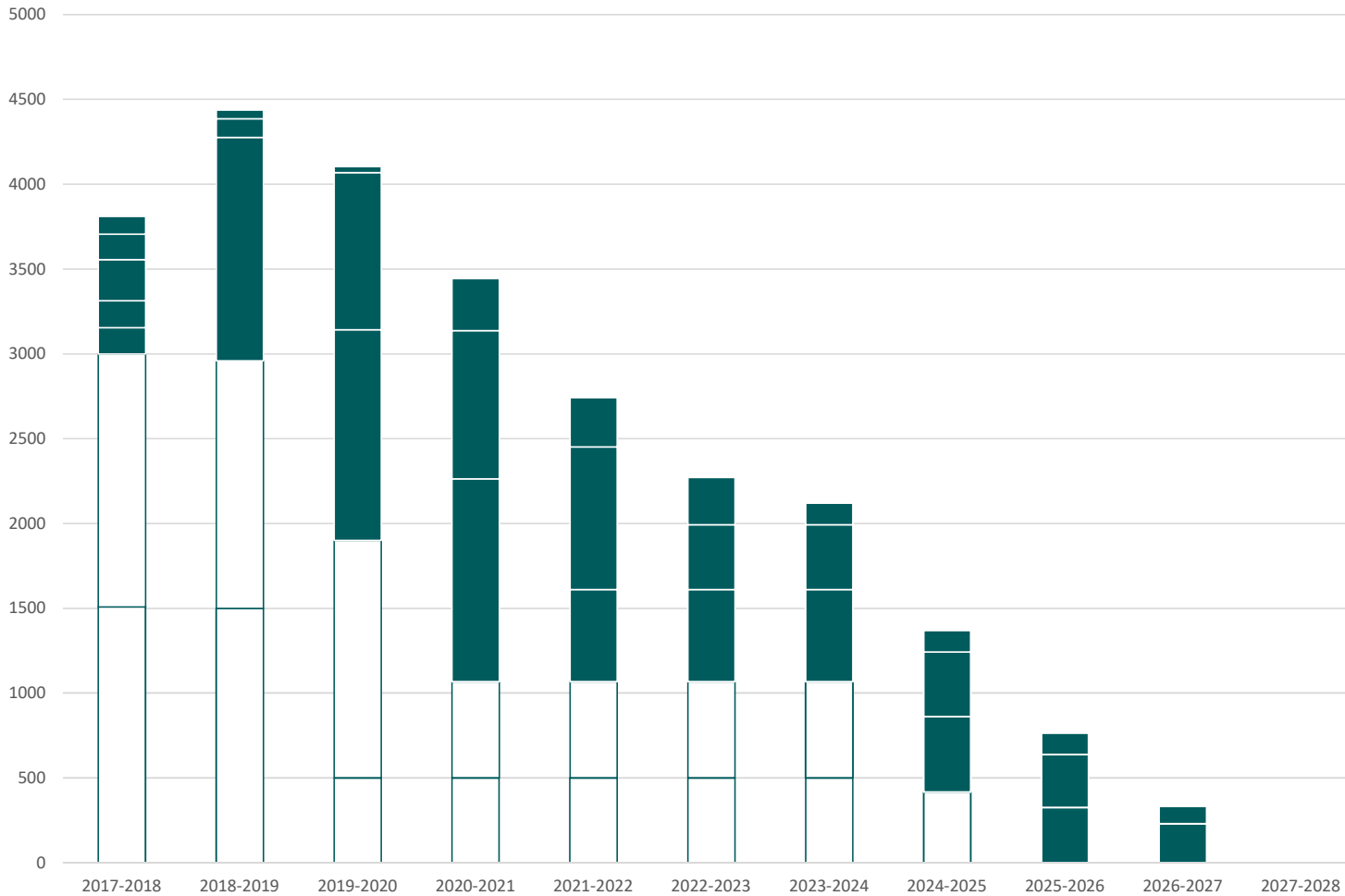




# PLACEMENT STRATEGY

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WSOS Scholar Placement Populations  
2017-2027



**First two years:**

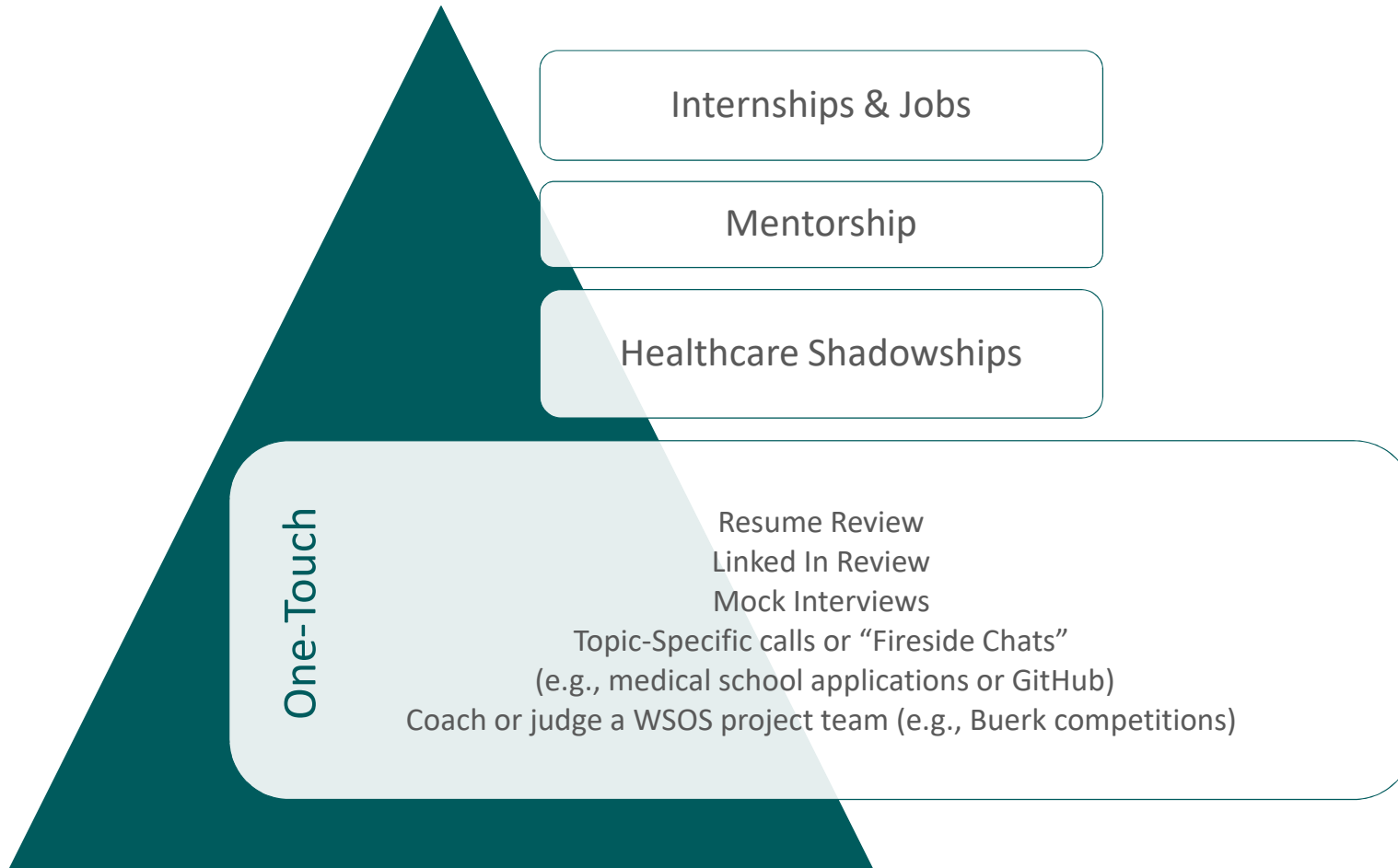
- Large “Persistence” caseload
- Smaller “Placement” caseload

**Third year & beyond:**

- Shrinking “Persistence” caseload
- Growing “Placement” caseload

\*Graphic uses average year-over-year persistence rates provided in the Scholarship Model and the projected accepted cohort sizes through 2025.

# Placement Strategies

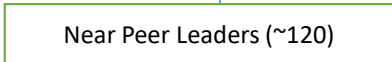
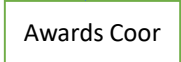
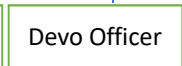
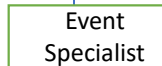
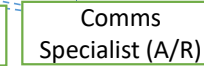
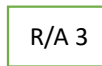
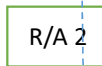
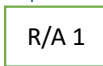
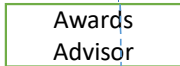
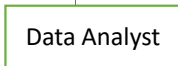
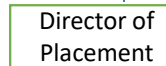
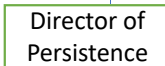
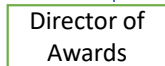




# ORGANIZATIONAL CHART

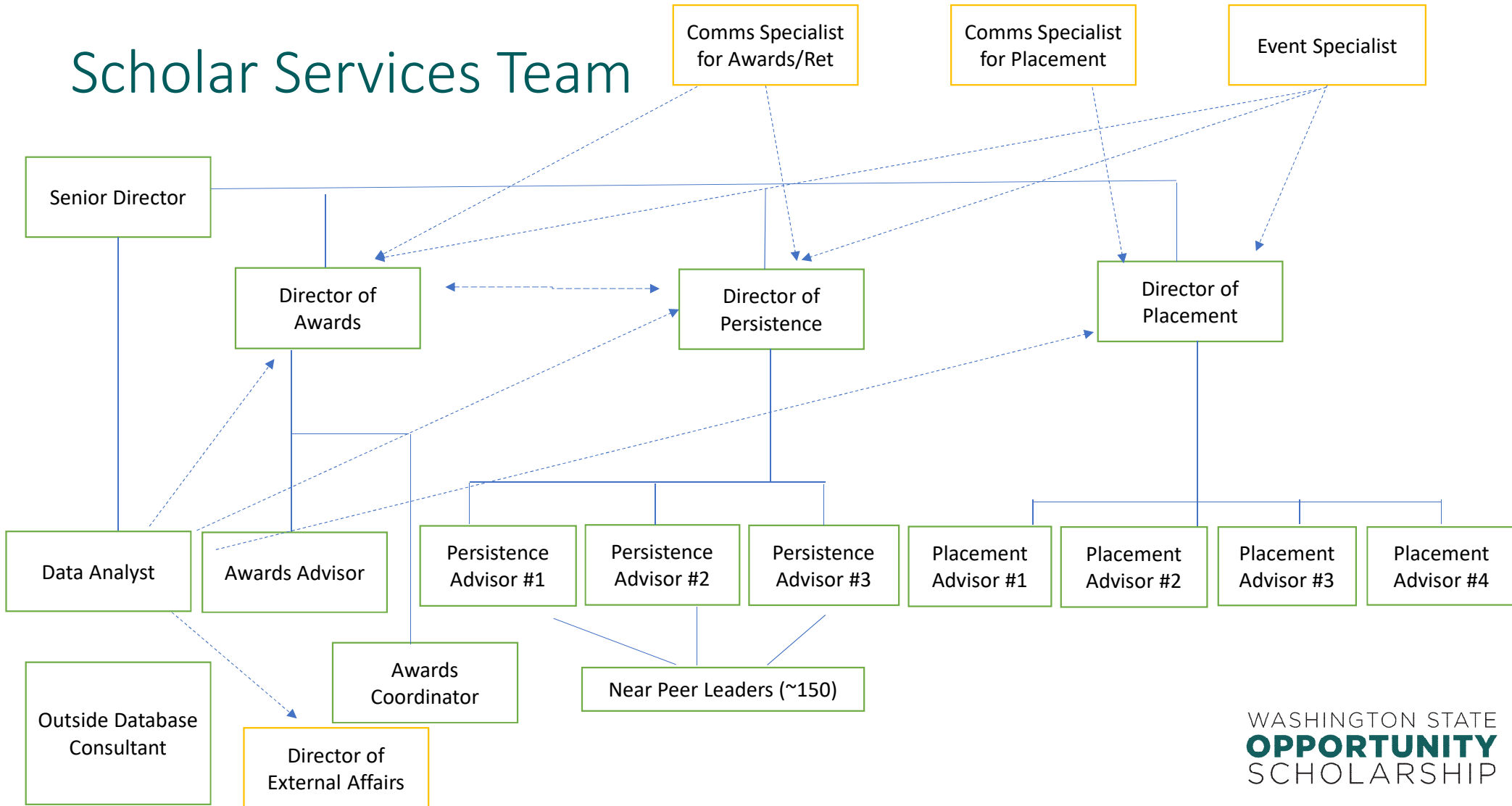
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# WSOS 3.0 Staffing



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# Scholar Services Team



# Scholar Services Team: Key Activities

## Awards

- Promotion strategy
- Application content
- Selection, acceptance, increases, petitions & renewal processes
- Awarding (disbursements, refunds, reconciliation, NPL compensation)
- Client support for Scholars & colleges
- Website updating (re: eligibility, application)
- Scholar onboarding
- Scholar & School Portal content

## Persistence

- Design & management of Near Peer Leader program:
  - Lead on developing milestones in conjunction with Awards
  - Incentives & disincentives for Scholar participation
  - Training for NPLs
  - Design & training of Advisors to support NPLs
  - Tracking progress in Scholar database

## Placement

- Direct services
  - Office hours
  - Skills That Shine
  - Sounding Board
- Indirect services
  - Recruiting & communicating opportunities in the field
  - Building connections & awareness of Scholars in the field
  - Providing opportunities in professional societies

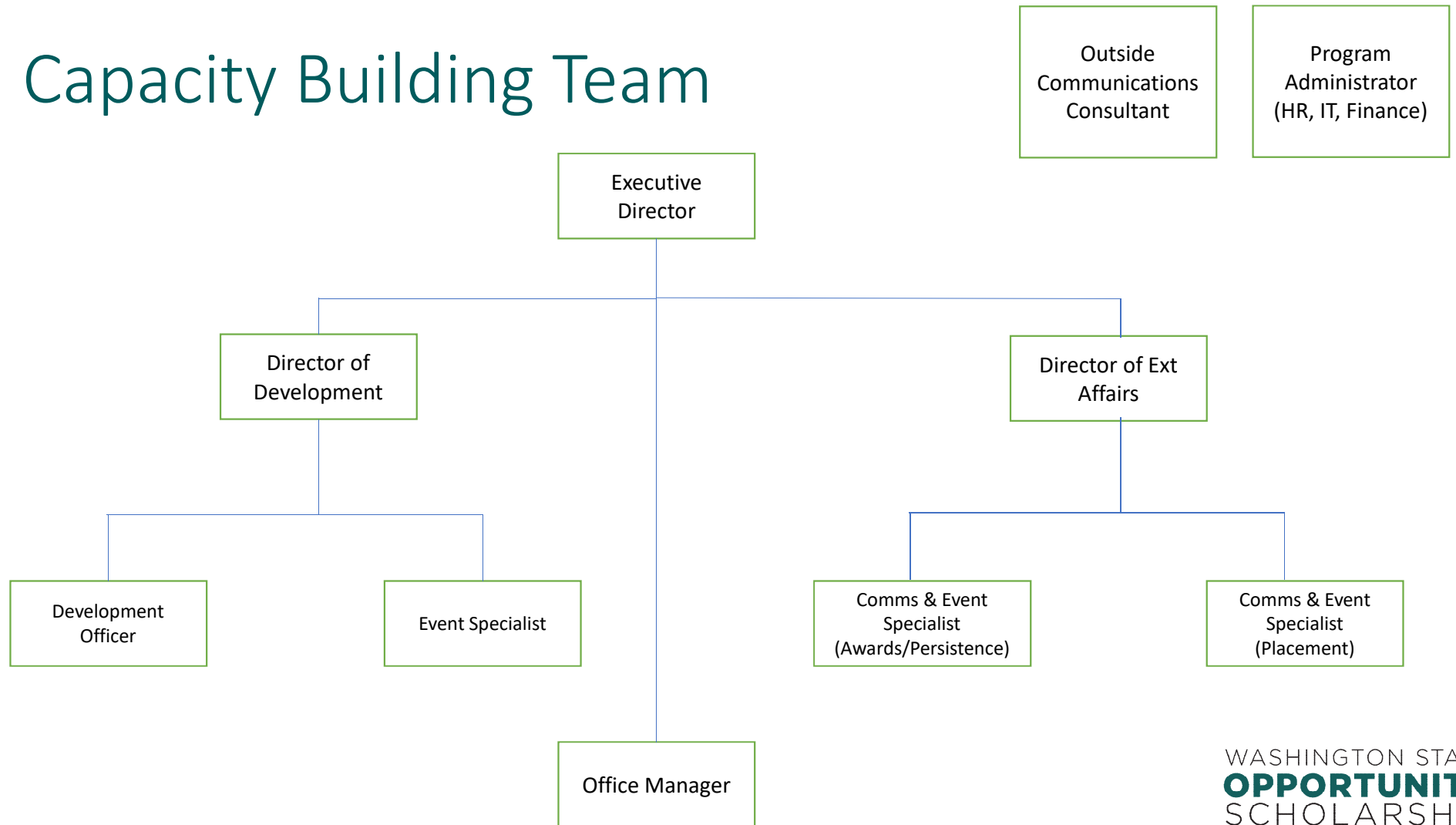
## Data & Reporting

- Oversight of Scholar database
  - Support for Scholar/School Portals, all form design (application, surveys)
  - Auditing data integrity
- Dashboard development
- Ad hoc reporting
- Legislative Report content analysis
- Post Graduate Survey design, administration and reporting
- Support for tracking milestones

