

**Attendance.**

|                     |         |               |         |
|---------------------|---------|---------------|---------|
| Marcia Aaron        | Present | Lillian Moses | Present |
| Tim Boyle           | Present | Jamie Moffitt | Present |
| Renee Evans Jackman | Present | Connie Seeley | Present |
| Ross Kari, Chair    | 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 June 5, 2023. Committee Chair Ross Kari called the meeting to order at 9:02 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).** Brian Fox, associate vice president for budget, financial analysis, and data analytics began by reviewing key financial metrics for Quarter 3 (Q3) of FY 2023. This included the facts that projected tuition and fee revenue is up due to strong carrying loads and that personnel service costs are down, on a one-time basis, due to unprecedented levels of faculty and staff vacancies. Q3 estimates show an estimated annual gain of \$15.5 million, which compares to the Q2 projected annual gain of \$9.1 million. Fox stated that the projected year end fund balance for FY23 is \$109 million, which equals 9.4 weeks of operating expenses. Trustees asked questions and engaged in discussion on items including but not limited to sustained staff savings and impact on operations.

Jeff Schumacher, director of treasury operations provided the quarterly treasury update reviewing the university's cash and investment balances, noting average balances for the third quarter were \$564 million, approximately \$57 million more than the same quarter in FY22. Schumacher described the major factors contributing to the increased balance, including increases in E&G balances primarily due to transfers of one-time HEERF funds and increased tuition revenue, and increased balances in plant replacement reserve funds. Next, Schumacher reviewed cash and investments by tier, debt service and lease payments, and the ratio of cash investments to debt. Schumacher discussed recent updates from the rating agencies, including Moody's affirmation of the university's issuer and revenue bond rating of Aa2, and moving the outlook from negative to stable. Trustees asked questions and commented on issues including but not limited to the safety of bank placed funds, university reserves in relation to university peers, liquid vs. illiquid reserves, reserves in relation to the university's guaranteed tuition program, the need for higher reserve levels, and Moody's assessment of the university's reserves.

**FY24 Expenditure Authorization (Action).** Brian Fox, associate vice president for budget, financial analysis, and data analytics reviewed the Fiscal Year 24 (FY24) operating and capital expenditure authorization request. The projected operating budget for FY24 is \$1,345,300,000 and the projected capital budget for FY24 is \$228,600,000. Fox discussed key factors behind the calculations for salary and benefits, services and supplies, capitalized equipment, student aid, and net transfers. Next, he described projected revenues, including a projected increase in state aid, growth in tuition and fees, and continued positive activity in gifts, grants, and contracts. Fox described the planned capital projects contained in

the proposed FY24 capital budget noting that the amounts presented are not the full project budgets, but instead the amounts projected to be expended in FY24. Trustees asked questions and engaged in discussion on items including but not limited to the projected shift in non-resident and resident first-year enrollment.

*ACTION: The resolution to approve the FY24 operating expenditure authorization and FY24 capital expenditure authorization was moved by Trustee Aaron and seconded by Trustee Moses. It passed by a voice vote without dissent.*

**East Campus Housing.** Roger Thompson, vice president for student services and enrollment management, provided the Board with an overview of planning processes related to east campus. Thompson described the boundaries of east campus before discussing the positive impact living on campus has on student success. Next, he discussed a university task force exploring the possibility of additional housing development in the east campus. Michael Griffel, associate vice president for student services and enrollment management and director of university housing described current housing capacity and demand. Trustees asked questions and engaged in discussion on items including but not limited to the recent increase in demand for on-campus student housing, demand for family housing, the types of housing that the university might want to build, the impact of new dorms coming on-line in the fall, and the impact of private market housing growth.

#### **Capital Project Approval (Action).**

**Heritage Project Full Expenditure Authorization.** Michael Harwood, associate vice president and university architect reviewed the goals of the project and history of Board approval for design and planning phases. He described variables impacting the cost including recent construction cost inflation and the increased scope of the project. Harwood noted the goal is to complete development by fall of 2025. Trustees asked questions and engaged in discussion on items including but not limited to the funds used for construction of the project, the need for hearing loops to be added to construction projects at the university, cost increases that could be attributed to the historic nature of the buildings under construction, and the impact on students of construction.

*ACTION: The resolution to approve budget authorization, not to exceed \$87.82 million, for the construction of the Heritage Deferred Maintenance project was moved by Trustee Boyle and seconded by Trustee Aaron. It passed by a voice vote without dissent.*

**Romania Property.** Michael Harwood, associate vice president and university architect reviewed the Romania development project. He shared that the goals of the project are to enter into a long-term ground lease for a mixed-use development on the Romania lot that provides new revenue streams to the institution and develops more housing options for the campus and local community. Next, Harwood described the terms of the agreement, including the fact this will be a 55-year lease with two ten-year renewal options and that construction is set to begin in mid 2024, taking three years to complete with prevailing wage and historic preservation guidelines being followed. Trustees asked questions and engaged in discussion on items including but not limited to the fact this is a lease for third party development and not the university taking on the development obligations, clarity around current development plans, and discussion of the price of housing units produced in the project.

*ACTION: The resolution to authorize the university to negotiate and execute a ground lease with Project^ for purposes of third-party development and management of the university property known as the Romania property, with terms for such an agreement substantially similar to those articulated in the summary and exhibits associated with this resolution, was moved by Trustee Evans Jackman and seconded by Trustee Boyle. It passed by a voice vote without dissent.*

**1700 Millrace Drive – Acquisition Authorization.** Michael Harwood, associate vice president and university architect described the property at 1700 Millrace Drive; the university intends to purchase the building and leasehold improvements for \$20,000,000. Harwood noted the terms of the tentative agreement including future revenue generated by current tenants and any additional rented space.

Trustees asked questions and engaged in discussion on items including but not limited to the full boundaries of the property that will be acquired with the acquisition, and whether the university will move units occupying other leased space into the new property.

*ACTION: The resolution to authorize the university to enter negotiations and execute an agreement to purchase the building and leasehold for the property at 1700 Millrace Drive for \$20,000,000 was moved by Trustee Aaron and seconded by Trustee Evans Jackman. It passed by a voice vote without dissent.*

**Football Practice Facility.** Michael Harwood, associate vice president and university architect and HJ Cohn, senior associate athletic director provided an update on the proposed project to build a new football practice facility and the proposal to authorize the university to enter into a lease agreement with Phit Too for the development of the project.

*ACTION: The resolution to authorize the university to enter into a License or lease agreement with Phit Too to manage the completion of the new football practice facility and associated costs; and to accept the gift of real property from Phit Too which comes in the form of construction of a new indoor practice facility and new outdoor practice fields was moved by Trustee Evans Jackman and seconded by Trustee Aaron. It passed by a voice vote without dissent.*

**Meeting Adjourned at 10:15 a.m.**