EASTERN OREGON UNIVERSITY
Board of Trustees

FINANCE & ADMINISTRATION COMMITTEE

OF

THE BOARD OF TRUSTEES OF EASTERN OREGON UNIVERSITY

October 6, 2023, 9:00am

Meeting Held in person and via Zoom Video Conference

Minutes

Call to Order and Announcements
Meeting called to order at 9am by Chair, Brad Stephens
Present: Brad Stephens, Abel Mendoza, Danny Bailey, Bill Johnson, Cedric Riel and Tom Insko
Absent: Roberta Conner
Quorum present: Yes

Others Present: Lara Moore, LeeAnn Case, Cheryl Martin, Karyn Gomez, Chris Burford, Luke Aldrich, Tim Seydel, John Garlitz, Haley Evans, Kimberly Newman and Teresa Carson-Mastrude

Announcements and Welcome
Chair Stephens called the meeting to order at 9:00am. General announcements were made and Danny Bailey gave a brief overview of what EOU means to him.

Action Items

Approve F&A Committee Meeting Minutes, May 5, 2021

Motion: Trustee Abel Mendoza moved to approve the minutes from the April 7, 2021 meeting
Second: Trustee Cedric Riel
Action: By unanimous approval, the motion passed.

Approve FY21 Q4 Management Report

The EOU Board of Trustees approved the final operating budget on November 12, 2020. During the year budget were revised to reflect year end forecasts. However, the year reality was an increase to net operating of $4.8M. This significant increase is due to many factors, with all funds being impacted. The pandemic continued to have an impact on Eastern Oregon University throughout FY21. The auxiliary units, designated operations and service departments were challenged due to the campus closures and the ability to offer services on campus during the year. These challenges impacted both the revenue and expenditure forecasts. Due to the challenges, EOU Administration used $910,615 of CARES/HEERF Institution funding to backfill some of the lost revenue in the Auxiliary units. This was not included in the year end forecast for Auxiliaries. The variance between the yearend actual and the April forecast for

the Education and General Fund is primarily due to the supply chain and timing of purchases, as well as unforeseen fourth quarter vacancies in positions. During the year, the EOU Administration continued to apply strategies to maximize the fund and cash balances to prepare for possible future declines in enrollment, increases in academic and capital investments and ongoing costs related to the pandemic. The individual fund type variances were discussed in detail throughout the Q4 Management report.

Motion: Trustee Bill Johnson moved that the F&A Committee recommend to the Board the approval of the FY21 Q4 Management Report.
Discussion: Trustee Abel Mendoza commended the EOU Financial team for doing a great job during a very difficult year.
Second: Trustee Danny Bailey
Action: By unanimous approval, the motion passed.

Approve FY22 Operating Budget

The overview was reviewed and discussed with the committee.

The report summarizes Education and General operating expense and revenue budgets for fiscal year 2022. A FY22 preliminary operating budget was approved at the May 20, 2021 EOU Board of Trustees meeting. The Final FY22 E&G Operating Budget will now be presented to the Board of Trustees for approval.

The final E&G revenue budget has been adjusted to reflect the revised student credit hour (SCH) projections for 2021-22. The revenue budget has also been adjusted to reflect the current state allocation after the fall True Up. The expenditure budget addresses the immediate needs associated with academic quality and expansion, salary and benefit increases, contract escalators and student support enhancements.

The FY22 preliminary budget was on the following assumptions:

- A projected FY21 year end fund balance of $13.1M
- State funding increase of $200K over FY21
- Enrollment increase of 3.4%
- Tuition rate increases applied as approved
- Invest a minimum of $3,393,000 of tuition revenue in fee remissions
- Targeted investments for academic expansion
- Mandatory/compliance increases and programmatic needs
- Expenditure reductions or savings of $500K to be identified during the year
- Maintain fund balance as 15.0%

However, the budget assumptions have been refined since May. The FY22 budget is based on the following realities:

- FY21 ending fund balance $14.2 or 31.8% of expenditures
- State funding through the SSCM decreased slightly from the estimate.
- EOU will receive funding for a Benefits Navigator position
- Enrollment is down fall over fall

- Tuition rate increases applied as approved
- Modality mix refined
- Fee Remissions funded at $3.1M
- Targeted investments for academic expansion
- Mandatory/compliance increases and programmatic needs
- Carryforward expenses from FY21
- Expenditure budget revised to include additional transfers
- Use of $1M HEERF funds for lost revenue
- Increase budgeted temporary savings to $1.2M
- FY22 budget assumes the expenditure budget will be fully expended by June 30th.
- Any additional FY22 investments will be made using any additional temporary savings.
- FY22 projected fund balance $11.9M or 25.5% of revenues or 24.3% of expenditures

Motion: Trustee Danny Bailey moved that the F&A Committee recommend to the Board the approval of the proposed FY22 Operating Budget.
Second: Abel Mendoza
Action: By unanimous approval, the motion passed.