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# Capacity Building Team



# Capacity Building Team: Key Activities

## Fundraising

- Breakfast
- Oversight of events
- Annual giving
- Major gift for potential WSOS expansion to professional/technical & advanced health care degrees
- Lobbying and Government Advocacy

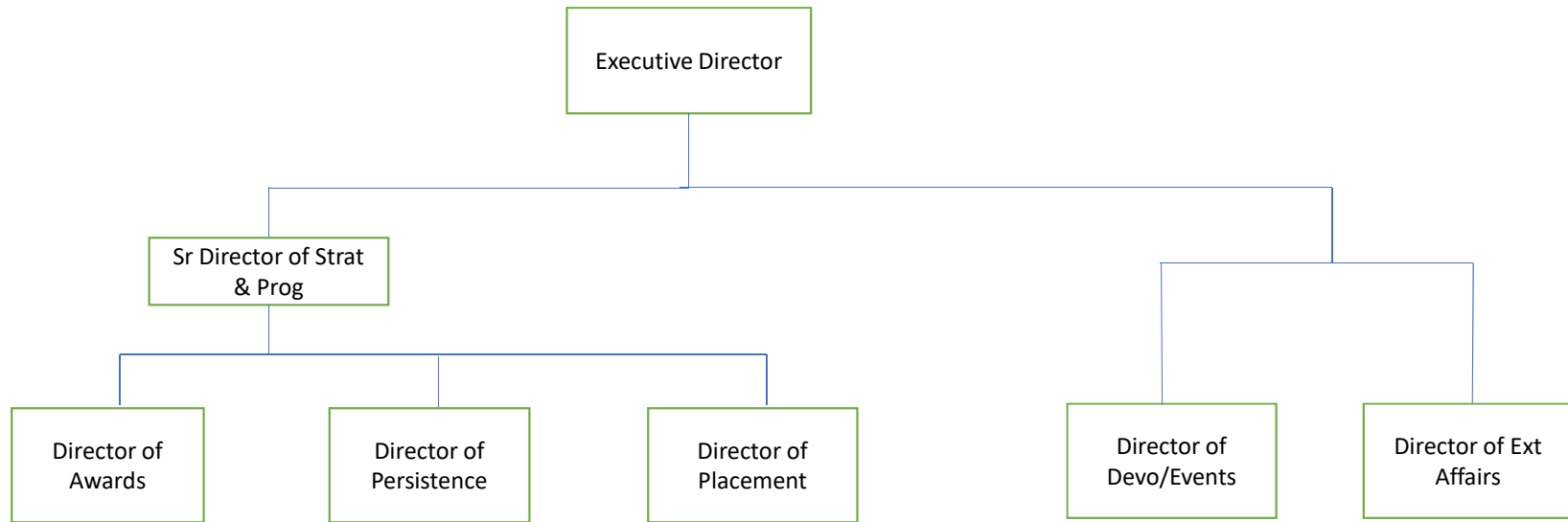
## Communications

- Scholarship promotion/notification/onboarding
- Enrolled Scholar communications
- Social media
- Website
- Design of collateral (including Leg Report)
- Media
- Regional WSOS Roadshow

## Operations

- Board Relations
- Management of Washington STEM relationship
- Office space, technology, asset management, etc.
- Meeting structure
- Professional development for staff
- Tech Support

# Leadership Team



## Looking to 2018

- Develop organizational core competencies
- Onboard new team members
- Leadership and professional development
- Focus on equity



# 2018 WSOS BUDGET

# Proposed 2018 WSOS Budget

**\$ IN THOUSANDS**

	<b>2017 Budget</b>	<b>2018 Budget</b>	<b>Variance</b>
<b>REVENUE</b>	<b>10,000</b>	<b>3,960</b>	<b>(6,040)</b>
<b>SCHOLARSHIP EXPENSE</b>	<b>21,247</b>	<b>24,071</b>	<b>2,824</b>
Salaries, Taxes, and Benefits	1,225	1,922	697
Administrative Fee	377	419	42
Other	302	322	20
<b>OPERATING EXPENSES</b>	<b>1,904</b>	<b>2,663</b>	<b>759</b>
<b>NEAR PEER MENTORING</b>		<b>189</b>	<b>189</b>

# 2018 WSOS Budget | Key Assumptions

- Revenue comprised of \$1.2 million event and other private gifts plus \$2.8 million investment income; state match revenue expected but not budgeted
- Personnel costs include addition of 6 new positions aligned with program enhancements
- Payments to near peer mentors begin summer 2018 for first year of this program
- Renewal of Program Administration contract with estimated 10% increase starting July 2018

# WSOS

## Graduation Metrics & Financial Projection Summary Results

Inception - June 30, 2030

Updated as of 12/21/2017

### Projected Key Metrics/Outcomes:

	Current Projection 12/19/17
Total Number New Students/Cohorts Enrolled During the Period (Through C14, Fall Start 2025)	15,970
Total Number Students Graduated During the Period (Through FYE 6/30/30)	9,316
Graduation Percentage (All Students Enrolled)	58%

### Projected Key Financial Information:

	Endowment	Scholarship	Total
Beginning Cash Balance March 1, 2012	\$ -	\$ -	\$ -
<b>Cash Receipts:</b>			
Private	12,500,000	94,802,265	107,302,265
Public	12,500,000	93,602,265	106,102,265
Investment Income	9,814,522	21,692,500	31,507,022
<b>Total Cash Receipts</b>	<b>34,814,522</b>	<b>210,097,030</b>	<b>244,911,552</b>
<b>Expenditures:</b>			
Scholarships	-	(157,437,573)	(157,437,573)
Near Peer Mentoring	-	(1,570,968)	(1,570,968)
Program, General & Management	-	(27,324,907)	(27,324,907)
Program Enhancements	-	(5,777,427)	(5,777,427)
<b>Total Expenditures</b>	<b>-</b>	<b>(192,110,875)</b>	<b>(192,110,875)</b>
<b>Projected Net Cash Receipts Inception -- 6/30/2026</b>	<b>34,814,522</b>	<b>17,986,155</b>	<b>52,800,677</b>
<b>Projected Outstanding Assets &amp; Liabilities as of June 30, 2026:</b>			
Plus: Pledge & Other Receivables Due From State	-	1,200,000	1,200,000
Less: Scholarship & Other Liability Commitments	-	(12,729,199)	(12,729,199)
Less: Near Peer Mentoring	-	(49,500)	(49,500)
Less: Projected Program & Gen'l Mngmt Expenditures to Support Scholarships & Internships Run-off through FYE 2030 (4 yrs at \$1,250,000 per yr)	-	(3,000,000)	(3,000,000)
<b>Projected "Net Asset" Balance June 30, 2026</b>	<b>\$ 34,814,522</b>	<b>\$ 3,407,457</b>	<b>38,221,979</b>
<b>Projected Net Asset Composition by Fund as of 6/30/2026:</b>			
Endowment Fund			\$ 34,814,522
Scholarship Fund			3,407,457
<b>Total Combined Net Assets</b>			<b>\$ 38,221,979</b>



**WSOS - Annual  
Summary Cash Flow Projection**

Inception - June 30, 2026

Updated as of December 21, 2017

	Actual	Actual	Projected -- Fiscal Year Ended June 30									Total
	Inception - 1/31/2017	2017 (5 Months)	2018	2019	2020	2021	2022	2023	2024	2025	2026	Inception - FYE 2026
<b>Endowment Account</b>												
<b>Beginning Balance</b>	-	24,970,844	26,098,400	28,823,300	29,500,741	30,192,251	30,906,698	31,644,953	32,398,645	33,177,494	33,982,455	-
<b>Sources:</b>												
<b>Cash Contributions</b>												
Private	12,500,000	-	-	-	-	-	-	-	-	-	-	12,500,000
Advance by Scholarship to Endowment	1,016,414		(1,016,414)	-	-	-	-	-	-	-	-	-
State Match-Appropriated & Received	10,000,000		2,500,000	-	-	-	-	-	-	-	-	12,500,000
<b>Investment Income</b>	1,460,243	1,127,556	1,241,314	677,441	691,509	714,447	738,255	753,692	778,849	804,961	832,067	9,820,335
<b>Total Endowment Fund Receipts</b>	<b>24,976,657</b>	<b>1,127,556</b>	<b>2,724,900</b>	<b>677,441</b>	<b>691,509</b>	<b>714,447</b>	<b>738,255</b>	<b>753,692</b>	<b>778,849</b>	<b>804,961</b>	<b>832,067</b>	<b>34,820,335</b>
<b>Uses:</b>												
<b>Endowment Account Expenses</b>	(5,813)	-	-	-	-	-	-	-	-	-	-	(5,813)
<b>Ending Cash Balance Endowment</b>	<b>24,970,844</b>	<b>26,098,400</b>	<b>28,823,300</b>	<b>29,500,741</b>	<b>30,192,251</b>	<b>30,906,698</b>	<b>31,644,953</b>	<b>32,398,645</b>	<b>33,177,494</b>	<b>33,982,455</b>	<b>34,814,522</b>	<b>34,814,522</b>
Annual scholarships that can be paid @ \$5,000 per year investment income received. Before allocation of admin fees.	-	292	226	248	135	138	143	148	151	156	161	166
												1,964

# WSOS - Annual Summary Cash Flow Projection

Inception - June 30, 2026

Updated as of December 21, 2017

	Actual	Actual	Projected -- Fiscal Year Ended June 30									Total	
	Inception - 1/31/2017	2017 (5 Months)	2018	2019	2020	2021	2022	2023	2024	2025	2026	Inception - FYE 2026	
<b>Scholarship Account Account</b>													
<b>Beginning Balance</b>	-	61,164,231	87,977,385	95,040,440	97,200,522	85,227,688	67,936,515	49,839,197	36,008,047	28,361,022	22,970,910	-	
<b>Sources:</b>													
<b>Contributions</b>													
Private Other & Event	4,077,265	750,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	15,627,265	
Private Large	57,475,000	6,500,000	7,700,000	7,500,000	-	-	-	-	-	-	-	79,175,000	
Advance by Scholarship to Endowment	(1,016,414)	-	1,016,414	-	-	-	-	-	-	-	-	-	
State Match-Appropriated & Received	40,354,000	21,000,000	(2,500,000)	-	-	-	-	-	-	-	-	58,854,000	
State Match-Appropriated Not Billed to State	-	-	11,200,000	4,000,000	-	-	-	-	-	-	-	15,200,000	
State Match-Unappropriated	-	-	-	6,000,000	6,348,265	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	19,548,265	
<b>Investment Income</b> (Including Unrealized G(L))	2,984,976	2,113,642	3,677,796	2,144,840	2,300,292	2,186,633	2,027,624	1,508,195	1,111,445	894,417	742,641	21,692,500	
<b>Total Scholarship Fund Receipts</b>	<b>103,874,827</b>	<b>30,363,642</b>	<b>22,294,210</b>	<b>20,844,840</b>	<b>9,848,557</b>	<b>4,586,633</b>	<b>4,427,624</b>	<b>3,908,195</b>	<b>3,511,445</b>	<b>3,294,417</b>	<b>3,142,641</b>	<b>210,097,030</b>	
<b>Uses:</b>													
<b>Scholarships</b>	(34,517,356)	(2,382,771)	(12,149,154)	(15,070,940)	(18,028,736)	(18,059,005)	(18,654,251)	(14,998,149)	(9,198,684)	(7,274,465)	(7,104,061)	(157,437,573)	
<b>Near Peer Mentoring</b>	-	-	-	(377,718)	(394,750)	(251,000)	(124,500)	(105,750)	(105,750)	(105,750)	(105,750)	(1,570,968)	
<b>Program Operations</b>	(8,193,240)	(1,167,717)	(3,082,000)	(3,236,100)	(3,397,905)	(3,567,801)	(3,746,191)	(2,635,445)	(1,854,036)	(1,304,314)	(917,585)	(33,102,334)	
<b>Total Scholarship Fund Disbursements</b>	<b>(42,710,596)</b>	<b>(3,550,488)</b>	<b>(15,231,154)</b>	<b>(18,684,759)</b>	<b>(21,821,391)</b>	<b>(21,877,805)</b>	<b>(22,524,942)</b>	<b>(17,739,345)</b>	<b>(11,158,470)</b>	<b>(8,684,529)</b>	<b>(8,127,396)</b>	<b>(192,110,875)</b>	
<b>Ending Cash Balance Scholarship</b>	<b>61,164,231</b>	<b>87,977,385</b>	<b>95,040,440</b>	<b>97,200,522</b>	<b>85,227,688</b>	<b>67,936,515</b>	<b>49,839,197</b>	<b>36,008,047</b>	<b>28,361,022</b>	<b>22,970,910</b>	<b>17,986,155</b>	<b>17,986,155</b>	
<b>Number of Scholarship Recipients:</b>													
<b>Number New Scholarship Recipients - Per Yr</b>	<b>5510</b>	<b>1,378</b>	<b>1,782</b>	<b>1,850</b>	<b>1,850</b>	<b>700</b>	<b>700</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>550</b>	-	
<b>Number Enrolled Scholarship recipients - Total</b>	<b>5510</b>	<b>6,888</b>	<b>8,670</b>	<b>10,520</b>	<b>12,370</b>	<b>13,070</b>	<b>13,770</b>	<b>14,320</b>	<b>14,870</b>	<b>15,420</b>	<b>15,970</b>	<b>15,970</b>	
<b>Number of Graduates:</b>													
<b>Number New Graduates - Per Yr</b>	<b>2,285</b>	<b>307</b>	<b>430</b>	<b>603</b>	<b>792</b>	<b>1,101</b>	<b>1,218</b>	<b>725</b>	<b>409</b>	<b>373</b>	<b>373</b>	-	<b>699</b>
<b>Number New Graduates - Cumulative Total</b>	<b>2,285</b>	<b>2,593</b>	<b>3,022</b>	<b>3,626</b>	<b>4,418</b>	<b>5,519</b>	<b>6,737</b>	<b>7,462</b>	<b>7,871</b>	<b>8,244</b>	<b>8,618</b>	<b>8,618</b>	<b>9,316</b>

# **Tab E**

## **WSOS Activities Update**

## **WSOS ACTIVITIES UPDATE | December 2017**

### **PROGRAM UPDATE**

#### **WSOS AND WA STEM CHAMPIONS STRATEGY**

Promotion for Cohort 7 is underway! The Champions strategy is a partnership project with WSOS and Washington STEM. The purpose of this partnership is to work with the statewide STEM Network Directors in providing training about WSOS to area high school counselors and teachers. After completing this training, participants return to their schools and assist WSOS in the recruitment and application completion for the senior high school students in their communities. High school staff who attend the training are eligible to receive up to \$250.00 for student recruitment events associated with promotional activities for the scholarship. Leveraging the Champions strategy allows WSOS to grow the number of applicants for the program.

