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Minutes

1. CALL TO ORDER/ROLL CALL/WELCOME

Chair Schueler called the meeting to order at 8 a.m. Committee members present included Chair Kirk Schueler and Directors Lynda Ciuffetti, Allyn Ford, and Brian Fox. Other Board members present included Rosemary Powers.

Chancellor’s staff present included Chancellor George Pernsteiner, Vice Chancellor Jay Kenton, Doug Botkin, Michael Green, Ryan Hagemann, Karen Levear, Jan Lewis, Di Saunders, Bob Simonton, Patricia Snopkowski, and Marcia Stuart.

Others present included Presidents Bob Davies (EOU), Chris Maples (OIT), John Minahan (WOU), and Wim Wiewel (PSU); Vice Presidents Lindsey Desrochers (PSU), Frances Dyke (UO), Mark McCambridge (OSU), Craig Morris (SOU), Mark Weiss (WOU), and Mary Ann Zemke (OIT).

2. ACTION ITEMS

a. OUS, Internal Audit Progress Report

Chair Schueler called upon Ms. Patricia Snopkowski, Director of OUS Internal Audit Division, to present the item. She began her report with a discussion of financial aid audits conducted on the campuses, noting that this operational review is conducted approximately every three years. Construction audits were conducted and several contracting firms were selected for their expertise to conduct these audits at OIT, OSU, and PSU.

Two projects were audited at OIT; The Village for Sustainable Living and Martha Anne Professional Healthcare Facility. Replying to Director Ford’s question, Snopkowski advised that the major challenge on the campuses is records retention with respect to the projects. On the Martha Anne Dow project, approximately $60,000 was recovered from the project contractor for unallowable labor charges (questioned cost due to undocumented charges).

At OSU, the Energy Center project was audited; this is a $40 million project and no cost recovery was noted. The UO Arena project is in progress and is expected to be reported in January 2011. Mr. Bob Simonton advised that audit results are shared with the campus facility directors. He noted that document retention and coordination is a problem on campuses; therefore, document maintenance software is being implemented on the campuses (PSU and OSU are in the process of inputting their documentation into the system).
**Action:** Director Brian Fox made the motion to accept the internal audit report and Director Allyn Ford seconded; those voting to approve included Lynda Ciuffetti, Brian Fox, Allyn Ford, and Kirk Schueler. Motion passed.

b. **OUS, Report on Investments—As of June 30, 2010**

Chair Schueler called upon Ms. Karen Levear to present the report (see the docket materials at [http://www.ous.edu/state_board/meeting/dockets](http://www.ous.edu/state_board/meeting/dockets).

**Action:** Following the report, Director Allyn Ford made the motion to approve the report and Director Brian Fox seconded. Those voting to approve included: Lynda Ciuffetti, Brian Fox, Allyn Ford, and Kirk Schueler. Motion was passed.

c. **OUS, Internal Funding Program**

Chair Schueler called upon Controller Michael Green to present the item. The chair asked if there are limitations on the purpose of the funds; Green noted that the funds are to be used for capital projects with a maximum term of 10 years.

**Action:** Chair Schueler called for a motion to approve the adoption of the Internal Funding Program policy and procedure as outlined in the docket material. Director Fox made the motion to approve. Those voting to approve included: Lynda Ciuffetti, Brian Fox, Allyn Ford, and Kirk Schueler. Motion was passed.

d. **OUS, Proposed Amendment to Internal Bank Policy**

Chair Schueler called upon Controller Mike Green to outline the amendment to the policy.

**Action:** Chair Schueler called for a motion to approve the amendment as outlined in the docket material. Director Ford made the motion to approve. Those voting to approve included: Lynda Ciuffetti, Brian Fox, Allyn Ford, and Kirk Schueler. Motion was passed.

3. **Discussion Item**

a. **OUS, Analysis of 2009-10 Financial Statements**

Chair Schueler called upon Controller Green to lead the discussion.

In response to Director Ford’s question pertaining to enrollment growth, Vice President Dyke advised that the enrollment growth for out-of-state students at the University of Oregon has attested to the recruiting efforts made in California and Washington states. Vice Chancellor Kenton advised that each campus has their own market and strategies to increase their nonresident enrollment. Green advised that each campus was assigned four peers for the analysis and fiscal year 2009 was used for comparison.
4. **ADJOURNMENT**

With no further business proposed, Chair Schueler adjourned the meeting at 9:38 a.m.