

MINUTES

Trustees Present:

Vince Jones (via Skype) Paul Stewart
Jessica Gomez Nagi Naganathan, President

University Staff and Faculty Present:

Sharon Beaudry (via Skype), FOAC Member/ Assistant Professor Management
Brian Fox, VP of Finance and Administration
Stephanie Pope, Budget and Resource Planning Director
Kate Sinner, AVP Government Relations and Strategic Partnerships

Others Present:

Jean Bushong, Principal, CliftenLarsenAllen

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

In the absence of Chair Sliwa, Trustee Jones called the meeting to order at 12:08pm. The Board Secretary called roll and a quorum was declared.

2. Consent Agenda - none

3. Reports

3.1 Fiscal Operations Advisory Council

Assistant Professor Beaudry stated the Council met in November and received an explanation of, and update on, the Oregon Manufacturing Innovation Center. She also stated that an ad hoc committee of the Council, comprised of faculty and administrators, formed to assist in developing a budget clearly aligned with our strategic-plan funding model for the university to align budget process that is transparent, predictable and supportive of our strategic plan.

4. Action Items

4.1 Adoption of the 2018 Agenda Plan

VPFA Fox walked through a proposed plan for items to be included on the committee's agendas for the next two years, including standard, cyclical activities, and dates/times of year. Discussion regarding tuition setting, enrollment strategies, advising, ability for students to access course completion work electronically. **President Naganathan** stated

his hope is to have a strategic plan for the university by June 2018. **Trustee Jones** requested a standing discussion on OMIC, perhaps before the whole **board** and inquired whether the Committee should receive information regarding the Cybersecurity Center. **President Naganathan** stated the Board will hear a report in Fall 2018 regarding the CDC which is a business service unit with some revenue expectations with a 3 year business plan. **VPFA Fox** stated the university is growing a series of business service centers that are both academic and entrepreneurial in nature – which could evolve into an associated research corporation or separate legal entity for management of the centers. A reporting structure would be created and consistent reports to the Board given.

Trustee Stewart moved to adopt the 2018 calendar year agenda plan as proposed. **Trustee Gomez** seconded the motion. With all Trustees present voting aye, the motion passed unanimously.

4.2 Recommendation to the Board to Approve a Capital Spending Plan and Authorize the Use of Cash

VPFA Fox explained there are four legislatively approved projects and that bonds are issued at the end of the biennium. Staff is asking for authorization to spend built up cash balances in advance of when bonds are issued and to request reimbursement after issuance; and authorization for the President to spend more than the \$1M at a time, if needed, to avoid requiring a special board meeting to be held. Discussion regarding the VPFA returning to the committee with progress reports.

Trustee Stewart moved to recommend the Board approve \$11.5 million in expenditures in advance of bond proceeds for the Legislatively approved projects: Center for Excellence in Engineering Technology/Cornett Hall Renovation (\$5.5M), Oregon Manufacturing Innovation Center, Research and Development Facility (\$3.5M), and the Student Recreation Center (\$2.5M); and authorize the President or his designee to utilize funds in excess of \$1 million in the Quasi-Endowment, if deemed necessary by management, to fund capital proceeds; funds utilized for these purposes will be repaid when bonds are sold and the State of Oregon reimburses Oregon Tech; and that the VPFA come back with a status update in March. **Trustee Gomez** seconded the motion.

VPFA Fox stated he had a conversation with Chair Sliwa regarding the proposal. With all Trustees present voting aye, the motion passed unanimously.

5. Discussion Items

5.1 FY17 Financial and Single Audit Report

Ms. Bushong, reminded the trustees they sit as the audit committee and outlined the responsibilities according to the auditing standards. She walked through the second-year audit, highlighting the key changes: net pension liability increased \$6M to \$16M, net asset activity outpaced depreciation, operating revenue was up 10%, grant and contract revenue

increased, auxiliary revenue was up, educational sales and services increased. She stated the financial statements are free from material misstatements and an unmodified opinion was issued. She recommended the university focus on timely drawdowns of money in the grants division. She explained that when the university left the system \$43M of debt was removed from the books and taken on by the state. **VPFA Fox** stated the Business Affairs Office is assisting the Sponsored Grants division with collecting funds in a timely manner, and major capital projects are fronted cash and reimbursed by the state, so cash flows should be coming in sooner now for a better position in the coming year.

Ms. Bushong then addressed the compliance piece of the audit. Two items were reported as part of the single audit: Segregation of duties by IT Developers (certain programmers are able to create a change and put it into production without separate authorization) and Testing of Federal Programs in Financial Aid (a control for one out of 40 tests could not be identified). She stated this is easily correctable and the two issues from previous year were corrected. **VPFA Fox** stated IT is aware of and working on a resolution to the issue.

Ms. Bushong explained the uncorrected statement impacted all Oregon universities; the Department of Administrative Services figure required additional work by universities to report the correct figures. She walked through the management letter and suggested a segregation of duties in Payroll. She encouraged the university continue with the positive verification process to prevent cybercrime. Cyber Insurance agreement with risk trust.

5.2 Updated Forecast of the 2017-18 Education and General Operating Fund Budget

VPFA Fox walked through the information collected through October month-end. He stated Director Stephanie Pope is building a forecast methodology. He highlighted: the increase in state allocations, that tuition and fees are below forecast, the university is not spending as much on remissions, revenue is running behind forecast, there are many open positions, student salaries are up, and the S&S budget was rolled over.

6. Other Business/New Business - none

7. Adjournment

The meeting was adjourned at 2:07pm.

Respectfully submitted,



Sandra Fox
Board Secretary