

MINUTES

Committee Trustees Present:

Chair Steve Sliwa	Vince Jones	Paul Stewart
Jessica Gomez	Jill Mason	

University Staff and Faculty Present:

Brian Adair, Director of Facilities
Sue Cain, Senior Budget and Planning Officer
Barb Conner, Director of Retention
Lori Harris, Senior Fiscal Manager
Rick Hoylman, Associate Professor Medical Imaging Technology
Jay Kenton, Interim VP Finance and Administration
Michelle Meyer, Director of Business Affairs
Diane Patterson, Facilities Services Business Manager
Tracy Ricketts, AVP Development and Alumni Relations
Paul Rowan, AVP Information Technology Services
Terri Torres, Associate Professor Mathematics

Others Present:

Cheyenne Low, ASOIT
Haley Lyons CPA, Audit Senior Manager (Phone)
Jana Michel CPA, CIA, Audit Senior (Phone)
Steve Ritchie CPA, CFE, Partner (Phone)
Malea Waldrup, ASOIT

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

Chair Sliwa called the meeting to order at 8:03am. The Secretary called roll and a quorum was declared.

2. Consent Agenda**2.1 Approve Minutes of May 4, 2016 Meeting**

Hearing no amendments to the minutes they were approved as published.

3. Action Items**3.1 Request to Select an Internal Auditor and Authorize Staff to Enter into a Contract**

Director Meyer explained the university received two proposals for internal auditing services and after review staff recommends the Board select Kernutt Stokes, LLP.

Employees of Kernutt Stokes, LLP, **Steve Ritchie** and **Hayley Lyons**, were introduced

via phone and gave a short explanation of what an internal audit entails including conducting an annual risk assessment, selecting specific areas to assess in more detail, additional analysis, and a issuing a final report. The auditor reports directly to the Finance and Facilities Committee sitting as the audit committee and will build strong working relationships with university administration. Anticipated auditor interaction with the Committee includes quarterly reports or updates and an annual year end assessment. **Interim VPFA Kenton** confirmed the auditor will look at controls around the IT system but does not have the expertise to review technical issues.

Trustee Stewart moved to Select Kernutt Stokes, LLP as the university's internal auditor, and authorize staff to enter into a contract with the firm subject to the RFP protest period. Trustee Mason seconded the motion. With all Trustees present voting aye, the motion passed unanimously.

Discussion regarding the need to monitor risk in technology. **Chair Sliwa requested a brief on where we are with and what the plan is for managing IT Risk. He suggested speaking with Board Chair Graham to determine whether the annual IT plan should be presented to the audit committee, the executive committee, or the whole board.** The annual assessment should presented to the Board with updates throughout the year.

3.2 Request to Recommend Adoption of an Amended Tuition and Fee Policy to the Board

Interim VPFA Kenton walked through proposed changes to the Policy. **Trustee Stewart** recommended amending section 3.4 to include both presidents of ASOIT rather than just one. **Trustee Jones** suggested removing the reference to how fees were historically set and recommend amending the following:

- 2.2 change "recipient of" to "eligible for"
 - 3.4 add "office" after "Budget and Resource Planning"
 - 3.4 amend "and designee" to "or designees"
 - 5.1 change "advice and comment" with "written recommendations on"
last sentence change "recommendation" to "recommendations"
 - 5.3 second paragraph change the first "regarding" to "on"
 - 5.5 change "~" to "approximately"
add "gross" to "tuition"
change "we" to "Oregon Tech"
 - 6.0 change the order of "Fines, Fees and Charges" to "Fees, Fines and Charges"
throughout the paragraph.
- Throughout the document: change "will" to "shall"

Trustee Stewart moved to recommend to the Board adoption of the Revised Tuition and Fee Policy with the above recommended amendments. Trustee Jones seconded the motion. With all Trustees present voting aye, the motion passed unanimously.

3.3 Request to Recommend Approval of the Cornett Hall Renovation Project to the Board

Interim VPFA Kenton explained the needs and phases of the Cornett Hall Renovation project and construction of a new building, funding, and timeline. The project will depend on state funding. **Trustee Jones** expressed concern about the aggressiveness of the timeline. Discussion regarding timing and availability of funds.

Trustee Stewart moved to recommend to the Board approval of the Cornett Hall Renovation Project. **Trustee Gomez** seconded the motion. With all Trustees present voting aye, the motion passed unanimously.

