
**Finance and Facilities Committee
also Sitting as the Audit Committee
MINUTES**

Trustees Present:

Vince Jones, Chair

Jessica Gomez (in person)

Nagi Naganathan, President

(in person)

Mike Starr

Paul Stewart

Other Trustees present:

Tim Hasty (in person)

Rose McClure (in person)

Michele Vitali

University Faculty and Staff Present in Person:

Craig Campbell, Director of OMIC R&D

Brian Fox, VP Finance and Administration

Erin Foley, VP Student Affairs and Dean of Students

David Groff, General Counsel

Scotty Hayes, Information Technology Consultant

Stephanie Pope, Assistant VP Financial Operations

Others Present:

Haley Lyons, Kernutt Stokes, LLP

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

Chair Jones called the meeting to order at 1:02pm. The Board Secretary called roll and a quorum was declared.

2. Consent Agenda**2.1 Approve Minutes of the July 24, 2020 Meeting**

With no amendments proposed, the minutes for the July 24, 2020 meeting stand as published.

3. Reports**3.1 FOAC**

Chair Bailey stated FOAC met and reviewed the budget and completed, underway and planned capital projects. He stated the year-end actuals from the fiscal year 2019-20 showed the university had a strong fund balance and the budget for fiscal year 2020-21

looks good but enrollment is the key because it provides tuition revenue and state funding. He noted that to attract students to Oregon Tech we need to provide degrees that students are looking for and that provide a high ROI for students. He explained HECC is revising the funding model and it could have a negative impact on Oregon Tech; he suggested trustees contact HECC and lobby for Oregon Tech. He also noted the need to provide quality delivery of courses and the possibility to continue to improve on remote delivery and use it after we return to in-person teaching, to increase enrollment.

3.2 Fiscal Year 2020 Fourth Quarter Dashboard

3.3 Fiscal Year 2021 First Quarter Dashboard

AVP Pope reviewed the dashboards and managerial reports included in the agenda report. She pointed out the fourth quarter revenue was on par with expectations and expenses were reduced as a result of the savings from classified and administrated staff furloughing for six weeks as well as the position control process used; the net balance at the end of the fiscal year was positive. She noted for the first quarter managerial report the revenue is similar to the previous year's quarter one, but the expenses are more conservative as a result of COVID-19. The year-end forecast is not complete given the unknown expenses as a result of COVID. **VP Fox** explained the budget was created based on two assumptions for revenue: a 1% increase in student credit hour enrollment and a 10% reduction in state funding based on the state budget forecast. He stated we received more state funding than anticipated. **AVP Pope** stated the furlough savings are expected through the end of the calendar year and expenditures will return to the normal base in January 2021. **Chair Jones** explained the board approved a deficit budget of \$1.8M for fiscal year 2019-20 and staff and faculty worked to end up with a positive \$3.5M. The board most recently approved a balanced budget for fiscal year 2020-21 and the first quarter shows the university making progress to stay on budget but we need to continue to be conservative as there are unknowns ahead. He briefed the committee on the status of the capital projects underway. **President Naganathan** thanked staff for the sacrifices made during furloughs and noted the \$1.4M salary savings will not be in the fiscal year 2021-22 budget.

3.4 OMIC Annual Report

Director Campbell reviewed the written report in the agenda packet explaining memberships continue to grow with 35 members now, building up physical plant, is now taking on research from non-members as part of the goal to become financially sustainable, research projects are successfully executed, aligning research capabilities with industry needs, research staff increasing to take advantage of equipment, OMIC and Oregon Manufacturing Extension Partnership: Factory of Tomorrow to de-mystify processes and equipment for small and medium business manufacturers, moving forward on capital projects. He explained how projects are chosen each year. **Chair Jones** requested to hear an update on OMIC robotics projects at the next meeting.