Over the coming months while the application for Cohort 7 is live, WSOS will periodically provide data to the STEM Network Directors on the students who have started and completed applications. In turn, they will distribute individual school-specific data to the counselors and teachers who attended the training as well as other school staff in their network. Providing this data to schools allows staff to encourage students to complete started applications and celebrate students who completed their application.

#### **DATABASE UPDATE**

WSOS is proud to announce the newly launched Scholar Portal. The portal went live on November 6, 2017. The portal is a secure, online gateway through our student database (WizeHive) where Scholars can access up-to-date information about their scholarship, promoting transparency and connectivity. Scholars are now able to view their contact information, college information and scholarship award amounts - pending and disbursed, 24/7. They can also use the portal to submit any requests and/or changes related to their scholarship.

In the first week of the launch, we received over 200 requests to update Scholars' information, indicating that the portal prompted students to review their information. This has been and continues to be a huge success that provides our Scholars a better overall experience and enhances our ability to streamline our processes in a faster and more efficient way.

Also, in the continued effort to provide excellent customer service for all our stakeholders, we launched the School Portal for our college partners on November 18, 2017. Our college partners can sign into a single, secure platform through WizeHive that displays all student disbursement information, customized for their institution. Access to real-time information allows our college partners to better serve our Scholars through faster application of scholarship funds and knowledge of upcoming disbursements. The portal has also been an excellent vehicle for communication between WSOS and institutions.

## SKILLS THAT SHINE

The WSOS 2017-18 Skills That Shine mentorship program has begun! Mentor-seeking sophomore, junior and senior Scholars have been or are being matched with mentors. The 2017-18 STS program strategy aims to match mentors and mentees through a staggered recruitment approach that prioritizes the participation of Scholars in their senior year. A restructured collection of six professional development modules is available to our 157 mentor-mentee teams whose number grow with each day.

## WASHINGTON STEM SUMMIT

Eight WSOS Scholars took time away from cramming for winter finals to graciously attend the 2017 STEM Summit at Microsoft. As the face of tomorrow's future leaders in STEM, Patrick Old, Becky Darrow, Jose Enrique Campos, Jenna Truong, Jonathan Cady, Alby-Yasmeen Sumague, Jose Valdovinos and Citlatly Ramirez facilitated break-out sessions and participated in panel discussions designed by Washington STEM to highlight rising and best practices happening around the state to broaden and expand the participation of young people in STEM fields.

## DEVELOPMENT AND ADVOCACY

### GEEKS GIVE BACK CAMPAIGN

This year, we were again delighted to be featured as the sole beneficiary of GeekWire's Geeks Give Back campaign. As a part of this partnership, WSOS Scholar Citatly Ramirez had the opportunity to speak from the main stage to nearly 1000 attendees at the GeekWire Summit. Citatly was introduced to the stage by WSOS Board Chair Brad Smith and made moving remarks about her experience as a Dreamer in the United States.



### OPPORTUNITYTALKS

Our third annual fundraising breakfast was another huge success with nearly 900 individuals in attendance. With the \$250,000 Rubens Family Foundation match challenge, we raised nearly \$1.2M for Scholar scholarships!



We were also delighted to hear from our inspiring speakers - Derek Thompson, bestselling author of **Hit Makers: The Power of Popularity in an Age of Distraction** and WSOS Scholar Lyn Boyd. In addition, this year, our co-emcee was WSOS Scholar (and University of Washington Associated Student Body President) Osman Saluhuddin. It was an energetic morning and audience members left invigorated!

A special thank you to WSOS Board member Jim Sinegal for co-chairing the breakfast and for everyone who attended, hosted a table and provided support!

**Mark your calendar for next year's OpportunityTalks on October 10, 2018!!**

## **WSOS BILL UPDATE (SHB 1452 AND 2143)**

During the upcoming supplemental legislative session, we will continue our work to advocate for SHB 1452 which would (1) provide WSOS the opportunity to fund students for professional/technical degree programs, (2) allow the use of the Washington Application for Student Financial Aid (WASFA) to determine income eligibility for renewing Scholars, and (3) clarify the role of the WSOS program administrator. In addition to SHB 1452, WSOS will support SHB 2143 which would allow WSOS to fund students pursuing advanced health care degrees with a service obligation (underrepresented urban and rural areas). We believe that both bills will move quickly to the Senate for consideration. We are working closely with the State Board of Community and Technical Colleges as well as key higher education partners to develop our advocacy strategy and move these bills forward.

In addition to SHB1452 and SHB 2143, we will work to receive an appropriation for approximately \$12.8M - the state-match funds which have been received and not yet matched by the State.

## **MEDIA**

The following is a roundup of earned and sponsored WSOS media coverage from late September through December. We are grateful to partners like Microsoft and Geekwire for their leadership and support in amplifying our message. Strong coverage across media outlets allows us to increase awareness of WSOS and promote our work across the state.

### **MEDIA COVERAGE SUMMARY**

- **Providing Opportunity to WA Students is a Wise Investment** | Geekwire, September 27
- **Hanson Consulting Group Teams Up with WSOS to Open Doors** | Geekwire, October 20
- **130 WSOS scholars at UW Bothell, most ever** | UW Bothell, October 27
- **Podcast: Professional life can be a tough, lonely experience — but ‘The Grind’ aims to help** | Geekwire, November 8
- **Geeks Give Back: Help us raise more than \$1 million for STEM education** | Geekwire, November 13
- **UW Student Dreams of Drones** | Geekwire, December 5
- **Higher education struggling to catch up to tech workforce demand** | Seattle Times, December 8
- **Enabling economic opportunity for Washington’s students** | Microsoft On the Issues, December 15
- **UW a leader in supporting Washington’s STEM students** | UW News, December 21

## **SOCIAL MEDIA**

Social engagement continues to grow rapidly and remains a key channel through which we communicate with Scholars, community partners and the public.

Key social media growth and impressions September 20, 2017 – December 18, 2017:

### Facebook

- » 3,262 page likes October 2, 2017
- » 3,338 page likes December 18, 2017 **(+2%)**
- » Total impressions (paid & organic): **4451**

### Twitter

- » 1601 followers September 20, 2017
- » 1,668 followers December 18, 2017 **(+4%)**
- » Total impressions (paid & organic): **58,300**



# **Tab F**

## **Finance & Program Administrator Update**



## Agenda

### **WSOS Investment & Finance Committee Meeting**

*December 15, 2017, 1:00pm - 2:00 pm*

Call-in: 800-582-3014 – PIN: 13389906  
Washington STEM Discovery Conference Room

- |     |  |            |
|-----|--|------------|
| 1.  | Call to Order & Introductions            | Mack H.    |
| 2.  | Approval of September 29, 2017 Minutes   | Mack H.    |
| 3.  | Financial Statements                     | Cindy G.   |
| 4.  | WSOS 2.0 Growth Plan                     | Naria S.L. |
| 5.  | Legislative Update                       | Naria S.L. |
| 6.  | WSIB Investment Review                   | Chris P.   |
| 7.  | Scope of Work for RFP Working Group      | Bob M.     |
| 8.  | Program Administrator Review of Key Work | Cindy G.   |
| 9.  | Other Business                           | Mack H.    |
| 10. | Executive Session                        | Mack H.    |

**NEXT MEETING: To be scheduled prior to the  
April 16<sup>th</sup> Board Meeting**

## **Section 2**

Approval of September 29, 2017 Minutes

## FINANCE & INVESTMENT COMMITTEE MEETING MINUTES | FRIDAY, SEPTEMBER 29, 2017

Members present: Mack Hogans (Committee Chair via teleconference: DeShay McCluskey, Elizabeth Tinkham, Peter Harvey, Bob Moser, and Brad Faulhaber (for George Zinn-Microsoft)

WSOS management present:) Naria Santa Lucia (WSOS Executive Director) and Cindy Gustafson (Washington STEM); Karyl Gregory (WSOS staff)

Others present: Chris Phillips (WSIB)

Mack Hogans called the meeting of the Washington State Opportunity Scholarship (WSOS) Finance and Investment Committee to order at 1:01 pm and asked each person to identify themselves.

### **Approval of Minutes from June 20, 2017 Finance and Investment Committee**

Liz Tinkham made a motion to approve the minutes of the June 20, 2017 meeting. DeShay McCluskey seconded the motion and it carried unanimously.

### **Program Administrator Review of Key Work**

Cindy Gustafson reported that, seven months into the contract, transition milestones have been completed on time and within budget. With the transition from the College Success Foundation (CSF), Gustafson also reported that records have been validated for balances transferred to Washington STEM and due diligence regarding invoicing for state match funds is nearly complete. The Washington STEM, WSOS and CSF teams continue to work to complete that process. Going forward, Washington STEM will prepare regular invoices to the State for the earned match.

Gustafson further reported that validation and reconciliation have been completed with the set-up of the new donor data base/gift system (WizeHive) with accounting records and copies of underlying documentation. Washington STEM is gearing up to process donations from the upcoming WSOS OpportunityTalks Breakfast on November 2<sup>nd</sup>.

Gustafson additionally reported that scholarship projections have been integrated and validated against the WizeHive system. Program cash projections have been updated following the validation of student data underlying the projection of scholarship payments.

Gustafson reported that the accounting system conversion to the hosted version of Abila MIP Fund Accounting went live on July 1st and payments were made via ACH to 60+ higher educational institutions. Gustafson indicated that reports for the next Committee meeting will contain statements utilizing the new system.

She also reported on the transfer of funds to Key Bank per the Short-Term Investment Policy.

Gustafson then reported on major work to be completed through the end of the year: complete the State match invoice; work with Naria Santa Lucia to plan the legislative strategy for the appropriations request related to remaining matching funds; work on the short term investment policy implementation to gain higher returns for the program; conduct a cyber security review of the IT environment and all new systems with an emphasis around controls over storage and safeguarding personal information; and prepare for both the financial audit (Clark Nuber) and Legislative Report.

The Committee engaged in a discussion, and had questions about the implementation of the short term investment policy. The committee expressed confidence in Gustafson's report.

### **Financial Statements**

Cindy Gustafson reported that investment returns continue to be strong through WSIB this year and that expenses outside of the WSOS team are under budget.

The Committee engaged in discussion and commended Gustafson and the Washington STEM's team's clear presentation of the finances.

### **WSIB Report**

Chris Phillips provided a performance review of WSOS funds invested through June 30, 2017. Phillips also reported that one third of the Washington State Investment Board is comprised of new members.

Peter Harvey asked about the current yield on cash investments and Tucker noted that the yield is closer to 0.85%, but is not reflected in the current report.

After engaging in discussion with Phillips and Tucker, the Committee expressed confidence in the presentation and WSIB's management of WSOS investments.

### **Potential RFP for Management of Funds**

The Committee discussed the potential of launching a Request for Proposals (RFP) process for management of WSOS funds given the growth of the corpus and more than three years with the same fund manager. After discussion, the Committee noted that, while WSIB has performed well, engaging in an RFP process would be a best practice and measure of Committee diligence. Chair Hogans asked Bob Moser and he agreed to lead a working group for this process. Moser requested that Naria Santa Lucia, WSOS Executive Director, provide him with a scope of work document for the process.

### **Legislative Update**

Santa Lucia reported that WSOS will seek additional funds to satisfy the state match in the supplemental session. She also reported that WSOS will continue its efforts to expand the WSOS program to fund professional technical degree programs.

Having no further questions, Santa Lucia indicated that she would provide further information on the WSOS' legislative ask at the December WSOS Finance & Investment Committee Meeting.

### **Other Business**

Hogans noted that we should continue to seek new members to join the committee and requested that members continue to identify potential candidates for consideration and give their names to Naria.

The Committee went into Executive Session at 2:05 pm, had a brief discussion, and adjourned.

Respectfully submitted,  
Karyl Gregory

## **Section 3**

### Financial Statements



**The Washington STEM Center**  
 Statement of Financial Position  
 As of 9/30/2017  
 (In Whole Numbers - Unaudited)

	Washington State Opportunity			Elimination	
	Washington STEM	Scholarship (WSOS)	Project Pilgrimage	Adjustments	Total
<b>Assets</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ 4,084,034	\$ 2,140,890	\$ 998,877	\$ -	\$ 7,223,801
Short-Term Investments	-	17,284,697	-	-	17,284,697
Accounts Receivable	127,449	5,104	(2,775)	-	129,778
Current Portion of Pledges Receivable	1,196,000	6,736,617	48,800	-	7,981,417
Prepaid Expenses	47,332	74,392	19,545	-	141,269
<b>Total Current Assets</b>	<b>5,454,815</b>	<b>26,241,700</b>	<b>1,064,447</b>	<b>-</b>	<b>32,760,962</b>
<b>Long-term Assets</b>					
Long-Term Portion of Pledges Receivable,	-	6,418,162	-	-	6,418,162
Long-Term Investments	-	92,595,288	-	-	92,595,288
Furniture, Fixtures and Equipment, Net	76,994	24,302	-	-	101,296
<b>Total Long-term Assets</b>	<b>76,994</b>	<b>99,037,752</b>	<b>-</b>	<b>-</b>	<b>99,114,746</b>
<b>Total Assets</b>	<b>\$ 5,531,809</b>	<b>\$ 125,279,452</b>	<b>\$ 1,064,447</b>	<b>\$ -</b>	<b>\$ 131,875,708</b>
<b>Liabilities</b>					
<b>Short-term Liabilities</b>					
Accounts and Grants Payable	\$ 44,526	\$ 25,568	\$ 26,174	\$ -	\$ 96,268
Accrued Liabilities	90,580	6,667	-	-	97,247
Short-Term Scholarship Commitment	-	6,111,640	-	-	6,111,640
<b>Total Short-term Liabilities</b>	<b>135,106</b>	<b>6,143,875</b>	<b>26,174</b>	<b>-</b>	<b>6,305,155</b>
<b>Long-term Liabilities</b>					
Long-Term Scholarship Commitment	-	26,638,593	-	-	26,638,593
Scholarship Commitment Discount	-	(2,459,240)	-	-	(2,459,240)
Deferred Contract Revenue	-	-	-	-	-
<b>Total Long-term Liabilities</b>	<b>-</b>	<b>24,179,353</b>	<b>-</b>	<b>-</b>	<b>24,179,353</b>
<b>Total Liabilities</b>	<b>135,106</b>	<b>30,323,228</b>	<b>26,174</b>	<b>-</b>	<b>30,484,508</b>
<b>Net Assets</b>					
Unrestricted	4,234,529	-	-	-	4,234,529
Temporarily Restricted	1,101,674	69,899,749	1,038,273	-	72,039,696
Use Restricted	60,500	56,475	-	-	116,975
Permanently Restricted	-	25,000,000	-	-	25,000,000
<b>Total Net Assets</b>	<b>5,396,703</b>	<b>94,956,224</b>	<b>1,038,273</b>	<b>-</b>	<b>101,391,200</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,531,809</b>	<b>\$ 125,279,452</b>	<b>\$ 1,064,447</b>	<b>\$ -</b>	<b>\$ 131,875,708</b>

## The Washington STEM Center

Statement of Activities  
For the Period Ended September 30, 2017  
(In Whole Numbers - Unaudited)

	Washington State Opportunity Scholarship Washington STEM	(2/1/17-8/31/17)	Project Pilgrimage	Elimination Adjustments	Total
<b>Operating Revenue</b>					
Contributions	\$ 1,693,456	\$ 821,077	\$ 257,810	\$ -	\$ 2,772,344
Program Revenue	619,234	1,047	82,476	(323,720)	379,037
Investment Income	4,555	5,478,987	228	-	5,483,771
Other Income	-	-	-	-	-
Investment Expense	-	(56,593)	-	-	(56,593)
<b>Total Operating Revenue</b>	<b>2,317,245</b>	<b>6,244,519</b>	<b>340,513</b>	<b>(323,720)</b>	<b>8,578,558</b>
<b>Total Revenue</b>	<b>2,317,245</b>	<b>6,244,519</b>	<b>340,513</b>	<b>(323,720)</b>	<b>8,578,558</b>
<b>Expenditures</b>					
Personnel Expenses	1,924,625	827,574	-	-	2,752,198
Program Expenses	960,994	15,805,953	22,500	(320,395)	16,469,052
Professional Fees	457,151	297,408	121,059	-	875,618
Supplies	20,717	11,214	3,661	-	35,593
Telephone	13,120	10,415	127	-	23,661
Postage & Shipping	1,247	755	55	-	2,057
Occupancy	107,740	37,485	3,375	(3,325)	145,275
Maintenance & Repairs	12,746	1,078	23	-	13,846
Equipment Rental	2,677	5,095	468	-	8,240
Conferences, Conventions & Meetings	223,327	150,677	124,191	-	498,196
Printing & Publications	23,089	53,427	2,212	-	78,728
Dues & Subscriptions	85,013	50,979	1,521	-	137,514
Depreciation	19,369	2,395	-	-	21,764
Lobbying	53,799	64,000	-	-	117,799
Miscellaneous	11,725	55,358	514	-	67,597
<b>Total Expenditures</b>	<b>3,917,338</b>	<b>17,373,813</b>	<b>279,705</b>	<b>(323,720)</b>	<b>21,247,137</b>
<b>Net Revenue Over (Under) Expenditures</b>	<b>\$ (1,600,093)</b>	<b>\$ (11,129,295)</b>	<b>\$ 60,808</b>	<b>\$ -</b>	<b>\$ (12,668,580)</b>



