



University of Oregon Board of Trustees
Finance and Facilities Committee Meeting Summary

December 2, 2015

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 December 2, 2015. Below is a summary of committee discussions and actions.

Convening, Introduction, Approval of Minutes. FFC Chairman Ross Kari called the meeting to order at 1:15 p.m. Roll call was taken and a quorum verified. The committee approved the minutes from the September 2015 committee meeting.

Public Comment. There were no requests for public comment.

Q1 and FY15 Annual Treasury Report. Karen Levear, director of Treasury Operations, presented the quarterly review of the university's investment and debt activities. Highlights of the report included: the cash and investment pool continued to follow seasonal patterns, year-over-year differences were relatively small, and the treasury office and general counsel's office are working to expand awareness of UO's post-issuance compliance obligations throughout campus. During fiscal year 2017, Levear expects the university will issue more university-backed revenue bonds and the state of Oregon is planning to sell state-backed bonds that will benefit certain capital projects at UO. Levear also reviewed the original objectives of Treasury Operations and reported that these remain unchanged and reviewed how UO's internal bank aggregates cash throughout the university and advances loans to fund capital projects. Levear also presented the annual treasury report. This report included a list of significant activities over the past year and noted that each investment type performed at or better than its respective benchmark. Charts were shared that demonstrated that credit risk, liquidity risk, and interest rate risk are relatively low given that a large portion of the cash and investment pool is held in cash or equivalents. Levear then summarized the characteristics of UO's debt portfolio and compared key debt ratios against a group of peers. Levear also reported that there were no exceptions to the Treasury Management Policy. Levear also responded to various questions from trustees during these reports.

FY15 Audited Financial Statements. Management Report: Kelly Wolf, associate vice president for Business Affairs and Controller, provided the management report for the FY15 audited financial statements. He explained changes expected with the new GASB 68 standard, which requires organizations to recognize unfunded pension liabilities on balance sheets. He also explained the impact that GASB 68 had on the University's income statement. The presentation also included trend analysis of revenue and expenses, as well as an analysis of balance sheet figures and cash flows. Jamie Moffitt, vice president for Finance and Administration and CFO, reminded committee members that the financial statements include

all funds—not just the E&G fund—which is usually the focus of quarterly updates. Wolf ended the report with a review of some standard ratios used to measure and analyze the financial health of the university.

Independent Auditor's Report: Scott Simpson, partner at Moss Adams, presented the results of the external financial statement audit for FY15. He reported that Moss Adams issued an unmodified (unqualified) opinion. He described the auditor's required notifications to the board with regard to scope and timing of the audit and was happy to relay there were no concerns to report. There were no significant findings or issues, internal control matters, or fraud identified. Simpson noted that the audit took longer than expected due to issues related to obtaining necessary pension data from the state (related to GASB 68). Simpson reported that the audit went smoothly and his team had access to everything they needed.

Quarterly Financial Report. Moffitt provided the quarterly financial report. She reported that the university is on track, projecting revenues that will fully cover expenses in the E&G funds. She noted that the University would not be in this stable budget position if not for the significant increase to state appropriation that occurred this biennium and the FY16 tuition increase. She noted that there are some timing issues, as well as a reorganization in international affairs (related to study abroad), that make it more challenging to compare FY16 Q1 figures directly with FY15 Q1 figures. Overall, the Q1 financial figures are tracking projections shared at the last Board meeting.

OUS Policy Repeal. Moffitt outlined the proposal to repeal a former State Board of Higher Education policy regarding required budgeted operations fund balances. Instead of relying on this policy which only measures E&G fund balances, Moffitt suggested that the Board should focus on total Unrestricted Net Assets of the University, which is an audited figure on the balance sheet. She and Wolf also recommended several financial ratios for the Board to review each year. Trustee Bragdon moved to approve the resolution, Trustee Gonyea seconded. All present voted in favor and the motion carried.

Naming of Facilities. President Schill presented two recommendations to name facilities. The first was to name the new softball facility "Jane Sanders Stadium" and the second was to name the new college and careers building "Willie and Donald Tykeson Hall". Trustee Bragdon moved to approve the naming resolution and Trustee Gonyea seconded. All present voted in favor and the motion carried.

Campus Housing. Robin Holmes, vice president for Student Life, and Michael Griffel, director of University Housing, provided an update on plans for the new residence hall and the residence hall capital improvement plan, and requested approval specifically for the renovation of Bean Hall. They reviewed the housing plan, shared the renovation timeline, and provided estimated costs and highlights of the Bean Hall renovation project and the residence hall capital improvement plan. If approved, planning for Bean Hall could begin as soon as April 2016 and renovation could begin in June 2017. Construction of the new residence hall, approved by the Board in December 2014, begins in April 2016 and the building is expected to open in fall 2017. Moffitt reported that the Bean Hall project was vetted through the internal bank advisory group and, if approved initial temporary funding would be provided by the internal bank but debt, in the form of UO revenue bonds, would be used to provide permanent funding. Trustee Gonyea made a motion to approve moving forward with Housing's plan and Trustee Bragdon seconded. Trustee Colas recused himself. All others present voted in favor and the motion carried.

Adjournment. The meeting adjourned at 3:56 p.m.