Committee members present included: Chair Kirk Schueler and Directors Lynda Ciuffetti and Allyn Ford.

Chancellor’s staff present included: Chancellor George Pernsteiner, Hillary Bounds, Bridget Burns, Michael Green, Ryan Hagemann, Jay Kenton, Jan Lewis, Di Saunders, Bob Simonton, Patricia Snopkowski, Marcia Stuart, Charles Triplett, and Denise Yunker.

Others present included Presidents Richard Lariviere (UO), Chris Maples (OIT), and Ed Ray (OSU). Vice Presidents Lindsay Desrochers (PSU), Frances Dyke (UO), Darlene Morgan (EOU), Craig Morris (SOU), Bob Nettles (OSU), Mark Weiss (WOU), and Mary Ann Zemke (OIT); Bill McGee (DAS BAM) and Paul Siebert (LFO) were also present.

1. **CALL TO ORDER/ROLL CALL/WELCOME**

Chair Schueler called the meeting to order at 8:03 a.m.

2. **ACTION ITEMS**

   a. **UO, Ground Lease between UO and TC Eugene, 1700 Millrace Drive, Riverfront Research Park**

Bob Simonton informed the Committee that this item was being brought forward because the transaction is greater than 15 years and also exceeds $15M. Frances Dyke, UO Vice President for Finance and Administration, shared that in July 2009, the Board approved that the UO enter into a ground lease with Trammell Crow to develop property that would be 100 percent leased on the Riverfront Research Park parcel. This property development was subject to challenges through the state land use board of appeals at three different points and in April 2011, President Lariviere asked Trammell Crow if they would consider an alternate parcel that didn’t come with the same land use issues within the community. The parties have agreed to a land lease at 1700 Millrace Drive, which is more in the core of the Research Park and away from the riverfront. The conditions and terms of the lease are substantively the same as the previous lease that the Committee had approved earlier.

Chair Schueler called for a motion to approve the ground lease as outlined and forwarding it to the full Board for approval.
Action: Directors Allyn Ford and Kirk Schueler made the motion and seconded, respectively; motion passed.

b. OUS, Internal Audit Division Progress Report

Patricia Snopkowski, OUS Internal Audit, reviewed the internal audit reports that had been issued since May. Internal Audit also performed follow-up audits over the past quarter. She noted that there were 78 open audit recommendations and that 53 of the recommendations were successfully implemented and resulted in improvements in hiring and contracting practices, securing student financial aid data, implementing information security policies across the System and at most of the campuses, which will help prevent data breaches. There were also improvements across the System in cash handling and purchasing, as well as payroll operations. There are 25 recommendations that remain open, which are mainly related to policy implementation. She then shared the individual reports from each campus.

Chair Schueler called for a motion to accept the audit progress report.

Action: Directors Lynda Ciuffetti and Allyn Ford made the motion and seconded, respectively; motion passed.

c. Allocation of Additional 2009-2011 General Fund Appropriation for E&G

Jan Lewis, Assistant Vice Chancellor for Budget Operations, presented the item, explaining that for the past few years, OUS had received part of its state funding in the form of federal stimulus dollars. As part of receiving those federal dollars, the state is required to reach a certain level of funding for higher education and with the allotment reductions in the FY ’11 that had fallen below that. As a result, the legislature approved additional funding for the ’09-’11 biennium. An additional $30M of General Fund was received. She added, “What you have before you is the by-campus allocation, which is proportional to allocations we’ve done for FY ’11 and what we’re asking for today is approval of those by-campus allocations.”

Chair Schueler called for a motion to approve the proposed additional allocation of $30M.

Action: Directors Allyn Ford and Kirk Schueler made the motion and seconded, respectively; motion carried.

3. Discussion Items

a. Update on 2011-2013 budget and FY12 allocation planning

Vice Chancellor Kenton provided an update on the 2011-2013 budget and FY12 allocation planning. He began by recapping the budget process, then summarized the capital budget. He went on to note that OUS must submit its 2013-2015 operating budget a year from now and it will no longer be an input-based budget but more outcomes-based.
b. Legal Services Transition Planning

General Counsel Ryan Hagemann started the discussion with a brief overview of the current process. He related that the Oregon University System receives legal services primarily through the Oregon Department of Justice, which is authorized to provide legal services to the state through Chapter 180. The Attorney General is in charge of the legal services of all state agencies and he has the authority to designate SAAGs for various purposes. Through a memo of understanding between the Oregon University System and the Department of Justice, OUS has the capability of having in-house counsel.

He went on to share the shifts in process brought about by Senate Bill 242 in the areas of the state Attorney General and the Department of Justice, in risk management, in hiring attorneys, billing, accountability among others.

Chair Schueler commented on the possible need to engage a consultant from outside the System to assist with the process and bring in some broad-based expertise. There was consensus that that would be necessary.

4. Adjournment

Before adjournment, Mike Green gave a brief update on the positive effects of the Internal Bank. “We have begun the implementation of the investment side of the Internal Bank where we’ve pooled the cash balances. Last quarter, we distributed $2.8 million of interest that we would have distributed $800,000 under the old method, so that’s a $2 million increment on a quarter.”

With no further business proposed, the meeting was adjourned at 9:54 a.m.