## Finance & Program Administrator Update September 30, 2017



# WSOS Balance Sheet

Comparative Balance Sheets  
September 30, 2017

	Comparison to FYE			Notes	Comparison to Same Period LFY		
	6/30/17	% Change	9/30/17		9/30/16	% Change	9/30/17
<b>Assets</b>							
Cash	36,485,421	-94%	2,140,890	1	15,105,157	-86%	2,140,890
Investments	77,509,090	42%	109,879,985	2	73,225,744	50%	109,879,985
Accounts Receivable	1,573	0%	39,725		569,212	0%	39,725
Pledges and Grants Receivable	14,279,779	-8%	13,154,779	3	22,240,235	-41%	13,154,779
Prepaid Expenses	140,714	-47%	74,392		31,623	135%	74,392
Property and equipment, net	22,454	0%	24,302			0%	24,302
<b>Total Assets</b>	<b>128,439,031</b>	<b>-2%</b>	<b>125,314,073</b>		<b>111,171,971</b>		<b>125,314,073</b>
<b>Liabilities and Net Assets</b>							
Accounts Payable	75,396	-18%	61,522		626,654	-90%	61,522
Payroll Related Liabilities	1,332	301%	5,335		157,305	-97%	5,335
Scholarship Commitments	19,372,117	56%	30,290,993	4	29,459,382	3%	30,290,993
<b>Total Liabilities</b>	<b>19,448,845</b>	<b>56%</b>	<b>30,357,849</b>		<b>30,243,341</b>	<b>0%</b>	<b>30,357,849</b>
<b>Net Assets</b>							
Temporarily Restricted Net Assets	83,990,186	-17%	69,956,224		55,928,630	25%	69,956,224
Permanently Restricted Net Assets	25,000,000	0%	25,000,000		25,000,000	0%	25,000,000
<b>Total Net Assets</b>	<b>108,990,186</b>	<b>-13%</b>	<b>94,956,224</b>		<b>80,928,630</b>	<b>17%</b>	<b>94,956,224</b>
<b>Total Liabilities and Net Assets</b>	<b>128,439,031</b>	<b>-2%</b>	<b>125,314,073</b>		<b>111,171,971</b>	<b>13%</b>	<b>125,314,073</b>

# WSOS Balance Sheet

## Notes:

1. Decrease in Cash due to excess cash invested with KeyBank Capital and WSIB during Q3 2017 to earn higher returns. All investments were made per investment policy.
2. Investments balance as of 9/30/17 includes WSIB Scholarship \$64.3M, WSIB Endowment \$28.3M and KeyBank Capital \$17.3M.
3. Pledges and Grants Receivable decrease due to Microsoft pledge payment of \$1.125M during Q3 2017.
4. Scholarship Commitment liabilities increased due to accrual of the scholarship liability for Cohort 6 (academic start Fall 2017) based on scholarship model which has been updated for validated student data and assumptions based on most current data and experience.

# WSOS Income Statement

## Actual vs. Budget Eight Months Ending September 30, 2017

	Eight Months Ending September 30, 2017			Notes	December 31, 2017
	Actual	Budget	Variance Fav (Unfav)		Annual Budget
<b>Revenue</b>					
Private	821,077	-	821,077	1	3,000,000
Public	1,047	-	1,047		7,000,000
Investment Income	5,422,394	-	5,422,394	2	-
<b>Total Revenue</b>	<b>6,244,519</b>	<b>-</b>	<b>6,244,519</b>		<b>10,000,000</b>
<b>Program Expense</b>					
Salaries and Benefits	827,574	890,128	62,555		1,224,570
Program	442,879	389,305	(53,574)		525,331
Professional Fees - WA STEM Admin fees	297,895	324,286	26,391		427,230
Professional Fees - Contractors	297,408	184,189	(113,219)	3	214,526
	<b>1,865,756</b>	<b>1,787,908</b>	<b>(77,848)</b>		<b>2,391,657</b>
<b>Income (Loss) before Scholarship Exp</b>	<b>4,378,763</b>	<b>(1,787,908)</b>	<b>6,166,670</b>		<b>7,608,343</b>
<b>Scholarship Expense</b>	<b>15,508,058</b>	<b>21,247,310</b>	<b>5,739,252</b>	4	<b>21,247,310</b>
<b>Net Income (Loss)</b>	<b>(11,129,295)</b>	<b>(23,035,218)</b>	<b>11,905,923</b>		<b>(13,638,967)</b>

# WSOS Income Statement

## Notes:

1. Revenue Private: Q3 2017 Contributions Revenue includes Costco \$50K, Boeing \$10K and Giuliani Foundation \$10K.
2. Investment income budgeted at zero. Actual-to-date includes \$5.04M in unrealized gains.
3. Professional Fees – Contractors Actual includes CSF transition fee of \$35K which was budgeted in admin fees. Other contracting work includes research and evaluation support for STS Mentoring Program, Post-Graduate survey, Data Transfer to WizeHive and Growth Options project.
4. Scholarship Expense based on accrual for Cohort 6 2017 Fall academic start made in August 2017, plus results of updated scholarship model. Budget was based on outdated model.

# WSOS Cash Flow

## Cash Flow Summary

Inception-To-Date  
September 30, 2017

### CASH FLOW

#### Cash Inflow:

Boeing	12,600,000	12,500,000	1	25,100,000
Microsoft	31,125,000	-	2	31,125,000
Other Private	26,271,137	-	3	26,271,137
State	58,854,000	12,500,000	4	71,354,000
Investment Income*	6,424,675	3,339,944	5	9,764,619
<b>Total Cash Inflows</b>	<b>135,274,812</b>	<b>28,339,944</b>		<b>163,614,756</b>

#### Cash Outflow:

Scholarships	(41,524,448)	-	6	(41,524,448)
Program Expenses	(10,063,621)	(5,812)		(10,069,433)
<b>Total Cash Outflows</b>	<b>(51,588,069)</b>	<b>(5,812)</b>		<b>(51,593,881)</b>

#### Net Cash Flow Inception-To-Date

**83,686,743**      **28,334,132**      **112,020,875**

### Composition of Net Cash Flow

KeyBank Checking Account	2,140,890	-	7	2,140,890
Investment Accounts at WSIB and KeyBank	81,545,853	28,334,132		109,879,985
<b>Total</b>	<b>83,686,743</b>	<b>28,334,132</b>		<b>112,020,875</b>

\* Includes unrealized gains and losses.

# WSOS Cash Flow

## Notes:

1. Cash Inflow: Boeing - \$100K gift from Boeing reclassified from Other Private to Boeing based on reconciliation of total cash inflows from inception.
2. Cash Inflow: Microsoft - Received \$1.125M pledge payment in August.
3. Cash Inflow: Other Private - Donations totaled \$90K in Q3 2017 (Costco \$50K, Boeing \$10K and Giuliani Foundation \$10K).
4. Cash Inflow: State - \$2.5M of \$21M state match received April 2017 was transferred to Endowment in September 2017; \$1.016M was transferred out of Endowment-private to Scholarship-private. This was necessary based on reconciliation of the accounts transferred from previous Program Administrator. The increase is reflected in Scholarship-Other Private.
5. Investment Income - Includes net unrealized gains from inception of \$6.36M (Scholarship \$4.41M and Endowment \$1.95M).
6. Scholarship disbursements of \$4.8M net of refunds of \$93K in Q3.
7. WSOS KeyBank - Balance reduced from prior report due to funds being transferred and invested in Q3 2017 in accordance with new ST Investment Policy and guidance from the Finance Committee.

# KeyBanc Capital Markets



## Fixed Income Portfolio Analysis

Prepared for  
Washington STEM

Portfolio Date  
12/05/2017

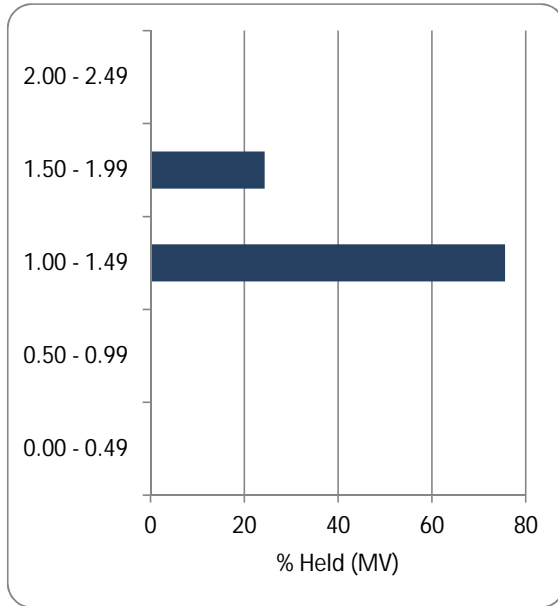
Analysis Date (As of Date)  
12/6/2017

# Summary

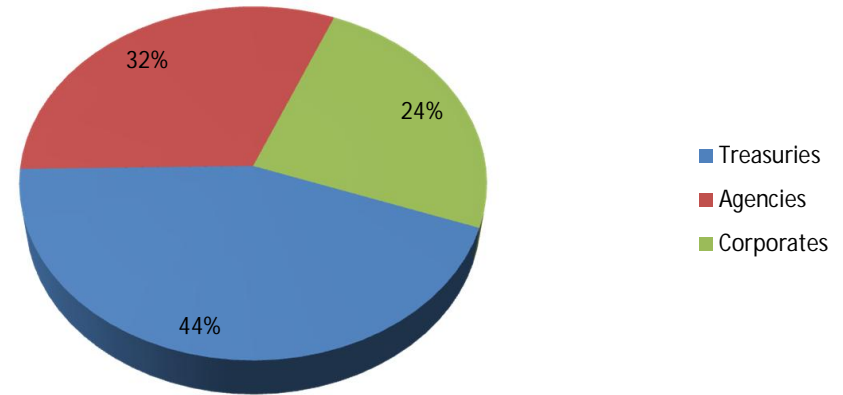
## Fundamentals

# of Bonds	6
Par (000)	\$11,100
Mkt Val (000)	\$11,138
Acq YTW	1.00%
Avg Life	0.34
Acq YTM	1.01%
Maturity (Yrs)	0.33

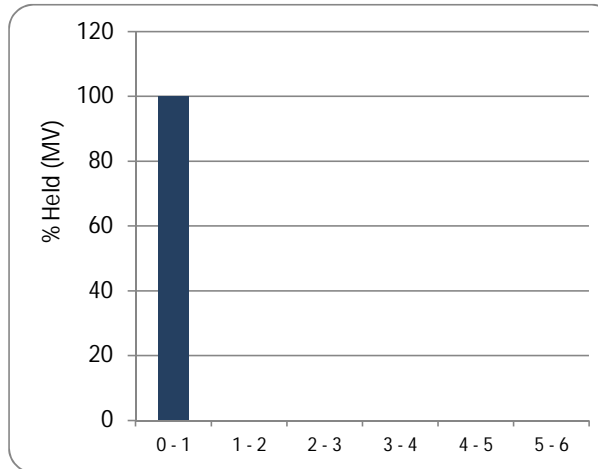
## Coupon Allocation



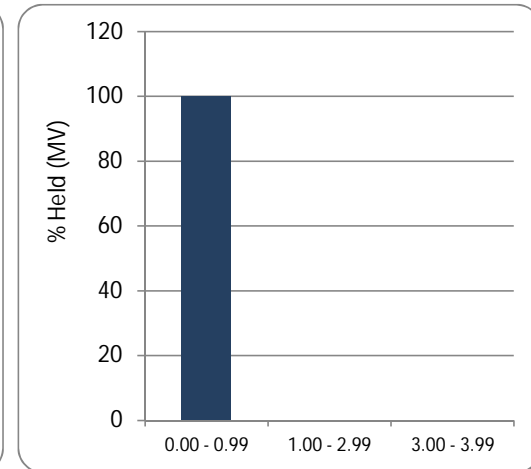
## Sector Allocation



## Maturity Allocation



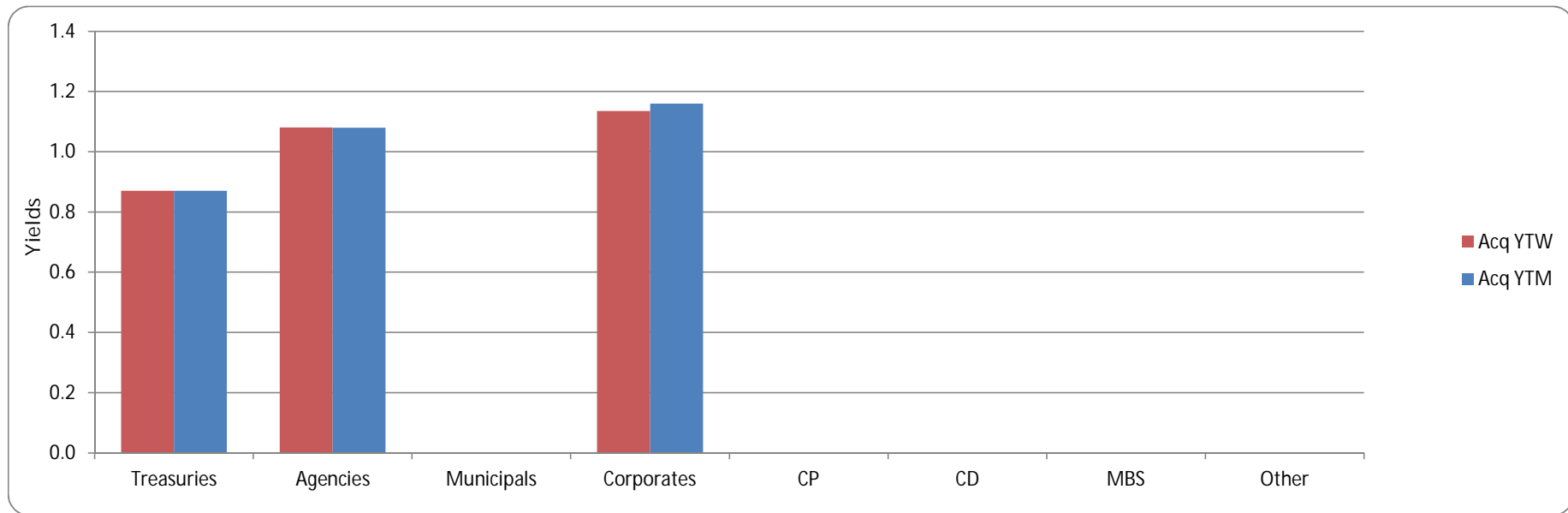
## Effective Duration Allocation





## Sector Analysis

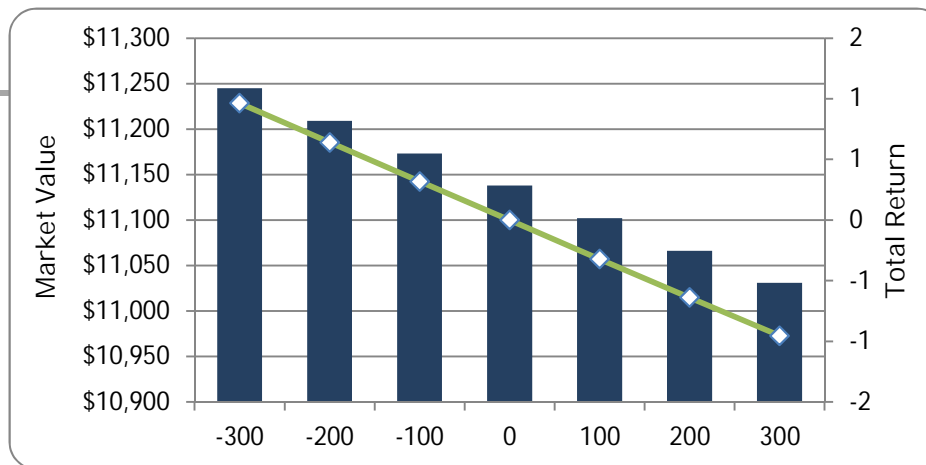
Sector Layout	# of Bonds	% Held (MV)	Par (000)	Mkt Val (000)	Bk Val (000)	Quality	Coupon	Acq YTW	Avg Life	Acq YTM	Maturity (Yrs)
Treasuries	1	44.18	\$4,900	\$4,920	\$4,900	Aaa	1.00	0.87	0.08	0.87	0.07
Agencies	1	31.47	\$3,500	\$3,505	\$3,498	Aaa	1.00	1.08	0.58	1.08	0.56
Municipals						N/A					
Corporates	4	24.35	\$2,700	\$2,712	\$2,707	A1	1.69	1.14	0.49	1.16	0.48
CP						N/A					
CD						N/A					
MBS						N/A					
Other						N/A					
<b>Total:</b>	<b>6</b>	<b>100.00</b>	<b>\$11,100</b>	<b>\$11,138</b>	<b>\$11,106</b>	<b>Aa1</b>	<b>1.17</b>	<b>1.00</b>	<b>0.34</b>	<b>1.01</b>	<b>0.33</b>



