



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

December 1, 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 at the UO’s White Stag Building in Portland, Oregon on December 1, 2016. Below is a summary of committee discussions and actions. An audio recording is available.

Convening, Introduction, Approval of Minutes. FFC Chair Ross Kari called the meeting to order at 10:15 a.m. Roll call was taken and a quorum verified. Minutes from the June 2016 FFC meeting were approved by voice vote.

Authorization for Certain Treasury Activity. Chair Kari drew trustees’ attention to the resolution in their packets related to the authorization of derivative use for funds invested with the University of Oregon Foundation. Chair Kari and Karen Levear, treasury management director, explained derivatives and the benefits and risks thereof. Trustee Kurt Willcox asked what sort of reporting the Board will receive so that the trustees can understand the use, performance, risk and risk mitigation of these investment tools. Levear and Jamie Moffitt, vice president for finance and administration and CFO, explained that they are working with Chair Kari and the Foundation to create a report that the committee would receive on a regular basis that summarizes the breakdown of the portfolio managed by the Foundation, as well as performance information relative to benchmarks. Chair Kari and Levear also explained that derivatives are a financial tool used to help mitigate overall risk within a broader portfolio. Board Chair Chuck Lillis asked if Levear knew the amount of UO money that would be used in such hedging strategies, and Levear reported that the level and type of derivative investments would be dependent upon the underlying investment strategies. Moffitt also explained that this authorization only applies to Tier III investment funds managed by the Foundation. These are the most long-term funds the university holds and they are not expected to be needed for short term cash flow for operations. Trustee Susan Gary asked about whether the social investment policy already adopted by the Foundation would apply to these funds. Jay Namyet, chief investment officer for the Foundation, explained that the Foundation’s policy applies to donor funds and does not automatically apply to funds of the UO invested with the Foundation. Namyet talked for a few minutes about what the Foundation does to ensure fund managers are reputable, professional, and good investment partners. Part of this is a requirement that fund managers have their own net worth invested in their funds so there is an alignment of goals. He further clarified that the Foundation considers itself a risk manager and it is very focused on the preservation of capital.

ACTION: The Committee considered the motion to authorize the use of derivatives for Tier III investments with the Foundation. The motion was moved by Bragdon and seconded by Gonyea; it carried by voice vote without dissent.

Energy Policies and Programs in UO Buildings. Michael Harwood, associate vice president for campus planning and facilities management, presented an overview to trustees of the institution's policies and approach to environmental considerations in capital planning and construction. He focused on three particular UO policies, noting that the first comprehensive environmental policy was established in 1997. Those three policies address planning and design, operations and maintenance, and greenhouse gas emissions. Goals established in 2011 included LEED Gold standards for new buildings, 35% more energy efficiency than required by code, and a requirement that new energy use be offset by reductions to existing use. Harwood noted that a primary concern is managing the balance between environmental and fiscal responsibility. He also discussed the important role sustainability plays in addressing maintenance and renovation needs in existing buildings, not just in new construction.

Authorization for Eminent Domain Proceedings. Vice President and General Counsel Kevin Reed articulated the purpose and need for the resolution before FFC regarding authorization of possible eminent domain proceedings for property on Franklin Boulevard needed for development of the Knight Campus for Scientific Impact. The Committee discussed property location, relocation assistance, requirements, timing, and sources of funding for any payments made to property owners or tenants. The property is located on the north side of Franklin Boulevard and there are three owners of parcels on the overall property, one of which is the University of Oregon Foundation. There are several tenants across these properties. Funding for any compensation, relocation, legal fees, or otherwise related costs to the Knight Campus will be paid out of the gift.

ACTION: The Committee considered the motion related to eminent domain and related items. The motion was moved by Bragdon and seconded by Gonyea; it carried by voice vote without dissent.

Adjournment. The meeting adjourned at 11:51 a.m.