

November 26, 2018

TO: The Board of Trustees of the University of Oregon

FR: Angela Wilhelms, Secretary

RE: Notice of Finance and Facilities Committee Meeting

The Finance and Facilities Committee of the Board of Trustees of the University of Oregon will hold a public meeting on the date and at the location set forth below. Subjects of the meeting will include: the FY18 audited financial statements and external audit report, quarterly finance and treasury reports, the annual capital planning report, a lease and license agreement pertaining to capital improvements at Matthew Knight Arena, a licensing agreement with Fanatics Inc., and possible acceptance of a gift of real property.

The meeting will occur as follows:

Monday, December 3, 2018 at 3:00 p.m.
Ford Alumni Center, Giustina Ballroom

The meeting will be webcast, with a link available at www.trustees.uoregon.edu/meetings.

The Ford Alumni Center is located at 1720 East 13th Avenue, Eugene, Oregon. If special accommodations are required, please contact Jennifer La Belle at (541) 346-3166 at least 72 hours in advance.

**Board of Trustees | Finance and Facilities Committee
Public Meeting | December 3, 2018 @ 3:00 p.m.
Ford Alumni Center | Giustina Ballroom**

Convene

- Call to order, roll call
- Approval of September 2018 FFC minutes (Action)

- 1. Audited Financial Statements:** Jamie Moffitt, Vice President for Finance and Administration and CFO; Kelly Wolf, Associate Vice President and Controller; Scott Simpson, Partner, Moss Adams
- 2. Quarterly Financial Reports and Annual Treasury Report:** Jamie Moffitt, Vice President for Finance and Administration and CFO; Karen Levear, Director, Treasury Operations
- 3. Licensing Agreement (Action):** Kyle Henley, Vice President for Communications
- 4. Capital Planning Annual Report:** Michael Harwood, Associate Vice President for Campus Planning and Facilities Maintenance
- 5. Capital Project Lease and License Agreement (Action):** Eric Roedl, Deputy Athletic Director; H.J. Cohn, Sr. Associate Athletic Director
- 6. Capital Gift Acceptance (Action):** David Conover, Vice President for Research and Innovation

Meeting Adjourns

Agenda Item #1

Audited Financial Statements

Due to file size, a copy of the UO's audited FY18 financial statements is included in this packet, but is available at: <https://ba.uoregon.edu/content/financial-reports> (scroll down to "Year End Board of Trustees Reports" and select "FY 18 Year End").

Hard copies of the external auditor's report will be provided at the meeting.



FY2018 Audited Financial Statements

December 3, 2018

Presenters: Jamie Moffitt, VPFA/CFO/Treasurer

Kelly B. Wolf, AVP/Controller

Board of Trustees of the University of Oregon

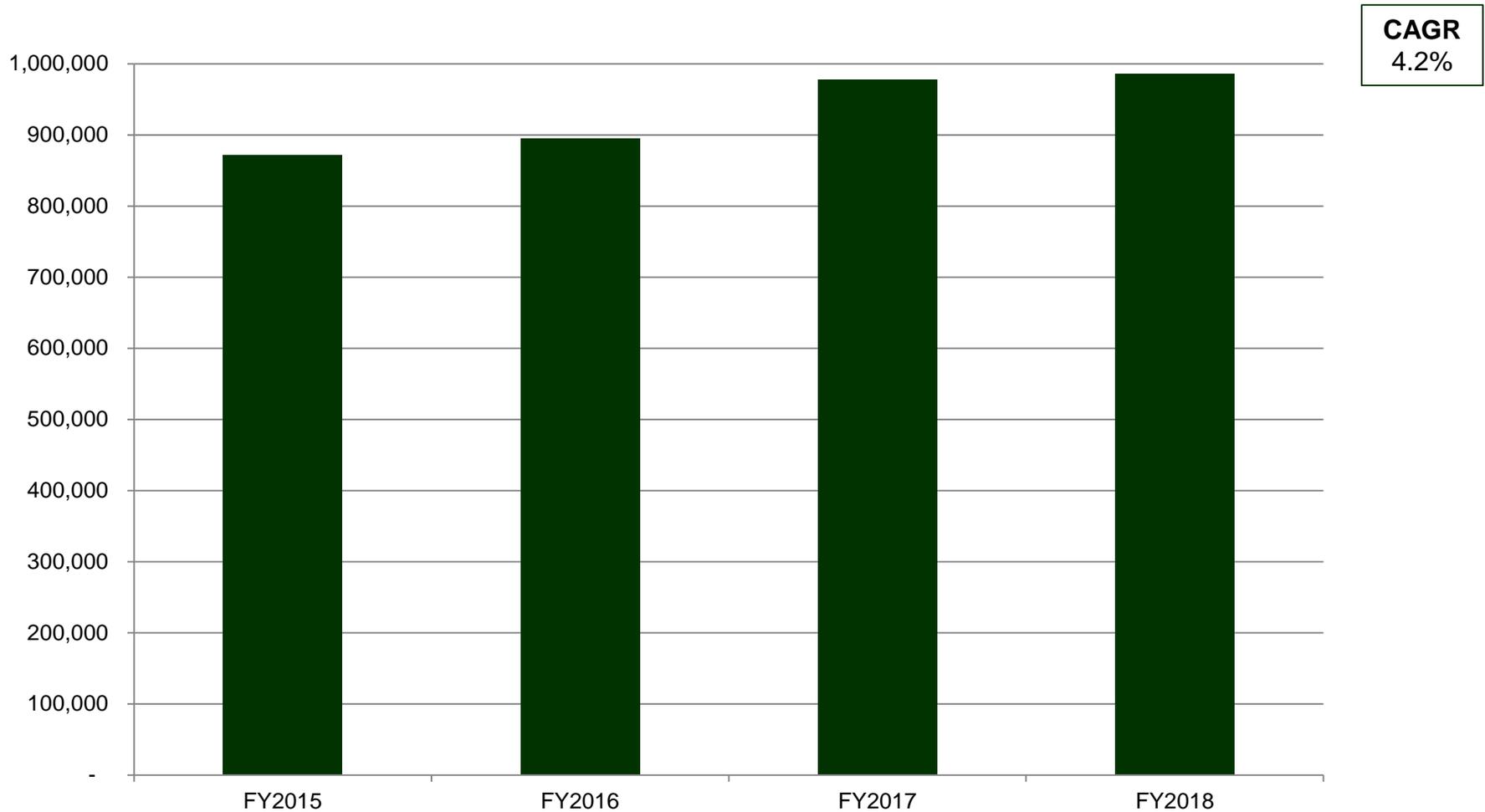
Agenda

- Implementation of GASB 75 - OPEB
- Revenues & Expenses
- Assets, Liabilities & Net Position
- Cash Flows
- Financial Metrics/Ratios
- On the Horizon

GASB 75 – Effect on Balance Sheet (SNP)

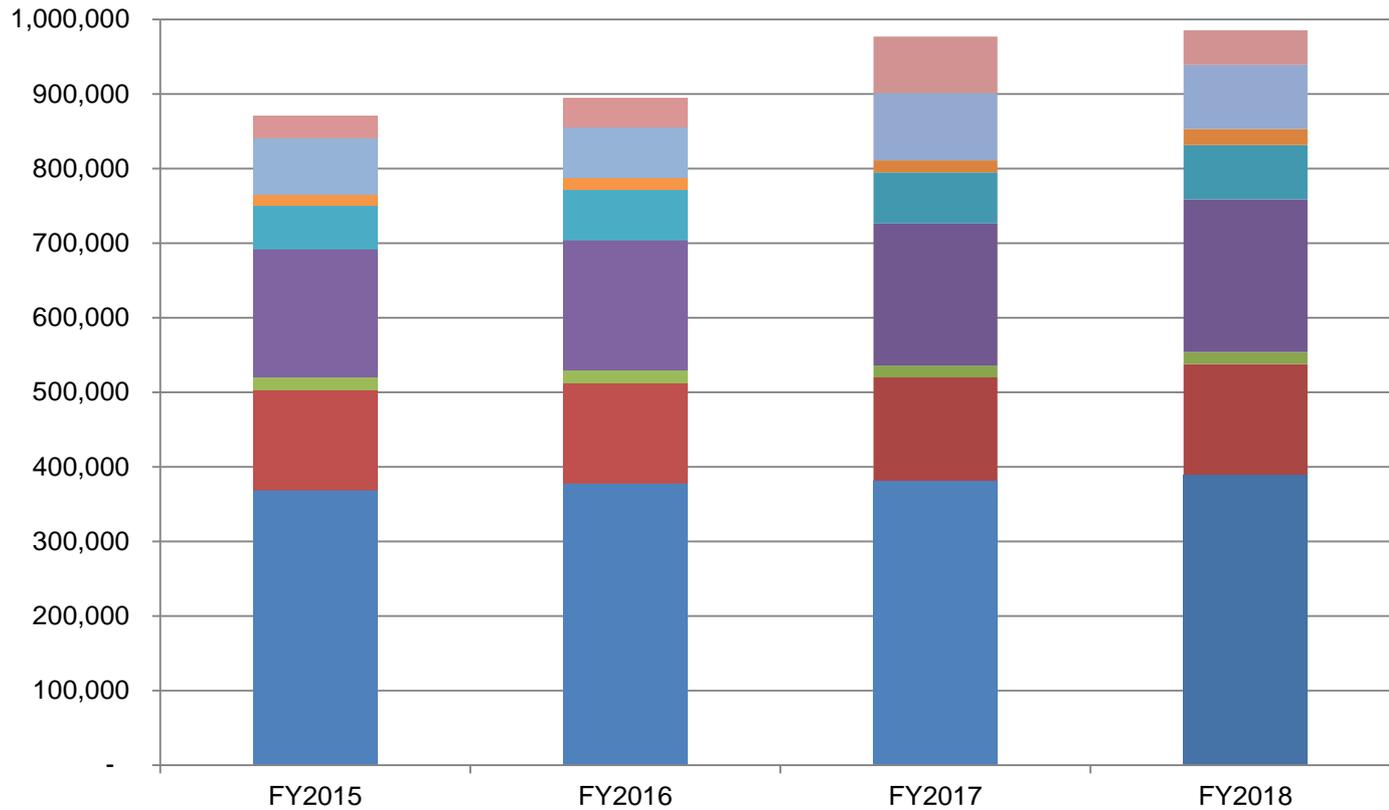
- Net Assets reduced by \$13.2M (cumulative)
 - \$1.6M Restricted for GGC
 - \$11.6M Unrestricted
- Net OPEB Asset increased by \$1.1M
- Deferred Outflows increased by \$2.6M
- Net OPEB Liability increased by \$16M
- Deferred Inflows increased by \$800k

Four Year Revenue Trend (in thousands)



Note: FY2017 includes extraordinary, non-cash gift revenue.

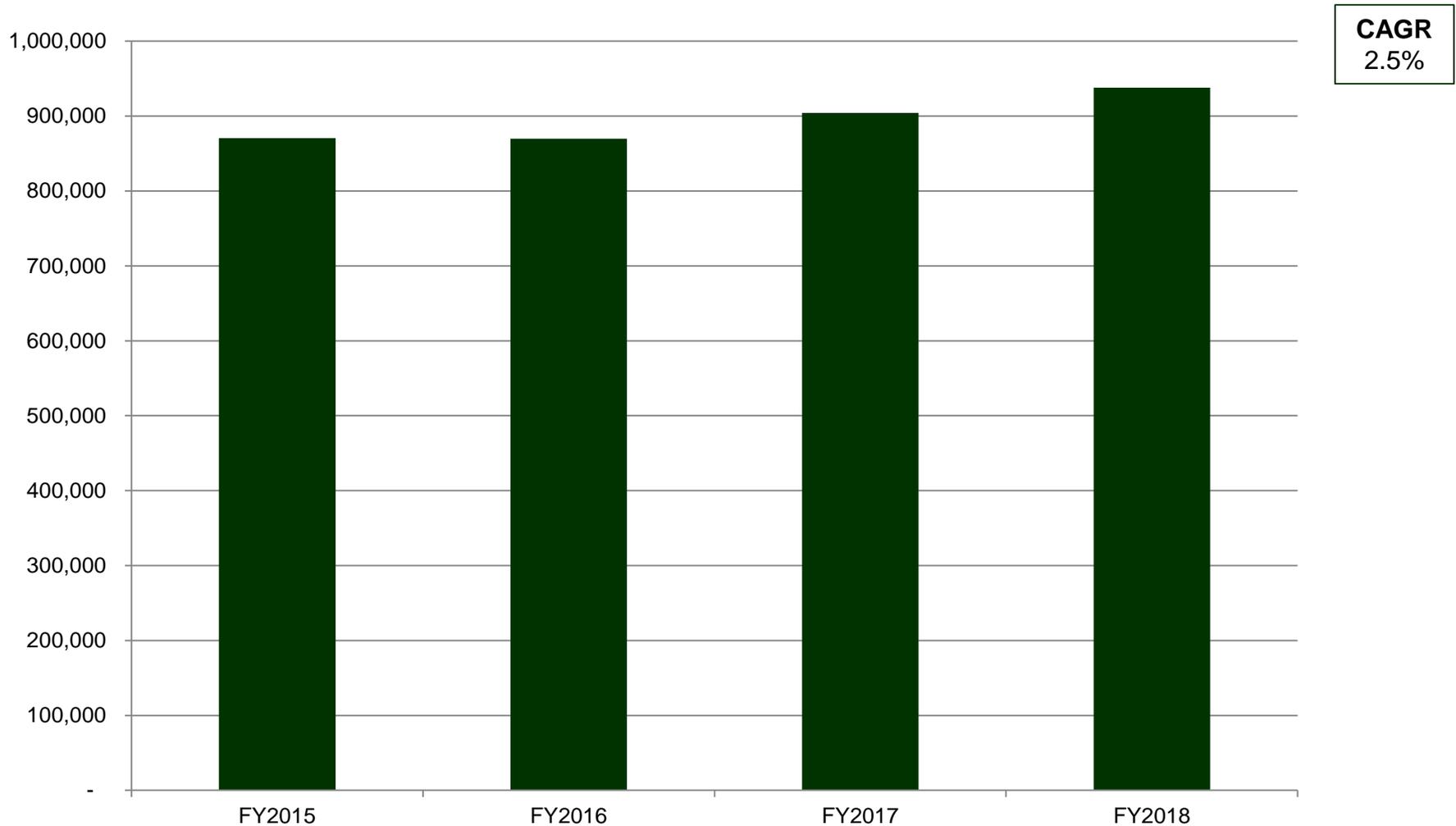
Sources of Revenue (in thousands)



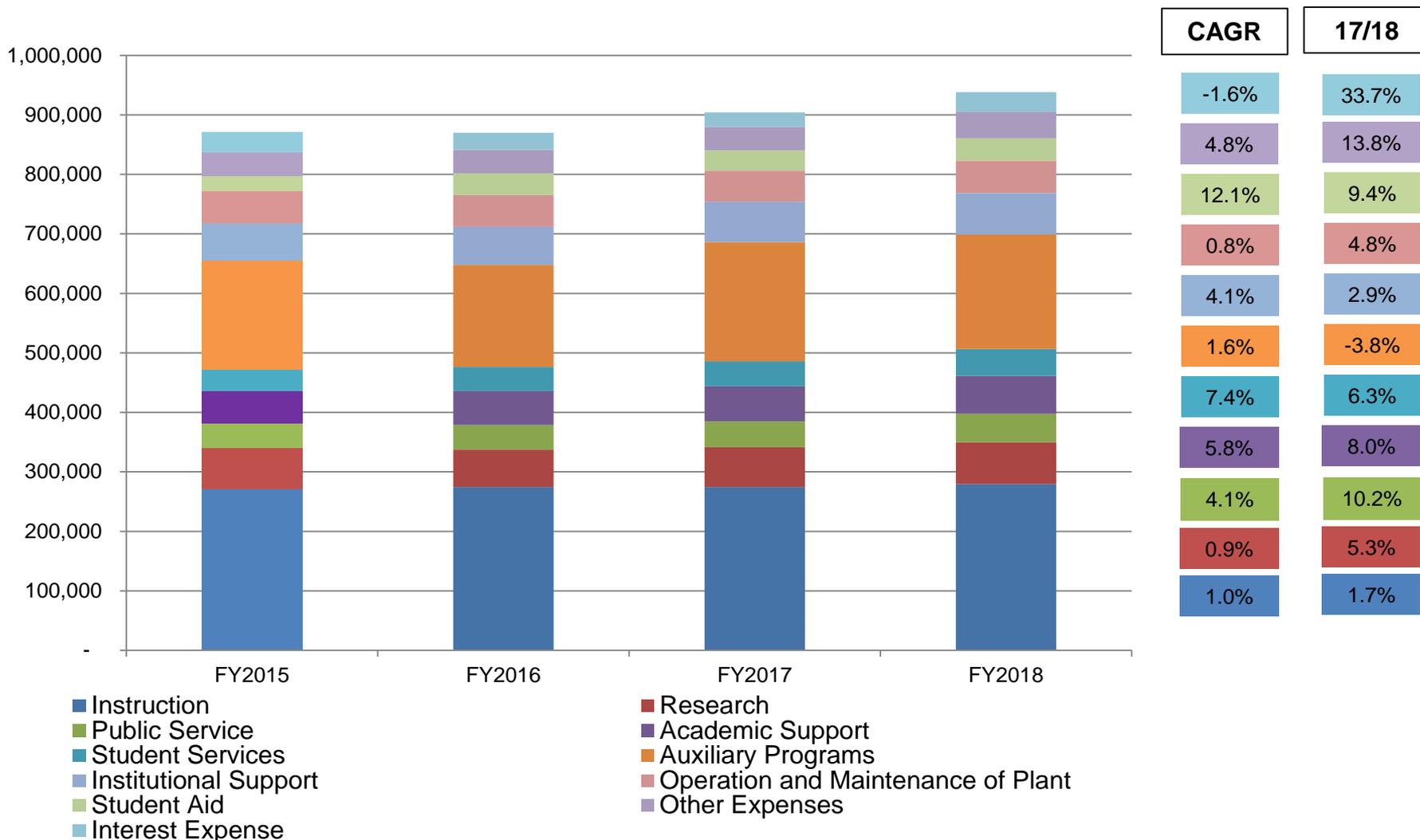
CAGR	17/18
15.4%	-39.0%
3.7%	-4.6%
15.8%	35.7%
7.9%	6.1%
5.9%	7.3%
-1.1%	1.4%
3.1%	7.4%
1.9%	2.1%