# Parallel Simulation

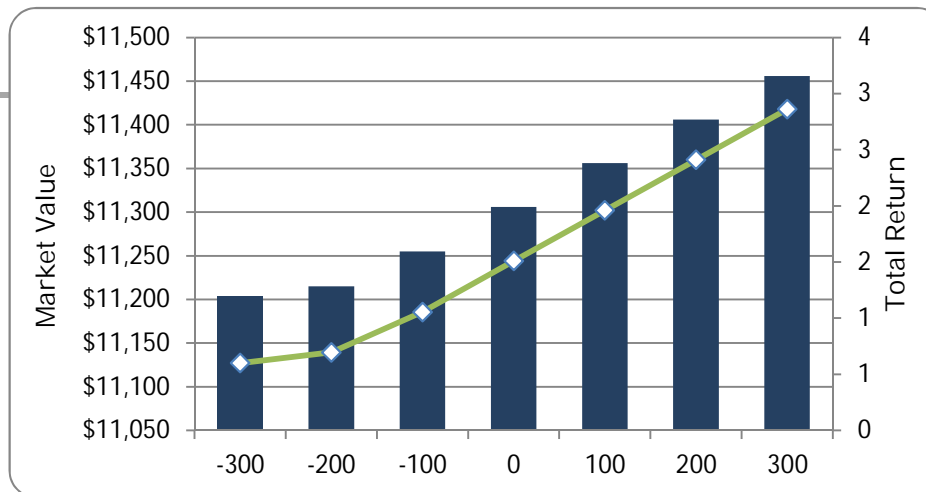
## 0 Month Instantaneous Simulation

Yield Chg (bps)	Total Return	Income Return	Price Return	Ending YTW	Ending Avg Life	Ending Eff Dur	Ending Conv	Mkt Val (USD 000)
-300	0.96	0.00	0.96	-1.57	0.32	0.32	0.00	11,245
-200	0.64	0.00	0.64	-0.57	0.32	0.32	0.00	11,209
-100	0.32	0.00	0.32	0.43	0.32	0.32	0.00	11,173
0	0.00	0.00	0.00	1.43	0.33	0.32	0.00	11,138
100	-0.32	0.00	-0.32	2.42	0.33	0.32	0.00	11,102
200	-0.64	0.00	-0.64	3.42	0.33	0.32	0.00	11,066
300	-0.95	0.00	-0.95	4.42	0.33	0.32	0.00	11,031



## 12 Month Gradual Simulation

Yield Chg (bps)	Total Return	Income Return	Price Return	Ending YTW	Ending Avg Life	Ending Eff Dur	Ending Conv	Mkt Val (USD 000)
-300	0.60	0.60	0.00	0.00	0.00	0.00	0.00	11,204
-200	0.70	0.70	0.00	0.00	0.00	0.00	0.00	11,215
-100	1.06	1.06	0.00	0.00	0.00	0.00	0.00	11,255
0	1.51	1.51	0.00	0.00	0.00	0.00	0.00	11,306
100	1.96	1.96	0.00	0.00	0.00	0.00	0.00	11,356
200	2.41	2.41	0.00	0.00	0.00	0.00	0.00	11,406
300	2.86	2.86	0.00	0.00	0.00	0.00	0.00	11,456





# PORTFOLIO ALERTS REPORT

\* WATCHLIST: UPG/POS = Possible Upgrade; DNG/NEG Possible Downgrade; UNC/DEV/EVO = Uncertain (Possible Upgrade or Downgrade)

#N/A

Portfolio/Identifier	Issuer Name	Coupon	Maturity	Curr	Moodys From	Moodys To	Moodys Date	S&P From	S&P To	S&P Date	Fitch From	Fitch To	Fitch Date	Sector/State	Call Date	Call Price	Par (000)	Mkt Val (000)	% Held (MV)	Pricing Date
----------------------	-------------	--------	----------	------	-------------	-----------	-------------	----------	--------	----------	------------	----------	------------	--------------	-----------	------------	-----------	---------------	-------------	--------------

## Standard Holdings

Par (000)	Identifier	Issuer Name	Fitch	Mdys	S&P	Coupon	Acq Date	Acq Price	Maturity	Call Date	Acq YTW	Avg Life	Acq YTM	Mod Dur	% Held (MV)
4,900	912828N5	UNITED STATES TREAS NTS	N/A	TSY	TSY	1.00	9/1/2017	100.04	12/31/2017	N/A	0.87	0.08	0.87	0.07	44.18
600	36962G6W	GENERAL ELEC CAP CORP MTN BE	N/A	A2	A	1.63	9/6/2017	100.28	4/2/2018	N/A	1.13	0.33	1.13	0.32	5.40
600	06050TMC	BANK AMER CHRLT NC MTN	N/A	A1	A+	1.75	9/6/2017	100.44	6/5/2018	N/A	1.16	0.50	1.16	0.50	5.39
600	17275RAU	CISCO SYS INC	N/A	A1	AA-	1.65	9/6/2017	100.40	6/15/2018	N/A	1.13	0.50	1.13	0.52	5.43
900	166764AE	CHEVRON CORP NEW	N/A	Aa2	AA-	1.72	9/6/2017	100.42	6/24/2018	5/24/2018	1.13	0.58	1.19	0.54	8.14
3,500	3134G9UY	FEDERAL HOME LN MTG CORP	N/A	AGY	AA+	1.00	9/1/2017	99.93	6/29/2018	N/A	1.08	0.58	1.08	0.56	31.47
11,100			N/A	Aa1	AA	1.17					1.00	0.34	1.01	0.32	100.00



## **KeyBank Enterprise Commercial Payments**

---

### **Deposit Balance Review**

*December 6, 2017*

# KeyBank Account Schematic



## Analyzed Accounts

The Washington Stem Center WA State Opportunity Scholarship
DDA00: xx5010
Balance: \$481,777
ECR: 0.20%

## Non-Analyzed Accounts

The Washington Stem Center WA State Opportunity Scholarship
DDA06: xx6608
Balance: \$6,651,976
Interest Rate: 0.65%

Note: Balances pulled on 12/06/2017

Washington Stem Money Market  
Fund

Account #: XX 215  
Balance: \$1,001,869.82  
Current Yield: 0.71%



## **Section 4**

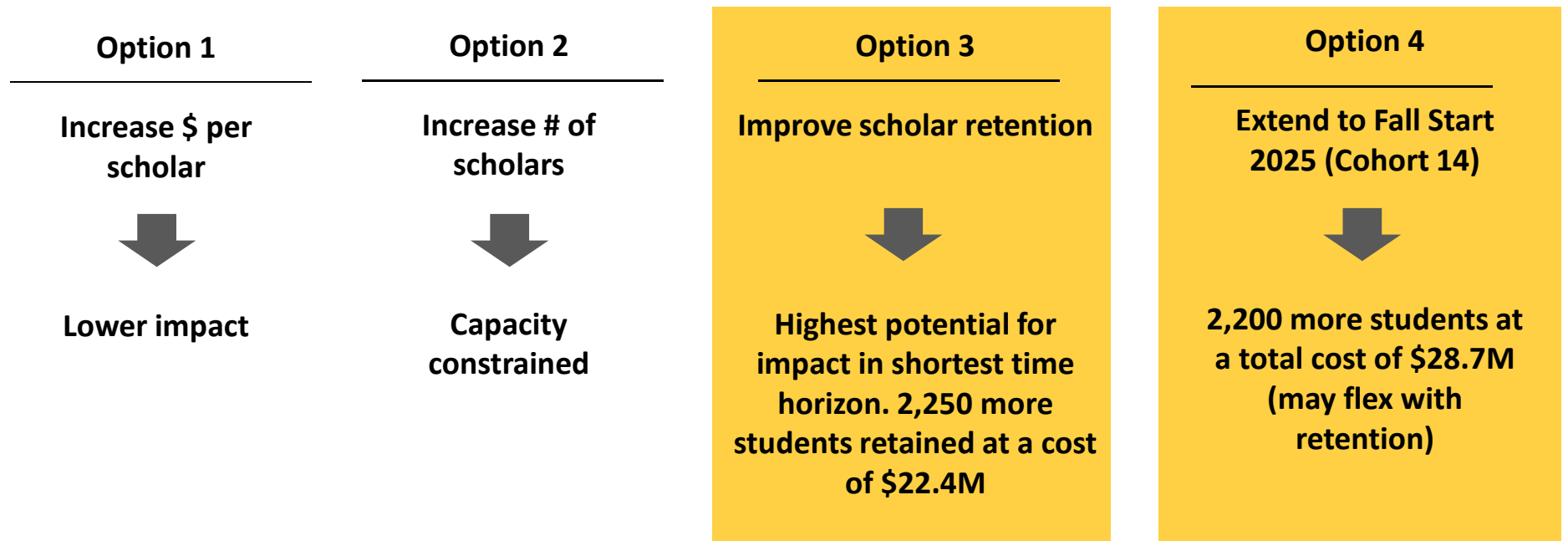
### **WSOS 2.0 Growth Plan**

WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP



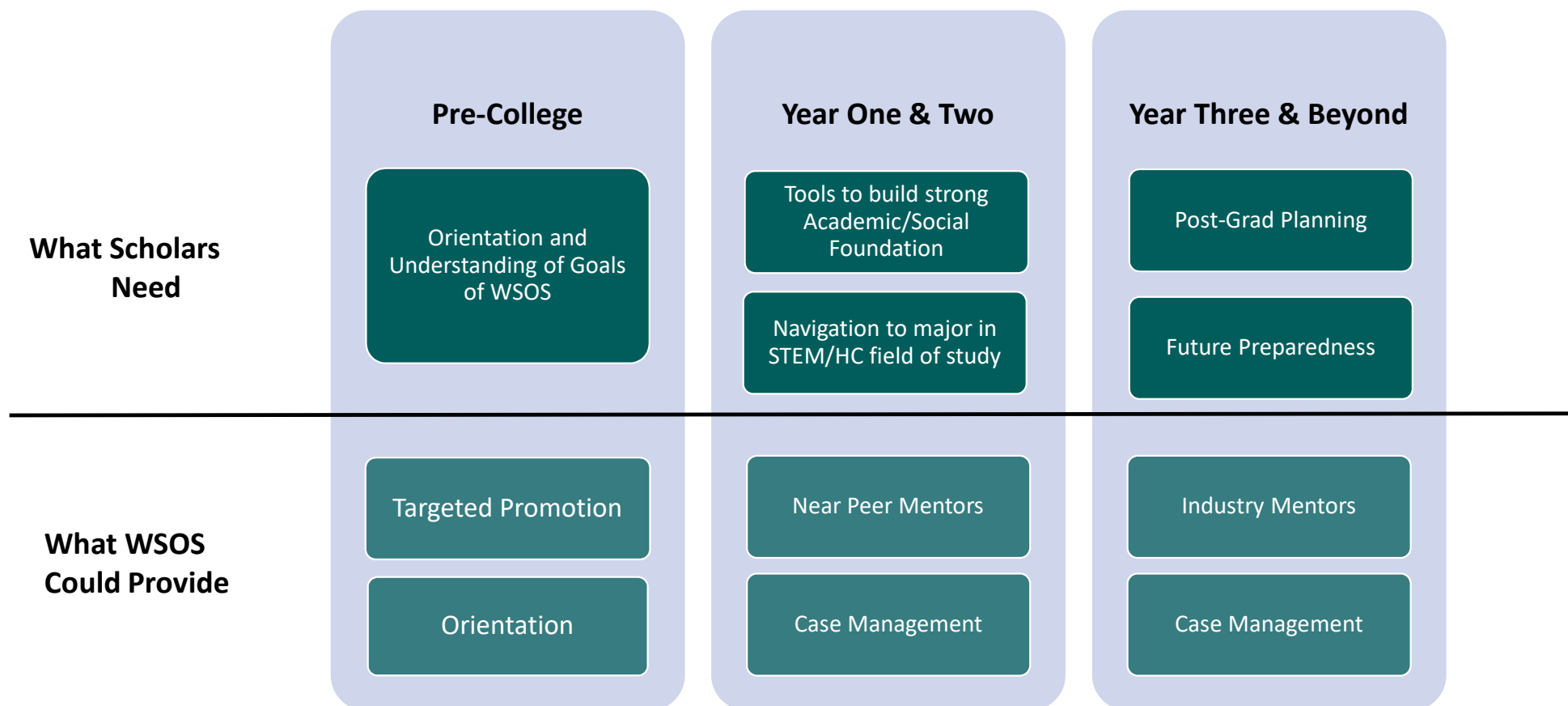
# Growth Options Presentation

# Options & Recommendations to WSOS Board

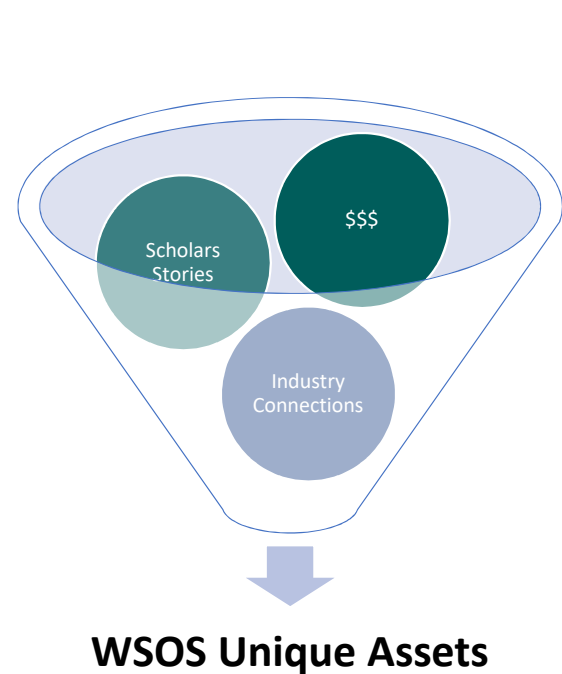


**We recommend investing in support services to improve scholar retention (Option 3) and extending the duration of the program (Option 4)**

# Scholar needs vary by year: we must provide full-cycle support



# Recommended Investment #1: Launch “Near-Peer Leaders” (NPL) & industry connection programs to improve retention at every stage



## Freshman & Sophomore retention

- **100% participation in Opportunity Launch – led by NPLs**
- **Provide personal connection via NPL 1:20 ratio**
- **Touchpoints when it matters most (exams, application to majors)**

