

## MINUTES

### Trustees Present:

Steve Sliwa, Chair  
Melissa Ceron

Jessica Gomez  
Jill Mason

Paul Stewart

### Other Trustees Present:

Chris Maples, President

### University Staff and Faculty Present:

Erin Foley, VP of Student Affairs/Dean of Students  
Lori Harris, Senior Fiscal Manager  
Jay Kenton, Interim VP Finance and Administration  
Laura McKinney, VP of Wilsonville  
Michelle Meyer, Director of Business Affairs Office  
Denise Reid, Assistant Director of Business Affairs Office  
Tracy Ricketts, AVP Development and Alumni Relations  
Di Saunders, AVP Communications and Public Affairs  
Paul Rowan, AVP Information Technology Services/CIO  
Sue Cain, Senior Budget and Planning Officer

### Others Present:

Jean Bushong, CliftonLarsenAllen  
Chris Harder, Oregon Business Development Department  
Betsy Johnson, District 16 Senator  
Caroline Wright, CliftonLarsenAllen

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

**Chair Sliwa** called the meeting to order at 12:05pm. The Secretary called roll and a quorum was declared.

## 2. Consent Agenda

### 2.1 Approve Minutes of February 22, 2016 Meeting

**Trustee Mason** amended the second sentence of Section 5.1 of the minutes: change “affect” to “effect”.

**Trustee Stewart** moved to approve the consent agenda with the amendment to the minutes. **Trustee Ceron** seconded the motion. With all Trustees present voting aye, the motion passed unanimously.

\*Note: Action and Discussion items on the agenda were taken out of order: 3.1 tabled, 3.2, 4.6, 3.1, 4.1, 4.7, Break, 4.4, Break, 4.3, 4.2, 4.5, 4.9. Item 4.8 was postponed.

### 3. Action Items

#### 3.1 Request to Select an External Auditor and Authorize Staff to Enter into a Contract (12:05pm-12:15pm and 12:40pm-1pm)

**Director Meyer** outlined the timeline and process of the selection committee. The committee reviewed three proposals from Eide Bailly, Moss Adams, and CliftonLarsenAllen (CLA); and recommended entering into a contract with CLA. The firm specializes in higher education, will provide limited training to Oregon Tech staff, and will serve as an advisor to the Board. **Interim VP Kenton** stated the firm was employed by the Oregon University System (OUS) for approximately 5 years, they are familiar with Oregon Tech staff, Oregon Tech accounting processes, and Shared Services staff. Five other universities previously in the OUS (PSU, EOU, WOU, SOU, and OSU) have also contracted with the firm. The original budget for the contract was \$110K-\$120K but the proposal came in at \$75K-\$85K.

The item was tabled at 12:15pm until 12:40pm when representatives Jean Bushong and Caroline Wright with CLA called in. **Ms. Bushong** stated one of the firm’s primary industries is higher education and they have experience working with other Oregon universities coming out of the OUS. She responded to **Chair Sliwa’s** inquiry to whether the firm could identify areas of growth for the university, stating the contract will be focused on the financial aspects of the organization but if the Board requests operational assistance such as a program analysis they can offer those services. **Ms. Bushong** responded to **Interim VP Kenton’s** request to address the options the university has regarding an internal audit: to retain a CPA firm or directly employ an individual on staff. She stated the first thing CLA will do for the external audit is to review Oregon Tech’s levels of controls, including the internal audit function. It is important to have someone addressing risk who reports directly to the board; the function is beneficial to prevent the organization from the risk of growth. She identified pros and cons to hiring out and employing staff to address university risk management.

**Trustee Ceron** moved to select CliftonLarsenAllen, LLP as the external auditor and authorize staff to enter into a contract with the firm subject to the Request For Proposal protest period. **Trustee Mason** seconded the motion. With all Trustees present voting aye, the motion passed unanimously.

