

Board of Trustees of the University of Oregon
Finance and Facilities Committee
Meeting Summary | June 7, 2018

Committee Membership

Peter Bragdon	Present	Joe Gonyea	Present
Andrew Colas	Present	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 June 7, 2018. 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 1:31 p.m. A quorum was verified. The committee approved the minutes from the March 2018 meeting without amendment.

Quarterly Financial Reports. Jamie Moffitt, vice president for finance and administration and CFO, provided a quarterly update on university finances. She began by noting that this quarter's report is largely as expected based on prior quarters and anticipated revenue and expenses. The key takeaway from the quarterly update is that we are on track to be even with projections. Chair Kari asked whether there was anything to note within the quarterly treasury reports; Moffitt steered trustees to the written report and noted that there is nothing unexpected.

FY19 Budget and Expenditure Authorization. Moffitt then turned the trustees' attention to the annual budget and expenditure proposal, this one for fiscal year 2019 (FY19) which begins on July 1, 2019. She walked trustees through key lines in the proposed revenue and expenditures, and explained to them a shift in how certain items are accounted for (which does not change the bottom line, but does adjust lines within the overall proposal). Regarding the capital expenditure proposal, Chair Kari asked Moffitt for more information about how the timing of a state request may play into the capital expenditure budget. She discussed the timelines for submission to the state coordinating commission, and ultimately the governor. The board secretary noted an error in the resolution provided in advance of the meeting and provided a corrected operating expenditure amount for that resolution which is equal to the information provided throughout the packet (\$1,070,762,000).

ACTION: The resolution was moved by Gonyea and seconded by Colas. It carried by voice vote without dissent.

University Housing Capital Plan. Roger Thompson, vice president for student services and enrollment management, and Michael Griffell, director of University Housing, presented trustees with an updated capital plan for on-campus residences. The board previously received a plan in 2015 and this plan has since been updated based on more current information about enrollment, demand, safety and deferred maintenance considerations, and financing. The three residence halls involved in the proposal are Bean Hall, Hamilton Hall, and Walton Hall. Griffell provided an update on the Bean Hall renovation project, which is currently underway with completion expected in time to open for fall 2019.

With respect to Hamilton and Walton halls, Thompson explained the process of forming a committee to analyze the use of public-private partnerships (P3s), which is something the board had specifically asked the university to investigate. After consulting with an outside financial firm and engaging in various discussion and analysis within the committee, the university decided it would not recommend use of a P3 for these projects. Griffell and Thompson explained that the recommendation from the administration is to tear down and rebuild both Hamilton and Walton, but in a staged approach to ensure there is no loss of beds during construction. They determined that rebuilding, rather than renovating, is a more reasonable strategy analyzed in the context of demand, usage, bed count, and deferred maintenance costs. Trustees engaged in questions around whether philanthropy is an option for financing (this is of course welcome), the reasons P3s were less attractive for the UO (more below), and whether there would be a reduction in beds during construction (there will not). With regard to P3 attractiveness, Moffitt provided an overview of the committee's findings that demonstrate there is actually a greater cost to using an outside company than focusing on housing solutions in house, largely due to the costs of capital and the ongoing cost of operations. Trustees also asked about the impact of improving residence hall inventory relative to ensuring affordable options remain available to students who are very price conscious. Thompson noted that there will still be a number of beds at the <\$10,000 price point, and the price for these new residence hall beds will increase by <\$1,000 due to an increase in volume. Thompson further explained that lower-cost rooms have been undersubscribed and higher-priced rooms have been over-subscribed.

Academic Allocation Model. Trustees invited Jayanth Banavar, senior vice president and provost, to talk with them about the new academic allocation model and its implementation in this recent spring budgeting process. Banavar explained the fundamental premise of the new model, which is meant to both better align resource allocation with institutional priorities, and to align resource allocation with the use of metrics, forecasting, and better tracking mechanisms. Banavar and Brad Shelton, executive vice provost for academic operations, explained the six primary components of the model: tenure-track faculty, graduate employees, graduate and differential tuition dollars (less holdback), summer tuition dollars, general operating allocations, and specific program investments. Trustees asked questions about the impacts of the model and the relative acceptance of or disagreement with the model from those most impacted. Shelton also talked about historical allocation models at universities, often driven by nontransparent processes and at times, of greater funding and resources per capita. Trustees engaged in discussion with Banavar about the ability for bias to enter into the allocation; whether schools/colleges have course-corrected budget deficits; the impact of additional or external (e.g., grants, philanthropy) funding on the model; and the ability to make adjustments and hold people accountable to those plans.

Retirement Plans – Amendments to Management Policies. Moffitt first directed trustees' attention to the annual report on retirement plans –, a new report the committee has asked for going forward. She then walked trustees through changes to retirement plan management policies recommended by the office responsible for administering these plans. The first suggestion is to formally make the Retirement Plans Administration Committee an advisory group. The Retirement Plans Administration Committee is made up of representatives from UO, OSU, PSU, and Western Oregon University, and gets involved in matters related to retirement plan interpretation. However, there is confusion around whether the committee has decision-making authority or advisory authority. Delegating the committee to serve strictly in an advisory role would eliminate this confusion. The second suggestion is to eliminate the trustee role from the Oregon Retirement Plan (ORP) management structure. (NOTE: These trustees are different from members of the UO Board of Trustees on this FFC committee.) The University has appointed three individuals to serve as "trustees" for the ORP. However, the "trustee" title implies that they have fiduciary duties over retirement plans when they do not; the Director of Retirement Plans Management and the

Retirement Plans Investment Committee are responsible for performing nearly all traditional “trustee” fiduciary duties for retirement plans. Eliminating the ORP trustee positions would prevent this confusion over delegation of power in the future. Trustees asked whether the fiduciary role over ORP would also be eliminated with the elimination of the trustee positions. Craig Ashford, assistant general counsel, explained that eliminating the ORP trustee positions would also eliminate bureaucracy because the trustee positions are duplicative of roles already being served by ORP committees and UO administrators.

ACTION: The resolution was moved by Gonyea and seconded by Bragdon. It carried by voice vote without dissent.

Adjournment. The meeting adjourned at 2:55 p.m.