## Junior & Senior retention

- **Paid internship opportunity to serve as NPL: both \$ and experience**
- **Opportunity to interact with corporate leaders via “hackathon” type sessions focused on improving WSOS**
- **First Cohort: Opportunity to co-design program**

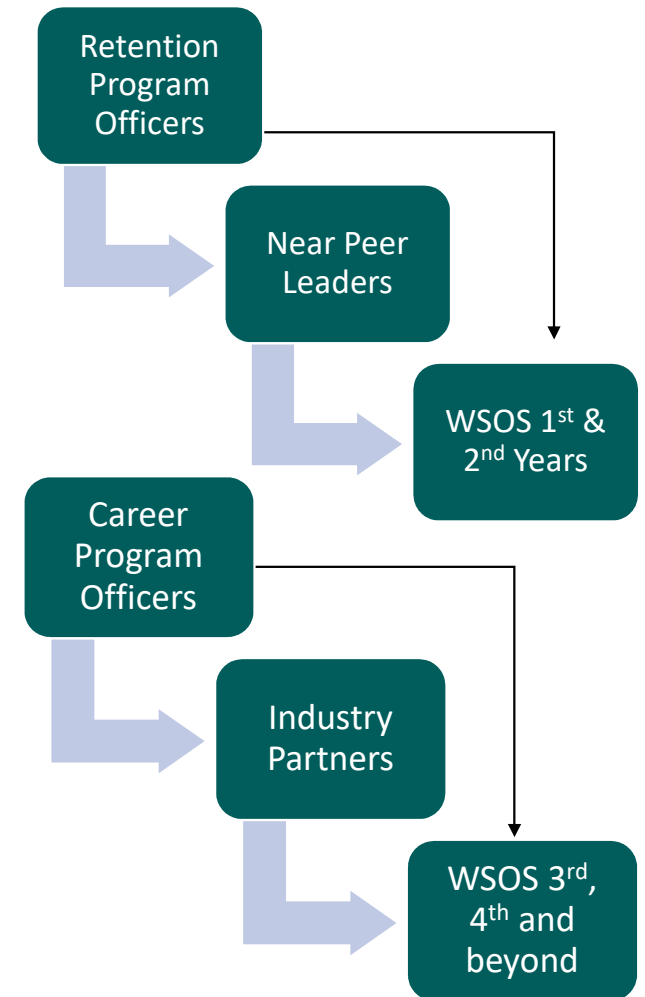
# “Near-Peer Leaders” will complement the role of Program Officers

## “Near-Peer Leaders”

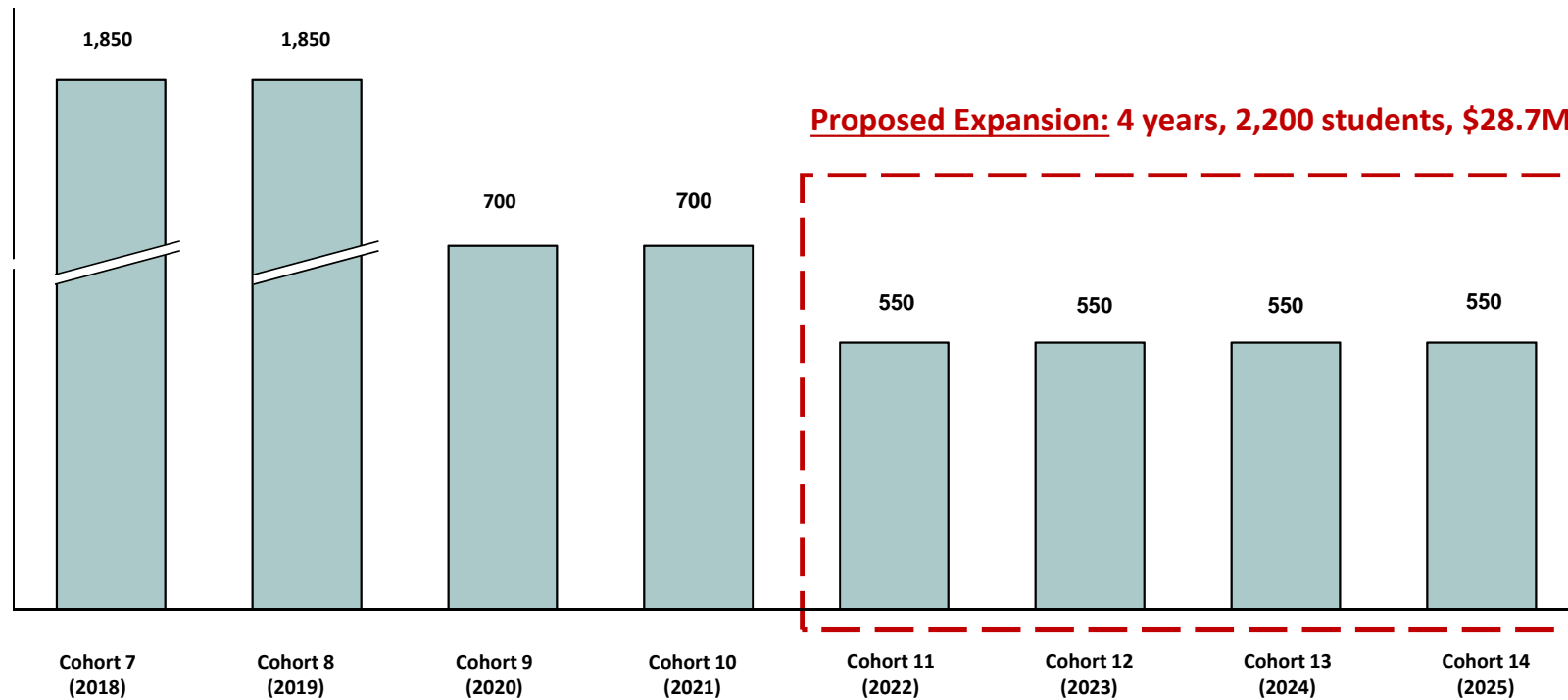
- Focus on Freshmen / Sophomores
- Personal relationship 1:20
- Regular check-ins
- Share personal stories
- Connect scholars with other NPLs according to their academic/other interests
- Opportunity Launch participation

## Program Officers

- Supervise and train NPLs
- Focus on Juniors / Seniors
- Support services to highly struggling Freshmen/ Sophomores
- Job search, internship search
- Extraordinary / hardship cases
- Opportunity Launch organization
- Transcript review



## Recommended Investment #2: Extend scholarship to 2024-25 to serve 2200 more students at a cost of \$28.7M



**Does not include the \$34M Endowment Funds that will be available in 2026**

# Proposed Investments

Investment area

Total cost

**Improve retention** through programmatic expansion

\$22.4M

**Extend duration** through Cohort 14

\$28.7M

---

**Total**

---

**\$51.0M**

**Both investments may flex**



# Return on Investment

These investments will result in **2,582 additional** graduates employed in STEM/Healthcare (\$19,800 per graduate) – a cost savings of **\$2,700** per successful graduate.

## **Section 5**

Legislative Update – see the 2017  
Legislative Report

## **Section 6**

### WSIB Investment Review



**Washington State  
Investment Board**

**WSOS Investment and Finance Committee  
Performance Review  
December 15, 2017**



**Chris Phillips  
Director of Institutional Relations**



# WSOS Scholarship and Endowment Funds – Growth of Assets

September 30, 2017



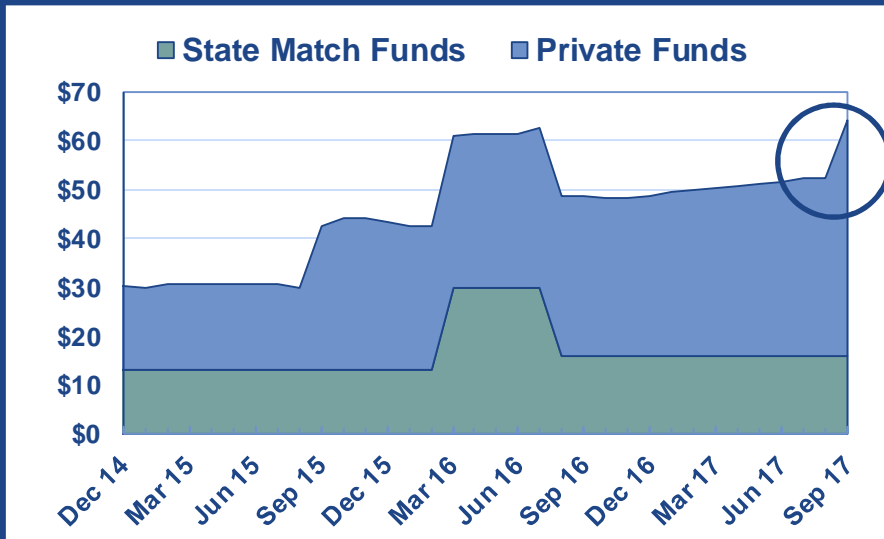
## Scholarship Account

- Total assets: \$64.3 million
- 75% private funds and 25% state match funds
- \$10.4 million cash received September in Private Scholarship Fund

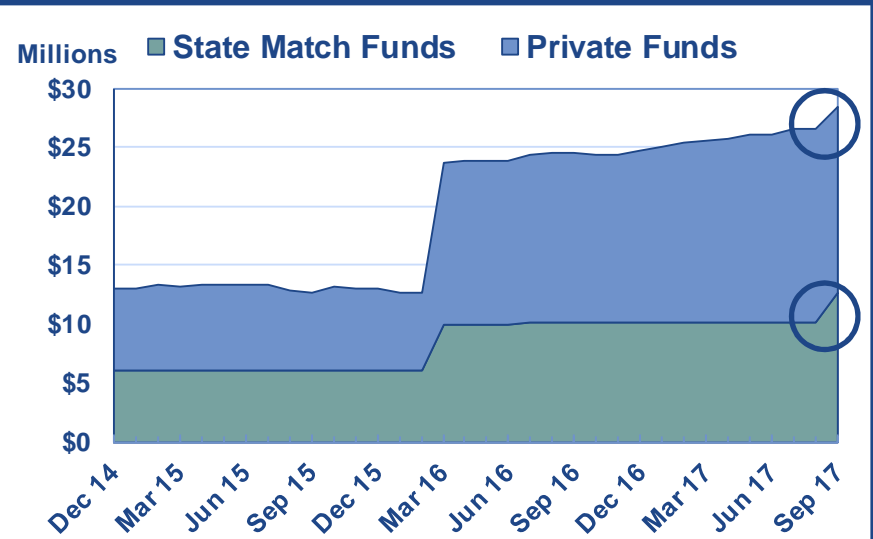
## Endowment Account

- Total assets: \$28.3 million
- 56% private funds and 44% state match funds
- \$2.5 million cash (state match) received September in Endowment Match Fund

### Growth of Scholarship Account Assets



### Growth of Endowment Account Assets





# Market Values and Asset Allocation for Private Funds

September 30, 2017

## Scholarship Account – Private Funds

Market Value \$48,290,909



### Equity

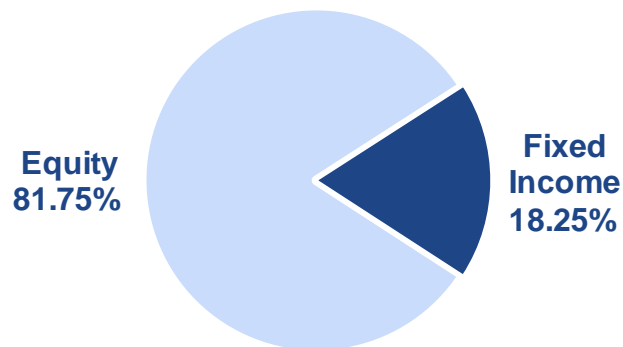
- Passive equity strategy managed by BlackRock
- Expected to closely track the MSCI All Country World Investable Market Index

### Fixed Income

- Actively managed by WSIB staff
- Expected to meet or exceed the Barclays U.S. Intermediate Credit Index

## Endowment Account – Private Funds

Market Value \$15,752,575





## Market Values and Asset Allocation for State Match Funds

*September 30, 2017*

### Asset Allocation for All State Match Funds

Scholarship Market Value \$15,970,246

Endowment Market Value \$12,581,557



### State Match Funds

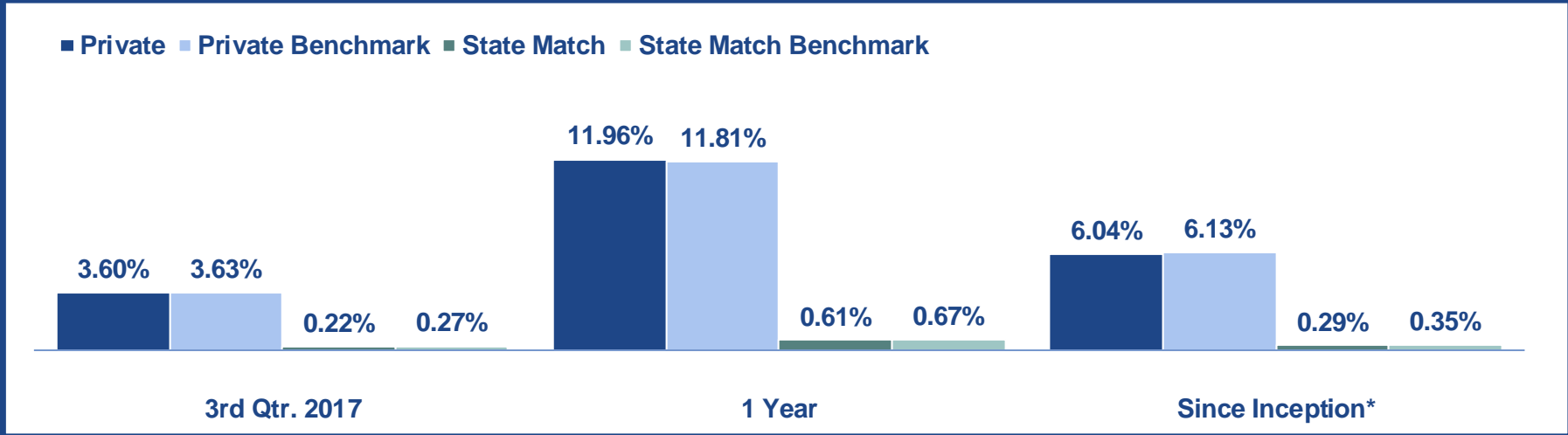
- ▣ Both target and current allocations are 100% cash
- ▣ Cash is invested in a money market fund managed by BlackRock



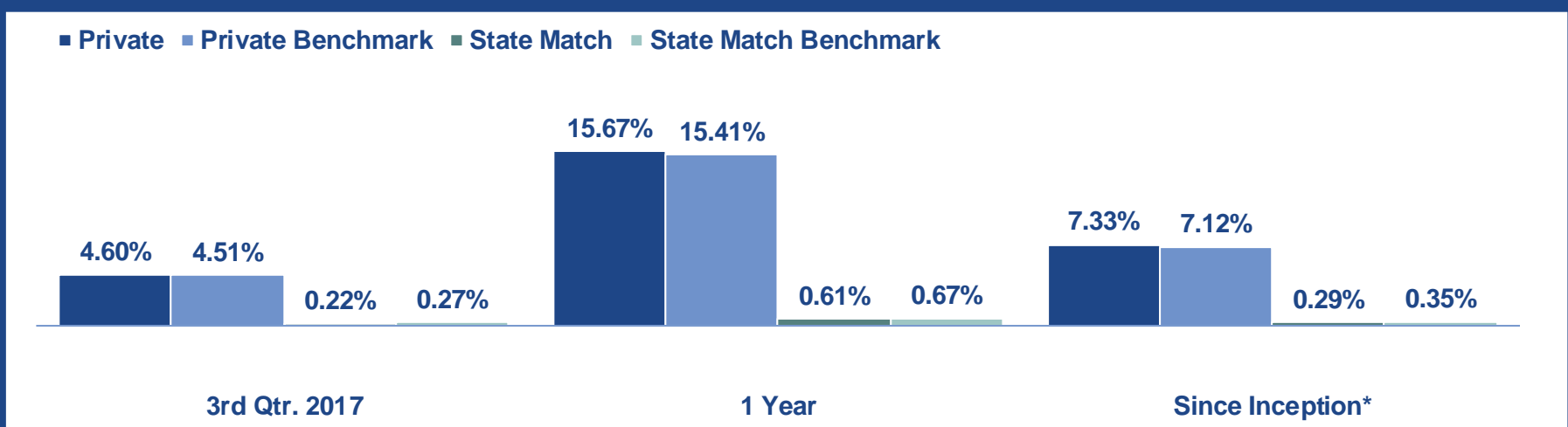
# Fund Performance Updates

September 30, 2017

## Scholarship Account - Private and State Match



## Endowment Account - Private and State Match



Scholarship Benchmarks: Private 60% MSCI ACWI IMI w/U.S. Gross & 40% Bloomberg Barclays Intermediate Credit, State Match 90 Day T-bill  
 Endowment Benchmarks: Private 80% MSCI ACWI IMI w/U.S. Gross & 20% Bloomberg Barclays Intermediate Credit, State Match 90 Day T-bill  
 \* Since Inception: Private 10/1/14, State Match 11/25/14