### 3.2 **Request for a Recommendation to the Board of Trustees to Retroactively Approve the Corrected 2015-16 Mandatory Fee Schedule for Wilsonville (12:15pm-12:20pm)**

This item was discussed when item 3.1 was tabled. **Interim VP Kenton** explained when the fee schedule was adopted for the current year (2015-16) there were two errors: total fees were overstated by \$15; and the incidental fee was overstated by \$15 and the health fee was understated by \$15. HECC reviewed the fees and discovered there was an increase greater than 3%; the health fee appeared to be doubling. All corrections to student accounts were made but a retroactive correction is required from the Board. Memos supporting the retroactive correction were received from Klamath Falls ASOIT President, Associate Dean of Students and Wilsonville ASOIT President, and the Student Health Advisory Committee.

**Trustee Mason** moved to recommend the Board of Trustees retroactively approve the corrected 2015-16 mandatory fee schedule for students enrolled at the Wilsonville campus. **Trustee Gomez** seconded the motion. With all Trustees present voting aye, the motion passed unanimously.

## 4. Discussion Items

### 4.1 **Internal Audit (1pm-1:10pm)**

**Interim VP Kenton** explained the internal audit historically was provided by the OUS and the Legislature provided some funding to each university for the service after the transition to independent governing boards. The university is not required by law to have an internal audit function; however, the function is beneficial. The options for an internal audit are to outsource or create an internal position. He stated he spoke with members from private industry and local governments and found none had an internal audit function. He explained that when he contacted a local accounting firm to gauge interest and ability to provide the service; the firm stated it would respond if an RFP was issued. **Interim VP Kenton** suggested retaining a local firm to perform the internal audit function. The existing check-and-balance process in place is a fraud, waste, and abuse hotline which can be used to report actions or issues that don't appear to be appropriate or legal. He stated the university will conduct an annual risk assessment to look at its biggest exposures. The approximate cost to outsource the internal audit service is \$100K per year with each audit (payroll, cash handling, etc.) ranging from \$15K-20K.

**Trustee Stewart** favored the internal audit function and suggested contracting out and evaluating the effectiveness after a year. **Trustee Gomez** supported pursuing an outsourced firm. **Chair Sliwa** stated a multi-person office or outsourcing are the options. He supports moving forward with an RFP process and the committee being the formal conduit. **Consensus to have staff bring options for the internal audit function forward to the Committee.**

### 4.2 **Budget Update (3:30pm-3:45pm)**

**Interim VPFA Kenton** stated the average increase in enrollment over a 15 year period was 4.5%; a 1% increase in enrollment equates to roughly \$300K. He stated Executive Staff will meet on May 17 to work on creating a balanced budget to bring to the Board at the June 29-30 meeting. Collective bargaining agreements were incorporated into the

budget and faculty and administrative staff salaries reflect a 4% salary increase to be given mid-contract.

**Chair Sliwa** suggested looking into discounting tuition as an option; he suggested it be based on maximizing revenue whereas merit or need are the common bases. **Interim VP Kenton** stated the VP of Enrollment Management should be able to analyze the option.

#### 4.3 **Financial Projection and Model** (3:45pm-4:05pm)

**Interim VP Kenton** walked through the estimated end of year financial projection which is based on year to date actuals, previous year actuals, and the average burn rate. He walked through the spreadsheet model and the assumptions and variables considered. He stated FOAC received this information and the budget staff will produce this report monthly. He discussed the need to look at our faculty model to balance out the type of faculty to assist in serving growing enrollments.

**Trustee Mason** rejoined the call at 4:00pm

#### 4.4 **Oregon Tech Participation in the Oregon Manufacturing Innovation Center (OMIC)** (1:40pm -3:10pm)

**Chair Sliwa** stated this project is supportive of the university's strategic objectives: augmenting the offerings of the Wilsonville campus and pursuing technical and remote education in the region. He asked the Committee to consider the benefits, risks, and possible endorsement of the proposal to the Board so it may take action at its meeting later this week. Time is of the essence as there is an offer on the property and if the Board is interested an offer needs to be made by May 9.

