



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

Convening and Introduction

The University of Oregon Board of Trustees, Finance and Facilities Committee (FFC) met in the Ford Alumni Center on the UO campus on September 10, 2014. Below is a summary of committee discussions, and actions.

At 12:30 Chair Ross Kari called the meeting to order and took roll confirming quorum. Trustee Connie Ballmer moved to accept minutes from the June 3, 2014 meeting; Trustee Joseph Gonyea III seconded. All trustees present voted in favor. There was no public comment.

Quarterly Financial Report

Vice President for Finance and Administration and CFO Jamie Moffitt reviewed quarterly financial report information, providing historical context and explanation of the format. Moffitt asked the committee to provide feedback regarding the structure and level of analysis of the reports. She highlighted that there would be some differences in how certain transactions were recorded between FY 2013 and FY 2014, given the governance transition. The UO now manages its own treasury functions and this will affect how certain transactions are recorded. Going forward comparisons between fiscal years will be more consistent. Trustee Chuck Lillis pointed out that sources were relatively clear, and asked if it would be possible to break out expenses by function, for example, how much is dedicated to sciences, etc. Lillis asked about GAAP compatibility to which Moffitt responded that once all end-of-year accounting entries are made, the balance sheet figures will tie to the audited financial statements. Lillis inquired about unrestricted net assets (UNAs) and if the specific uses for these funds were known. Moffitt explained that the \$82 million is not held centrally; the UNAs are distributed throughout the university as carry forward funds held by departments and faculty members. Though not technically restricted, departments often have specific plans for these one-time funds. Moffitt noted that the FY 2014 report is in progress because the UO is still working with external auditors on the financial statements. Moffitt explained that once treasury-related transactions are excluded, the increase in the E&G fund balance is not far off what was predicted earlier in the year (a roughly \$10 million increase). Trustee Kari asked about the large increase in fund balance for auxiliaries. Moffitt explained that the increase in net assets is due to an increase in capital assets due to the donation of a building. No actions were taken.

Quarterly Treasury Report and Discussion of Treasury Transactions

Director of Treasury Operations, Karen Levear presented an update on treasury operations. She reported that the transition has been proceeding forward as expected. One critical next step is to receive approximately \$33 million of gifts and endowments still held at the State Treasury. These will be transferred to the UO around October 1, 2014. Levear outlined two resolutions ready for the committee's consideration. The first resolution authorizes the University to engage the UO Foundation to manage some of the University's cash and investment portfolio. The second resolution authorizes the University to convey an estimated \$33 million in gifts and endowments currently held by the State Treasury to the Foundation to be managed for the benefit of the University based on the donors' directives. Both resolutions would enable the University to leverage existing staff and infrastructure at the Foundation for the benefit of the University. Trustee Lillis asked if the funds transferred over to the foundation would be pooled with existing Foundation funds. Levear responded that only the state managed endowments, which are being conveyed to the Foundation, could be pooled with other Foundation endowments. The long term portion of the University's cash and investment pool will be managed separately by the Foundation. A discussion followed about what other former OUS universities are planning to do with their funds held at the State Treasury in addition to the investment history of the UO Foundation. Levear continued with her report focusing on the university's debt. The UO currently has debt of \$689 million and makes payments on a semi-annual basis, the first payment of which took place July 2, 2014. As the University prepares itself to be ready to issue revenue bonds, the University will need to engage bond counsel, a financial advisor and underwriters. Trustee Kari asked how many years of financial information will be included in the UO financial statements. Moffitt responded two years. Trustee Gonyea moved to vote on the two resolutions, Ballmer seconded. There were no opposing votes, all trustees present voted in favor of the joint resolutions.

Overview of UO Facilities and Property

Chris Ramey, Associate Vice President for Campus Planning and Real Estate, provided the committee with background on UO properties and then introduced the Framework Vision Planning (FVP) project that has recently launched. He oriented the discussion by beginning with descriptions of properties leased and owned by the UO in Oregon and Washington. There was discussion about the main campus boundary line. Ramey described how our current campus plan emphasizes maintaining the visually defining characteristics of our campus such as having a walkable campus, human scale landscape, sustainable design, the importance of informal learning space, and other characteristics which make our campus distinct from others.. The FVP Advisory Group will be looking at an overall framework plan that can help us to best accommodate potential future growth of the campus. As decisions about campus size have not yet been made, the Advisory Group will be using several possible future scenarios in their planning which include (1) no campus growth (current size of 24,500 students), (2) 28,000 students, (3) 31,000 students, and (4) 34,000 students. Each growth scenario assumes that the faculty and staff necessary to support new students are also added to campus. As part of the project, the FVP Advisory Group will also make recommendations about where to site three near-term projects: (1) 500-bed residence hall, (2) 1,500 seat softball stadium, and a (3) 100,000 square foot science lab building. Moffitt explained that the residence hall had been previously approved by the OUS Board (although any future request for necessary debt financing will be vetted by the new UO Board), the softball stadium is being funded by a generous \$10 million gift to the university, and the research lab building is needed for the planned faculty hires.

Discussion of Real Property Transactions

Moffitt described the final two resolutions for committee consideration related to real estate transactions. The first asks the board to approve a new lease and MOU with better terms for the University for the 1600 Millrace building in the Riverfront Research Park. The new lease and MOU offers both short and long term advantages to the University. In the short run, the University's lease payments (net of ground lease revenue) would be frozen at existing levels instead of escalating as the current lease projects. Secondly, the Foundation has committed that once the mortgage on the building and the GIP funds that the Foundation has invested have been fully repaid, the Foundation will transfer ownership of the building to the UO. The second resolution relates to leasing property for the Oregon Executive MBA program in Portland, Oregon. The lease on their current location is expiring and the new location would be a better fit financially and programmatically. Further, the proposed new location presents additional opportunities and synergies to the University, including collaborations with UO programs housed in the White Stag building, the Bridge Innovation Lab, and the emerging Product Design and Sports Product Management programs. Trustee Kari presented these two resolutions jointly for vote. Trustee Ballmer moved to vote on the joint resolutions. Trustee Gonyea seconded. There were no opposing votes; all trustees present voted in favor.

Adjournment

Trustee Kari asked if there would be a motion to adjourn. Trustee Gonyea moved to adjourn and Ballmer seconded, all trustees present voted in favor. The meeting adjourned at 2:30.