

MINUTES

Trustees Present:

Steve Sliwa, Chair

Jill Mason

Paul Stewart

Other Trustees Present:

Lisa Graham, Chair
President Maples

Celia Núñez -Flores
Kelley Minty Morris

Dan Peterson

University Staff and Faculty Present:

Brad Burda, Provost

Lita Colligan, AVP Strategic Partnerships

Erin Foley, VP of Student Affairs/Dean of Students

Jay Kenton, Special Projects

George Marlton, Executive Director of Purchasing/Contract Services

Michelle Meyer, Interim VP Finance and Administration

Tracy Ricketts, AVP Development and Alumni Relations

Di Saunders, AVP Communications and Public Affairs

David Thaumert, Associate Professor Civil Engineering and incoming Faculty Senate President

Others Present:

Diana Barkelew, CPA, Director of Financial Reporting Services, USSE

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

Chair Sliwa called the meeting to order at 10:15am. The Secretary called roll and a quorum was declared.

2. Consent Agenda

2.1 Approve Minutes of February 2, 2016 Meeting

Trustee Stewart stated he was not at the meeting so cannot vouch for the accuracy of the content of the minutes.

Trustee Sliwa moved to approve the consent agenda. **Trustee Mason** seconded the motion. With all Trustees present voting aye, the motion passed unanimously.

3. Management Report

Interim VP Meyer stated the Finance and Administrative Staff are reviewing the metrics requested by the committee at the February 2, 2016 meeting. The following will be presented as part of the Management Report at the next regularly scheduled Finance and Facilities Committee meeting: viability ratio, primary reserve ratio, net revenue ratio, return on net position ratio, debt burden ratio, current ratio, contribution ratio, tuition and fees funding ratio, and net income margin. Measurement dates will be June 30, 2016. Staff analysis to be reported on an on-going basis includes: sensitive or significant assumptions, basis of those assumptions, changes to those assumptions to date, year to date budget and actual comparison, and anticipated changes. At the February 2nd meeting an anticipated operating loss of \$2.1M was reported. Based on salary savings from unfilled positions the E&G will change from a negative operating budget of over \$1M to a positive \$500,000; the anticipated operating loss (overall deficit for the university) is now forecast to be between \$750,000 and \$1.2M.

4. Action Items

4.1 Recommendation to the Board regarding Adoption of a One-Time Funding Philosophy

Chair Sliwa recommended amending criteria three of the proposed philosophy - deleting the reference to the Board of Trustees so it would read "3. Contribute to the Strategic Mission of Oregon Tech ~~Board of Trustees.~~" **He suggested using a guideline of having a payback of 5% in one to two years for Criteria 1 and 2.**

Trustee Mason moved to recommend to the Board adoption of the One-Time Funding Philosophy as amended. **Trustee Stewart** seconded the motion. **With all Trustees present voting aye, the motion passed unanimously.**

4.2 Recommendation to the Board regarding Adoption of a Debt Management Policy

Interim VP Meyer gave an overview of the proposed policy. Discussion regarding compliance and reporting

Trustee Stewart moved to recommend to the Board adoption of a Debt Management Policy. **Trustee Mason** seconded the motion. **With all Trustees present voting aye, the motion passed unanimously.**

4.3 Recommendation to the Board regarding Adoption of a Tuition and Fee Process Policy

Interim VP Meyer reviewed the policy and explained the make-up and processes of the Tuition Recommendation Committee and Incidental Fee Committee. **Chair Sliwa** questioned the term 'other fees' and the need to clarify the difference between those and incidental fees. **Trustee Stewart** requested inclusion of the language of ORS 352.105 in the policy or with the agenda information so it is known what the policy is referencing, and an explanation of the mandatory process (this can be included in the background

information). **Chair Sliwa** asked that the board have the ability to preview fees prior to being asked to set them and for the policy to address transparency and compliance.

Trustee Stewart moved to recommend to the Board adoption of the Tuition and Fee Process Policy, and directed staff to return to the Finance and Facilities Committee at the next regularly scheduled meeting with a modified policy addressing:

1. clarification between incidental fees and other fees,
2. language of ORS 352.105 for reference (can be included in the agenda report and not the actual policy),
3. an explanation of the mandatory review and adoption process, and
4. a statement regarding transparency and compliance describing the implementation to arrive at this point.

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

4.4 Recommendation to the Board regarding Approval of the Capital Budget of \$2,019,277 to Continue the Design and Construction of the Soccer Field Project—Continued from February 2, 2016 meeting

Athletic Director Schell gave an overview of the history of the project, the pro forma, and a proposed budget for FY16-17. He addressed the rationale for bringing soccer back to campus, the number of athletes who would benefit from the project, and the academic caliber of student athletes. He addressed the high dependency of the budget on advertising and confirmed that any deficit will be absorbed by the athletic department. He clarified that Rugby is an extra-rural sport with a budget of \$6,000 and they do not play other NAIA schools. **Chair Sliwa** walked through a list he created, based on information received to date, of the pros and cons of passing the proposal (on file). **Trustee Peterson** questioned the replacement costs and timing being a con. Consensus that the committee is comfortable with recommending approval to the board based on the financial aspects under the committee's purview but there are other issues the board should consider prior to making a decision.

Trustee Mason moved, based on analysis of the items under the purview of the Finance and Facilities Committee, to recommend to the Board approval of a capital budget of \$2,019,277 to continue the design and construction of the soccer field project. **Trustee Stewart** seconded the motion. With all Trustees present voting aye, the motion passed unanimously.

Chair Sliwa will amend the list for use by the board at its meeting.

5. Discussion Items

5.1 Investment Update

Chair Sliwa stated the reference to SOU in the document should be to Oregon Tech but the dollar amount referenced is correct. **Interim VP Meyer** walked through the report and

stated there was an error in the state's modeling; the overall effect to Oregon Tech is a decrease of \$80,000.

5.2 Creation of an Investment Policy and an Endowment Policy

Interim VP Meyer stated the inherited policies from the Oregon University System are sufficient for Oregon Tech. In an estimated 6-9 months an outside financial advisor will assist the university in reviewing and editing the policies. **AVP Ricketts** confirmed the endowment funds of the Foundation are not commingled with the University endowment funds. Discussion regarding various type of endowment funds; confirmation that the university only has a quasi-endowment currently. Consensus to wait until the end of the year for a Financial Advisor prior to amending the investment and endowment policies.

LUNCH BREAK – 11:50am - 12:20pm

5.3 Presentation of the June 30, 2015 Annual Financial Report

Director Barkelew walked through the annual financial report. She stated the university is subject to Government Accounting Standards Board (GASB) and explained the changes in GASB 68, which will impact our budgeting, including the net pension asset and the cost of living increase for retirees. As a result of this change the University went from having a \$2.1M asset to having a \$2.5M deficit. Discussion regarding past and future audits. Next year's audit will require additional work by student affairs and financial aid. **Interim VP Meyer** stated the RFP for an external auditor will be let next week. **Director Barkelew** identified the debt obligations that were removed and stated Oregon Tech will retain \$48M of obligated debt.

5.4 Meeting Schedule

Interim VP Meyer stated that the collective ask for operating budgets of the seven universities and Oregon Tech's capital request are due to HECC by March 31 as HECC needs to submit the information to DAS by April 1.

6. Other Business/New Business - none

7. Adjournment

Meeting adjourned at 1:00pm.

Respectfully submitted,



Sandra Fox
Board Secretary