**VP McKinney** explained the concept of an advanced manufacturing research center: industry comes together, pools research and development dollars, contracts with university researchers to complete applied research projects and connect those projects with education in the area. One of the earlier efforts was the establishment of the Northwest Collaboratory for Sustainable Manufacturing. The NWCSM is in its third year and Oregon Tech has two Manufacturing Engineering faculty positions funded through this program. Oregon Tech's Wilsonville Program Director for ME is funded through ETIC. Boeing is the proposed anchor tenant and they want to accelerate the manufacturing process in Oregon. In the fall of 2015 discussion started regarding the creation of a manufacturing research center and representatives from Oregon universities, community colleges, industry and the Legislature visited Adrian Allen and the Advanced Manufacturing Research Center in Sheffield, England in January 2016.

**Senator Johnson** stated she helped solicit funds from the Legislature for NWCSM and is a strong advocate of the Oregon Manufacturing Industry. She explained the collaboration and growth at the AMRC and the positive ramifications of establishing a similar facility in Scappoose, Oregon. Boeing established 14 facilities around the world but this would be the first in the United States. The structure of the AMRC includes partnerships between business, government and education; she would like to include philanthropic organizations to the structure and has broached the idea with Meyer, Murdock, OCS and Ford Foundations.

**Chris Harder** with Business Oregon stated this is a unique opportunity for Oregon. He anticipates funds coming forth along with requirements and expectations related to the research and development aspect of the project. He confirmed that the Legislature approved \$7.5M in lottery bonds to stimulate this project: \$5M to Portland Community College to build a training facility and \$2.5M to Business Oregon to allocate to a university to help fund a facility to house the R&D portion. A Phase-1 business plan was submitted to the Legislature two weeks ago and will be presented to e-board on May 23 with a request to lift the limitation, allowing Business Oregon to start the process to issue lottery bonds. The purchase price of the building and property in question is \$4.2M with an estimate of infrastructure costs of \$1.5M. If the legislative process moves forward there would be access to \$2.5M. He is looking for state and local resources for infrastructure development. Business Oregon needs to see a minimum operating commitment of partners in place before letting the \$2.5M; this involves commitments from industry to participate (Boeing and additional tier one partner each at \$300K/year) and from the universities (programmatic staffing and equipment). Business Oregon also needs an investment recapture requirement to protect state resources should the mission/vision not materialize in the future.

**Interim VP Kenton** gave an overview of the “Jersey” property and the potential partnerships with PSU and OSU. The estimated operating costs are between \$150K-200K per year with increases as operations increase. To keep this opportunity alive he suggested the university submit an offer with significant earnest money and authorize staff to work with our Miller-Nash counsel to draft a contract with contingencies. The proposed process is to submit an offer and request 45 days to focus on standard real estate contingencies, followed by board review of the due diligence findings and approval to move forward with the second phase of contingencies. The second phase is to ensure industry commitments, government commitments, anchor tenants, and to put lease agreements in place with university partners; the findings from phase two would then be brought to the board for approval to close the transaction. There is an economic development grant opportunity that could earmark \$3M for the training and R&D centers.

**Secretary Fox** stated **Trustee Mason** had to leave the meeting at 2pm but she submitted the following comments: she is very supportive of the initiative in general with appropriate stipulations in place to protect Oregon Tech, while furthering the process.

**Chair Sliwa** stated there are some backup plans if this property purchase falls through but this option is the quickest catalyst for the project. **Senator Johnson** stated local government is very supportive of this proposal.

**Trustee Stewart** asked about the connection to Oregon Tech and why would we take on the risk. He is supportive of the collaborative nature and it fits in the university’s wheel house; however, he is not convinced the university needs to be the one taking on the risk. He voiced his concern that the type of risk the university is taking on is more in line with what he would expect a larger university (PSU or OSU) to enter into. **VP McKinney** outlined some of the benefits of being a lead in the project: all of the applied research from the center can be leveraged across the state; the project creates an additional revenue stream; we are attempting to offer our students applied skills; and the proposal falls into the hub and spoke model for the Wilsonville campus of investing in remote delivery. We

cannot provide floor space and access to equipment at the Wilsonville location for a similar setup. She walked through the risks of entering into the project.

