# Oregon State Board of Higher Education

## Finance and Administration Committee

March 15, 2013

Portland, Oregon

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## MINUTES

**Page**

1. Call to Order/Roll Call/Welcome

2. Consent Item

   a. Approval of Minutes, February 15, 2013

3. Agenda Items

   a. Capital Budget Process Post-SB 242 Finalization
   b. Oregon Tech, InFocus Building Purchase (Wilsonville Campus)
   c. UO, Housing Central Kitchen and Woodshop
   d. Optional Retirement 401(a) Plan Definition of Normal Retirement Age
   e. Oregon Administrative Rule Updates (Capital and Procurement)
      i. Amendments to OAR Division 60 (Real Property, Facility, and Campus Planning)
      ii. Amendments to OAR Divisions 61 (OUS Procurement and Contracting Code) and 62 (Purchasing and Contracts for Personal or Professional Services and Goods)

4. Report Items

   a. 2013-2015 Outcome-based Budget Update
   b. State Audit Update

5. Adjournment
Committee members present included: Chair Allyn Ford, Directors Lynda Ciuffetti, Orcilia Forbes, and Farbodd Ganjifard; Director Kirk Schueler was absent due to a business conflict.

Chancellor’s Office staff present included: Interim Chancellor Melody Rose, Vice Chancellor Jay Kenton, Hillary Bounds, Michael Green, Jan Lewis, Di Saunders, Patricia Snopkowski, Marcia Stuart, Charles Triplett, Alice Wiewel, and Denise Yunker.

Others present included: Vice Presidents Mark McCambridge (OSU), Jamie Moffitt (UO), Lara Moore (EOU), Craig Morris (SOU), Monica Rimai (PSU), Eric Yanke (WOU), and Mary Ann Zemke (OIT).

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

   Chair Schueler called the meeting to order at 1:00 p.m. and asked the Secretary to take roll.

2. **CONSENT ITEM**

   a. **Approval of Minutes, February 15, 2013**

      **ACTION:** With no changes recommended to the minutes, Chair Allyn Ford made the motion to approve the February minutes; motion carried.

3. **AGENDA ITEMS**

   a. **Capital Budget Process Post-SB 242 Finalization**

      Assistant Vice Chancellor for Capital Alice Wiewel and Controller Mike Green presented the item.

      **ACTION:** With no discussion offered pertaining to the information provided, Chair Ford called for a motion to approve the Capital Budget Process Map and the associated Approvals Summary with the note that the section of the table related to OAR 580-0960 is a draft only and will be modified as needed when
proposed revisions to the OAR are adopted by the appropriate review bodies. Directors Orcilia Forbes and Farbodd Ganjifard made the motion and second, respectively; motion carried.

b. Oregon Tech, InFocus Building Purchase (Wilsonville Campus)

Chair Ford called upon Vice President Mary Ann Zemke to present the item.

**ACTION:** Following discussion, Chair Ford called for a motion to authorize Oregon Tech to execute and enter into the purchase agreement and to authorize Vice President Mary Ann Zemke to execute all the foregoing related documents on behalf of Oregon Tech. Directors Orcilia Forbes and Lynda Ciuffetti made the motion and second, respectively; motion carried.

c. UO, Housing Central Kitchen and Woodshop

Chair Ford called upon Vice President Jamie Moffitt to present the item.

**ACTION:** Following discussion, Chair Ford called for a motion to authorize the University to build a Central Kitchen and Woodshop facility on its campus, funded from housing reserve funds. Directors Orcilia Forbes and Farbodd Ganjifard made the motion and second, respectively; motion carried.