- Student Tuition and Fees, net
- Grants and Contracts
- Educational Sales & Services
- Auxiliary Enterprises
- Government Appropriation
- Investment Activity
- Other Revenue
- Capital Grants and Gifts

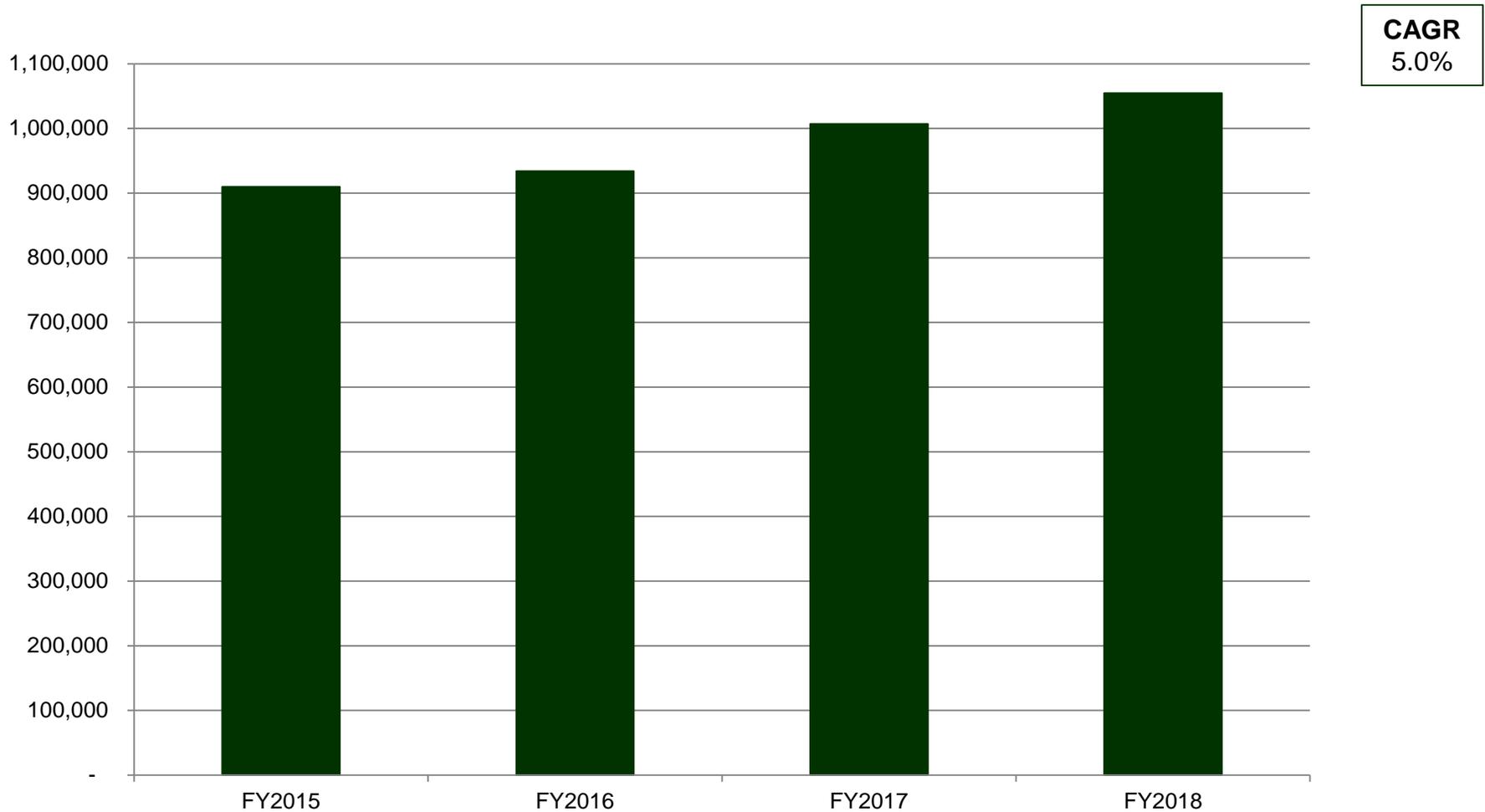
Four Year Expense Trend (in thousands, excluding GASB 68/75 and Special Items)



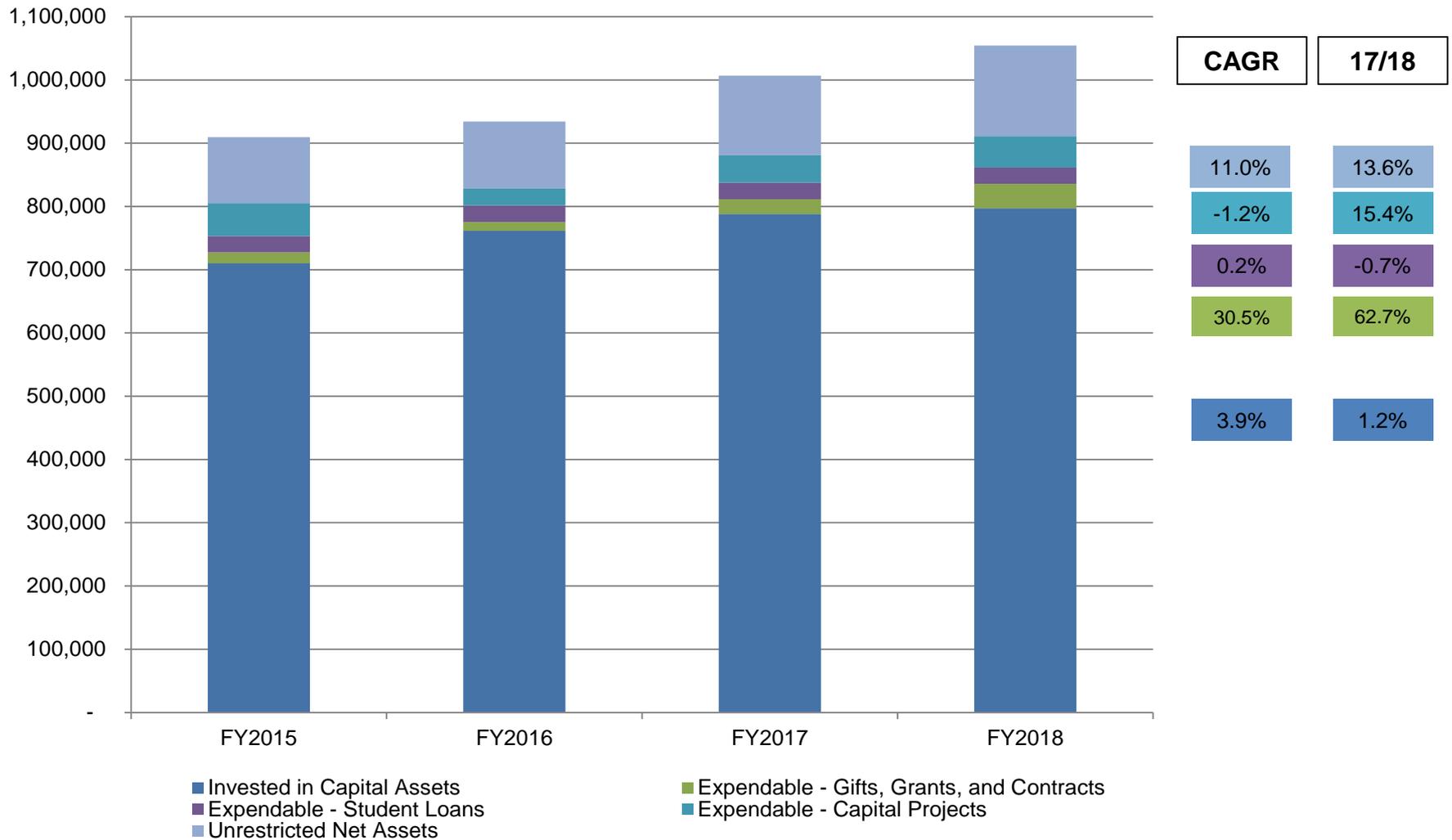
Expenses by Programmatic Use (in thousands, excluding GASB 68/75 and Special Items)



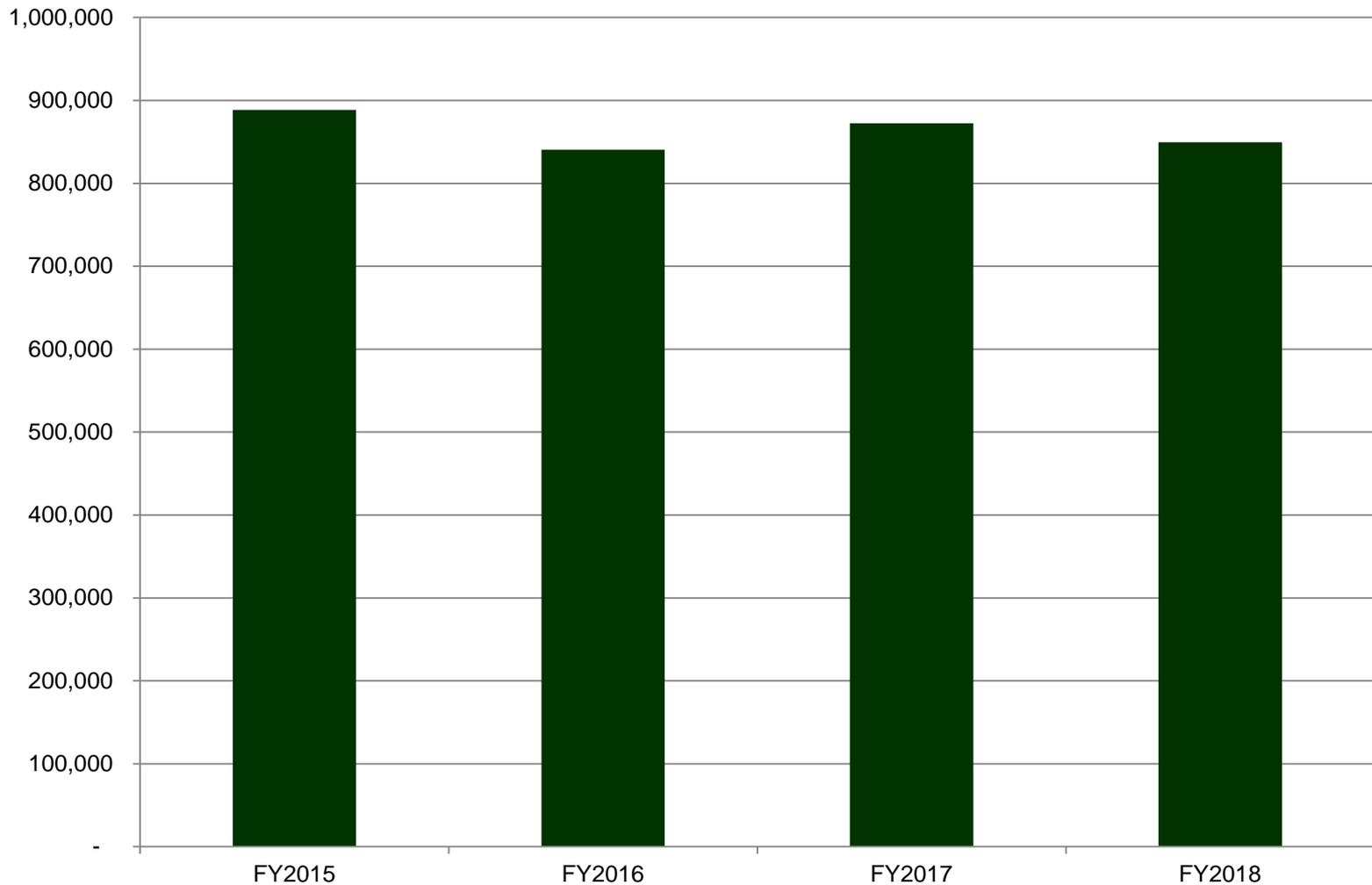
Net Position (in thousands, excluding GASB 68/75)



Net Position by Category (in thousands, excluding GASB 68/75)

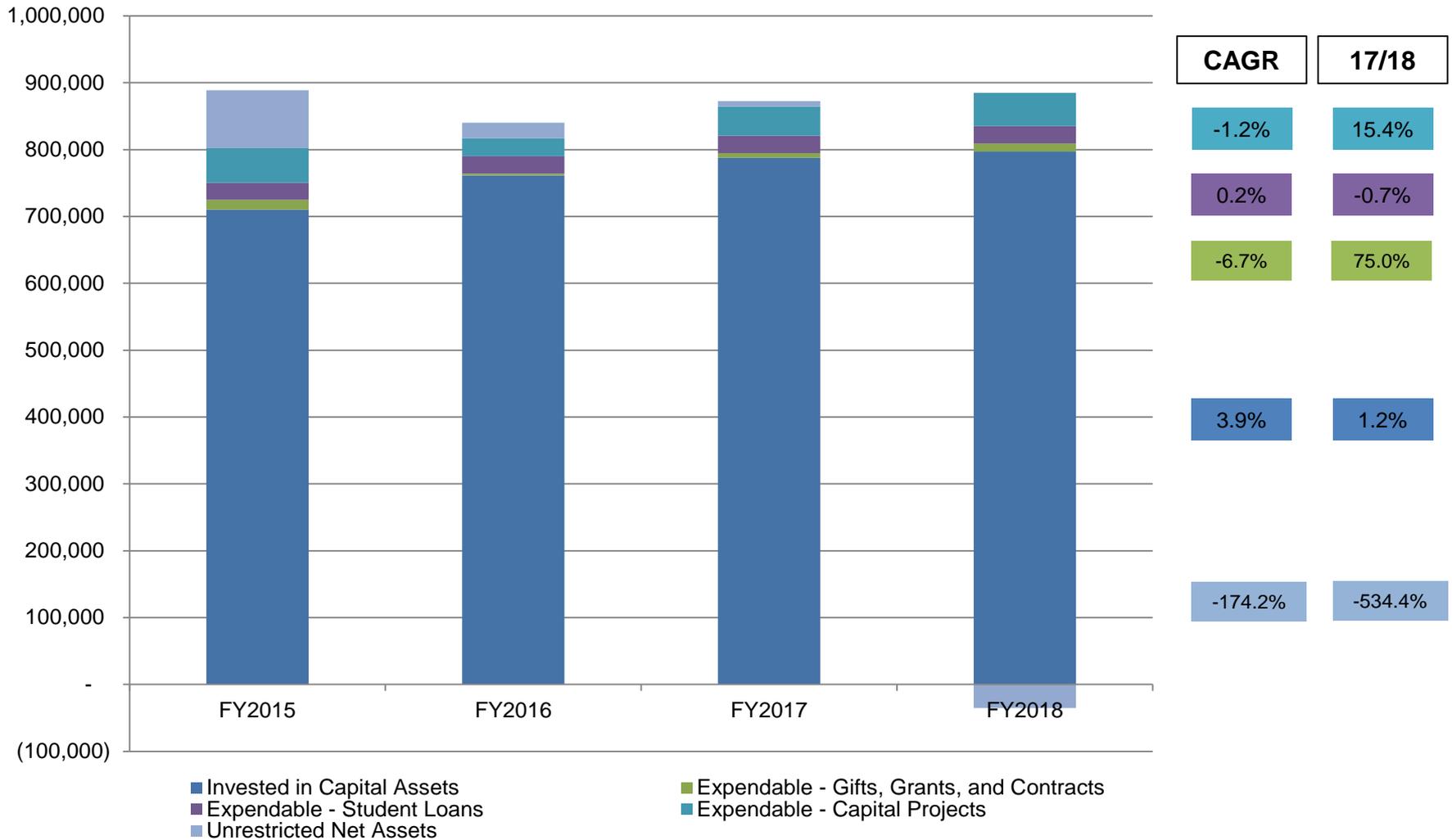


Net Position (in thousands, including GASB 68/75)