**Trustee Gomez** stated a big part of the investment seems to be the land; she asked about the potential to build additional structures and the availability and quality of utilities.

**Interim VP Kenton** stated the property (10 acres) was filled with certified clean fill on a reclaimed gravel pit but due diligence on many aspects is required prior to purchase.

**Trustee Stewart** confirmed the request is to endorse moving forward with due diligence, placing \$250-500K in earnest money with the addition of \$1M in earnest money upon completion of the primary due diligence, and upon closing, in mid-October, the full \$4.2M is due. **Chris Harder** stated the \$2.5M raised through the sale of bonds would go toward the purchase of the building with a recapture agreement for the investment over 10 year if the asset is sold. He will also search for funds to assist with infrastructure and EDA is looking for funds also. **Trustee Stewart** received confirmation that Oregon Tech paid for President Maples' travel to Sheffield, England.

**Trustee Ceron** asked for clarification on the return on investment and recouping front end costs. **VP McKinney** stated after the 3rd or 4th year the expectation is for the university to be net positive but more will be known during the second phase of due diligence.

**Trustee Stewart** stated he wished the committee had more time consider the proposal to better understand the potential direct benefits to OIT. **He asked for a space analysis of Wilsonville showing what it would take to get the space required for this project.**

**VP McKinney** addressed whether there would be additional asks for the project from Oregon Tech, stating the equipment commitment for Oregon Tech through the NWCSM grant is \$100,000 matched by an industry commitment of \$100,000.

**Trustee Stewart** asked where this project has been discussed besides this board committee. **Interim VP Kenton** stated FOAC heard the proposal on Monday and he outlined the issues raised by the committee. He is meeting with the Executive Committee of Faculty Senate next Friday and will bring it up.

**Trustee Gomez** stated she sits on the Business Oregon Council; she supported directing staff to draft a purchase document and recommend the board support the proposal by placing earnest funds.

**VP Kenton** stated Oregon Tech will spend approximately \$50K to hire third parties to conduct due diligence.

**Trustee Stewart** moved to support the OMIC project and recommend the Board direct staff to begin preparation of legal documents to move the project forward, limiting the universities exposure to \$1.75M. **Trustee Gomez** seconded the motion. **With Trustees Stewart, Ceron and Gomez voting aye, the motion passed unanimously.**

#### 4.5 Administrative Delegation (4:05pm-4:17pm)

**Interim VPFA Kenton** suggested a different way to operate. He explained the impetus behind relaxing some of the control processes to improve accountability, empowering people to accomplish tasks, and enticing them to better themselves and the university. His goal is to have the university operate in a transparent manner.

**4.6 Project Update: Cornett/Center for Excellence in Engineering and Technology (CEET) (12:20pm - 12:40pm)**

**Interim VPFA Kenton** explained Oregon Tech received \$10.9M in state bonds to be matched by \$750,000 in school funds to build a new engineering building and renovate Cornett Hall. Originally Oregon Tech requested \$48M for the complete project but the state asked for it to be broken into phases. The original architect was recently re-engaged to formulate a plan to move forward with the CEET project, to look at a new student facilities structure and recreation center, and to modernize Boivin Hall. Through meetings with faculty and staff, it was determined it would be best to renovate Cornett hall with existing allocated funds and go back to the state for 2017-19 biennium to ask for funds for the reconstruction of the new CEET structure. All seven universities worked together to prioritize the top tier capital requests for the state with a \$250M dollar cap for top tier. Oregon Tech's top tier request was \$42M for finishing renovation of Cornett and for the new engineering building. The proposed student success center is in the second tier and Boivin Hall is in third tier. It is highly unlikely funds will be available for second and third tier projects. The second part of the request for funds is \$65M for capital repair and deferred maintenance which is divided among universities based on square footage of educational buildings. The proposed budget was conveyed to HECC on April 30, HECC will convey the budget to Governor by August 31, the Governor will tender his/her budget to the Legislature by November 1, and the Legislature will deliberate and establish a budget in May or June 2017. **Interim VPFA Kenton** outlined the needs of the Cornett building: ADA access, asbestos remediation, seismically retrofitted, renovate labs to improve functionality. Existing services offered in the structure can be accommodated while improvements are made. The project timeframe is dependent on whether the original bill allocating funds requires an amendment to reflect a remodel versus new construction. The Oregon Tech Foundation agreed to raise \$2M to match \$2M of state bonds and will have 3 years to raise that match; bonds will not be sold until spring 2019. If the Foundation cannot raise all of the funds the university can supplement with other funds. The Legislative Affairs Directors are working on a marketing packet for the Tier 1 projects; we could use something similar to assist the Foundation in fundraising.