4. Action Items

4.1 Acceptance of the Internal Audit: Housing and Residence Life

Haley Lyons stated there were no findings for the audit for Housing and Residence Life and the observations and process improvement recommendations are already addressed or are in the process of being addressed. She gave an update on the Sponsored Projects and Grants audit report that has not been issued yet. The audit work was completed in April

and Dr. Afjeh is working on management's response to the 13 findings, 5 observations and 6 process improvement recommendations items identified and resolve issues identified. She hopes to have an issued report at the next meeting. She gave an update on the Fraud, Waste and Abuse Ethics Hotline: 8 cases were submitted through the hotline for FY ending June 30, 2020 all but one are resolved; 2 cases were reported since July 1, 2020 but nothing is open at this time. The significance of the issues reported are minor. She addressed the need to review and update the previously created 3-year Risk Assessment and Audit Plan to reflect the COVID environment. The plan is to complete two audits through June 30, 2021.

Trustee Starr moved to accept the Housing and Residence Life internal audit as presented in the agenda packet. Chair Gomez seconded the motion. With all trustees present voting aye, the motion passed unanimously.

4.2 Recommendation to the full board to Authorize the Boivin Hall Capital Project Budget

VP Fox stated this project was brought before HECC in 2018 for consideration and was finally approved in a special session this summer. He reviewed the details of the project including the need to find swing-space for the current occupants while the renovation occurs. The total project cost is \$20M, of which \$19M will come from the state and \$1M will come from the university, ideally through the Foundation and fundraising.

Trustee Starr moved to recommend the board:

- 1. authorize the Boivin Hall Rehabilitation Project as described in the docket,**
- 2. delegate authority to the President or designee to manage the project in accordance with best interest of Oregon Tech, including amending the project scope to match available resources as necessary, and**
- 3. request staff report to the F&F Committee on project progress on a periodic basis.**

Chair Gomez seconded the motion. With all trustees present voting aye, the motion passed unanimously.

4.3 Recommendation to the full board to Authorize the Track and Stadium Renovation Project

VP Fox reviewed the scope of the project: removal and replacement of the existing track, replacement of other track and field facilities, grading the inner field, repaving the track skirting, renovating the restrooms and press booth, and replacing the structure siding. The estimated cost is \$2.4-2.5M and no E&G resources will be used. Approximately \$1M remains of the recreation facility bond used for the student rec center that must be spent on athletic facilities and must be committed by summer 2021. There is also \$600K in unexpected revenue in sports lottery funds. The Executive Committee of the Foundation Board supports moving forward with funding the remaining balance that would be repaid through fundraising and will make a recommendation to the full Foundation Board to do so. **VP Foley** explained the campus outreach conducted regarding this project: faculty senate presentation, ASOIT student survey, and open forums. There is support so long as no student fees are increased to fund this project. **Trustee Starr** stated he is concerned about the message we are sending with spending funds on capital projects at the same time we are making operating cuts. **VP Fox** explained the need to be competitive by offering

newer and updated facilities and that the resources for this project are coming from specific funds and not from the general fund.

Trustee Stewart moved to recommend to the full board approve, contingent on execution of a funding agreement with the Oregon Tech Foundation:

1. authorize the rehabilitation of the track and field facility and associated stadium utilizing resources available only for athletic and recreation improvements,
2. delegate authority to the President or designee to manage the project in accordance with best interest of Oregon Tech, including amending the project scope to match available resources as necessary, and
3. request staff report to the F&F Committee on project progress on a periodic basis.

Trustee Starr seconded the motion. With all trustees present voting aye, the motion passed unanimously.

5. Discussion Items

5.1 Internal Auditing Services Contract Report

VP Fox reported that the internal auditing services contract was awarded to Kernutt Stokes.

5.2 Financial Planning Outlook

VP Fox reviewed the PowerPoint presentation from the agenda packet. He explained the upcoming decision to make investments that grow top line revenue and/or decrease expenses. Many of the growth-related topics are on the academic side and will need to be addressed by the Academic Quality and Student Success Committee. He reviewed revenue and expenses, the state budget, potential changes to the HECC funding formula, base assumptions and forecast results, revenue and expense levers, and choices and timelines.

6. Other Business/New Business – none

7. Adjournment

Meeting was adjourned at 2:58pm.

Respectfully submitted,



Sandra Fox
Board Secretary