CAGR
-1.5%

Net Position by Category (in thousands, including GASB 68/75)



Capital Assets (in thousands)

	FY2015	FY2016	FY2017	FY2018
Equipment	113,362	120,057	127,899	132,073
Collections	39,926	41,371	42,593	43,291
Library	128,621	130,459	131,877	133,369
Buildings	1,487,410	1,633,514	1,748,466	1,837,949
Land	89,593	96,961	100,240	93,812
IOTB	11,220	11,220	11,360	11,074
Infrastructure	50,391	52,377	53,445	53,893
Intangible Assets	15,314	15,365	15,844	15,934
	<u>1,935,837</u>	<u>2,101,324</u>	<u>2,231,724</u>	<u>2,231,724</u>
Accumulated Depreciation	(643,442)	(694,876)	(753,276)	(803,940)
Net Capital Assets	<u>1,292,395</u>	<u>1,406,448</u>	<u>1,478,448</u>	<u>1,517,455</u>
Unspent Bond Proceeds	61,165	83,398	28,723	47,439
Capital Debt	(643,516)	(728,490)	(719,201)	(767,783)
Invested in Capital Assets	<u><u>710,044</u></u>	<u><u>761,354</u></u>	<u><u>787,970</u></u>	<u><u>797,111</u></u>

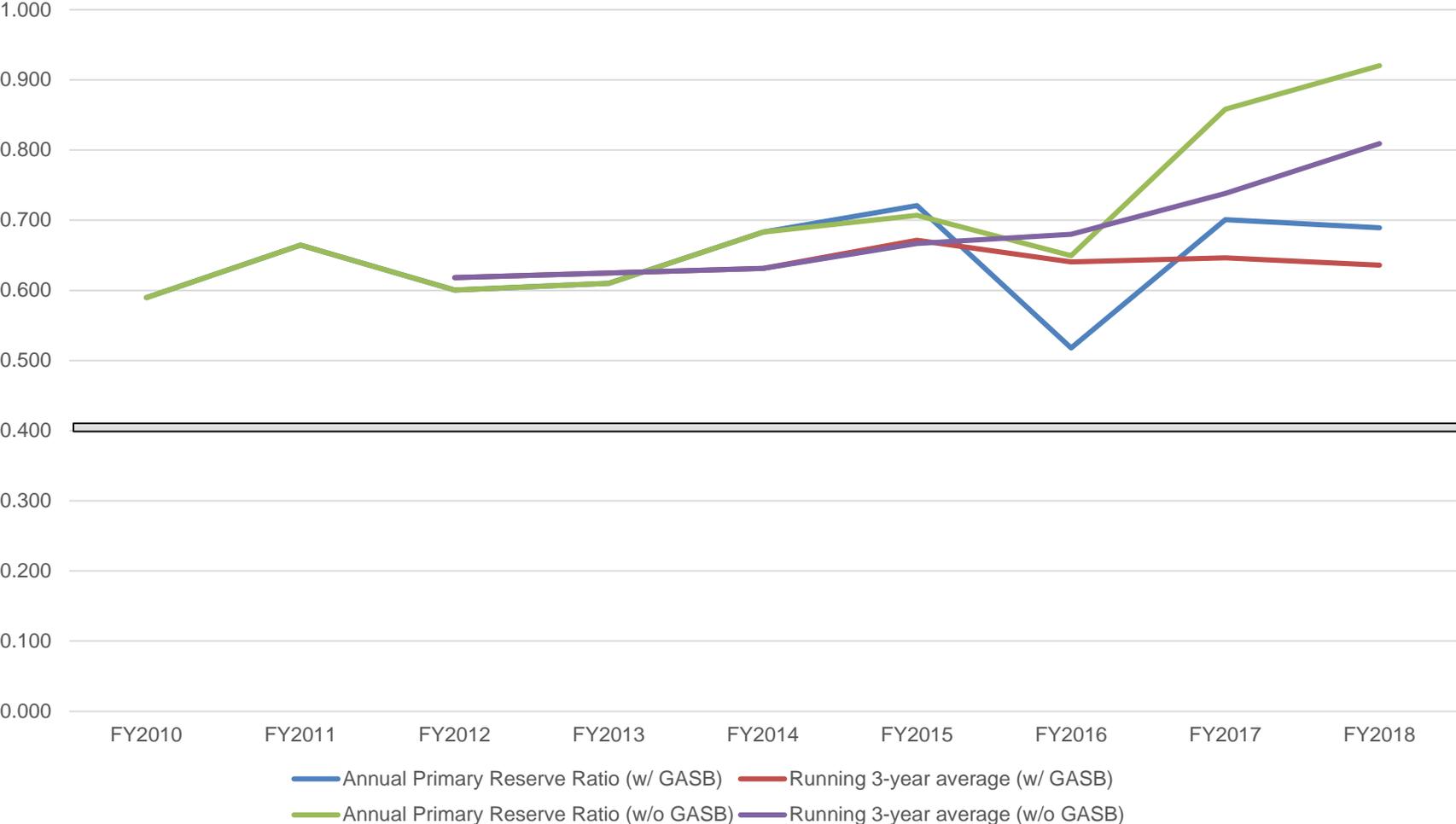
Four Year Summary Cash Flow (in thousands)

	FY2015	FY2016	FY2017	FY2018
Sources:				
Government Appropriations	57,859	66,562	68,532	72,698
Tuition and Fees	366,439	375,767	381,724	388,383
Gifts, Grants, and Contracts	233,812	239,548	255,636	261,200
Auxiliary Enterprises	171,982	178,584	189,527	198,240
Educational Department Sales & Services	16,514	16,452	15,430	15,905
Proceeds from Capital Debt Issuance	57,742	72,285	-	70,693
Investment Sales and Earnings	78,177	42,686	28,323	22,388
Other Operating Receipts	45,238	12,515	18,470	14,915
	<u>1,027,763</u>	<u>1,004,399</u>	<u>957,642</u>	<u>1,044,422</u>
Uses:				
Compensation and Benefits	(557,158)	(577,271)	(602,158)	(607,244)
Suppliers	(171,894)	(167,699)	(186,010)	(190,957)
Student Financial Aid	(44,567)	(36,737)	(33,675)	(36,420)
Purchase/Construction of Capital Assets	(97,613)	(125,581)	(103,404)	(110,330)
Payments on Capital Debt (P+I)	(51,946)	(83,460)	(22,809)	(53,725)
Purchases of Investments	(12,395)	-	(60,000)	(60,025)
Conveyance of Endowment Funds to UO Foundation	(31,406)	-	-	-
	<u>(966,979)</u>	<u>(990,748)</u>	<u>(1,008,056)</u>	<u>(1,058,701)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>60,784</u>	<u>13,651</u>	<u>(50,414)</u>	<u>(14,279)</u>
Beginning Balance	268,577	329,361	343,012	292,598
Ending Balance	<u>329,361</u>	<u>343,012</u>	<u>292,598</u>	<u>278,319</u>

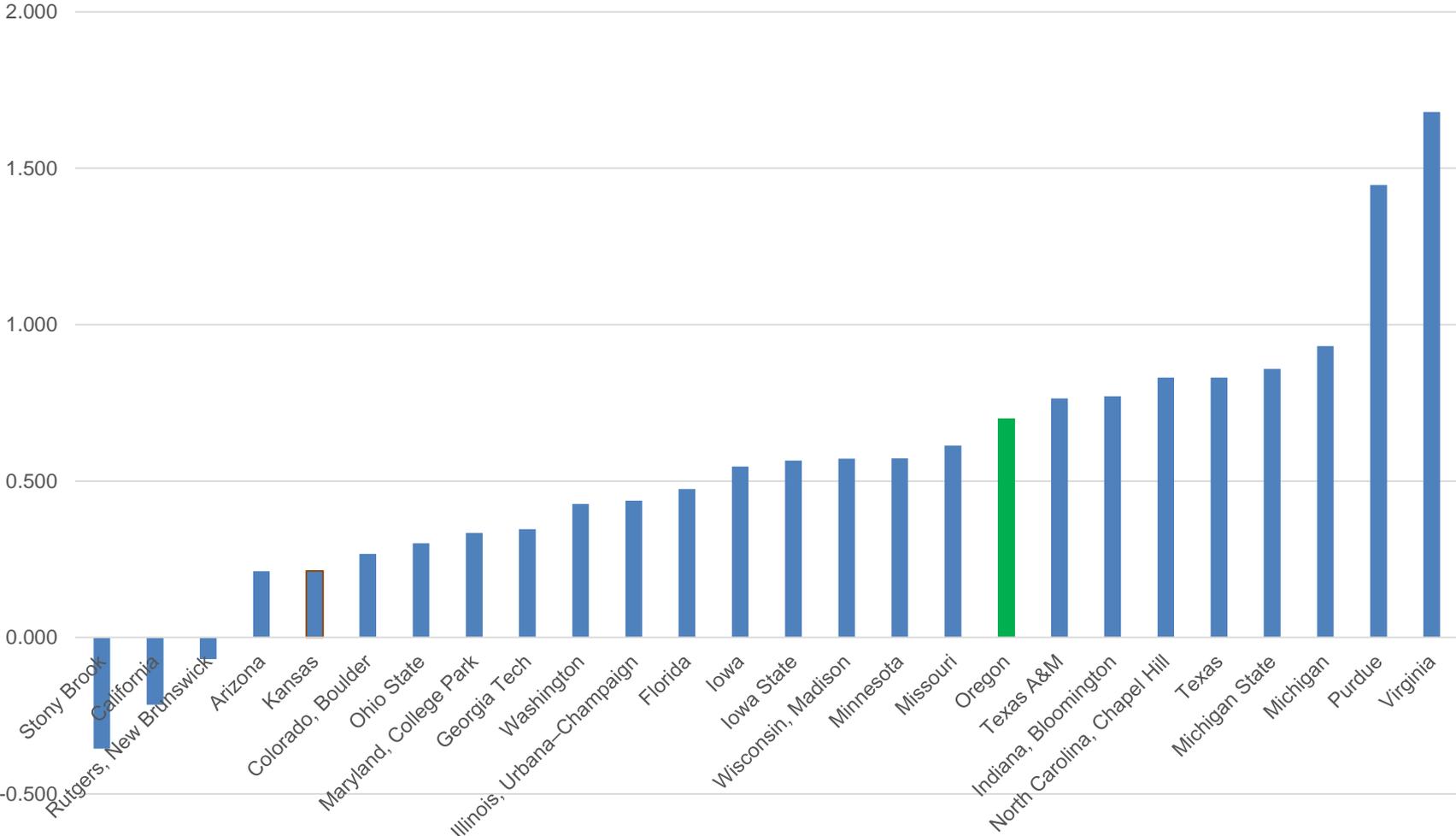
Primary Reserve Ratio

- Compares expendable net assets to total expenses
- Expendable net assets:
 - Restricted-Expendable for Gifts, Grants, and Contracts
 - Restricted-Expendable for Student Loans
 - Restricted-Expendable for Capital Projects
 - Unrestricted Net Assets
 - UOF Unrestricted Net Assets
 - UOF Temporarily Restricted Net Assets
- Indicates how long the institution could function using its expendable reserves (including restricted monies for appropriate expenses) without relying on additional net assets generated by operations.
- A threshold level of .40x is recommended

Primary Reserve Ratio



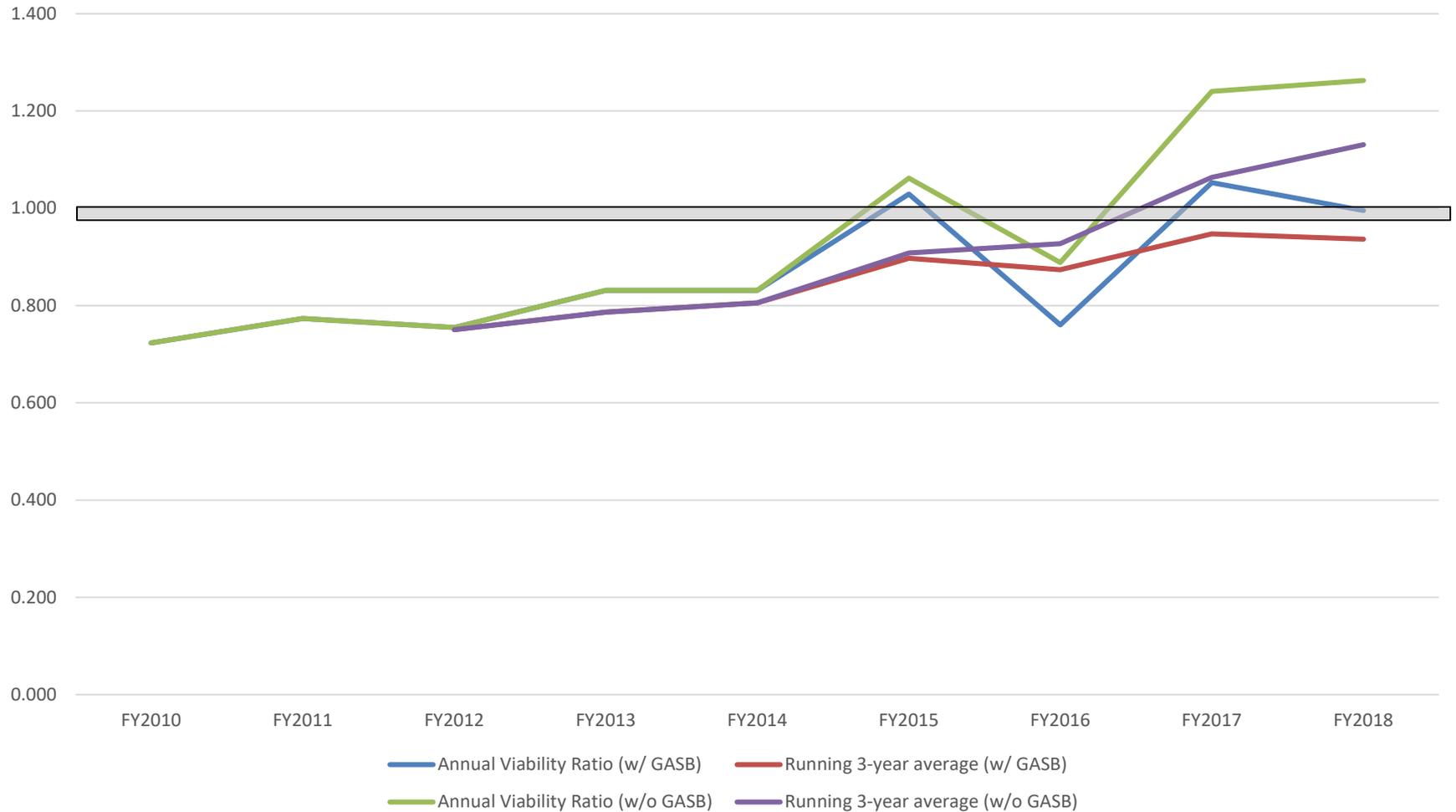
Primary Reserve Ratio – FY17 Comparison to other AAU