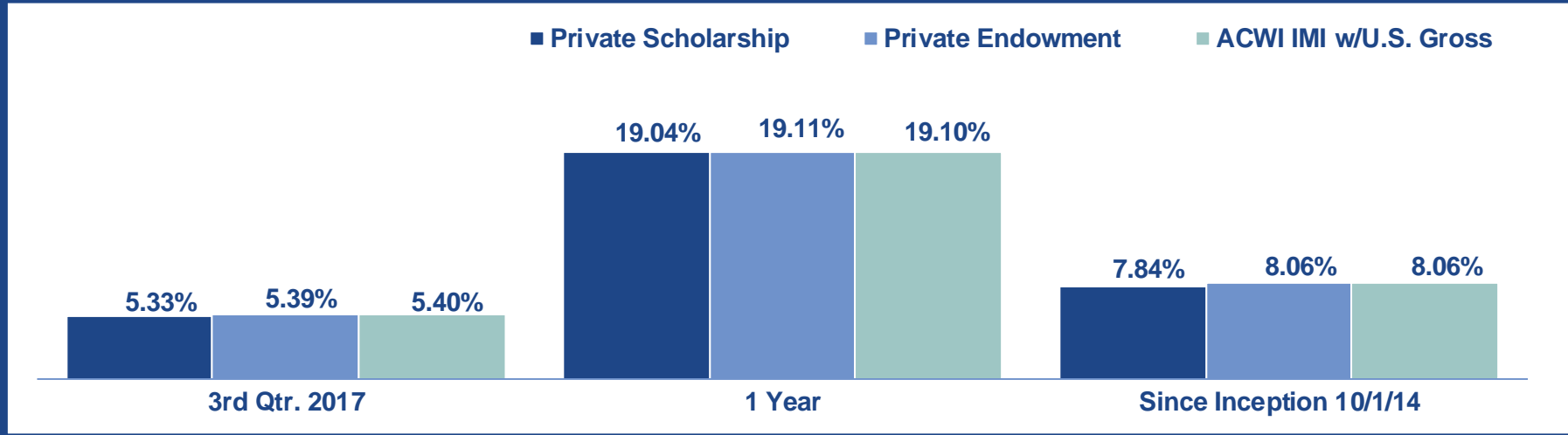




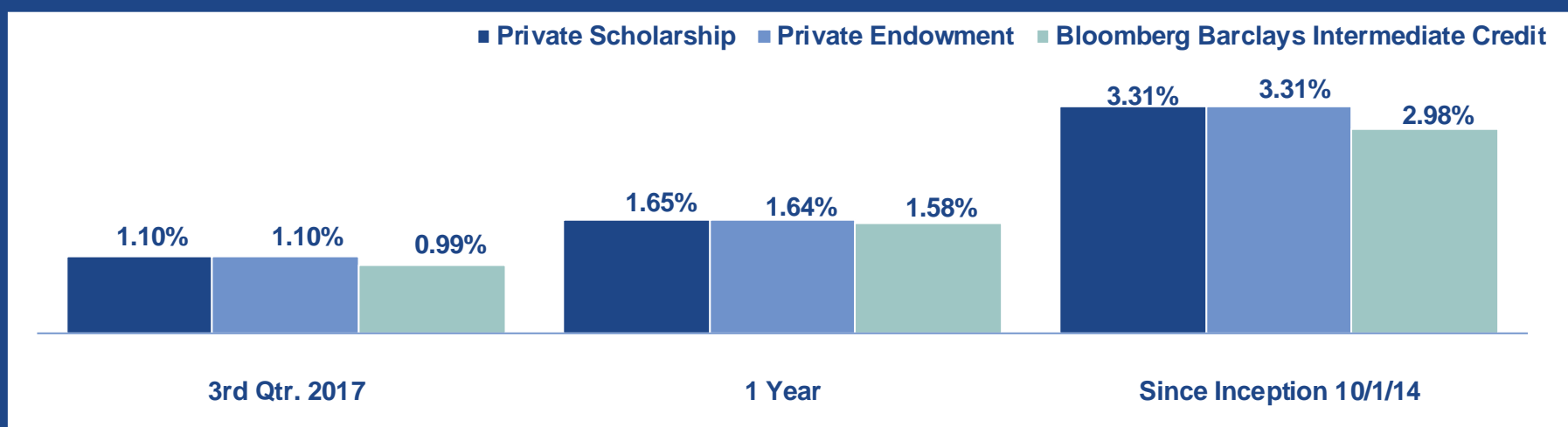
# Fund Performance by Asset Class

September 30, 2017

## Equity Returns



## Fixed Income Returns



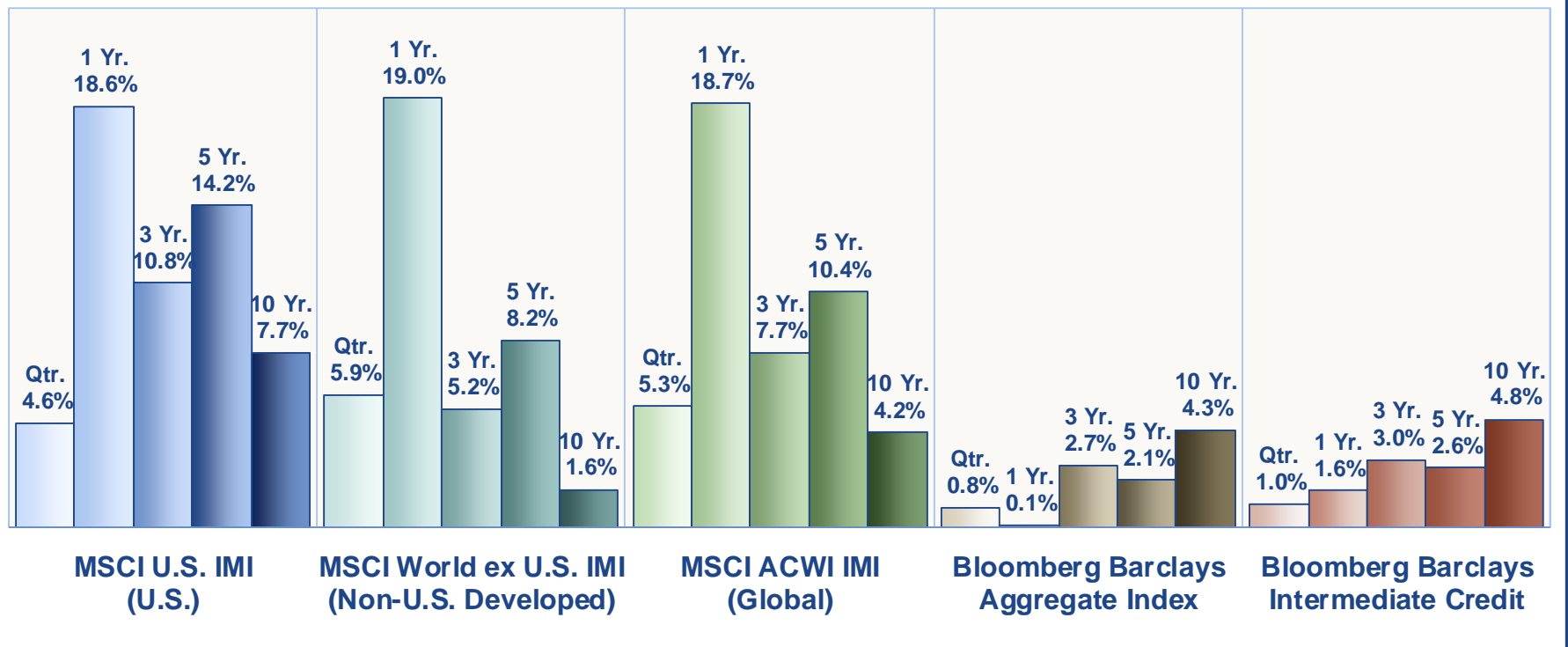
Scholarship Benchmarks: Private 60% MSCI ACWI IMI w/U.S. Gross & 40% Bloomberg Barclays Intermediate Credit  
Endowment Benchmarks: Private 80% MSCI ACWI IMI w/U.S. Gross & 20% Bloomberg Barclays Intermediate Credit  
\* Since Inception: Private 10/1/14, State Match 11/25/14



# Capital Markets at a Glance

September 30, 2017

- Broader economic stability continues to generate strong equity returns in the U.S. and globally
- U.S. economy (GDP) grew at annual rate of 3.1% during second quarter
- MSCI World IMI up 2.5% for September and up 5% for the third quarter
- 10-year Treasuries rate rose 3 basis points to 2.41% at end of November 2017
- Market has priced in one more U.S. interest rate hike before end of 2017





## Contact Information



**Web Site:** <http://www.sib.wa.gov>



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P.O. Box 40916

Olympia, WA 98504-0916

**Phone Number:**

(360) 956-4600

## **Section 7**

### Scope of Work for RFP Working Group

**WSOS FINANCE & INVESTMENT COMMITTEE  
INVESTMENT MANAGER REQUEST FOR PROPOSAL PROCESS WORKING GROUP  
SCOPE OF WORK**

**BACKGROUND**

In 2014, the WSOS Finance and Investment Committee developed an investment policy and recommended that all WSOS funds be managed by the Washington State Investment Board (WSIB). The WSOS Board approved both the investment policy and WSIB as the fund manager, thus this decision was executed.

The investment policy and the selection of the fund manager reflected at the time:

- The desire by WSOS to passively manage the funds with low to medium risks
- The reality that state match funds appropriated to WSOS retained their public status, could not be invested in high yield equities, and WSIB was a logical manager with the experience in successfully managing these funds
- The size of the WSOS investments funds (at the time) were relatively small and WSIB's experience, attractive fee structure, and experience in managing public and private funds (private WSOS funds may be invested in equities) matched WSOS's desire to passively manage these funds with low to medium risks

Since this time:

- WSIB has been the WSOS fund manager for three years
- The actual size of the WSOS funds raised for investing has grown
- WSOS funds have performed well under WSIB and the WSOS Finance and Investment Committee remains satisfied with WSIB's performance
- Experts see greater uncertainty in the capital markets

Because of many factors above, and because best fiduciary practices suggest a periodic review and evaluation of fund managers, it is timely to examine our investments approach through a disciplined RFP process. Below is a brief scope of work for the WSOS Finance & Investment Committee Working Group to address this issue.

**OBJECTIVE**

To assess the need and, if necessary, to develop a process to solicit and evaluate proposals from qualified investment fund managers for WSOS funds.

**SCOPE OF WORK**

The objective of the Investment Manager Request for Proposal (RFP) Process Working Group, hereinafter "Working Group", is to:

- Assess the need for RFP
- If RFP is recommended:
  - Determine the parameters of the current WSOS portfolio to be included in the RFP
  - Develop key questions, metrics and relevant information (e.g., fee structure, reporting, active vs. passive) to be included in the RFP
  - Determine fund manager selection criteria including qualifications and license requirements.
  - Identify preliminary list of fund managers who should be considered for solicitation
  - Invite WSIB to submit an RFP
  - Finalize timeline for work
  - Present draft of RFP process and recommendation to the full WSOS Finance & Investment Committee

**POTENTIAL TIMELINE FOR WORK**

Action	To Do Date
Working Group identified	December 1, 2017
Working Group convenes for initial meeting(s)	Dec 2017 - Jan 2018
<b>If Working Group recommends RFP process:</b>	
Draft of RFP and selection criteria complete for feedback to Working Group	March 2018
Draft of RFP presented to Finance & Investment Committee	Spring 2018 Finance & Investment Committee Meeting
RFP issued	March 2018
RFP deadline	April 2018
Review of submissions by Working Group	April/May 2018
Finalists invited to present to Working Group	May 2018
Working Group reviews all materials and makes recommendation to Finance & Investment Committee	May/June 2018
Recommendation to WSOS Board of Directors	June 2018

**PROPOSED WORKING GROUP**

- Bob Moser, Chair
- Peter Harvey
- DeShay McCluskey
- Representative for George Zinn
- Cindy Gustafson
- Naria Santa Lucia
- Mack Hogans (ex-officio)

## **Section 8**

### Program Administrator Review of Key Work

# Washington State Opportunity Scholarship Program Administration

Executive Summary Update for the WSOS Board | December 2017

## BACKGROUND AND OVERVIEW

Washington State Opportunity Scholarship (WSOS) is a public-private partnership established by the Legislature in 2011 (28B.145 RCW Opportunity Scholarship Act) to increase access to high-demand STEM and health care majors for low-and middle-income students through scholarships and academic supports. College Success Foundation (CSF) served as program administrator from inception in 2012 until January 31, 2017, via an interagency contract with the State of Washington-Washington Student Achievement Council (WSAC) and the WSOS Board. The legislation describes in detail the program design and how the program is to be funded and administered. The bill calls for a full program review by the state in 2018; however, the agency has delayed this one year to 2019.

Effective February 1, 2017, the Washington STEM Board approved a contract for professional services between WSAC and the WSOS Board whereas Washington STEM will serve as program administrator to the WSOS program. The contract term ends June 30, 2018, with an option to extend in two year increments for up to ten years.

Washington STEM and the WSOS program teams have been working together on transition matters, which are nearly complete. The final steps will be the completion of interim audit fieldwork in December. During the interim audit the Clark Nuber auditors will audit the program transition, cash balances, and related matters, which include the state match documentation requested by the state and reconciliation of cash fund balances with related adjustments which were made at the end of September. The implementation of various information systems is substantially complete and data has been reconciled to various sources. For additional information regarding the transition and administration of the WSOS program, please see the rest of this summary.

Beginning last spring, Washington STEM has provided decision support to the program by updating scholarship projections and doing interactive program forecast modeling and cash forecasts for the program. Washington STEM has also implemented a short-term investment policy resulting in increased income to the program for use now and into the future. Washington STEM submitted documentation to the state totaling \$10.7 million (\$2.4 million of gifts before 2/1/17 and \$8.3 million for gifts between 2/1/17-9/30/17) for public match of private funds. The state has given verbal notice that payment for \$8.3 million will be released in December. The documentation of the CSF-managed receipts will take longer, and they expect to provide their review by 1/31/18. Washington STEM worked with WSOS staff on the gift processing for the Opportunity Talks breakfast event on November 2 and will provide an event report as of November 30, 2017.

The budget for 2018 has been completed by WSOS staff with Washington STEM support.

We look forward to the opportunity to discuss potential renewal of the program administration contract in early 2018 for the two years starting July 1, 2018.

## STATUS OF OPEN MATTERS

Washington STEM has worked with the WSOS program team on the following significant matters during the fourth quarter of this year:

- State match-Pre-2.1.17 gifts (CSF Transition): Based on Washington STEM's review of the records, there was \$2.4 million in private gifts eligible for state match but unpaid as of 1.31.17. Most of that was submitted by CSF prior to the transition along with the other private gifts, which resulted in the match payment of \$21 million received in April. The state rejected \$759K of private gifts for matching with state funds due to lack of adequate documentation. Washington STEM worked with CSF financial staff and WSOS development staff to research and obtain the necessary



documentation and re-submitted the entire amount to the state, requesting appropriated matching funds. The primary risk of state acceptance will be with the individual credit card gifts and aggregated giving, such as Benevity fund, which were deposited first into the CSF bank account and later transferred to the WSOS bank accounts but not in discreet amounts that can be matched directly with the individual gifts. After extensive work over five months, Washington STEM submitted a large volume of organized documentation which we hope will meet state requirements. The state has verbally committed to complete their review of the documentation by the end of January 2018. Once they provide the results of their review, it may be necessary to go back to CSF again to see if any other approach may be taken in order to secure the match.

