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

**Trustees Present:**

Steve Sliwa, Chair  
Jessica Gomez

Vince Jones  
Nagi Naganathan, President

Paul Stewart

**University Staff and Faculty Present:**

Aja Bettencourt-McCarthy, Instruction Librarian  
Brian Fox, VP of Finance and Administration  
Dave Groff, Legal Counsel  
Jim Jones, CIO/AVP of ITS  
Brittany Miles, Director of Government Relations and Industry Outreach  
Stephanie Pope, Budget and Resource Planning Director  
Di Saunders, AVP Communication and Public Affairs  
Terri Torres, FOAC Chair/Associate Professor Mathematics  
Erika Veth, AVP Strategic Enrollment Management/Dean of Online Education

**Others Present:**

Trever Campbell, Kernutt Stokes (via skype)  
Patrick Deming, Kernutt Stokes (via skype)

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

**Chair Sliwa called the meeting to order at 8:04am. The Secretary called roll and a quorum was declared.**

**2. Consent Agenda****2.1 Approve Minutes of the March 22, 2018 Meeting**

**VPFA Fox** clarified that the detailed tuition table included as Attachment V in the March 22, 2018 agenda report for tuition and fee approval showed a dental services fee of \$30 for students taking six or more credit hours, however staff did not recommend the fee be approved and the fee was not included in the motion. Had the fee been included in the motion, approval from the Higher Education Coordinating Commission or Legislature would have been required as the total proposed increase would have exceeded 5%. He stated no action is required by the committee or board, he simply requested that the record reflect the dental service fee was not included in the original proposal or motions.

**With no changes proposed, all trustees present voted to approve the minutes. The minutes stand as published.**

### **3. Reports**

#### **3.1 Fiscal Operations Advisory Council**

**FOAC Chair Torres** summarized recent presentations at the Council including the new budget process, capital projects underway and proposed, and the reorganization and streamlining of business affair processes. She stated there is concern among faculty about enrollment numbers and they feel there is disproportionate growth in Administration. She also noted that the administrative ranks have been lean for some time now. She requested clarification on the process to determine when new hires are needed, more communication with all stakeholders, and a forecast for new administration hires. She expressed concern for promotion from within without explanation or external searches. **Chair Sliwa** agreed the Council was tracking the right things: planning and budgeting and hiring. Discussion regarding the appropriateness of having hiring and budget percentage targets, economies of scale for institutions, percentage spent on administration positions versus faculty, and salary discrepancies based on gender. **Chair Sliwa** suggested staff track other institutions and create a budget model that addresses investments into classrooms, academics, and administration.

#### **3.2 Finance, Facilities and Audit Status Update: Quarterly Report**

**VPFA Fox** stated with the hire of a new Controller, Richard Cornwell, the Business Affairs Office is fully staffed. He summarized the quarterly financial dashboard and quarterly managerial report, noting salary savings from 39 open positions. **Chair Sliwa** noted stronger modeling is required to address decreased revenues and monetary savings from remissions. He reminded the committee that the board accepted a \$2.8M deficit budget last year so strategic investments that increase enrollment could be made. He stated administration has not identified those strategic investments yet and therefore, has chosen not to spend the funds, and a neutral budget is presented this year as a result. **VPFA Fox** explained the cash flow forecast, stating there could be two months that the cash on hand might be below what is needed. He addressed both internal and external audits. Discussion regarding salary savings and hiring decisions. **Chair Sliwa** encouraged spending on technology in the classroom as it what the students want and need.

#### **3.3 Capital Projects update and Summer Plan**

**Director Darrah** showed a PowerPoint presentation highlighting the status of ongoing capital projects, upcoming projects, and completed projects: North 12kV upgrade; Cornett renovation phases 1 and 2; emergency storm phase 2a; athletics exterior renovation; new CEET building; softball complex renovation; storm phases 2b, 2c, and 3; northwest parking lot; and the student rec center. **Chair Sliwa** cautioned that the CEET building could be repurposed over time so the design should be flexible. He encouraged the design team to work hard on value engineering. **VPFA Fox** explained a portion of the cost for the rec center will come from bonds and some from capital repair dollars.

#### **3.4 OMIC Budget Update – written report in agenda packet.**

### **4. Action Items**

#### **4.1 Recommendation to the Board to Adopt the 2018-19 Fiscal Year Budget**

**VPFA Fox** stated for the first time there are budgets for auxiliary funds and the operating budget was balanced before considering strategic investments and contingencies. He reviewed the short-term action plan goals and explained the budget was built from the bottom up and overlaid with these top-down goals. He explained the goals and assumptions of budget planning and stated reserves were put into the budget for more effective budget management. Discussion regarding insurance costs and the possibility of universities going away from PEBB for benefits. He summarized that total revenue is expected to be \$62.3M with expenses budgeted just under that and there is \$2.2M allocated for strategic investments including FTE and the president's strategic fund. **Chair Sliwa** requested to see projects and programs that are strategic to increase enrollment and encouraged forward movement to avoid being in the same position next year talking about strategic items.

**Trustee Stewart moved to recommend the Board adopt the 2018-19 Fiscal Year budget as proposed. Trustee Jones seconded the motion. With all Trustees present voting aye, the motion passed unanimously.**

#### **4.2 Acceptance of the Internal Audit Update**

**Mr. Campbell** and **Mr. Denning** with Kernutt Stokes showed a PowerPoint presentation reviewing the audit of Business Affairs. **President Naganathan** requested Kernutt Stokes schedule periodic calls with him to identify things to which we should be paying attention. **VPFA Fox** addressed the finding regarding issuing purchase orders for transactions over \$5,000. **Chair Sliwa** requested any time that staff does not agree with the auditors finding, they should identify a root cause for not being successful or implementing something different.

**Trustee Gomez moved to accept the internal audit update. Trustee Stewart seconded the motion. With all trustees voting aye, the motion passed unanimously.**

#### **4.3 Approval of Finance and Facilities Committee 2019-2020 Fiscal Year Work Plan**

**VPFA Fox** explained the proposed general plan and schedule for the committee for the 2019-20 school year. **Chair Sliwa** requested long-term financial planning and budget modeling be addressed at the retreat. He stated the committee needs to have the student enrollment metric in front of it and forecasting models for enrollment and status of where we are. He requested better and better forecast models, specifically for tuition and fees revenue.

**Trustee Gomez moved to adopt the fiscal year 2019-20 Finance and Facilities Committee Work Plan as described in the agenda report. Trustee Jones seconded the motion. With all Trustees present voting aye, the motion passed unanimously.**

### **5. Discussion Items**

- 5.1 2019 Legislative Session and State Budget Outlook** – no presentation. Item is tabled until the November meeting.

6. **Other Business/New Business** – none

7. **Adjournment**

**Meeting adjourned at 10:40am**

Respectfully submitted,

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

Sandra Fox  
Board Secretary