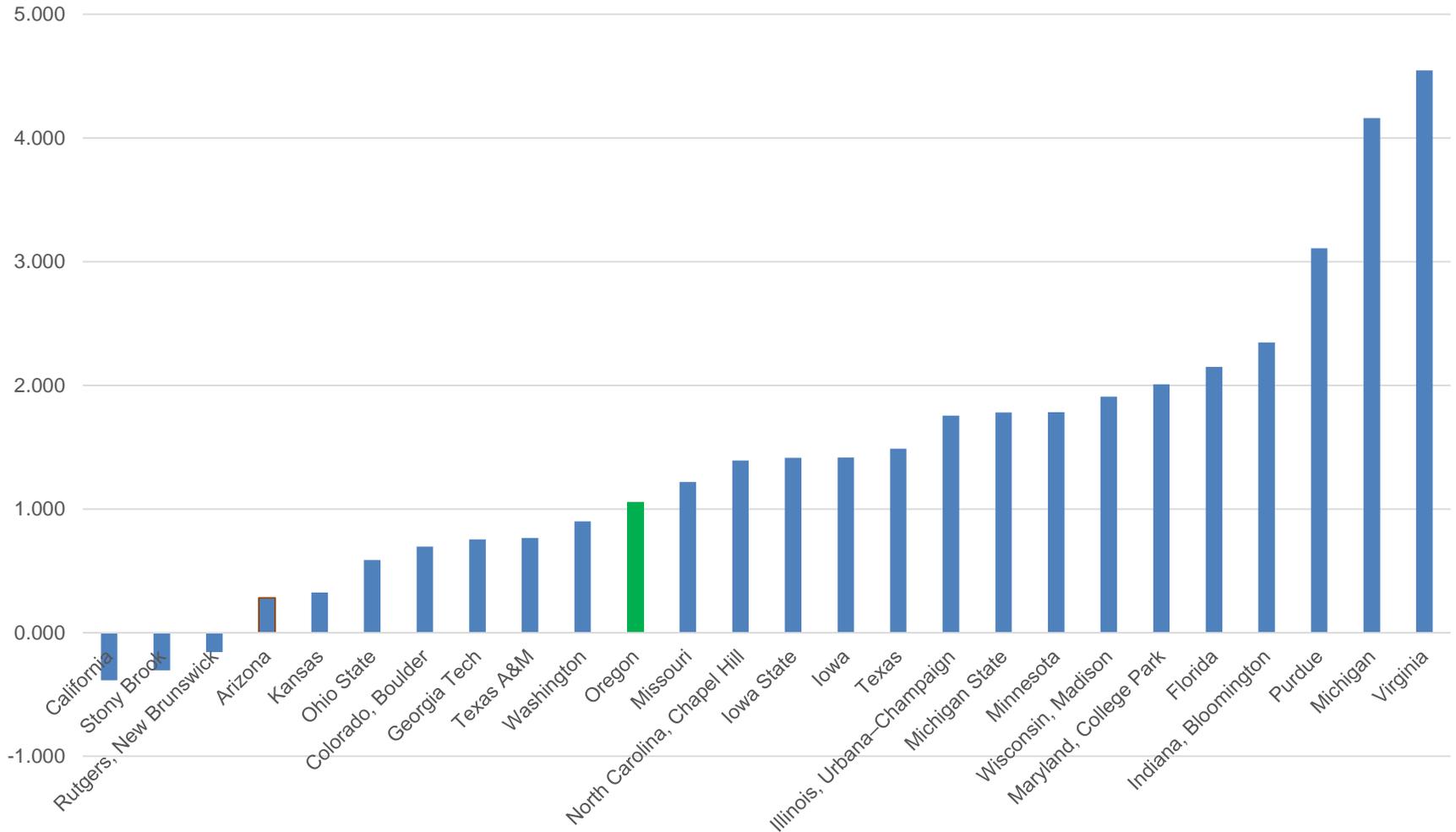
Viability Ratio

- Compares expendable net assets (UO and UOF) to plant-related debt
- Indicates ability to settle long-term obligations as of the balance sheet date
- A ratio of 1:1 means full ability to cover debts at a specific date, but is not necessarily a firm or recommended threshold

Viability Ratio



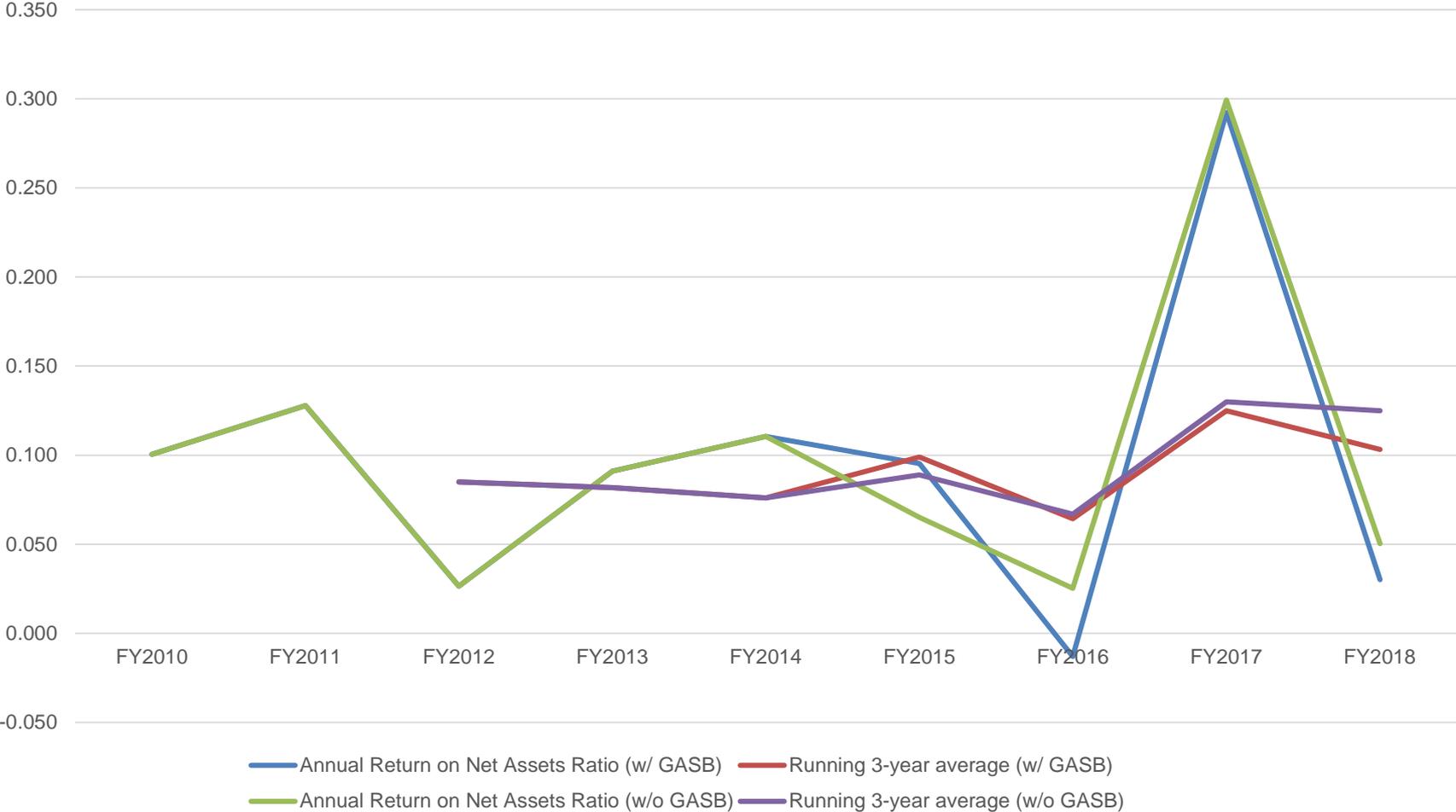
Viability Ratio – FY17 Comparison to other AAU



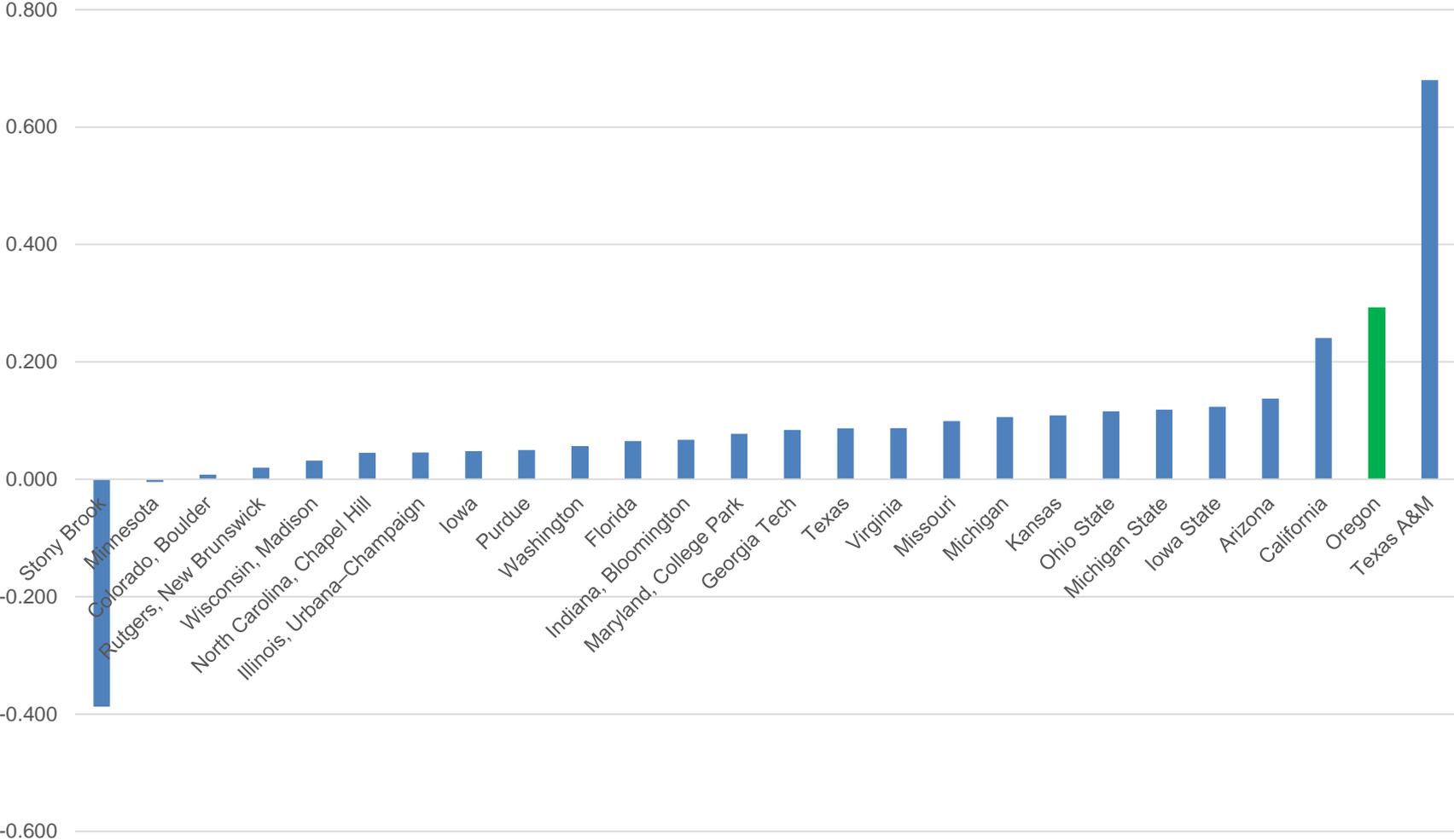
Return on Net Assets Ratio

- Compares the annual change in net assets to the total net assets at the beginning of the year
- Indicates total economic return of the institution
- There is no industry-specific recommended threshold. Rather, this ratio should be reviewed over an extended period and in terms of trend direction.
- Includes net assets of both the UO and UO Foundation

Return on Net Assets Ratio



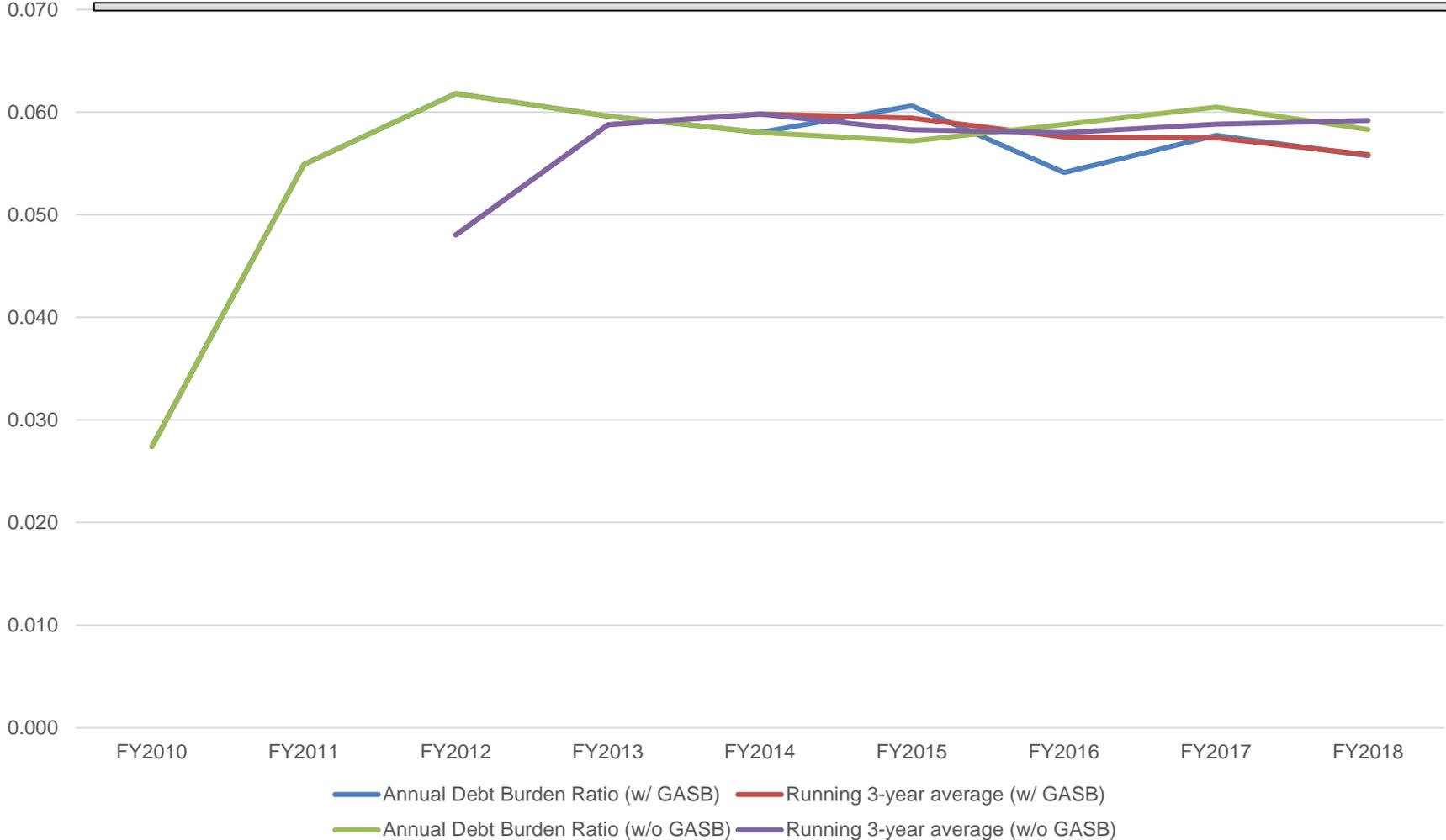
Return on Net Assets Ratio – FY17 Comparison to other AAU



Debt Burden Ratio

- Compares debt service payments to total expenditures.
- Measures affordability of debt, and the institution's reliance on debt to finance the mission.
- The industry generally considers a ratio value of .07 to be the long-term recommended threshold for this ratio. There are times the ratio may exceed .07 for strategic or mission-critical uses of debt.

Debt Burden Ratio



On the Horizon

- GASB 87 will be effective with the FY2021 financial statements. Reclassifies all Operating Leases to Long-Term Financing.

Agenda Item #2

Quarterly Finance Reports & Annual Treasury Report



Finance Summary: Q1 FY2019

CFO's Key Takeaways

- Last June's Expenditure Authorization report projected a \$2.4M deficit in the Education & General (E&G) fund. Based on the changes reflected below, the current estimated shortfall is \$5.6M.
- Projected FY19 E&G fund balance is dropping from \$77.2M to \$71.7M.