d. Optional Retirement 401(a) Plan Definition of Normal Retirement Age

Chair Ford called upon Chief Human Resources Officer Denise Yunker to present the item who informed the Committee that the Internal Revenue Service and the Oregon Department of Treasury have issued guidance on the applicability of the 2007 NRA regulations to IRC 414(d) governmental plans, clarifying that plans such as the Optional Retirement Plan (ORP) must define the Normal Retirement Age (NRA) if they provide in-service distributions before age 62. The ORP currently permits in-service distributions to retirees working under the terms of early retirement incentive programs such as tenure relinquishment as early as age 55 or 30 years of service, whichever comes first. Presently, the ORP defines Normal Retirement Date but not Normal Retirement Age, and defines the date as “the first day of the month coinciding with or immediately preceding the Participant’s (a) fifty-fifth (55th) birthday, or (b) completion of thirty (30) Years of Service, whichever occurs first.” Extensive studies were performed to determine the effects of changing the retirement age to the employees enrolled in ORP. Oregon PERS provided the most representative workforce for determining the typical NRA for the higher education industry in which ORP participants are employed. A subset of 3,350 PERS retirees, ages spanning 55-65, identified peaks in the retirement age from 1996-2012 as ages 58 (12.6%), 62 (11.7%), and 55 (9.8%).
ACTION: Following discussion, Chair Ford called for a motion to approve the replacement of the ORP’s definition of Normal Retirement Date with a definition of Normal Retirement Age, defined as fifty-eight (58) years of age and revise ORP Section 1.20, from Normal Retirement Date to Normal Retirement Age and change the age from 55 to 58. Directors Orcilia Forbes and Farbod Ganjifard made the motion and second, respectively; motion carried.

e. Oregon Administrative Rule Updates (Capital and Procurement)

i. Amendments to OAR Division 60 (Real Property, Facility, and Campus Planning)

Chair Ford called upon Controller Mike Green to present the item. These amendments accomplished the alignment of rules with the changes in Senate Bill 242, the delineation of the roles and responsibilities, and clarified language and eliminate unnecessary provisions. To exercise the Board’s desire to delegate operational functions to university administration, the proposed amendments eliminate the requirement that institutional plans be approved by the Chancellor or designee; delegates official property recordkeeping from the Chancellor’s Office to the universities; delegates execution of conveyances (purchases, receiving by gift, sales, and easements); and raises dollar thresholds within the rule to the new thresholds being established within the F&A Committee capital approval process.

ACTION: Chair Ford called for a motion to approve/support the proposed OAR changes and recommend such to the Board for adoption at the April 2013 meeting. Directors Orcilia Forbes and Farbod Ganjifard made the motion and second, respectively; motion carried.

ii. Amendments to OAR Divisions 61 (OUS Procurement and Contracting Code) and 62 (Purchasing and Contracts for Personal or Professional Services and Goods)

Chair Ford called upon Ms. Hillary Bounds, Director of Contracting and Purchasing, to describe the proposed amendments to OAR Division 61 and 62. As with the approved amendments to OAR 60, these amendments accomplished the alignment of rules with the changes in Senate Bill 242, the delineation of the roles and responsibilities, and clarified language and eliminate unnecessary provisions. The proposed amendments align the terminology and processes with changes required by the passage of SB 242 and adopted Board policies to remove all references to the Department of Administrative Services; provide exemptions to contract for insurance and legal products and services required by OUS’ departure from the state insurance fund and the Department of Justice; and include new language to align the OARs with the Board policy on contracting with Historically Underrepresented Businesses. The amendment included clear language allowing for electronic submission of Bids and Offers and the procedures related to such and created an exemption for contracts relating to specifically budgeted items in grant-funded projects.
ACTION: Chair Ford called for a motion to approve/support the proposed OAR changes and recommend such to the Board for adoption at the April 2013 meeting. Directors Orcilia Forbes and Farbodd Ganjifard made the motion and second, respectively; motion carried.

4. REPORT ITEMS

   a. 2013-2015 Outcome-based Budget Update

   Chair Ford called upon Assistant Vice Chancellor for Budget, Jan Lewis, to present the item.

   b. State Audit Update

   Chair Ford called upon Ms. Patricia Snopkowski, chief audit executive, to provide a brief update on the status of the Secretary of State’s audit.

5. ADJOURNMENT

   With no further business proposed, Chair Ford adjourned the meeting at 2:30 p.m.