



**University of Oregon Board of Trustees
Finance and Facilities Committee Meeting Summary**

June 3, 2015

The University of Oregon Board of Trustees Finance and Facilities Committee (FFC) met in the Ford Alumni Center on the University of Oregon (UO) campus on June 3, 2015. Below is a summary of committee discussions, and actions. A recording of the committee meeting is available.

Committee Membership

Connie Ballmer	Present
Peter Bragdon	Present
Andrew Colas	Absent
Susan Gary	Present
Joseph Gonyea III	Present
Scott Coltrane	Present
Ross Kari, Chair	Present

Opening. The meeting was called to order at 9:05 a.m. by Committee Chair Ross Kari. Roll call was taken and a quorum verified. Trustee Joseph Gonyea moved to accept minutes from the May 8, 2015 meeting; Trustee Peter Bragdon seconded. Chair Kari delayed voting until quorum was met at 9:20 a.m., at which time all present voted in favor of accepting May minutes.

Public Comment. There was no public comment.

Quarterly Treasury Report. Karen Levear, Director of Treasury Operations, reviewed cash investments, pool holdings and debt activities. She reported that the bond issuance of \$50 million in March had been very successful. There was a discussion regarding how UO's cost of capital compared with debt the state issued on the same day. Levear reviewed the repayment schedule and is confident the university can manage the payments as structured, noting that the amount of the balloon payment is not different from current annual payments. Board Chair Chuck Lillis asked for clarification of the \$8.1 million capital renewal funds; Jamie Moffitt, Vice President for Finance and Administration & CFO explained this is for deferred maintenance. When asked if anyone can buy these state bonds at any time on the public market, Levear answered affirmatively.

Quarterly Financial Report. Moffitt presented the third quarter financial reports. She focused her time on the Education and General Funds which fund the bulk of the school and college and administrative functions. She explained that at the end of the second quarter the UO was running a few million dollars in the red and that the institution is in a similar position at the end of the third quarter. Revenue is slightly lower due to lower than expected tuition; grant revenue has picked up. Labor expenses have seen increases that were offset by lower supplies and services costs.

Fiscal Year 2016 Budget and Expenditure Authorization. Chair Kari asked Moffitt to review the budget and expenditure authorization. At this time there are several large unknown factors for FY16 that are needed to finalize the budget including state appropriations, labor costs (faculty and staff contracts are in the middle of bargaining), and health care costs. For this reason it was proposed to keep the budget and expenditure resolution set in place from the previous year until there is more information about projected revenue streams and expenses. Chair Kari put this forth for approval.

ACTION: The Committee then took action to consider the Resolution: FY2016 Budget and Expenditure Authorizations. The resolution passed by voice vote. The ayes carried without dissention.

Adoption of Legacy Pension Plans. Moffitt provided an overview of two legacy retirement plans still sponsored by the Oregon University System (OUS). OUS and university employees were allowed to participate in these plans as an alternative to PERS during the '60s, '70s, '80s and '90s. The plans still manage benefits for many employees, and some employees are still actively making contributions to the plans. OUS will dissolve after June 30, 2015, and, to stay in legal compliance, a sponsor is required to manage the plans. UO is in the best position to take over responsibility for these plans since it is already managing three other retirement plans for the seven schools previously part of OUS. Craig Ashford, Assistant General Counsel, provided additional background. These plans were not adopted by UO last year as there were unanswered compliance questions that needed to be addressed. Over the last year, significant research has been done to identify potential compliance issues, take corrective action, and self-report all remaining compliance concerns to the IRS. Board Chair Lillis asked about the risk to the UO of taking on management of the plans. Ashford explained that the UO would incur greater risk if the plans did not have a sponsor and no one was managing them to ensure ongoing compliance with future regulatory changes. Responding to Board Chair Lillis' question regarding the cost of management of the plans, Moffitt shared that the seven universities would collectively pay for all costs related to the plans.

ACTION: The Committee then took action to consider the Resolution: Administration of the OUS Legacy Retirement Plans. The resolution passed by voice vote. The ayes carried without dissention.

Student Health Insurance. Robin Holmes, Vice President for Student Life, and Mike Eyster, Executive Director of the Health Center, provided additional information regarding UO Care, the new proposed model for student health care. Since the May FFC meeting, when this was first brought before the committee, Holmes' team has gathered feedback to inform its process and lay out a timeline. They would like to propose rolling out the program in a phased approach. This fall they would seek approval from the board and continue providing education to the campus community. Over the course of the next year, they would build staff, build infrastructure and work out problems. Moffitt gave an overview of the financial projections for the program. She also provided a sensitivity analysis reviewing how the finances would be affected if different key assumptions varied. Steve Beckley, a consultant working on this project for Student Life, provided information from other schools that run similar programs. Discussion followed. Board Chair Lillis asked about timing and about outsourcing these services. Other questions included what problems in the current system are being addressed by this project, what other schools have done this well, and what capacity the Health Center has to take on the project within the timeframe. Holmes thanked the committee for the feedback and will provide them with further information in upcoming meetings.

Recess. Chair Kari called for a break at 10:45; he brought the meeting back to order at 10:57.

Campus Physical Presence. Chris Ramey, Associate Vice President for Campus Planning, Design and Construction, described the process by which funding for building projects and deferred maintenance is approved by the state. He reviewed the projects that received funding and how they fit into the overall campus plan. He provided an update on the Framework Vision Project. Darin Dehle, Director of Campus Design and Construction, presented detailed information regarding deferred maintenance and capital repair project prioritization processes and funding needs. He described an approach that includes preventative maintenance in addition to capital repair projects to address maintenance backlog issues.

Acceptance of and Approval of a Related Capital Project. The committee was asked to approve a gift to be used for an addition to the School of Music and Dance to house the Oregon Bach Festival. Because the project is in excess of the \$5 million dollar threshold, it requires approval from the board. The motion will be forwarded to the full board as a seconded motion.

ACTION: The Committee then took action to consider the Resolution: Acceptance of Gift and Approval of Related Capital Project. The resolution passed by voice vote. The ayes carried without dissention.

Adjournment

Chair Kari adjourned the meeting at 12:00 p.m.