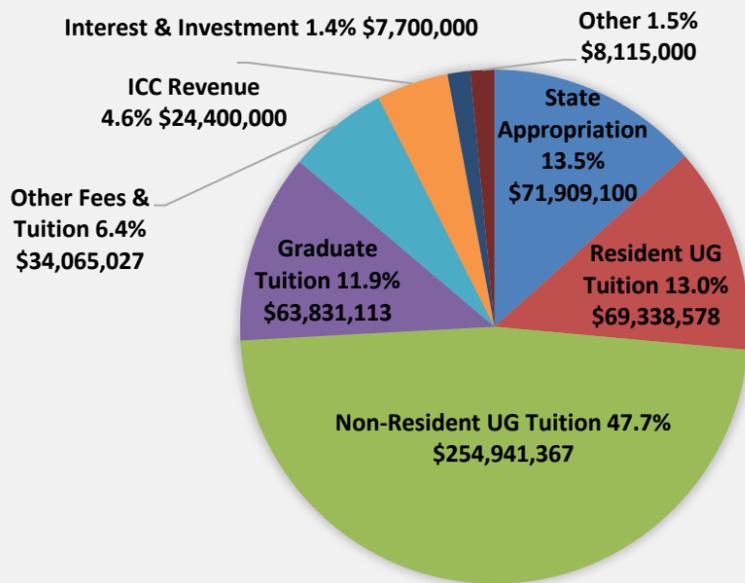
Education and General Fund Projections Q1

June FY19 Expenditure Projections	(\$2.4 million)
Drop in Tuition Projections	(\$6.0 million)
HECC SSCM Budget Model FY18 Ante Up	(\$1.0 million)
Increase in Student Aid Projections	(\$1.0 million)
Total	(\$10.4 million)
Increase in projected F&A Returns	\$1.0 million
Increase in Interest and Investment	\$1.5 million
Decrease in Projected Salary Expense	\$0.8 million
Decrease in Projected Cap Ex Expenditure	\$1.5 million
Total	\$4.8 million
NET PROJECTED IMPACT – E&G FUND RUN RATE	(\$5.6 million) A little over 1%
FY18 Expenditure Projection E&G Fund Run Rate	\$491K
FY18 Actual E&G Fund Rate	\$4.5 million

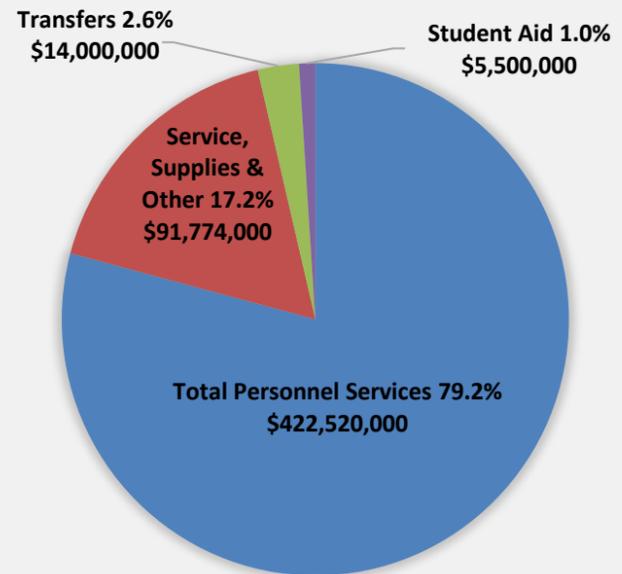
- Based on Spring FY18 run rate.
- Due to drop in Int'l students, 1st yr retention & non-resident transfers.
- Annual Higher Ed Coordinating Commission (HECC) adjustment.
- Due to increased grant activity.
- Due to higher short-term rate environment.

Education & General Funds - Total Dollars

FY19 E&G Q1 REVENUE PROJECTIONS

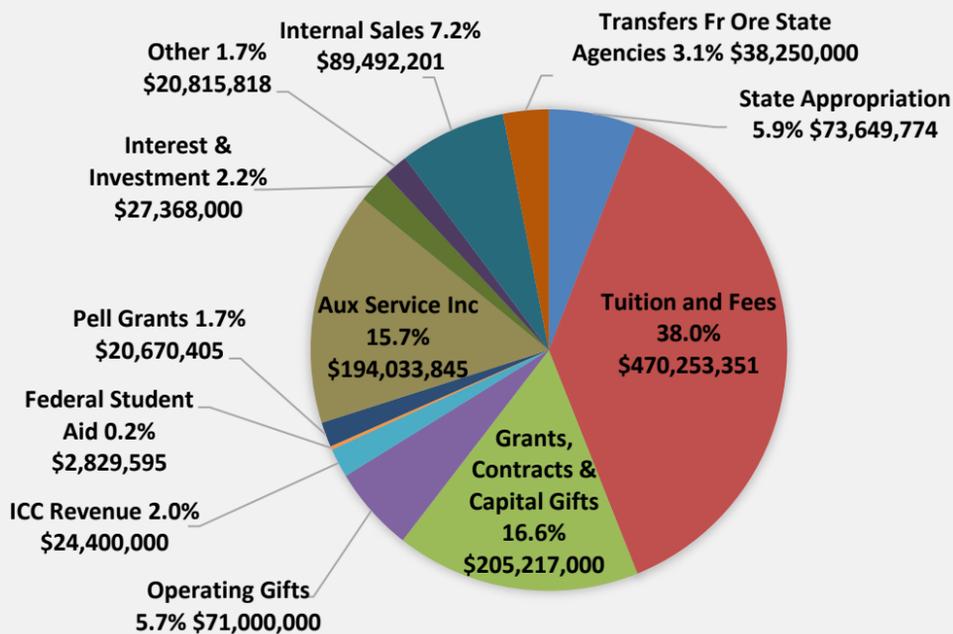


FY19 E&G Q1 EXPENSE PROJECTIONS

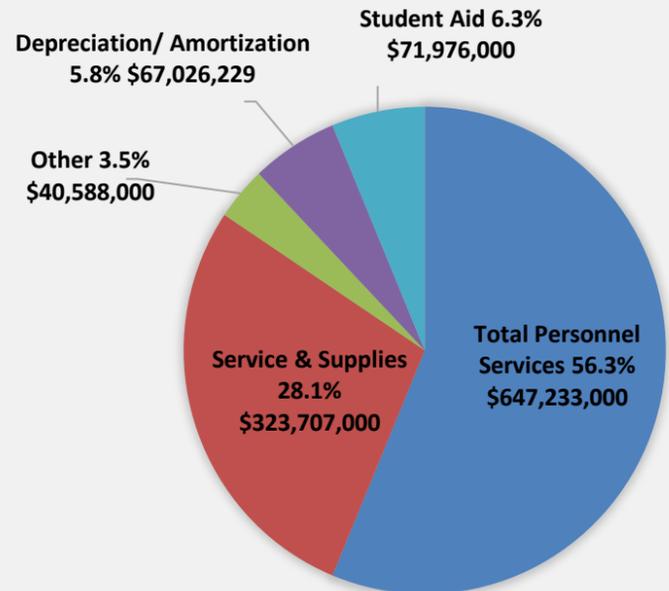


All Funds - Total Dollars

FY19 Q1 REVENUE PROJECTIONS



FY19 Q1 EXPENSE PROJECTIONS



Student Aid Expense does not include \$45.6M of fee remissions awarded to students. Remissions are booked as negative revenue.

Capital Expenditures not included

FY18 Actuals Quarter 4 Report-Final

All Funds except Agency and Clearing

	Designated Ops and Service										Reporting Adj.	Total
	Education and		Auxiliaries			Restricted Gift		Internal Bank				
	General	Center		Grant Funds	Funds	Other Funds	Plant Funds		Total			
State Appropriation	\$ 71,012,264	\$ 1,170,784	\$ 438,026	\$ 77,288	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,698,361	
Tuition and Fees	\$ 415,232,909	\$ 2,234,674	\$ 41,110,510	\$ -	\$ -	\$ -	\$ -	\$ 3,050,244	\$ -	\$ -	\$ 461,628,336	
Gifts Grants & Contracts	\$ 311,861	\$ 5,809,031	\$ 6,092	\$ 119,441,740	\$ 69,037,013	\$ -	\$ 26,834,685	\$ -	\$ -	\$ -	\$ 221,440,422	
ICC Revenue	\$ 22,610,802	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,610,802	
Federal Student Aid	\$ -	\$ -	\$ -	\$ 24,512,843	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,512,843	
Interest and Investment	\$ 6,636,769	\$ 12,575,235	\$ 53,067	\$ (9,513)	\$ 222,686	\$ 525,555	\$ 340,605	\$ 5,429,707	\$ -	\$ -	\$ 25,774,111	
Internal Sales	\$ 5,039,099	\$ 35,055,153	\$ 24,754,341	\$ -	\$ 18,396	\$ -	\$ -	\$ 34,221,469	\$ -	\$ -	\$ 99,088,459	
Sales & Services	\$ 4,079,736	\$ 11,869,980	\$ 166,051,929	\$ 328	\$ 25,798	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182,027,772	
Other Revenues	\$ 1,406,147	\$ 2,601,428	\$ 8,310,717	\$ 634	\$ 83	\$ -	\$ 481,423	\$ -	\$ -	\$ -	\$ 12,800,432	
Transfers From Ore State Agencies	\$ 30,000	\$ 16,440	\$ -	\$ 7,923,352	\$ -	\$ -	\$ 15,105,881	\$ -	\$ -	\$ -	\$ 23,075,674	
Total Revenue	\$ 526,359,588	\$ 71,332,727	\$ 240,724,682	\$ 151,946,671	\$ 69,303,976	\$ 525,555	\$ 42,762,594	\$ 42,701,419	\$ -	\$ -	\$ 1,145,657,212	
Total Personnel Services	\$ 413,007,070	\$ 28,682,382	\$ 87,930,490	\$ 62,392,580	\$ 23,009,755	\$ -	\$ -	\$ 333,576	\$ -	\$ -	\$ 615,355,853	
Service & Supplies	\$ 103,510,599	\$ 19,819,500	\$ 105,243,404	\$ 28,205,045	\$ 14,821,298	\$ 296,863	\$ 6,083,965	\$ 30,834,050	\$ -	\$ -	\$ 308,814,723	
Merchandise-Resale/Redistribution	\$ 7,242	\$ 13,437,613	\$ 12,275,464	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,720,319	
Internal Sales Reimbursements	\$ (20,187,586)	\$ (13,491)	\$ (1,600,869)	\$ (26,265)	\$ (1,916)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (21,830,127)	
Indirect Costs	\$ 114,398	\$ 2,741,123	\$ 6,883,604	\$ 22,610,802	\$ -	\$ 285,355	\$ -	\$ -	\$ -	\$ -	\$ 32,635,282	
Depreciation/Amortization Expense	\$ -	\$ 4,332,730	\$ 31,073,653	\$ -	\$ -	\$ -	\$ 29,944,991	\$ -	\$ -	\$ -	\$ 65,351,374	
Student Aid	\$ 5,430,091	\$ 339,271	\$ 10,488,292	\$ 36,732,906	\$ 18,859,938	\$ 128,459	\$ -	\$ -	\$ -	\$ -	\$ 71,978,956	
Total General Expense	\$ 88,874,744	\$ 40,656,745	\$ 164,363,548	\$ 87,522,488	\$ 33,679,320	\$ 710,677	\$ 36,028,956	\$ 30,834,050	\$ -	\$ -	\$ 482,670,527	
Net Transfers Out/(In)	\$ 11,972,880	\$ (1,038,939)	\$ (2,828,606)	\$ 427,861	\$ 8,075,962	\$ 3,175	\$ (17,715,855)	\$ 1,103,521	\$ -	\$ -	\$ 0.00	
Total Expense	\$ 513,854,694	\$ 68,300,188	\$ 249,465,433	\$ 150,342,929	\$ 64,765,038	\$ 713,852	\$ 18,313,101	\$ 32,271,146	\$ -	\$ -	\$ 1,098,026,380	
Net before CapEx	\$ 12,504,895	\$ 3,032,538	\$ (8,740,751)	\$ 1,603,742	\$ 4,538,939	\$ (188,297)	\$ 24,449,493	\$ 10,430,273	\$ -	\$ -	\$ 47,630,831	
Beginning Fund Balance	\$ 73,534,267	\$ 55,835,972	\$ 340,116,636	\$ (423,464)	\$ 11,549,114	\$ 26,168,590	\$ 525,405,728	\$ 9,480,996	\$ -	\$ -	\$ 1,041,667,840	
Capital Expenditures	\$ (5,011,157)	\$ (1,086,437)	\$ (3,513,729)	\$ (2,134,196)	\$ (1,524,567)	\$ -	\$ (100,842,559)	\$ -	\$ -	\$ -	\$ (114,112,645)	
Net (from above)	\$ 12,504,895	\$ 3,032,538	\$ (8,740,751)	\$ 1,603,742	\$ 4,538,939	\$ (188,297)	\$ 24,449,493	\$ 10,430,273	\$ -	\$ -	\$ 47,630,831	
Fund Additions/Deductions*	\$ (1,941,986)	\$ (238,155)	\$ 22,947,120	\$ -	\$ -	\$ -	\$ 93,627,243	\$ -	\$ -	\$ -	\$ 114,394,223	\$ (237,565,579)
Ending Fund Balance	\$ 79,086,019	\$ 57,543,918	\$ 350,809,277	\$ (953,917)	\$ 14,563,485	\$ 25,980,293	\$ 542,639,905	\$ 19,911,269	\$ -	\$ -	\$ 1,089,580,249	\$ (237,565,579)
Year-End Accounting Entries **	\$ (1,879,287)	\$ 1,072,453	\$ (27,414,422)	\$ (645,387)	\$ (31,250)	\$ -	\$ 26,434,009	\$ -	\$ -	\$ -	\$ (2,463,883)	\$ (2,463,883)
Net Capital Assets	\$ -	\$ 28,033,051	\$ 292,442,899	\$ -	\$ -	\$ -	\$ 481,405,478	\$ (4,770,972)	\$ -	\$ -	\$ 797,110,457	\$ 797,110,457
Other Restricted Net Assets	\$ -	\$ -	\$ -	\$ (1,599,304)	\$ 14,532,235	\$ 25,980,293	\$ 49,846,441	\$ -	\$ -	\$ -	\$ 88,759,666	\$ (959,600)
Unrestricted Net Assets	\$ 77,206,732	\$ 30,583,320	\$ 30,951,956	\$ -	\$ -	\$ -	\$ 37,821,994	\$ 24,682,241	\$ -	\$ -	\$ 201,246,243	\$ (236,605,979)
Total Net Assets	\$ 77,206,732	\$ 58,616,371	\$ 323,394,855	\$ (1,599,304)	\$ 14,532,235	\$ 25,980,293	\$ 569,073,914	\$ 19,911,269	\$ -	\$ -	\$ 1,087,116,366	\$ (237,565,579)

* - Due to Capital Improvements and Debt Accounting entries, Includes Elimination of State Paid Debt from UO Books

** - Year-End Accounting - e.g. Allocate Pension Liability, Reclass Cash to Investments, Allocate Debt

FY19 Initial Projection - All Funds except Agency and Clearing

	Designated Ops								
	Education and General	and Service Center	Auxiliaries	Grant Funds	Restricted Gift Funds	Other Funds	Plant Funds	Internal Bank	Total
State Appropriation	\$ 72,887,100	\$ 1,212,024	\$ 453,200	\$ 75,450	\$ -	\$ -	\$ -	\$ -	\$ 74,627,774
Tuition and Fees	\$ 428,200,000	\$ 2,846,108	\$ 42,153,897	\$ -	\$ -	\$ -	\$ -	\$ 3,050,000	\$ 476,250,005
Gifts Grants & Contracts	\$ 315,000	\$ 5,000,000	\$ 100,000	\$ 115,500,000	\$ 71,000,000	\$ 2,000	\$ 75,500,000		\$ 267,417,000
ICC Revenue	\$ 23,348,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 23,348,000
Federal Student Aid		\$ -	\$ -	\$ 23,500,000	\$ -	\$ -	\$ -		\$ 23,500,000
Interest and Investment	\$ 6,190,300	\$ 12,300,000	\$ 50,000	\$ 15,000	\$ 300,000	\$ 503,000	\$ 405,000	\$ 6,095,000	\$ 25,858,300
Internal Sales	\$ 2,300,000	\$ 50,834,201	\$ 24,072,805	\$ -	\$ 18,000	\$ -	\$ -	\$ 35,540,000	\$ 112,765,006
Sales & Services	\$ 4,400,000	\$ 10,073,312	\$ 166,590,261	\$ 600,000	\$ 63,160	\$ -	\$ -	\$ -	\$ 181,726,733
Other Revenues	\$ 1,100,000	\$ 2,559,346	\$ 3,370,779	\$ -	\$ 15,000	\$ -	\$ 205,000	\$ -	\$ 7,250,125
Transfers From Ore State Agencies	\$ -	\$ -	\$ -	\$ 8,250,000	\$ -	\$ -	\$ 30,000,000	\$ -	\$ 38,250,000
Total Revenue	\$ 538,740,400	\$ 84,824,991	\$ 236,790,942	\$ 147,940,450	\$ 71,396,160	\$ 505,000	\$ 106,110,000	\$ 44,685,000	\$ 1,230,992,943
Total Personnel Services	\$ 423,320,000	\$ 43,184,000	\$ 92,641,000	\$ 62,839,000	\$ 22,719,000	\$ -	\$ -	\$ 330,000	\$ 645,033,000
Service & Supplies	\$ 110,736,000	\$ 24,081,000	\$ 104,220,000	\$ 25,500,000	\$ 18,635,000	\$ 100,000	\$ 5,265,000	\$ 30,370,000	\$ 318,907,000
Merchandise-Resale/Redistribution	\$ 2,000	\$ 13,690,000	\$ 12,523,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,215,000
Internal Sales Reimbursements	\$ (19,380,000)	\$ (300,000)	\$ (1,328,000)	\$ (25,000)	\$ (115,000)	\$ -	\$ -	\$ -	\$ (21,148,000)
Indirect Costs	\$ 416,000	\$ 2,875,000	\$ 7,555,000	\$ 23,348,000	\$ -	\$ 275,000	\$ -	\$ -	\$ 34,469,000
Depreciation/Amortization Expense	\$ -	\$ 4,292,130	\$ 30,833,545	\$ -	\$ -	\$ -	\$ 31,900,555	\$ -	\$ 67,026,229
Student Aid	\$ 4,500,000	\$ 1,413,000	\$ 5,125,000	\$ 35,908,000	\$ 23,705,000	\$ 125,000	\$ -	\$ -	\$ 70,776,000
Total General Expense	\$ 96,274,000	\$ 46,051,130	\$ 158,928,545	\$ 84,731,000	\$ 42,225,000	\$ 500,000	\$ 37,165,555	\$ 30,370,000	\$ 496,245,229
Net Transfers Out(In)	\$ 14,000,000	\$ 500,000	\$ (1,500,000)	\$ 800,000	\$ 8,175,000	\$ -	\$ (24,117,388)	\$ 2,142,388	\$ -
Total Expense	\$ 533,594,000	\$ 89,735,130	\$ 250,069,545	\$ 148,370,000	\$ 73,119,000	\$ 500,000	\$ 13,048,167	\$ 32,842,388	\$ 1,141,278,229
Net before CapEx	\$ 5,146,400	\$ (4,910,139)	\$ (13,278,603)	\$ (429,550)	\$ (1,722,840)	\$ 5,000	\$ 93,061,833	\$ 11,842,612	\$ 89,714,713
Beginning Fund Balance	\$ 77,206,732	\$ 58,616,371	\$ 323,394,855	\$ (1,599,304)	\$ 14,532,235	\$ 25,980,293	\$ 569,073,914	\$ 19,911,269	\$ 1,087,116,366
Capital Expenditures	\$ (7,500,000)	\$ (100,000)	\$ (200,000)	\$ (1,500,000)	\$ (1,200,000)	\$ -	\$ (182,700,000)	\$ -	\$ (193,200,000)
Net (from above)	\$ 5,146,400	\$ (4,910,139)	\$ (13,278,603)	\$ (429,550)	\$ (1,722,840)	\$ 5,000	\$ 93,061,833	\$ 11,842,612	\$ 89,714,713
Fund Additions/Deductions*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,000,000	\$ -	\$ 95,000,000
Ending Fund Balance	\$ 74,853,132	\$ 53,606,233	\$ 309,916,252	\$ (3,528,854)	\$ 11,609,395	\$ 25,985,293	\$ 574,435,747	\$ 31,753,881	\$ 1,078,631,079
Year-End Accounting Entries **	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Net Capital Assets	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Other Restricted Net Assets	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Unrestricted Net Assets	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Total Net Assets	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD

* - Due to Capital Improvements and Debt Accounting entries

** - Year-End Accounting - e.q. Allocate Pension Liability, Reclass Cash to Investments, Allocate Debt

FY19 Actuals Quarter 1 Report
All Funds except Agency and Clearing

	Designated Ops									Total
	Education and			and Service		Restricted Gift			Internal Bank	
	General	Center	Auxiliaries	Grant Funds	Funds	Other Funds	Plant Funds			
State Appropriation	\$ 26,081,240	\$ 292,696	\$ 63,946	\$ 15,450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,453,332
Tuition and Fees	\$ 165,905,528	\$ 1,955,611	\$ 16,234,996	\$ -	\$ -	\$ -	\$ -	\$ 1,221,471	\$ -	\$ 185,317,606
Gifts Grants & Contracts	\$ 730	\$ 1,381,187	\$ -	\$ 32,407,010	\$ 24,949,761	\$ -	\$ 17,828,606	\$ -	\$ -	\$ 76,567,294
ICC Revenue	\$ 7,008,626	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,008,626
Federal Student Aid	\$ -	\$ -	\$ -	\$ 900,811	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 900,811
Interest and Investment	\$ 1,449,090	\$ 2,933,101	\$ 14,445	\$ 33	\$ 60,255	\$ 130,880	\$ 113,097	\$ 601,762	\$ -	\$ 5,302,664
Internal Sales	\$ 348,333	\$ 12,051,902	\$ 6,882,110	\$ -	\$ -	\$ -	\$ -	\$ 6,422,193	\$ -	\$ 25,704,539
Sales & Services	\$ 1,426,739	\$ 2,566,350	\$ 42,043,874	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,036,963
Other Revenues	\$ 517,612	\$ 863,480	\$ 388,998	\$ -	\$ -	\$ -	\$ 44,338	\$ -	\$ -	\$ 1,814,427
Transfers From Ore State Agencies	\$ -	\$ -	\$ -	\$ 3,645,929	\$ -	\$ -	\$ 2,979,756	\$ -	\$ -	\$ 6,625,685
Total Revenue	\$ 202,737,899	\$ 22,044,328	\$ 65,628,368	\$ 36,969,233	\$ 25,010,015	\$ 130,880	\$ 20,965,796	\$ 8,245,426	\$ -	\$ 381,731,945
Total Personnel Services	\$ 67,347,947	\$ 9,954,863	\$ 20,034,272	\$ 18,019,146	\$ 5,922,694	\$ -	\$ -	\$ 79,475	\$ -	\$ 121,358,396
Service & Supplies	\$ 26,961,098	\$ 4,560,776	\$ 21,872,466	\$ 5,192,489	\$ 7,978,354	\$ 15,410	\$ 511,469	\$ 791,087	\$ -	\$ 67,883,149
Merchandise-Resale/Redistribution	\$ (56,209)	\$ 2,930,348	\$ 1,800,542	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,674,681
Internal Sales Reimbursements	\$ (3,450,942)	\$ -	\$ (465,011)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,915,953)
Indirect Costs	\$ 36,913	\$ 602,558	\$ 1,737,275	\$ 7,036,127	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,412,873
Depreciation/Amortization Expense	\$ -	\$ 1,069,817	\$ 7,696,317	\$ -	\$ -	\$ -	\$ 7,528,433	\$ -	\$ -	\$ 16,294,567
Student Aid	\$ 1,757,958	\$ 185,586	\$ 428,023	\$ 12,012,447	\$ 10,113,025	\$ 41,460	\$ -	\$ -	\$ -	\$ 24,538,499
Total General Expense	\$ 25,248,819	\$ 9,349,086	\$ 33,069,612	\$ 24,241,063	\$ 18,091,378	\$ 56,870	\$ 8,039,902	\$ 791,087	\$ -	\$ 118,887,816
Net Transfers Out/(In)	\$ 3,108,256	\$ (356,185)	\$ (4,341,779)	\$ 4,739	\$ 4,948,962	\$ -	\$ (5,506,381)	\$ 2,142,388	\$ -	\$ -
Total Expense	\$ 95,705,021	\$ 18,947,764	\$ 48,762,105	\$ 42,264,948	\$ 28,963,035	\$ 56,870	\$ 2,533,521	\$ 3,012,949	\$ -	\$ 240,246,213
Net before CapEx	\$ 107,032,878	\$ 3,096,564	\$ 16,866,263	\$ (5,295,715)	\$ (3,953,019)	\$ 74,010	\$ 18,432,275	\$ 5,232,477	\$ -	\$ 141,485,733
Beginning Fund Balance	\$ 77,206,732	\$ 58,616,371	\$ 323,394,855	\$ (1,599,304)	\$ 14,532,235	\$ 25,980,293	\$ 569,073,914	\$ 19,911,269	\$ -	\$ 1,087,116,366
Capital Expenditures	\$ (876,118)	\$ (51,229)	\$ (11,490)	\$ (163,487)	\$ (416,396)	\$ -	\$ (21,989,854)	\$ -	\$ -	\$ (23,508,574)
Net (from above)	\$ 107,032,878	\$ 3,096,564	\$ 16,866,263	\$ (5,295,715)	\$ (3,953,019)	\$ 74,010	\$ 18,432,275	\$ 5,232,477	\$ -	\$ 141,485,733
Fund Additions/Deductions*	\$ -	\$ 285,726	\$ (176,736)	\$ -	\$ -	\$ -	\$ 4,759,092	\$ -	\$ -	\$ 4,868,082
Ending Fund Balance	\$ 183,363,492	\$ 61,947,432	\$ 340,072,892	\$ (7,058,506)	\$ 10,162,821	\$ 26,054,303	\$ 570,275,426	\$ 25,143,746	\$ -	\$ 1,209,961,606
Year-End Accounting Entries **	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Net Capital Assets	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Other Restricted Net Assets	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Unrestricted Net Assets	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Total Net Assets	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD

* - Due to Capital Improvements and Debt Accounting entries, Includes Elimination of State Paid Debt from UO Books

** - Year-End Accounting - e.g. Allocate Pension Liability, Reclass Cash to Investments, Allocate Debt

FY19 Actuals Quarter 1 Report

Education and General

	FY19		FY19 Q1		FY19 Q1	FY18 Total	FY19 Exp		FY19 Updated Projection Q1	FY19 Updated Proj vs FY18 Total as %
	Expenditure		Actual as %		inc/(dec)		Auth vs FY18 Total as %	FY19 Updated		
	Authority	FY19 Actual Q1	of Proj	FY18 Actual Q1	from FY18 Q1					
State Appropriation	\$ 72,887,100	\$ 26,081,240	35.8%	\$ 25,494,331	2.3%	\$ 71,012,264	2.6%	\$ 71,909,100	1.3%	
Tuition and Fees	\$ 428,200,000	\$ 165,905,528	38.7%	\$ 166,471,639	-0.3%	\$ 415,232,909	3.1%	\$ 422,176,086	1.7%	
Gifts Grants & Contracts	\$ 315,000	\$ 730	0.2%	\$ 10,977	-93.3%	\$ 311,861	1.0%	\$ 315,000	1.0%	
ICC Revenue	\$ 23,348,000	\$ 7,008,626	30.0%	\$ 6,401,323	9.5%	\$ 22,610,802	3.3%	\$ 24,400,000	7.9%	
Federal Student Aid	\$ -	\$ -	-	\$ -	-	\$ -	-	\$ -	-	
Interest and Investment	\$ 6,190,300	\$ 1,449,090	23.4%	\$ 1,352,287	7.2%	\$ 6,636,769	-6.7%	\$ 7,700,000	16.0%	
Internal Sales	\$ 2,300,000	\$ 348,333	15.1%	\$ 1,514,997	-77.0%	\$ 5,039,099	-54.4%	\$ 2,300,000	-54.4%	
Sales & Services	\$ 4,400,000	\$ 1,426,739	32.4%	\$ 507,925	180.9%	\$ 4,079,736	7.9%	\$ 4,400,000	7.9%	
Other Revenues	\$ 1,100,000	\$ 517,612	47.1%	\$ 122,107	323.9%	\$ 1,406,147	-21.8%	\$ 1,100,000	-21.8%	
Transfers From Ore State Agencies	\$ -	\$ -	-	\$ -	-	\$ 30,000	-100.0%	\$ -	-100.0%	
Total Revenue	\$ 538,740,400	\$ 202,737,899	37.6%	\$ 201,875,586	0.4%	\$ 526,359,588	2.4%	\$ 534,300,186	1.5%	
Total Personnel Services	\$ 423,320,000	\$ 67,347,947	15.9%	\$ 69,244,246	-2.7%	\$ 413,007,070	2.5%	\$ 422,520,000	2.3%	
Service & Supplies	\$ 110,736,000	\$ 26,961,098	24.3%	\$ 25,175,489	7.1%	\$ 103,510,599	7.0%	\$ 110,736,000	7.0%	
Merchandise-Resale/Redistribution	\$ 2,000	\$ (56,209)	-2810.4%	\$ -	-	\$ 7,242	-72.4%	\$ 2,000	-72.4%	
Internal Sales Reimbursements	\$ (19,380,000)	\$ (3,450,942)	17.8%	\$ (4,222,705)	-18.3%	\$ (20,187,586)	-4.0%	\$ (19,380,000)	-4.0%	
Indirect Costs	\$ 416,000	\$ 36,913	8.9%	\$ 49,354	-25.2%	\$ 114,398	263.6%	\$ 416,000	263.6%	
Depreciation/Amortization Expense	\$ -	\$ -	-	\$ -	-	\$ -	-	\$ -	-	
Student Aid	\$ 4,500,000	\$ 1,757,958	39.1%	\$ 4,907,938	-64.2%	\$ 5,430,091	-17.1%	\$ 5,500,000	1.3%	
Total General Expense	\$ 96,274,000	\$ 25,248,819	26.2%	\$ 25,910,075	-2.6%	\$ 88,874,744	8.3%	\$ 97,274,000	9.5%	
Net Transfers Out(In)	\$ 14,000,000	\$ 3,108,256	22.2%	\$ 3,389,818	-8.3%	\$ 11,972,880	16.9%	\$ 14,000,000	16.9%	
Total Expense	\$ 533,594,000	\$ 95,705,021	17.9%	\$ 98,544,140	-2.9%	\$ 513,854,694	3.8%	\$ 533,794,000	3.9%	
Net before CapEx	\$ 5,146,400	\$ 107,032,878	2079.8%	\$ 103,331,447	3.6%	\$ 12,504,895	-58.8%	\$ 506,186	-96.0%	
Beginning Fund Balance	\$ 77,206,732	\$ 77,206,732	100.0%	\$ 73,534,267	5.0%	\$ 73,534,267	5.0%	\$ 77,206,732	5.0%	
Capital Expenditures	\$ (7,500,000)	\$ (876,118)	11.7%	\$ (576,981)	51.8%	\$ (5,011,157)	49.7%	\$ (6,000,000)	19.7%	
Net (from above)	\$ 5,146,400	\$ 107,032,878	2079.8%	\$ 103,331,447	3.6%	\$ 12,504,895	-58.8%	\$ 506,186	-96.0%	
Fund Additions/Deductions*	\$ -	\$ -	-	\$ -	-	\$ (1,941,986)	-100.0%	\$ -	-100.0%	
Year-End Accounting Entries	\$ -	\$ -	-	\$ -	-	\$ (1,879,287)	-100.0%	\$ -	-100.0%	
Ending Fund Balance	\$ 74,853,132	\$ 183,363,492	245.0%	\$ 176,288,733	4.0%	\$ 77,206,732	-3.0%	\$ 71,712,918	-7.1%	
Year-End Accounting Entries **	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	
Net Capital Assets	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	
Other Restricted Net Assets	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	
Unrestricted Net Assets	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	
Total Net Assets	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	

* - Due to Capital Improvements and Debt Accounting entries

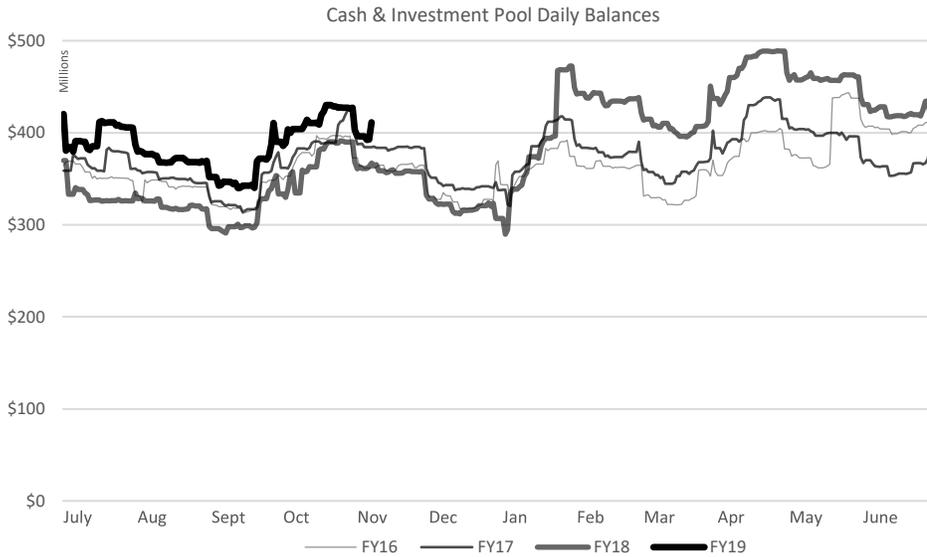
** - Year-End Accounting - e.q. Allocate Pension Liability, Reclass Cash to Investments, Allocate Debt