3.4 Request to Recommend Adoption of the 2016-17 Education and General Fund budget to the Board

Interim VPFA Kenton walked through the proposed balanced budget and explained the rationale for the requests and the process used to prepare the document. He stated the budget was reviewed by the FOAC Committee. **Trustee Sliwa suggested the Committee work with the Interim President to establish goals for expenditures by program.** Discussion regarding reserves and ending fund balance. There is no policy on Budget Reserves for the university. The recurring fund balance policy is 15% which represents two months' expenditures.

BREAK 10:18 - 10:35

Trustee Jones moved to recommend to the Board adoption of the 2016-17 Education and General Fund Budget. **Trustee Mason** seconded the motion. With all Trustees present voting aye, the motion passed unanimously.

4. Discussion Items

4.1 VPFA Selection Update

Interim VPFA Kenton stated after a search Brian Fox was hired as the new VPFA and will begin August. He outlined Mr. Fox's credentials including being a student on the HECC Board, working for Dr. Kenton at PSU, special assistant to the Chancellor, CFO for HECC, and a consultant with a national firm.

4.2 June 30, 2016 E&G Budget Projection

Interim VPFA Kenton walked through the 2016-17 Proposed Operating Budget for the Education and General Fund.

4.3 Adjunct Pay

Interim VPFA Kenton addressed the difference in adjunct pay per credit hour between the Klamath Falls and Wilsonville campuses (10%) and the pay of Portland State University and Portland Community College. He suggested increasing the compensation for adjunct faculty. He explained a consulting firm was hired to conduct a salary comparison for faculty and results should be available at the end of the summer. He noted that our adjunct pay is not in alignment with the market, in Portland in particular, and this is impacting the university's ability to grow. **Ms. Torres** stated the overload (credit hours taught over the number of hours in contract - usually 36) are tied with the adjunct issue; professors will teach the overload because an adjunct cannot be found. She cautioned about creating tension between campuses with differing pay. **Interim**

VPFA Kenton stated there is a qualitative concern of having faculty teach so much overload; corners are cut, the quality diminishes, and faculty burn out. A common suggestion is to create a maximum amount of overload equal to 20% over the standard load. **Chair Sliwa** outlined the issues: the need for adjunct faculty, the lack of adjunct faculty in Klamath Falls, and the pay discrepancy in the Portland Metro area. **Interim VPFA Kenton** acknowledged the need for a thorough assessment of the overload including looking at various departments. He stated teaching online is a separate compensation model that is not calculated into overload. There are three separate pieces to compensation: regular pay, online compensation, and overload compensation. Another issue is the almost exclusive use of tenured faculty. There is a need to diversify to include fixed term (rolling term contract) and adjunct faculty (term to term contract). This is a large expense that will require an increase in tuition and potentially a differentiation of tuition between the campuses. It is a multi-year process and million dollar expense to address the issues. **Trustee Gomez** and **Chair Sliwa** suggested experimenting with compensating adjunct professors for commuting. The lack of adjunct faculty can cause courses not to be taught; the discrepancy in pay in the metro area can also cause adjunct faculty to leave Oregon Tech. Consensus that additional analysis is needed and a solution identified.

4.4 Recreation Center Update

Interim VPFA Kenton explained the need for students to have recreation opportunities on campus and the poor condition of the existing gym. He walked through four recreation center options identified by an architect, and the associated costs. The estimate to bring the pool into working condition is \$1M which, if funded through a bond, would require \$60K per year for 30 years, plus the cost of maintenance and operations. The outside/facade renovation of the gym is approximately \$1.5M. The proposal to convert the swimming pool area into a basketball court/gym and renovate the existing outdoor tennis courts is \$3M. He is working with current student leadership to discuss the possibility of proposing a referendum to the student body. He stated \$180K per year in debt service spread out over 2500 students is estimated to be \$45 per student per term. The ASOIT would need to amend their constitution to permit a referendum for vote. The lack of a true rec center and the condition of the existing facilities could be costing the university in recruitment. Discussion about how to mitigate the inequity of current students paying for something they would not use including administration monetarily matching the student monetary commitment for the project to stretch the dollar, looking into philanthropic support for the project, and requiring Physical Education in the student curriculum to make the university eligible for state funding. **Interim VPFA Kenton** stated the next steps are to hire the VP of Enrollment Management, engage the students, and work with faculty and staff. If the students are not committed in the fall this can be brought back at a later date. He recommended beginning master planning with the new president.

4.5 Soccer Field Project Update

Interim VPFA Kenton stated the soccer field project is on track and is scheduled to open August 19. There were two change orders issued for a larger irrigation control and to correct the storm drainage pipes. Approximately \$92K remains in contingency which will likely be used to fence the field.

5. Other Business/New Business

6. Adjournment

Meeting adjourned at 11:47am

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'S. Fox', is written above the typed name.

Sandra Fox
Board Secretary