

**Attendance.**

Tim Boyle	Present	Andy Storment, Chair	Present
Renee Evans Jackman	Present	Jenny Ulum	Present
Lillian Moses	Present	Dennis Worden	Present
Connie Seeley	Present		

**Convening.** The Finance and Facilities Committee (FFC) of the Board of Trustees of the University of Oregon (Board) met at the Ford Alumni Center on March 11, 2024. Committee Trustee Renee Evans Jackman called the meeting to order at 9:01 a.m. Pacific Time. (All times noted going forward are Pacific Time.) The secretary verified attendance and a quorum.

Below is a summary of the meeting's proceedings; a full recording is available upon request.

**Quarterly Financial and Treasury Reports (Action).** Jamie Moffitt, chief financial officer and senior vice president for finance and administration, and Brian Fox, associate vice president for budget, financial analysis, and data analytics began by reviewing key financial metrics for Quarter One (Q2) of FY 2024. Fox highlighted several takeaways for Q2 including the following: (1) state appropriation was forecasted to increase due to Higher Education Coordinating Commission settle up, (2) projected tuition and fee revenue is up .5% due to small changes in remissions and carrying load projections, and (3) personnel services costs are up due to significant hiring and the implementation of the graduate employee contract. Fox noted Q1 projection shows an estimated year-end fund balance decrease of \$1.5 million down from initial projections of \$.8 million gain. Projected year-end fund balance for FY24 is \$111.8 million (8.9 weeks of operating expense). Next Fox provided the Board with an overview of state appropriations, noting several key points, including: 1) there have been dramatic fluctuations in state investment from the state, 2) increased investment over the last decade, and 3) but when adjusted for CPI state appropriations have seen a long-term downward trend resulting in funding on a per student basis to be 44<sup>th</sup> in the country. Fox then described how the state funding formula provides less per student to the university than any of the other public four-year universities in the state of Oregon. In addition to resources made available in the funding formula, additional state resources are provided through specific programmatic funding. Trustees asked questions and engaged in discussion on items including but not limited to the amount of state funding per student when accounting for in-state and out of state students, the logic used for differential tuition for mission differentiation in the state funding formula, opportunities for the university to increase its mission-based funding in the state model, and sports lottery funding.

Jeff Shumacher, director of treasury operations, provided the quarterly treasury update reviewing the university's cash and investment balances. Schumacher described that cash balances continue to increase in the second quarter, up approximately \$44 million more than the same quarter in FY23. Schumacher described the major factors contributing to the increased balances, including increased plant funds for construction projects. Next, Schumacher reviewed recent increases in short-term investment income, which is primarily allocated to the Presidential investment fund. An update was provided on the university's current rating agency status, noting that rating agencies are highlighting headwinds from inflation and increasing wage costs, with some positive trends for larger institutions in

terms of their ability to manage the demographic cliff that has been projected and their ability to manage strong reserves. Trustees asked questions and engaged in discussion on items including but not limited to the projected change in assessment of the impact of the demographic cliff.

**Annual Oregon Public University Retirement Plan Update.** Jamie Moffitt, chief financial officer and senior vice president for finance and administration provided background on the university's role in retirement plan management on behalf of all seven public four-year universities in Oregon. She then described the details of each plan and the plan management and oversight. Moffitt described several continuous improvement activities including some modifications to reporting and reconciliation and the transfer in plan manager to Fidelity. Trustees asked questions and engaged in discussion on items including but not limited to the management of legacy funds, and the decision to have the university manage the plan.

**University Thermal Task Force Report.** Jamie Moffitt, chief financial officer and senior vice president for finance and administration; Brian Fox, associate vice president for budget, financial analysis, and data analytics; Steve Mital, director, office of Sustainability provided an overview of the university thermal task force, noting action was not being requested of the Board. Trustee Boyle declared a conflict of interest and that he would be refraining from participation in discussion on the matter. Fox described the charge of the task force, to provide recommendations to the president to recapitalize the university's campus heating infrastructure, balancing the following goal: reduction of greenhouse gas emissions, resiliency of campus heat production to energy markets and natural hazards, limited disruption to student's campus experience, and appropriate fiscal stewardship. The task force held an extensive process, including multiple campus engagement opportunities. Mital described current and projected carbon emissions, current reduction efforts, and our baseline energy systems. Fox walked through the pros and cons of several options discussed by the task force including, change to electrode boilers and conversion from steam to hot water system. Mital reviewed the emission reduction and cost estimates for each proposal, with construction costs that ranged from \$14.9 million to \$715 million in cost, and cumulative emissions reductions which range from 42% to 74%. Fox described additional costs estimated for changes in operational costs and then balance of the full project cost in relation to the university's current debt obligations. Fox reviewed key feedback from campus, which included the belief the university should be an active agent in its own decarbonization, reducing emissions is of keen interest to students but they are reluctant to pay for it, acting in a concrete way now is important. Mital described task force findings which included; 1) business as usual is not acceptable, 2) the university should take steps that align with climate science and relevant commitments, 3) time is of the essence, 4) on site actions are critical to prepare for transitions, 5) the university should prepare itself for ongoing and intensifying policy efforts to increase the cost of natural gas, 6) completing a steam to hot water conversion is not advisable, 7) research and experimentation will bring online new technologies, and 8) the university should install an 8megawatt electrode boiler (option 2B). Moffitt informed the Board know that there will be additional discussion brought to the Board when there is more clarity on the university's financial position and ability to pay for task force recommendations. Trustees asked questions and engaged in discussion on items including but not limited to the possibility of offsets as an option for consideration, assumptions built into cost and emissions estimates, difference in emissions reductions between the options, what the standard for emissions reduction is, the value of achieving emissions sooner rather than later, the risks associated with investments in options 2a or 2b, impact of university's electrification on overall emissions, technical risk with the various options, how the university compares to peer universities in terms of carbon reduction efforts .

**Facility Naming, Knight Campus Grove.** Joe Buck, vice president for advancement described the university's request to name the landscape garden along the Knight Campus and Franklin Blvd, for Laura and Greg Mlynarczyk. Trustees asked questions and engaged in discussion on items including but not limited to costs for maintenance of the garden

*Action - The resolution to approve the naming of the landscape garden along the Knight Campus and Franklin Blvd, for Laura and Greg Mlynarczyk was moved by Trustee Boyle and seconded by Trustee Worden. It passed with a unanimous voice vote.*

**Meeting Adjourned at 11:24 a.m.**