FY19 Actuals Quarter 1 Report
Total All Fund Groups

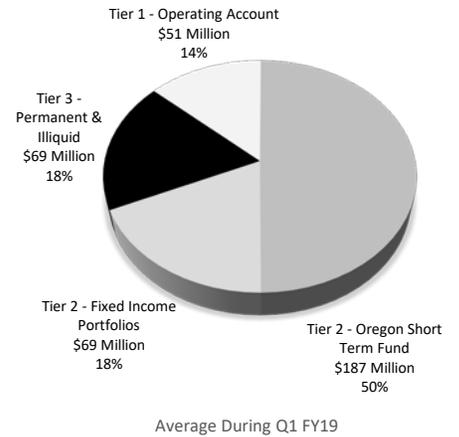
Personnel Services	Total Dollars			Benefits as a % of Total Salary & Leave	
	FY2018	FY2019	Yr/Yr % Inc	FY2018	FY2019
Salary & Wages	\$73,221,309	\$77,261,784	5.5%		
Other Payroll Expense(OPE) and Leave					
Personnel Leave	\$7,285,074	\$7,744,042	6.3%	9.0%	9.1%
Medical Insurance	\$15,420,137	\$16,176,506	4.9%	19.2%	19.0%
Retirement	\$15,819,345	\$16,552,332	4.6%	19.6%	19.5%
Other OPE	\$6,315,719	\$6,822,418	8.0%	7.8%	8.0%
Total OPE & Leave	\$44,840,275	\$47,295,298	5.5%	55.7%	55.6%
*Total Personnel Services	\$118,061,584	\$124,557,081	5.5%		

* Data excludes OPE GE Remissions (Tuition, Fees & Benefits), Benefit Compensation and Year end accruals/adjustments

Cash & Investment Pool

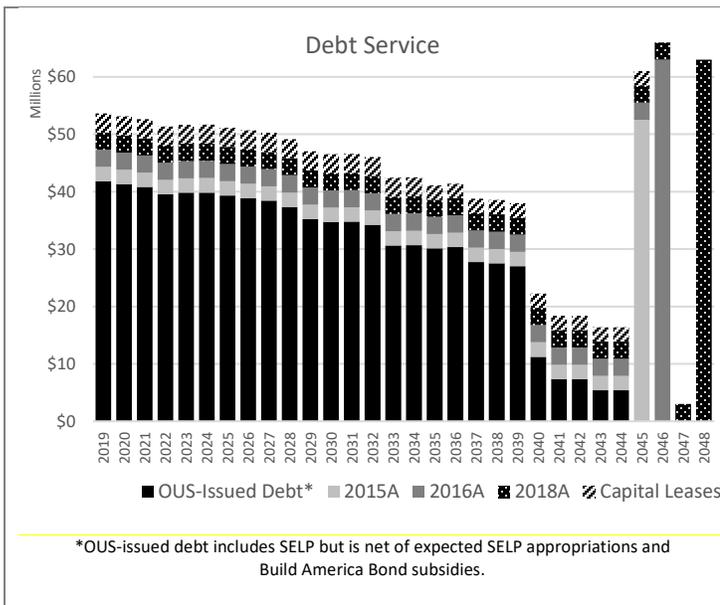


Cash & Investment Pool Allocation



- The cash and investment pool averaged \$376 million during Q4 FY18. Increased balances from the prior fiscal year are primarily attributable to plant funds.
- An additional \$5 million was placed into Tier 3, the ‘quasi-endowment’ managed by the UO Foundation.
- Additional allocations to the 0-10 year fixed-income portfolios are being evaluated.
- Estimated average book yield for the Cash & Investment Pool was 1.89% for Q1 FY19, compared to 1.69% for the same quarter last year.

Debt Activities



Significant Projects Funded Using Debt & Capital Leases

UO 2018A

- Bean Hall
- Oregon Hall
- Health Center

UO 2016A

- Kalapuya Ilihi Hall
- Pacific Hall
- Klamath Hall, 3rd Floor

UO 2015A

- Erb Memorial Union

Capital Leases

- White Stag (Portland)
- 1600 Millrace

OUS-Issued Debt

- Autzen Stadium
- Central Power Station
- Erb Memorial Union
- Family Housing Projects
- Ford Alumni Center
- Global Scholars Hall
- Knight Law Center
- Living Learning Center
- Parking Projects
- Student Rec Center
- Matthew Knight Arena
- Williams Bakery Land

*OUS-issued debt includes SELP but is net of expected SELP appropriations and Build America Bond subsidies.

- The current principal balance of outstanding debt, including capital leases, is approximately \$718 million.
- The next revenue bond sale is expected to occur during fiscal year 2020.
- Bond proceeds are loaned internally for capital projects but associated loans repay their borrowings prior to the bullet payments to ensure the Internal Bank will have sufficient cash for the bullet payments due in 2045, 2046, and 2048.

T3 Portfolio

STRATEGY SUMMARY

The University of Oregon Board of Trustees has fiduciary responsibility for university fund management and has delegated oversight to the Treasurer's office. Funds are currently divided into three separate tranches with distinct purposes for each. The portion of funds deemed unnecessary for current needs and so available for riskier, long-term investment to earn a higher rate of return is designated Tier-3 (T3). The long-term objective is to try to generate at least a 4% real net return over rolling five-year periods using a prudent level of risk. It is understood that these funds will be subject to short-term market volatility and risk of loss in pursuit of long-term appreciation. The UO currently employs the UO Foundation, who is not charging a fee for its services, for management of its T3 Funds.

FUND RETURN SUMMARY

PORTFOLIO VALUE	\$65.4 MM
INVESTED CAPITAL	\$63.6 MM
CASH (FOR DIST. AND CALLS)	\$1.8 MM
DISTRIBUTIONS FYTD	\$1,247 K

RELATIVE PERFORMANCE

	QTR	FYTD*	1 YR*	3 YR	5 YR	10 YR	ST. DEV.	SHARPE
T3 INVESTED CAPITAL	2.2%	10.7%	10.7%	N/A	N/A	N/A	N/A	N/A
60/40 STOCK/BOND BENCHMARK	0.3%	6.2%	6.2%	5.7%	6.6%	5.3%	N/A	N/A
CPI-U + D% + 1% BENCHMARK	1.2%	3.9%	3.9%	N/A	N/A	N/A	N/A	N/A

PORTFOLIO COMMENTARY

During the quarter, best performing managers for the Fund were small-cap European and small-cap US equity growth managers. They were followed by a US large-cap core manager as well as an international manager investing in high quality, long-term growth companies. The two credit managers lagged as the US raised interest rates aggressively. We remain favorably disposed to the current cohort of managers who we think can add real value during these times of high valuations. Asset allocation is in line with UO Board required targets. Performance has matched our expectations, though too short to draw any conclusions just yet.

**For clarification, T3 performance is calculated using invested capital amounts, weighted to reflect the phasing in of equity investments during 2017; 1/3 equity invested April 1st, 2/3 invested July 1st, and 100% as of October 1st. Fixed Income was fully invested from inception.*

T3 Portfolio



ESTIMATED PORTFOLIO DETAILS

POLICY WEIGHTS

	TARGET	RANGE	ACTUAL
EQUITY	70%	50-75%	73%
FIXED INCOME	30%	25-50%	27%

SECTOR — NET EXPOSURE

CONSUMER	13%
POWER	3%
FINANCIALS	9%
HEALTHCARE	5%
INDUSTRIALS	7%
INFO TECH & TELECOM	19%
REAL ESTATE	0%
SOVEREIGN DEBT	2%
OTHER	7%

COMMITMENT SCHEDULE

COMMITMENT	CAPITAL CALLED	DISTRIBUTIONS	MARKET VALUE
\$4,000,000	\$1,000,000	\$0	\$936,502

SECURITY TYPE — T3 PORTFOLIO

	LONG	SHORT	GROSS	NET
GLOBAL EQUITY	62%	-6%	68%	56%
<i>LONG ONLY</i>	42%	0%	42%	42%
<i>LONG SHORT</i>	21%	-6%	27%	15%
DEBT	10%	-2%	12%	8%
<i>SOVEREIGN</i>	2%	0%	2%	2%
<i>CORPORATE</i>	8%	-2%	10%	6%
TOTAL T3 PORTFOLIO	72%	-8%	80%	64%

GEOGRAPHY — NET EXPOSURE

UNITED STATES	30%
DEVELOPED, NON-US	24%
EMERGING MARKETS	7%
FRONTIER MARKETS	3%

MARKET CAP — NET EXPOSURE*

LARGE	25%
MID	18%
SMALL	15%

*Excludes debt

**UNIVERSITY OF OREGON
TREASURY MANAGEMENT POLICY**

The University's treasury assets and liabilities will be managed in concert to further the mission of the University. The Treasurer or designee (the "Treasurer") will:

- Manage cash, investments, short-term borrowings, and long-term liabilities within a central bank framework;
- Make a report to the Board or designated subcommittee (the "Board"), at least annually. The report will include:
 - Quantitative information including:
 - Investment performance of the tiers of the Cash & Investment Pool measured against appropriate benchmarks
 - The loan rate charged by the central bank
 - The long-term liability position of the University
 - An analysis of the risks in the central bank
 - Any financing transactions, in excess of \$5,000,000, that were authorized solely by the Treasurer as permitted in section 3.4 below
 - Any exceptions to this policy
 - A copy of the current treasury management procedures
 - Other relevant information as appropriate such as reports from the investment advisor or updates on emerging trends
- Make a quarterly interim report to the Board to provide an update on any debt or financing activity and to show recent trends in the balance of the Cash & Investment Pool;
- Adhere to this policy and all applicable laws;
- Delegate authority as needed to carry out the provisions of this policy effectively.

Due to the dynamic nature of financial markets, the Treasurer may make temporary exceptions to this policy in the event of significant market instability to preserve the University's assets or limit risk. Such actions will be reported to the Chair of the Finance & Facilities Committee (the "Committee") as soon as possible and to the full Board or designated subcommittee at the next regularly scheduled meeting.

The Treasurer will notify the Chair of the Finance & Facilities Committee when substantive changes or additions are made to the treasury management procedures.

1. THE CENTRAL BANK

- 1.1. The central bank is a set of services run by the University. The central bank invests the University's cash balances, makes loans, and manages the University's debt and liabilities. The central bank, as directed by the Treasurer, may also pay interest for cash balances.
- 1.2. Over time, and within the University's risk tolerances, the central bank's purpose is to optimize the University's resources while balancing competing objectives to:
 - 1.2.1. Meet the liquidity needs of the University
 - 1.2.2. Maximize return on investments (within the University's risk tolerance)
 - 1.2.3. Minimize the cost of capital (within the University's risk tolerance)
- 1.3. The central bank provides a stable cost of capital to finance projects needed to meet the University's strategic objectives by lending money to various units within the University. The Treasurer shall establish the central bank loan rate.

- 1.4. The loan rate may be adjusted from time to time but should be set in such way that it can be expected to remain constant over time unless market conditions shift uncharacteristically over a persistent period of time.
- 1.5. The cash flows of the University will be analyzed and stress tested to ensure adequate liquidity is available to meet the University's obligations and to provide early warning of changes needed to the central bank's loan rate.
- 1.6. Uncommitted assets that are created by the operations of the central bank will be used to cover the costs of operating the central bank and other costs associated with managing treasury operations. Remaining uncommitted assets may be used for internal loans, short- or long-term investments, to hedge risks within the central bank, or for the President's other strategic initiatives.

2. CASH AND INVESTMENT MANAGEMENT

- 2.1. The University will consolidate its cash and reserve balances to increase efficiencies with regard to investment pricing, custody, and administration. Consolidation also helps manage investment risk and balances liquidity strategies with investment returns.
- 2.2. Investment income received, unless otherwise legally restricted, may be used, at the discretion of the Treasurer, to further the objectives of the University.
- 2.3. The University's consolidated cash and reserve balances will be divided into tiers based on expected liquidity needs and return objectives. Collectively, these tiers are known as the Cash and Investment Pool. Investment activities for all tiers will be guided by the objectives of safety, liquidity and return as described below:
 - 2.3.1. Safety – The investment portfolio seeks preservation of capital by minimizing credit risk and price volatility.
 - 2.3.2. Liquidity - The investment portfolio shall maintain sufficient liquidity to meet all disbursement requirements that may be reasonably anticipated. Short-term borrowings may be used to meet the liquidity needs of the University.
 - 2.3.3. Return - The investment portfolio shall be managed with the objective of attaining a market rate of return over the course of an economic cycle. Performance objectives will be established for each tier consistent with stated objectives.
- 2.4. The Treasurer will allocate funds among the tiers in a manner consistent with this policy's objectives, as outlined below, and will report at least annually how the Cash and Investment Pool is divided among these tiers. The priority of the policy objectives (safety, liquidity, and return) varies by tier:
 - 2.4.1. **Tier 1:** The Tier 1 portfolio will be used to meet the expected day-to-day obligations of the University including payroll, routine obligations, and debt service. The Tier 1 portfolio shall be invested in such a way to ensure that adequate liquidity exists to meet these obligations. Safety and liquidity are the primary objectives of this tier. The University's liquidity needs, cash forecast, and risk tolerance will be considered in determining the designated range of cash and investments held in this tier. When Tier 1 assets are exhausted, the Treasurer may use other assets of the University or borrow funds on a short-term basis to meet the obligations of the University.
 - 2.4.2. **Tier 2:** The Tier 2 portfolio will be used to hold funds that, while not needed to meet immediate obligations, are expected to be needed during the annual cash cycle. This portfolio may also contain funds for capital projects and to meet unanticipated liquidity needs. Safety is more important than liquidity for the Tier 2 portfolio. This portfolio can be invested over a somewhat longer time horizon than the Tier 1 portfolio and should, typically, provide better investment returns.

- 2.4.3.**Tier 3:** Remaining cash balances will be allocated to the Tier 3 portfolio. The Tier 3 portfolio represents cash balances that are not expected to be required to support operations, near term liquidity needs, or fund intermediate term projects, and therefore may be invested for an indefinite period of time much like a quasi-endowment. The primary objective of this tier is to maximize long-term real return commensurate with the risk tolerance of the University.
- 2.5. The Treasurer will evaluate the following primary risks as part of the investment management process:
 - 2.5.1.**Interest Rate Risk** - The duration and maximum maturity will be limited by portfolio tier in order to manage the impact of interest rate volatility and other market factors on the Cash & Investment Pool.
 - 2.5.2.**Credit Risk** – Published credit ratings and other public or private research and analysis may be used to evaluate credit risk and create different credit risk profiles for each tier.
 - 2.5.3.**Liquidity Risk** - A target range for liquidity will be established and assets rebalanced on an ongoing basis to meet liquidity needs.
- 2.6. The Treasurer will engage an investment advisor to provide periodic advice to the Treasurer and the Finance & Facilities Committee regarding the University’s investments.
- 2.7. The tiers of the Cash & Investment Pool are expected to achieve market rates of return over an economic cycle. Investment returns will be measured against appropriate benchmarks.
- 2.8. The Cash & Investment Pool will be actively managed and allow periodic restructuring of the investment portfolio to take advantage of current and anticipated interest rate movements and other trends.
- 2.9. The Board must approve any investment manager that is either not registered to conduct business in the State or Oregon or not registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940.
- 2.10. The Board must approve the use of any depository that is unable to collateralize deposits.
- 2.11. The Board must approve the University’s use of investment hedging instruments and other derivatives.

3. LIABILITY MANAGEMENT

- 3.1. The University may use debt or other financing agreements to meet its strategic objectives.
- 3.2. The Board, or its designated Committee, must authorize debt transactions, financing agreements, hedging instruments, and other derivatives when the par or notional amount is greater than \$5,000,000.
- 3.3. Debt is a limited resource and when contemplating the use of debt, the Board will consider:
 - 3.3.1. The impact of new liabilities on the University’s ability to achieve its mission and strategic objectives;
 - 3.3.2. The cost of the capital funding source; and
 - 3.3.3. How the transaction affects the University’s ability to meet its existing obligations
- 3.4. The Treasurer may conduct the following activities without specific Board approval:
 - 3.4.1. Borrow for short-term liquidity needs (as outlined in section 2.4.1).
 - 3.4.2. Enter into financing transactions for the purpose of mitigating the risk of existing obligations and/or reducing the overall cost of debt.
 - 3.4.3. Enter into financing transactions for the purpose of maintaining compliance with the law or other requirements such as the federal tax code.
- 3.5. The structure of each financing transaction is critical and prior to finalizing the structure the Treasurer will:
 - 3.5.1. Use tax-exempt fixed-rate amortizing debt as the base case financing assumption

- 3.5.2. Evaluate the benefit and risk of introducing alternative structures or optionality (e.g. variable-rate debt, bullet payments, puttable debt, tax-exempt vs. taxable debt) against the base case
- 3.5.3. Select the structure of debt that optimizes cost, risk, and institutional flexibility
- 3.6. Comply with all applicable laws and regulations and develop a written program for post-issuance compliance.
- 3.7. The Board acknowledges that a portion of the University's debt is made up of general obligation bonds, revenue bonds, and certificates of participation issued by the state of Oregon and therefore outside of the University's direct control. The Treasurer is expected to advocate in the University's best interest with respect to these obligations.

