**­­­­­ Board of Trustees of the University of Oregon**

**Finance and Facilities Committee Meeting**

**September 7, 2017**

 **Committee Membership**

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| Peter Bragdon | Absent |
| Andrew Colas | Present |
| Susan Gary | Absent |
| ­Joseph Gonyea III | Present |
| Ross Kari, Chair | Present |
| Jimmy Murray | 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 September 7, 2017. Below is a summary of committee discussions and actions. An audio recording is maintained on file.

**Convening, Introduction, Approval of Minutes.** FFC Chair Ross Kari called the meeting to order at2:07 p.m. and a quorum was verified. The committee approved minutes from its June 2017 FFC meeting.

**Knight Campus Project Update.** Moira Kiltie, associate vice president and chief of staff, provided an update on Phase 1 of the capital project for the new Phil and Penny Knight Campus for Accelerating Scientific Impact (Knight Campus). The update included information about location, site development, architectural planning, and timing for final project development and requested board approval. Kiltie explained that they are on track to occupy the space in 2020. She walked trustees through current programming plans for the Phase 1 facility, including public spaces, laboratories, collaborative workspace, and space for the Graduate Internship Program. Trustees clarified that costs associated with the project *and* ongoing operations will be funded by the gift and state bond support.

**Quarterly Financial Report.** Jamie Moffitt, vice president for Finance and Administration and CFO, walked trustees through the quarterly report (Q4 2017) and the year-end numbers that compare where the year ended versus Q3 2017 projections. Overall, Moffitt noted that there were no dramatic changes to prior quarter predictions. She drew trustees’ attention to a new report, the FY17 E&G Fund Year-in-Review Report, which compares final year-end figures to projections done throughout the year. Moffitt noted that salaries and wages were slightly under for the year primarily due to overall budget cuts and some delayed hiring decisions. Moffitt noted that anticipated revenue was also lower primarily due to lower than projected tuition and fee revenue (which was mainly attributable to a drop in undergraduate international students and fees). Detailed reports are available in the committee materials. Trustees, Moffitt, and President Michael Schill engaged in conversations about financial forecasts, the impact of carrying loads and international students, and state appropriations.

Jay Namyet, the chief investment officer for the University of Oregon Foundation (Foundation), walked trustees through the Tier 3 (T3) quarterly portfolio report. Moffitt reminded trustees that the T3 funds are longer-term investments now invested on the UO’s behalf by the Foundation. The T3 report provided by Namyet and the Foundation is the first such report so Namyet provided additional context to ensure clarity. The current value of the T3 portfolio is $61.0 million.

**FY18 Temporary Expenditure Authorization.** Moffittintroduced the resolution approving a final expenditure authorization (capital and operating) for fiscal year 2018 (FY18), which began July 1. She reminded trustees that they previously approved a temporary authorization in June, but that it could not be finalized until now given some uncertain items at that time such as state appropriation, final health care costs, and costs associated with settlement of a collective bargaining agreement. She noted total tuition and fee revenue increases as well as increases on the cost side, including – largely – salaries and benefits, due to the cost drivers discussed last spring with the Board. Chair Lillis asked Moffitt to clarify which portion of the anticipated increase in revenue is due to the tuition rate increase versus an increase in credit hours; she noted that approximately $15 million of the $21 million increase is due to an increase in undergraduate tuition and fees, including the new technology fee.

*ACTION: The Committee considered the resolution to approve FY18 expenditure authorizations. The resolution was moved by Gonyea and seconded by Murray; it carried by voice vote without dissent.*

**Bond Issuance.** Karen Levear, director of treasury operations, introduced a resolution authorizing a bond sale in fiscal year 2018. Levear reminded trustees that the university’s plan has been to issue bonds approximately every two years, and this is the next issuance in that series. The primary project being funded through the proceeds of the sale will be the renovation of Bean Hall. Levear discussed key points of analysis for the board, including the impact of the bonds on the university’s ability to achieve its mission, cost of capital, and effects on the university’s ability to meet existing obligations. The resolution limits the sale to an aggregate par amount of $60,000,000. Levear believes that, given current rates and market dynamics, the sale will not increase the university’s overall cost of capital. The resolution includes a provision as with the prior bond sale requiring final authorization by the chair of this committee and the chair of the board prior to executing final transaction documents.

*ACTION: The committee considered the resolution to authorize a sale of bonds not to exceed $60,000,000. The resolution was moved by Gonyea and seconded by Murray; it carried by voice vote without dissent.*

**Retirement Plan Sunset.** Moffitt introduced a resolution to terminate an existing but no longer used retirement plan. She explained that the final participant left the plan earlier this year and that there was no objection by any of the other six public universities to shutting down this plan.

*ACTION: The committee considered the resolution to terminate the Supplemental Retirement Plan. The resolution was moved by Colas and seconded by Murray; it carried by voice vote without dissent.*

**University Housing Finances.** Michael Griffel, director of University Housing, and Allen Gidley, senior associate director of University Housing, walked trustees through a detailed look at Housing’s auxiliary budget. They provided a brief overview of Housing’s various departments and services, including student housing, dining services, conference services, and catering. Gidley explained primary funds for University Housing and associated revenue numbers for 2016-17. He also discussed key challenges to the Housing budget, notably cost drivers such as PERS, health insurance, and the ongoing challenge to align anticipated costs with anticipated occupancy. Moffitt reminded trustees that when the board discusses E&G cost drivers relative to tuition, increases to auxiliary budgets such as this one are *not* represented and are thus in addition to the increases to the E&G fund. Griffel discussed upcoming major capital improvements planned within University Housing, and trustees engaged in discussion about the value of renovation versus new construction and the impact of capital improvements on the price to students. Griffel walked trustees through the anticipated 2017-18 revenue and expenses ($58 million each), including major line items associated with the annual budget, such as labor (expense), and room and board (revenue).

**Kalapuya Ilihi Hall.** Griffel introduced a resolution to name the new residence hall “Kalapuya Ilihi Hall” based on a recommendation that stemmed from community input and a committee of students, faculty, and staff. Jason Younker, assistant vice president and the university’s tribal liaison, talked about the process, the underlying meaning of the name, and his discussions with Oregon tribes about the name. Younker played a crucial role in discussing the proposed name with descendants of the Kalapuya. He noted that the reception among native peoples was very positive and they look forward to a dedication or naming ceremony.

*ACTION: The committee considered the resolution to name the residence hall Kalapuya Ilihi Hall. The resolution was moved by Murray and seconded by Gonyea; it carried by voice vote without dissent.*

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