**4.7 Project Update: Oregon Health Science University/Sky Lakes Medical Center/Oregon Institute of Technology Rural Health Care Campus (1:10pm-1:30pm)**

**AVP Ricketts** stated there were recent meetings between the hospital leadership and OHSU and Oregon Tech academic leadership to talk about partnership opportunities for the rural health care campus including benefits from shared clinical space and faculty expertise. The Foundation is interested in participating in the project provided the project is a priority of the university.

**Chair Sliwa** stated an initiative of the university was to focus on assisting rural health. **Trustee Stewart** stated the intent is to partner with OHSU to raise at least \$50M to construct a clinical education building and endow funds to sustain academic programs

which complement what OIT and OHSU offer. The intent is to collaborate with OHSU fundraising. He hopes the Oregon Tech Board would endorse this as a project so they can use OIT in fundraising and formal marketing materials. He would like the OIT foundation board to endorse it also and assist in fundraising. The goal is to use the next 24 months for the fundraising campaign; the optimistic timeline is to break ground on the educational/clinical facility in the summer of 2018. There would be no direct programmatic request of OIT but programs that OIT wants to develop, such as the Doctorate of Physical Therapy, could be linked to the clinical site setting with some clinical education. The sustainability funds could endow some clinical operations of OIT. If the university chooses not to participate, OHSU and SLMC will move ahead but would continue to want to partner with OIT on externships and clinical space.

**Chair Sliwa** summarized that the request is to endorse and join the project and identify programs Oregon Tech could offer that would benefit from and provide benefit to the project.

**Trustee Stewart** stated OHSU and SLMC have offered a Family Medicine training program over 20 years in rural environments in hopes the resident doctors would practice in rural environments. The idea of the rural campus is to replicate that process in other health professions. OHSU's goal is to rotate all 600 students through a rural health program whether it be an OIT program, OHSU rural program, or a joint degree program. Everyone is in the brainstorming phase right now. **Trustee Stewart** stated SLMC is supportive of pursuing the DPT program and understands Oregon Tech's need to engage a consultant to identify curriculum and satisfy the accreditation process. SLMC is committed to donating \$100,000 towards the DPT startup expense. He stated the project does not require Oregon Tech to contribute capital expense funds towards the building/center but a partnership with an educational component is requested. Any capital raised above \$32M-35M will go toward endowments.

**Consensus to put the SLMC/OHSU/OIT rural health project on the June meeting agenda for endorsement; the academic team will provide a briefing and report on potential programs.**

#### **4.8 Financial Ratios/Benchmark – postponed to the June 29, 2016 meeting**

#### **4.9 General Finance and Administration Update (4:17pm - 4:20pm)**

**Interim VPFA Kenton** stated the soccer field project went out to bid, one bid was received for \$1.5M (funds allocated are \$1.8M), notice of intent to award a contract was issued, and additional storm drain issues will be addressed south of the field as part of the project.

He stated Brian Adair, who has 25 years of experience with facilities management mostly with community colleges in California, was hired as the Facilities Director; he will start on May 23.

The VPFA search committee interviewed 5 candidates by phone; narrowed it down to 3 and those individuals will be invited to campus in the next few weeks and a candidate should be identified by the end of May or beginning of June.

**5. Other Business/New Business - none**

**6. Adjournment**

Meeting adjourned at 4:21pm.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'S. Fox', is written over a faint circular stamp.

Sandra Fox,  
Board Secretary