

**Board of Trustees of the University of Oregon  
Finance and Facilities Committee  
Meeting Summary | December 7, 2017**

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**Committee Membership**

Peter Bragdon	Present	Joe Gonyea	Present
Andrew Colas	Absent	Jimmy Murray	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 Ford Alumni Center on the UO's Eugene campus on December 7, 2017. Below is a summary of committee discussions and actions. An audio recording is maintained on file.

**Convening and Approval of Minutes.** FFC Chair Ross Kari called the meeting to order at 1:40 p.m. Roll was taken and a quorum verified. The committee approved the minutes from the September 2017 meeting without amendment.

**FY17 Audited Financial Statements.** Vice President for Finance and Administration and CFO Jamie Moffitt and Associate Vice President and Controller Kelly Wolf provided trustees with an overview of highlights and key figures from the Fiscal Year 17 (FY17) audited financial statements. Wolf discussed the distribution of revenue and expenses by category and showed relative changes from prior years. He also discussed the university's net position. Wolf then discussed four key ratios: viability ratio, primary reserve, return-on-net assets, and debt burden. Overall trustees were pleased with the financial picture of the university, noting that we perform well relative to other institutions especially despite the tight budget scenarios we face. Scott Simpson, a partner with Moss Adams, provided the annual external auditor's review for FY17. He reported that Moss Adams has given the University an unmodified or "clean" opinion. He further reported that Moss Adams found no significant deficiencies or material misstatements in the internal controls over financial reporting. He walked trustees through a number of required reporting components which are available in the 2017 Audit Results report issued by the firm (available upon request to the Board Secretary's office).

**Quarterly Financial Reports.** Moffitt walked trustees through the financial and treasury reports for the first quarter of fiscal year 2018 (FY18). She discussed the decline in anticipated revenue, which was largely due to a decline in international student enrollment. She noted that this was offset to a large extent by personnel savings due to unfilled vacancies and cost cutting efforts. Regarding treasury operations, Moffitt specifically noted that the office is preparing for a bond sale in early 2018 based on prior approval by the board.

**Multi-Sport Apparel Agreement.** Vice President and General Counsel Kevin Reed introduced a resolution before the board which authorizes the university to enter into an 11-year agreement with Nike, Inc., for purposes of intercollegiate and athletic performance apparel. Reed provided an overview of the key economic terms of the agreement, which supersedes an existing agreement set to expire June 30 and which will last through May 2028. Reed noted that the agreement is not technically an "extension" because while many terms are similar or the same, the agreement was written in a clean form, incorporating multiple amendments previously agreed to by the Oregon University System.

*ACTION: The resolution was moved by Bragdon and seconded by Gonyea; it passed by voice vote without dissent and moves to the full board for final consideration.*

**Capital Planning.** Mike Harwood, Associate Vice President for Campus Planning and Real Estate, provided an annual report on capital projects as well as the ten-year capital plan. He walked trustees through a status report for all current projects that provided key information related to budget, timing, and project delivery. He then presented the ten-year capital plan, which outlines projects in key areas such as academics, housing, student services, and athletics. He also talked about the location and status of projects within each category that are (1) currently underway, (2) planned and likely, and (3) potential future projects. He provided a map for context of the impact on campus. Trustee Kari asked about whether MacArthur Court would be a project for the future; Harwood noted that for now it provides a valuable set of overflow space for those displaced by other capital projects. Harwood also discussed major funding sources for capital projects — particularly those which are underway — reminding trustees whether individual projects are funded by philanthropy, university-issued bonds, state-issued bonds, or other sources. Moffitt discussed impacts of current and planned projects on the UO’s overall debt profile as analyzed by the UO’s Treasury Operations office.

**Tykeson Hall.** Moffitt introduced a resolution before the Board of Trustees to increase the budget for the Tykeson Hall capital project by \$11 million. She reminded trustees that the process under which projects are brought to the board for approval has changed and that this change should mitigate such increase requests for future projects. Moffitt explained that the primary reason for the increase was the addition of another floor (basement) to the project plan after original board approval. This additional floor will allow for greater colocation and collaboration of units and services. Trustee Ginevra Ralph asked why the decision was made to add a basement level rather than another floor above ground. Moffitt and Harwood explained that there was a general design preference to keep the building at a height similar to surrounding buildings, particularly given that the site is in the heart of the historic part of campus. Trustee Jimmy Murray asked about the relative split between the use of philanthropy versus revenue bonds for payment of the cost increase and what the impact is of using bonds to fund an increase on the overall budget and tuition. Moffitt first noted that we anticipate using \$4.8 million dollars in revenue bonds for this overage. She then noted that the annual debt service on this would likely be around \$350,000, which she indicated will be covered by other savings related to institutional expenses

*ACTION: The resolution was moved by Bragdon and seconded by Gonyea; it passed by voice vote without dissent and moves to the full board for final consideration.*

**Adjournment.** The meeting adjourned at 3:08 p.m.