

MINUTES

Committee Trustees Present:

Steve Sliwa, Chair	Jessica Gomez	Jay Kenton, Interim President
Bill Goloski	Vince Jones	Paul Stewart

University Staff and Faculty Present:

Brian Adair, Director of Facilities Management and Capital Planning
Vivian Chen, Contracts Officer and Legal Liaison
Thom Darrah, Projects and Planning Manager
Erin Foley, VP Student Affairs/Dean of Students
Brian Fox, VP Finance and Administration
Michelle Meyer, Director of Business Affairs
Steve Neiheisel, VP Strategic Enrollment Management
Tracy Ricketts, AVP Development and Alumni Relations
Paul Rowan, CIO/AVP Information Technology Services
Di Saunders, AVP Marketing and Public Relations
Terri Torres, Mathematics Associate Professor

Others Present:

Penny Burgess, USSE
Trever Campbell, Kernutt Stokes
Patrick Deming, Kernutt Stokes
Haley Lyons, Kernutt Stokes

1. Call to Order/Roll/Declaration of a Quorum

Chair Sliwa called the meeting to order at 8:10am. The Secretary called roll and a quorum was declared.

2. Consent Agenda**2.1 Approve Minutes of June 29, 2016 Meeting**

Minutes were approved with a correction to Section 3.4. The last sentence should read: The recurring fund balance policy is 15% which represents two months' expenditures salaries.

3. Finance, Facilities and Audit Status Report

3.1 Quarterly Review

VPFA Fox explained the intent of the status report and walked through the attachments in the agenda report including the Financial and Enrollment Metrics which will be produced monthly. He explained the dashboards will be used by executive staff and the Trustees. The Facilities report is still under construction. **Trustee Gomez suggested adding a metric showing cash-in/cash-out on the dashboard.** **VPFA Fox** stated the annual financial audit will be presented at the February meeting.

4. Action Items

4.1 Recommendation to the Board to Approve the Creation and Funding of a Quasi-Endowment Fund

VPFA Fox explained the purpose for creating a quasi-endowment fund to more effectively and efficiently manage operating and non-operating reserves and maximizing interest earning, and how the funds could be spent and replenished.

Trustee Gomez moved to recommend the Board approve the creation and funding of a quasi-endowment fund from the E&G Fund at a level of \$7,500,000 and set the spending policy at a four percent annual spend rate. Trustee Jones seconded the motion.

Request to bring the spending policy back to the Committee for further discussion.

With all Trustees present voting aye, the motion passed unanimously.

4.2 Recommendation to the Board to Approve the Emergency Electrical and Storm Drainage Project and Authorize Issuance of State Funded Debt

VPFA Fox explained the repair projects and the need to obtain funds through debt financing.

Trustee Gomez moved to recommend the board approve the emergency electrical and storm drainage project and authorize issuance of state funded debt. Trustee Stewart seconded the motion. With all Trustees present voting aye, the motion passed unanimously.

4.3 Risk Analysis and Internal Audit Plan

Chair Sliwa reminded the committee of the decision previously made to employ an outside contractor to perform the internal audit function. **VPFA Fox** introduced the consultants from Kernutt Stokes who explained the process used for the audit and walked through a PowerPoint presentation. A morale/culture survey was not given on either campus and the university could benefit from that; some items related to morale and culture show up in this report. It was acknowledged that some of the items identified in the audit are historical in nature and not forward thinking; people were not using the fraud hotline but felt comfortable with completing the questionnaire because an outside entity was receiving the results. Issues: lack of emergency response/disaster recovery/ business

continuity plan; social media policy enforcement; need for additional diversity inclusion; and limited access to institution data and reporting (IT issue). Clarification that every year a risk assessment will be conducted to help determine which of the 43 potential audit units should be addressed.

Types of audits that can be performed: Performance, Financial, and Compliance. Tier 1 – bigger projects, higher risk projects and Tier 2 audits – recurring projects, smaller. General consensus to conduct audits of Financial Aid (Tier 1) and on an Auxiliary Fund (Tier 2) next year. **Request for management to convey issues listed in the report to identified departments or divisions.**

Trustee Stewart moved to adopt the Audit Charter and accept the Risk Assessment and Recommended Audit Plan for 2015-16. Trustee Jones seconded the motion. With all Trustees present voting aye, the motion passed unanimously.

Trustee Stewart moved to delegate authority to Chair Sliwa and Trustee Jones to act as the committee's internal audit representatives for the general and facilities issues, respectively, to work with the President, Vice President of Finance and Administration, and Internal Auditor to establish a final work plan for consideration of adoption. Trustee Gomez seconded the motion. With all Trustees present voting aye, the motion passed unanimously.

BREAK 9:50am-10:05am

5. Discussion Items

5.1 Student Recreation Center Update

VPFA Fox explained the need to rehabilitate and upgrade the existing fitness center/gym to improve student welfare. He summarized the information gathered from a student open forum and surveys, and explained the next steps including holding a second open forum. Discussion regarding specific uses within the structure, the possibility to rehabilitate other amenities such as the tennis courts, the need to look at the lifespan of equipment and renovations, and the time of fee assessment versus completion of project. **Suggestion to accommodate catering/kitchen space if possible. Request to look at lifetime of the assets and budget for replacement. Request to make sure the athletic department is paying its fair share of the rehabilitation. Request to calculate how much this would increase the university's overall debt.**

5.2 Tuition Setting and Budget Setting Process

VPFA Fox walked through a handout showing the draft budget and tuition development timeline. With the failure of Ballot Measure 97 funding to public universities will be limited and this will have an effect on tuition amounts.

5.3 Public University Fund Investment Update

USSE Penny Burgess summarized the investment report. She walked through a handout discussing a fossil-fuel-free fund stating replacement funds would perform at or greater than the fossil-fuel funds. Oregon Tech would need to amend the board's investment

policy if it chose to divest funds. OSU is expected to vote on the fund at its January meeting and will likely request a formal letter from the Oregon Tech Board Chair addressing the possibility of Oregon Tech investing in the fund. Discussion regarding the possibility and potential ramifications of universities not supporting the divestment. Concern that this could be just the beginning of requests to divest and this could be setting precedent. Impact should be relatively small financially. **Request for staff and Ms. Burgess to research decisions the University of Washington and Stanford University made and how they are handling the divestment requests and report back to the Committee.**

5.4 Cornett Renovation Update

VPFA Fox introduced **Thom Darrah, Projects and Planning Manager. VPFA Fox** summarized the previous and proposed funding timeline. **Manager Darrah** explained BBT Architects is the architect of record and walked through the Phase I Design and Construction schedule with completion of the project expected at the beginning of the school year of 2018; construction will continue through the school year. Suggestion to hire one general contractor to oversee more than one construction progress to achieve financial savings.

5.5. Information Technology Services Strategic Proposal

ITS AVP/CIO Rowan took comments from the Trustees regarding the information presented in the agenda report. **Chair Sliwa** stated that the SWOT analysis is internally focused and suggested staff look externally. He also stated that having standardized programs and products is a key factor in success; staff should consider moving away from all of the customizations created in the past. Discussion regarding Banner and Ellucian programs and the benefits/downfalls of the Cloud.

6. Other Business/New Business

7. Adjournment

Meeting adjourned at 11:15am

Respectfully submitted,



Sandra Fox
Board Secretary