



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

March 3, 2016

Committee Membership

Peter Bragdon	Present
Andrew Colas	Present
Susan Gary	Present
Joseph Gonyea III	Present
Ross Kari, Chair	Present
Michael Schill	Present

The Finance and Facilities Committee (FFC) of the Board of Trustees of the University of Oregon (Board) met in the Ford Alumni Center on the University of Oregon (UO) campus on March 3, 2016. Below is a summary of committee discussions and actions.

Convening, Introduction, Approval of Minutes. FFC Chair Ross Kari called the meeting to order at 9:01a.m. Roll call was taken and a quorum verified. The committee approved the minutes from the December 2015 committee meeting with no amendment. Chair Kari opened by providing a brief overview of the agenda and mentioned that the tuition and fees proposal discussion was deferred from the FFC agenda to the full Board meeting.

Public Comment. There were no requests to provide public comment.

Q2 Treasury Report. Karen Levear, Director of Treasury Operations, presented the quarterly review of the university's investment and debt activities. Levear reported a \$15 million higher cash investment pool than a year ago, but overall cash and investment pool holdings continue to follow seasonal patterns and year-over-year differences were relatively small. Levear provided an update on current activities including finalizing Tier 3 investment options and more actively managing bank balances. In FY17 Levear expects to see an improvement in interest earned due to rising short-term interest rates. Debt activities included the completion of the university's annual post-insurance compliance notice to the state, evaluation of the option to accelerate the planned FY17 bond sale up to FY16, and coordination of funding for small capital projects.

Bond Issuance Authorization. Levear outlined a proposal to accelerate the planned Spring 2017 general revenue bond sale. Funds from the sale would be used to provide capital to UO's internal bank so that it has long-term funds available to lend for authorized capital projects that benefit the university. The largest recipient is expected to be Student Housing as they construct the new residence hall. She identified the benefit of accelerating the sale date, as long-term interest rates have declined while short-term rates have risen. Vice President for Finance and Administration and CFO Jamie Moffitt further expanded that UO would pay the carrying costs for the first year, but would benefit over the life of the bonds, assuming long-term borrowing rates will increase in the future. Levear estimated that based on current market conditions the cost of the obligation could be between 3.25% and 3.75%. Levear also addressed the university's ability to pay based on the university's projected debt burden ratio of 6 %. Chair Kari recommended an edit to the resolution in paragraph 4 requiring final approval by the FFC Chair and the Board Chair before

the bonds are issued. Trustee Gonyea moved to approve the bond issuance authorization and Trustee Bragdon seconded. All voted in favor and the motion carried.

Quarterly Financial Report and Update on State Budget Workgroups. Moffitt provided the quarterly financial report. Moffitt expects to end FY16 run rate even in the E&G fund due to an infusion of state resources and last year's tuition increase, but underscored the need to cover future cost increases with either new revenue or cost cuts in other areas. With data from the first six months of FY16, projections show that revenue is expected to just cover expenses. Moffitt highlighted some line items which shifted slightly in the projections. Unrestricted net assets (UNA) dropped in FY15. The university's current UNA equals six to seven weeks of operating costs; by comparison, other flagship universities' on average have UNA levels that equal around 15 weeks of operating expenses. Discussion with the trustees and further data presented focused on carryover funds in academic units, budget reductions in administrative units and the state's treatment of universities relative to "current service level" (CSL) funding.

Moffitt also informed trustees that the seven former OUS institutions will reply collectively to HECC on budget analyses and funding requests for the next legislative session.

Framework Vision Project Overview and Capital Planning Update. Moffitt introduced Robert Sabbatani, a consultant hired to work with the university to develop an overall vision framework for the campus physical plan. The framework vision planning exercise focused on the potential long term capacity of the university campus given four different scenarios for possible enrollment growth. Moffitt emphasized that no decisions have yet been made about growing the size of campus, but that the consultants were asked to look at various scenarios, so that the University could better understand the impact of potential growth on the campus and its long term physical development. Sabbatani provided a presentation to the trustees demonstrating the potential placement of additional campus buildings and open spaces and identified related cultural and logistical challenges. Options presented included growth of campus by 'in-filling' new buildings onto the existing campus, building new buildings north of Franklin Blvd. and east of Agate Street, creating pedestrian first zones on East 13th and East 15th streets, improving the open spaces in the central campus, creating better frontage along the Willamette River, and constructing a pedestrian-bicycle bridge linking the main campus to the areas of campus across Franklin Blvd. Trustees engaged in conversation regarding topics of community relations, future student body size, handling of historic buildings, and past campus planning.

Moffitt provided an update on current capital planning, describing the types of bonds available to the university and outlining the process and timeline for requesting and obtaining state-backed funding. The seven universities plan to work together to submit one consolidated list of capital project requests, which is due to the HECC by May 1st. Chris Ramey, Senior Planning Advisor, identified the current project short list for the UO which includes renovations to Deady Hall, Condon Hall, and Huestis Hall; a new research building on Franklin Boulevard; and a new university classroom and faculty office building.

Adjournment. The meeting adjourned at 11:14 a.m.