Approve FY22 Q1 Management Report

This report summarizes Education and General operating expense and revenue budgets for fiscal year 2022. A FY22 preliminary operating budget was approved at the May 20, 2021 EOU Board of Trustees meeting. The Q1 FY22 Management Report budget reflects the final draft budget, rather than the FY22 preliminary budget.

The final EOU all-funds operating revenue budget is $54.8M and the expenditure/transfer budget is $56.4M.

At the close of Q1, EOU had received $19.5M in revenue or 35.6% of the budget and recorded expenses and transfers of $11.2M or 19.7% of the budget. Revenue increased 1.87% over the prior year and expenditures are up 24.16% or $2.2M. Labor expenses are up $899K or 14.81%. The large variance in compensation is due to the participation in the Oregon Workshare program in Q1-FY21. The expenditures and transfers to date represent approximately 19.4% of the total budget for FY22. While it is early in the fiscal year, there are no financial concerns in any of the funds.

Motion: Trustee Bill Johnson moved that the F&A Committee recommend to the Board the approval of the FY22 Q1 Management Report.
Second: Cedric Riel
Action: By unanimous approval, the motion passed.

Approve Field House Investment & Updated Budget

On September 30, 2020 EOU and the DBC entered into a final GMP contract of $9,022,136. Construction is under way and the substantial completion date is April 1, 2022.

In order to achieve the original budget, the Value Engineering process altered the following:

- The track surface and 80’ of building length (about 25% of the 200m indoor track) was reduced
- The indoor climbing facility was removed

- Classroom partition wall, Audio Visual, FF&E removed
- Furnishing, fixtures, and equipment (FF&E) for OAP, Human Health & Performance (HHP), and Track & Field were removed
- Mezzanine for offices, press box, and public viewing will remain unfinished
- Concession stand equipment removed
- Low voltage materials and equipment for AV and track meet timing removed
- Proximity door equipment for locking and tracking access removed.

EOU Administration has determined that the current budget and associated project scope present challenges. There are key aspects that are missing from the project, and greatly reducing the building's functionality. EOU Administration desires to maximize functionality and the multi-use capabilities of the A-3 facility footprint by adding the following to the project scope:

- Student use: Indoor Climbing Center, Track surfacing & equipment, Human Health and Performance classroom buildout, and Outdoor Adventure Program buildout.
- Staff/Faculty use: Mezzanine & Office Buildout
- Safety/Energy: Building access enhancements with proximity control readers on doors, and chiller installation to allow air conditioning for offices and classrooms.

FISCAL IMPACT

EOU Administration is proposing an increase to the $9M project budget to $12.3M to close many of the gaps that currently exist in the project scope.

The increase in budget would be achieved with the following sources:

o Capital Renewal & Repair Contribution	$400,000
▪ EOU Auxiliary Contribution	
● Residence Life Reserve	$500,000
● Integrated Services Building Reserve	$500,000
● General Rentals Reserve	$569,500
● Building Fee	$462,000
o Athletics	$70,400
o Gifts	$689,937
o E&G Contribution	$170,000

Motion: Trustee Brad Stephens moved that the F&A Committee recommend to the Board the approval of the FY22 Preliminary Operating Budget.
Second: Susan Corey
Action: By unanimous approval, the motion passed.

Discussion Items

Capital Update

John Garlitz gave a brief update regarding capital proposals that will be submitted to HECC
Capital proposals for the 2023-25 biennium are tentatively due to the HECC by April.

In order to meet this deadline, EOU will submit our proposals to the Finance & Administration Committee in January, following with submission to the full Board at the February meeting. EOU will be putting forward two projects for next biennium. The Loso Hall Phase II renovation and the Ackerman Hall renovation. (The Loso Hall Phase II renovation project submission has already been approved by the Committee and the Board leading up to the 2021-23 submission to HECC. This project submission will be updated and resubmitted.)

To accompany the project proposals, administration will also be updating our master plan, and sharing that with the Committee as well. In addition, we will be reviewing the 10-year capital project schedule/plan with the Committee and the Board for discussion.

Internal Audit

When establishing itself as an independent university, EOU's Finance & Administration committee elected to use the University Shared Services Enterprise (USSE) for its internal audit services. Early in 2020, the USSE employee responsible for the internal audit function retired and USEE did not replace that position. Also in 2020, in the month prior to the beginning of the pandemic, administration discussed with the Finance & Administration Committee its desire to issue a joint RFP for internal audit services with the Oregon Institution of Technology (OIT). The pandemic greatly interrupted that effort, and OIT issued a stand-alone RFP. EOU administration is now preparing an RFP to seek this service independently.

Adjournment

The meeting was adjourned at 11:19am

Respectfully Submitted

Teresa Carson-Mastrude