- State match-private gifts from 2.1.7-9.30.17: Invoice and supporting documentation submitted to the state on November 1. The review is complete, is being double-checked, and verbal confirmation has been given that the funds will be released by the state in December. Under the short-term investment policy, the funds will be promptly invested by KeyBank in accordance with policy-based instructions.
- Scholarships: The Washington STEM finance team and the WSOS program teams continue regular work together to ensure the most accurate possible projections for program planning and for the accounting for future scholarship liabilities. The accounting entries to update the liability and expense accounts were recorded in the August financial statements. The 2018 budget includes scholarship expense based on the current scholarship model.
- Program cash projections: The cash forecasting using quarterly increments has been updated using the proposed 2018 budget expenses and most current cash and revenue balances. This will be used to direct Key Bank to invest the cash, including the expected receipt of the \$8.3 million match from the State, using maturities linked to the projected expenses and scholarship payments as guided by the short term investment policy.
- Investment Returns for all funds have been positive. The report on investments via KeyBank (since August) is contained in the attached report, along with the report from WSIB.
- Accounting system conversion to hosted version of Abila MIP Fund Accounting: The conversion was completed within the budget and on time with a July 1, 2017, “go live” date; it included the history for WSOS and Washington STEM since inception. Implementation costs have been shared 60/40 between the two organizations with Washington STEM paying the 60 percent. We are currently reducing the time to perform the monthly close and finding efficiencies, as well as preparing reports for management reporting and the audit, including the consolidating financial statements, using the new system. This is excellent progress, I believe, by any measure.
- Audit of 2017 financial statements by Clark Nuber: This will be the first audit of Washington STEM that includes the WSOS program, which will substantially change the scope of work and the content of the audited financial statements and accompanying footnotes. Washington STEM has, in past years, received the final audit report by the end of March. We are working with Clark Nuber on strategies and plans to meet that schedule again this year. To this end, Clark Nuber will perform interim audit work on the WSOS program transition from CSF and related matters, and also the accounting system conversion, during the week of December 11, 2017. The Washington STEM finance team will draft the audit report and footnotes so it will be ready by the start of fieldwork.
- Renewal of Health and Welfare benefits: Washington STEM was pleased to secure the renewal of the plans with an 11 percent increase in the Regence health plan and no increase in the Delta Dental and Sun Life plans.
- Renewal of liability, D&O, and cyber insurance: This is in process now for renewal as of 2.1.18; at this time, cost increases, if any, are expected to be modest.

## WASHINGTON STEM RESPONSIBILITIES UNDER THE CONTRACT

Washington STEM has had a workplan to deliver services in support of the WSOS program with the following key milestones in addition to the baseline support in each of the key areas (IT, HR, and Finance and Administration).

Completed:

- Q1-2017: Employees onboarded, complete transition from CSF including all program data, financials and donor information to report program revenues, costs and student outcomes with accuracy from inception
- Q2-Q3-2017: Accounting system conversion and system integrations; financial reporting
- Q4-2017: Annual program report to Legislature-support relevant data requested by WSOS

Pending:

- Q1-2018: First audited financial statements and Form 990 for combined programs under Washington STEM
- Q2-2018: Secure WSOS contract renewal; prepare for state audit of program

Washington STEM has completed the required milestones to date and the system conversions have been completed as well. The Washington STEM finance team has met with Clark Nuber to plan for the audit of 2017 results. They will do interim fieldwork in December around the accounting system conversion and the transfer of the WSOS beginning balances from CSF as of January 31, 2017.

## OTHER MATTERS

After ten months into the contract, much of the baseline work has become well established. Washington STEM has moved into projects related to the investments, overall analyses of revenue and spending, and using program financial projections for decision-support.

We look forward to the following major work in 2018:

- State Match: Resolve pre-2.1.17 issues and move forward with an established process for timely match in collaboration with the state (WSAC)
- Support decision-making around legislative strategy for appropriation request related to remaining matching funds (from program cash projections and known revenue), and provide other program analysis as requested by WSOS
- Investments: Recommend transfer of remaining scholarship funds held in cash with WSIB as part of the investment policy implementation and to gain higher returns for the program. Support the RFP process to be led by Bob Moser.
- Cybersecurity review: Perform the SOW (attached) to review the IT environment and all new systems, with emphasis around the controls over storage and transfer and safeguards of personal information. This is being done as a step related to the implementation of and procedures used with new systems; it will also include a review of all contracts with the organization's cloud-based software providers and the cyber liability and privacy breach insurance which was purchased as required by this contract.
- Timely completion of the financial audit (Clark Nuber) and reports to both the WSOS Board and the Washington STEM Board.

Prepared by Cindy J. Gustafson  
December 6, 2017

**WASHINGTON STEM  
CYBER SECURITY REVIEW -SAFEGUARDING PERSONAL INFORMATION  
PROPOSED SCOPE OF WORK**

**BACKGROUND:**

The Washington STEM Center is a Not-for-Profit Entity established in 2011 in the state of Washington. Washington State Opportunity Scholarship (WSOS) is a program administered by the Washington STEM Center beginning February 1, 2017; previously WSOS was administered by the College Success Foundation (CSF). WSOS is a public-private partnership that provides scholarships for four-year STEM and health care degrees in the state of Washington and related support services designed to increasing access to Washington State’s low- and middle-income children to postsecondary education. Washington STEM also administers Project Pilgrimage beginning September 1, 2016. Project Pilgrimage focuses on civil rights and equity. All programs are supported by fundraising efforts.

Transition of WSOS from CSF to Washington STEM required the implementation of information systems for accounting and reporting, scholarship administration and management, and donor management. The systems used and their function to be included in this review are:

- **WizeHive (Zengine):** Student data management and scholarship service administration
  - *Migration was complete by Q3-2017. WSOS Scholars and school partners were granted access to specifically designed portals during Q4-2017. The next cohort (Cohort 7) of Scholars will begin entering data directly into the scholarship system portal in Q1-2018 with the new application.*
- **Donor Perfect:** Prospect, donor and partner management; includes tracking of financial gifts, volunteer interest, and partner possibilities
  - *Migration was complete by Q2-2017. The system is being used regularly but further leveraging of the tools available in the new system have yet to be explored.*
- **Abila MIP:** Accounting and financial management
  - *Migration was complete by the “go-live” date of July 1, 2017.*
- **Box:** File storage, sharing and management
  - *Migration was complete by Q1-2017. Currently, the structure and sharing settings for WSOS Box is being reviewed by an internal team.*
- **True North:** Technology support
- **Reconciliation and disbursement processes:** Internal procedures

These systems have been in the implementation stages during 2017 and various functions continue to be added over the course of several months.

Washington STEM operates entirely in a cloud-based environment. All the systems used are hosted systems with vendor contracts for each application. An outside contractor, True North, is used for infrastructure management.

**OBJECTIVES**

Ensure that best practices for the protection of personal data (primarily students, donors and employees) are present in both the overall control environment for IT infrastructure and data management, as well as the operating procedures for each of the new systems and the storage and

**WASHINGTON STEM  
CYBER SECURITY REVIEW -SAFEGUARDING PERSONAL INFORMATION  
PROPOSED SCOPE OF WORK**

transfer of such information. Ensure that current documentation exists for each system along with operating procedures. Implement a data management system and train all employees around same.

**SCOPE OF WORK**

Perform a Data Governance Review of the overall IT environment and the three new systems: WizeHive (Zengine), Donor Perfect and Abila MIP. We believe this is the ideal time for an internal review because the systems are new and functioning, but still at early stage of use and written procedures are yet to be developed. Now is the time to make changes if anything important comes to light, and potential other changes can be prioritized for future periods. Once the systems have been fully implemented and procedures are in place, we will consider engaging an outside consultant to perform a review and make recommendations as needed to ensure best practices.

The aims of the project are to document the environment and controls, capture the flows of data and produce a data management policy with an emphasis on security of personal information.

We envision doing this work in several phases:

- Internal review and documentation of controls and procedures
- Draft data management policy
- Consider review by outside consultant once procedures have been established

The American Institute of CPA's has recently issued a cybersecurity reporting framework and has other tools that may be useful in performing this work. The technical support teams for our IT infrastructure and for each of the hosted systems will also be important resources to this work.

The project team will be:

Cindy Gustafson  
Matt Poth  
Kimber Connors  
Christina Khatri  
Jenna Magnotti

Other resources:

True North technical support  
WizeHive implementation consultant  
Abila MIP implementation consultant  
Donor Perfect technical support  
Box technical support

**WASHINGTON STEM  
CYBER SECURITY REVIEW -SAFEGUARDING PERSONAL INFORMATION  
PROPOSED SCOPE OF WORK**

**POTENTIAL TIMELINE FOR WORK**

<b>Action</b>	<b>Target Date</b>
Develop workplan and approach	December 2017
Review contracts for each hosted system; obtain SOC 2 reports for each system	December 2017-January 2018
Prepare or update, as appropriate, the accounting and operational procedures for each system	December 2017-January 2018; on-going
Implement Governance module for Box	January 2018
Document the data environment and controls	Q1-2018
Draft data management policy	Q2-2018
Employee communications	Q2-2018 and on-going
Other steps as needed	
Consider review by outside consultant (Clark Nuber?)	Q2-2018
Report to Finance Committees of both WASTEM and WSOS	June 2018

Prepared by Cindy J Gustafson and Kimber Connors  
December 7, 2017

**CANDIDATE FOR WSOS FINANCE & INVESTMENT COMMITTEE**

**MANISH JAIN BIO**

Manish Jain is a member of the Trilogy Equity Partners investing team and his responsibilities include evaluating potential investments and supporting Trilogy's portfolio companies. Manish joined Trilogy after 10 years with J.P. Morgan Chase in New York. Most recently, he worked in the bank's Chief Investment Office & Treasury group within the Portfolio Strategy team. His primary responsibilities included macroeconomic and cross-asset research as well as interest rate sensitivity analysis. Prior to that, Manish was an equity research analyst covering the telecom, cable, and satellite services sector which included over 30 domestic and multinational companies with market capitalizations ranging from \$100 million to more than \$200 billion. His coverage provided exposure to the broader technology and media ecosystems. Manish has a BS in Finance and Accounting from New York University's Stern School of Business and is a CFA® charterholder.

While living in New York, Manish spent time on the leadership team of NY+Acumen, the local chapter of Acumen. Acumen is a non-profit organization focused on alleviating poverty through investments of patient capital in South Asia, East Africa, and Latin America.

Manish grew up in Ocean Township, New Jersey and spent several years living in New York City. A fairly recent transplant to the Pacific Northwest, Manish is enjoying his beautiful surroundings and spends his free time traveling, hiking and skiing with his wife.

# MANISH JAIN, CFA

1000 Minor Avenue ▪ Seattle, WA 98104 ▪ (917) 509 – 5267 ▪ manishj84@gmail.com

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<b>EXPERIENCE</b>	<b>TRILOGY EQUITY PARTNERS, Bellevue, WA</b> <span style="float: right;"><i>March 2016 – Present</i></span> Trilogy Equity Partners is an early stage technology-focused venture capital firm <i>Investment Associate, member of five-person investment team</i> <ul style="list-style-type: none"><li>▪ Advise and support portfolio company executives on strategy, operations, financial planning, fundraising, and hiring. Board Observer for Trilogy portfolio company PushSpring.</li><li>▪ Develop deal flow across the technology ecosystem. Conduct due diligence on prospective investments, including product research and market sizing.</li><li>▪ Expand and maintain network of entrepreneurs, investors, industry experts, and technologists.</li><li>▪ Manage broad portfolio analysis, including benchmarking, fund valuation, and financial planning.</li></ul>
	<b>J.P. MORGAN CHASE &amp; CO. – CHIEF INVESTMENT OFFICE, New York, NY</b> <span style="float: right;"><i>May 2011 – February 2016</i></span> The Chief Investment Office (CIO) manages and reinvests over \$300bn of credit and rates assets globally. <i>Vice-President, Generalist - Portfolio Strategy and Research (December 2012 - Present)</i> <ul style="list-style-type: none"><li>▪ Manage independent research projects, involving specific CIO investments including corporate credit, securitized products, munis and rates, as well as macroeconomic, policy, and industry research.</li><li>▪ Analyze trends across macro sensitive equity sectors, including financials and housing. Developed understanding of bank financials through peer analysis and internal JPM balance sheet analysis.</li><li>▪ Conduct interest rate and credit crisis scenario analysis to determine optimal asset allocation.</li><li>▪ Assisted with improvements to the risk management environment following May 2012 trading loss.</li></ul> <i>Research Associate to Chief Investment Officer (May 2011 – May 2012)</i> <ul style="list-style-type: none"><li>▪ Reported directly to global Chief Investment Officer and member of firm’s Operating Committee.</li><li>▪ Conducted macro and fundamental research focused on credit and rates, equities, FX, and PE investments.</li><li>▪ Partnered with senior executives including the group’s regional CIOs, CFO, CRO, and portfolio managers.</li></ul>
	<b>J.P. MORGAN SECURITIES, INC. – EQUITY RESEARCH, New York, NY</b> <span style="float: right;"><i>June 2006 – May 2011</i></span> <i>Associate – Telecom, Cable, and Satellite Services (2009–2011); Analyst – Telecom Services (2006-2009)</i> <ul style="list-style-type: none"><li>▪ Consistently ranked at top of class, based on fundamental analysis, modeling, written research, client and industry relationships, feedback from institutional sales and trading team, and level of responsibility.</li><li>▪ Equity coverage of over 30 companies, including wireless, wireline, cable, satellite, and wireless tower operators under top-ranked analysts Tom Lee, Jonathan Chaplin, Mike McCormack, and Phil Cusick.</li><li>▪ Pitched investment ideas, explained and supported investment theses, and provided industry knowledge to institutional clients, allowing them to make informed investment decisions. Performed due diligence and modeling prior to select telecom IPOs in support of institutional sales marketing efforts.</li><li>▪ Authored detailed reports for initiation of coverage based on discussions with company management and industry contacts, financial analysis, and fundamental, market and demographic research.</li><li>▪ Valued companies using DCF, LBO, sum of the parts, and multiples analyses. Used alternative multiples to value companies’ subscribers (EV/Subscriber) and spectrum (EV/MHz Pop).</li><li>▪ Hosted corporate executives (CEO, CFO, COO) and investors at conferences and marketing events.</li></ul>
<b>EDUCATION</b>	<b>CHARTERED FINANCIAL ANALYST</b> <b>NEW YORK UNIVERSITY, STERN SCHOOL OF BUSINESS, New York, NY</b> Bachelor of Science, Finance and Accounting, May 2006 <b>NEW YORK UNIVERSITY IN LONDON, London, England</b> <span style="float: right;"><i>Spring 2004</i></span>
<b>SERVICE</b>	<b>NY+ACUMEN, CHAPTER OF ACUMEN FUND</b> <span style="float: right;"><i>August 2011 - Present</i></span> <i>Member of Alumni Board; Leadership Team (2011 – 2013)</i> <ul style="list-style-type: none"><li>• Led team of 40 volunteers towards accomplishing fundraising, educational, and community building goals.</li><li>• Assisted with efforts to raise \$135,000 in 2011-2013.</li></ul>
<b>HONORS</b>	<b>STERN SCHOLAR, DEAN’S LIST, AND HONOR KEY RECIPIENT</b>
<b>ACTIVITIES</b>	<b>ALPHA KAPPA PSI BUSINESS FRATERNITY</b> <i>Vice President of Membership (2005 – 2006), Professional Events Director (2004 – 2005)</i> <ul style="list-style-type: none"><li>▪ Regularly interacted with executive board to help manage a Chapter of 70 members.</li><li>▪ Actively recruited and trained new members in order to maintain a cohesive, productive organization.</li></ul>
<b>PC SKILLS</b>	Microsoft Excel/PowerPoint/Word; FactSet, Bloomberg Professional, Dataquery, SNL, Haver
<b>INTERESTS</b>	International travel and cuisine, soccer, skiing and golf