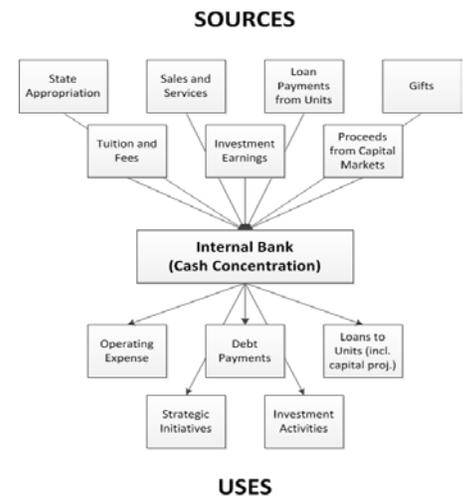
Internal Bank Functional Responsibilities

There have been no changes made to the functional responsibilities of Treasury Operations or the Internal Bank during the past year. The Internal Bank continues to:

1. Manage the short-term cash position so the university can meet its obligations.
2. Manage long-term investments and long-term debt of the university.
3. Raise capital and provide funding to capital projects that need to borrow funds.
4. Manage banking relationships.
5. Guide payment system processes.

The Treasurer attests to the following policy-required items:

- There have been no policy exceptions.
- The Board authorized all financing transactions in excess of \$5 million.
- A copy of the Treasury Management Procedures has been made available for your information. Aside from a few clarifications the only significant change, to increase the rate of interest used by the internal bank from 1.35% to 1.75%, was discussed with the Finance Chair and is set to be implemented on January 1, 2019. This rate is applied to both positive and negative cash balances.
- The Treasury Management Procedures makes no change to the internal bank borrowing rate of 5.25%.



Update on Activities

Cash and Investment Pool

- Investment portfolios comply with our stated quality, liquidity, and return objectives
- Invested an additional \$5,000,000 in the Tier 3 'quasi-endowment' with the UO Foundation.
- Considering additional investments in the 0-10 year fixed income portfolios.
- Increased investment earnings by reducing non-interest cash balances from an average of \$60,000,000 in FY17 to \$44,500,000 in FY18.
- Researching overnight investments for checking account cash to capitalize on rising short-term interest rates.

Debt Activities

- UO issued \$60,000,000 in revenue bonds in January 2018 with a 5.00% annual coupon (2.96% yield-to-call). Proceeds from this sale will primarily fund the Bean Residence Hall remodel, Oregon Hall remodel, and Health Center addition and remodel.
- Peer comparisons for FY17 (the latest year available) are similar to FY16.
- As of September 30, 2018: 100% of 2015A revenue bond proceeds have been expended; 91% of 2016A proceeds have been expended; and 54% of 2018A revenue bond proceeds have been expended. The remaining unspent proceeds have been allocated and will be spent on various projects.
- The 10-year financing plan contemplates all activities shown in the 10-year capital plan.

Treasury Procedures

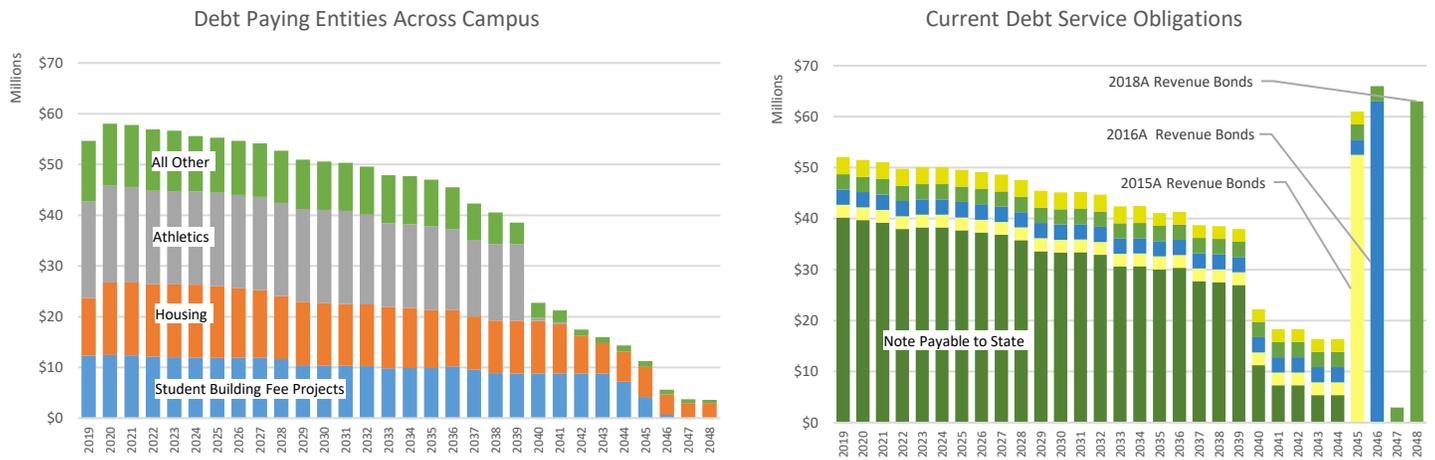
A redacted version of the procedures, showing only the changed sections, has been included for reference. The full procedures, including the following updates, can be found at <https://ba.uoregon.edu/content/treasury-operations>.

- Added additional detail to clarify that internal loans will be amortizing and that payment dates are December 31 and June 30 (p. 2)
- Restated and provided clarification on expectations for internal loans to respond to questions from borrowers (p.3)
- Changed the distribution rate paid by the internal bank for deposits from 1.35% to 1.75% to reflect the rising short-term rate environment (p. 11)
- Updated the "notice events" list that trigger public notice to reflect amendments adopted by the Municipal Securities Rulemaking Board that will take effect in 2019 (p. 14-15)

Cash and Investment Pool Characteristics as of June 30, 2018

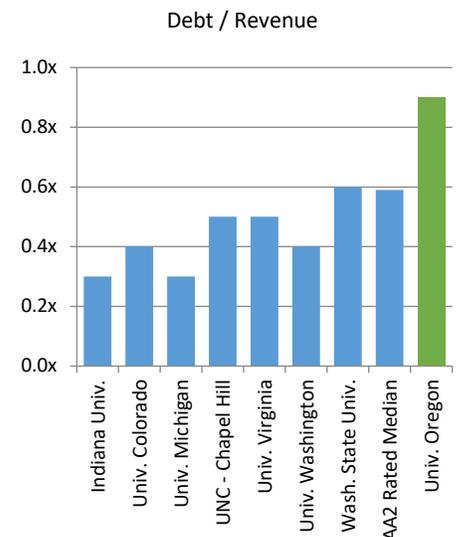
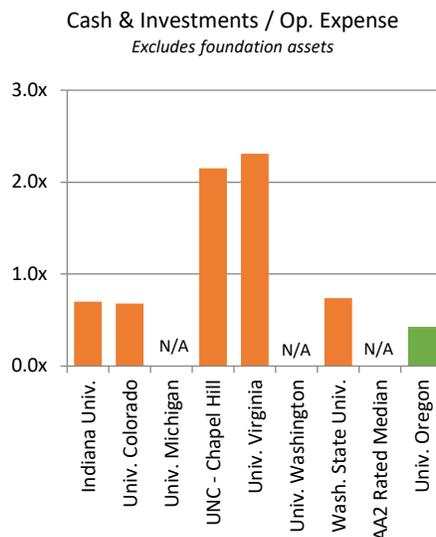
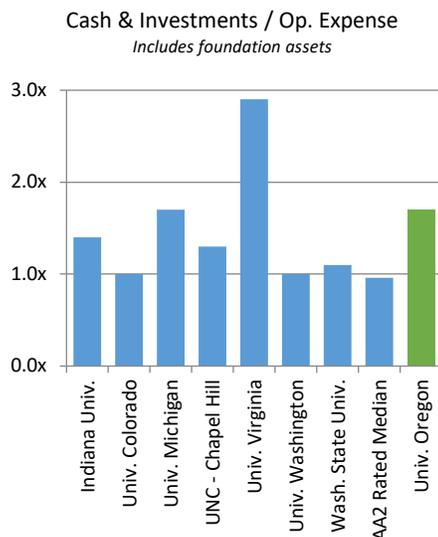
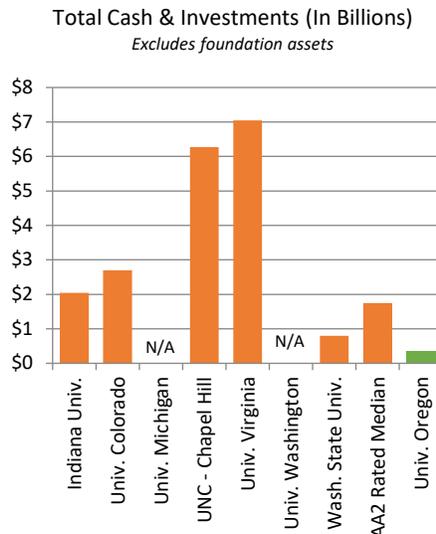
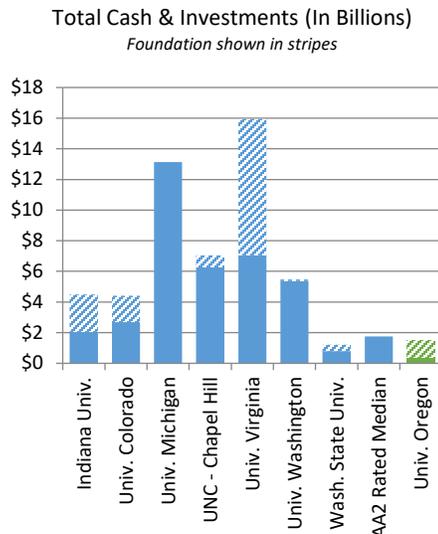


Debt Characteristics as of June 30, 2018



- All debt issued at a fixed rate; no floating rate
- Future debt could be bullet, amortizing, or a custom structure
- S&P rating affirmed in December 2017 (AA-) and Moody's in December 2017 (Aa2)
- UO revenue bonds have a 10-year par call and are all tax-exempt
- Debt that underlies the note payable to the state of Oregon includes a mixture of tax-exempt, taxable, and other tax-advantaged debt

Peer Comparisons

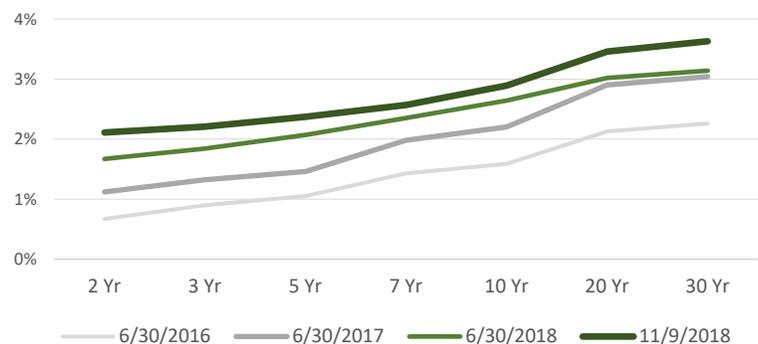


Source: Moody's FY 2017 data, provided by Bank of America Merrill Lynch

External Factors

- Rating agencies are citing concerns about enrollment and revenue declines for the higher education sector.
- The SEC has adopted a final rule amending continuing disclosure rules, requiring disclosure of all financial obligations. The rule takes effect in 2019 and bond lawyers are still working to define key elements.
- The LIBOR index will be phased-out by the end of 2021 and SOFR (Secured Overnight Financing Rate) is emerging as the most common replacement. UO does not have any floating rate debt and limited exposure to LIBOR-based investments. We will continue to monitor the situation for further developments.
- Short-term bond rates have risen over the past 12 months, with longer-term rising much more slowly.

Estimated MMD Yield Curve, AA Rating



*This document is provided to show changes made in the most recent revision.
Page number references will not align due to redacted sections*

CENTRAL BANK PROCEDURES

Roles and Responsibilities

The Treasurer will ensure that staff members responsible for managing the assets and liabilities of the central bank have appropriate expertise and ongoing training.

The Treasurer will periodically consult with an advisory group that includes staff, academic deans, and/or faculty with expertise in asset/liability management, public finance, investment management, and/or quantitative analysis. The advisory team may also include professional consultants or other subject matter experts. The advisory team will:

- review the business plan associated with capital projects over \$5 million that will rely upon university dollars for debt service and advise the Treasurer as to whether the underlying assumptions in the business plan are reasonable;
- discuss significant or new types of transactions being undertaken within the central bank and provide advice and counsel to the Treasurer regarding the contemplated transaction;
- be familiar with the guidelines of the Treasury Management Policy and may suggest changes to the Treasurer; and
- provide advice on other topics as requested by Treasurer.

Liquidity Management

[Section redacted – no changes]

Treasury Risk Management

[Section redacted – no changes]

Central Bank Loans

Loan Application

Upon approval of a funding source for a capital project, the sponsoring department or functional area may obtain a loan from the central bank. The borrower will be asked to provide several documents including:

1. Evidence that the project's funding has been appropriately authorized
2. A description of the project
3. The project's budget
4. A schedule detailing funding requirements by month or quarter
5. An analysis showing the source, timing, and adequacy of the funds available to repay the loan

6. A private business use survey for the structure(s) involved
7. Loan agreements require the signature of the responsible Dean or Vice President

Permitted Loan Terms

- The term of the borrowing will be commensurate with the life of the underlying capital asset but will not exceed 30 years
- Loans will generally have level annual payments to amortize the repayment of principal and interest that are paid in semi-annual installments (December 31 and June 30) during the fiscal year
- As of July 1, 2014, the central bank loan rate is 5.25% inclusive of any fees for 100% tax-exempt projects
- The rate may increase depending on the level of taxable debt required

Expectations

1. Borrowers will sign a financing agreement that states the terms of the loan.
2. Accounting for the expenditures of the project will be done in a manner to ensure compliance with IRS requirements for tax-exempt institutions.
3. Borrowers are expected to spend funds as indicated on the loan application but may work with the central bank to see if changes can be accommodated.
4. Borrowers will make payments as scheduled.
5. Borrowers will inform the central bank ~~of~~if any change in use of the financed building is contemplated. Changes in use include leasing or selling any portion of the facility to a third party, permitting unrelated uses in the facility, entering into a management contract, or demolition of any portion of the facility.
6. Prepayments may be negotiated with the central bank and, if possible, will generally be accommodated.
7. Projects involving a loan of more than \$5 million that are expected to take more than 12 months to complete may request quarterly loan advances rather than taking all the proceeds at once. If quarterly advances are approved, Treasury Operations will advance funds regularly to cover anticipated construction expenses. Unless there is an unanticipated and critical need, funds will not be advanced more often than quarterly. Treasury Operations will work with Capital Construction to advance funds for upcoming quarters.
8. Projects may request interest-only payments during the construction period. Interest-only payments are considered when the repayment source is being temporarily disrupted by the capital project. If fees or replacement revenues are available for repayment, interest-only payments will not be permitted. Interest-only periods do not extend the term of the loan.
- 7.9. Any funds that were advanced but unused at project completion will be returned to Treasury Operations. At the borrower's option these funds may

~~be applied as a one-time principal reduction on the loan or applied toward the next payment due. For capital projects with a construction period, a funding schedule will be prepared that shows funds advanced quarterly based on the expected construction schedule. Interest owed is computed according to this funding schedule and borrowers will generally make semi-annual interest-only payments during the construction period. Occasionally, capital construction may need to alter this funding schedule based on actual construction of the project. We will notify the borrower if there are significant changes to the funding schedule. After construction is completed, a financing agreement will be signed for the entire loan amount and semi-annual loan payments consisting of principal repayments and interest payments will begin.~~

Management of the Central Bank

- The central bank will model the loans and related debt over their respective lifetimes to create an analysis which shows any potential mismatches.
- The Treasurer may change the borrowing rate for loans, if the analysis indicates that such an action is warranted.

UNIVERSITY OF OREGON

CASH & INVESTMENT OPERATIONAL PROCEDURES

Selection of Broker/Dealers, Investment Managers and Depository Banks

Selection of Broker/Dealers

[Section redacted – no changes]

Engagement of Investment Managers

The Treasurer may engage one or more qualified firms to provide investment management services for the university. All investment management firms who desire to provide investment management services to the university shall be provided with current copies of these investment procedures. Before an organization can provide investment management services to the university, it must confirm in writing that it has received and reviewed these investment procedures and the Treasury Management Policy and is able to comply with both.

Only firms meeting the following requirements will be eligible to serve as investment managers for the university:

- a) Registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940;
- b) Must have provided to the university an annual updated copy of Form ADV, Part II, if applicable; and
- c) Must be registered to conduct business in the State of Oregon.

Any firm engaged by the university to provide investment services shall:

- a) Select security brokers/dealers who meet the requirements defined under these procedures ~~is policy~~;
- b) Provide performance reports at least quarterly;
- c) Report on performance in comparison to the university's investment benchmarks; and,
- d) Not collect any soft dollar commissions or credits, from mutual funds or others, in exchange for services directly provided to a customer.

The Board may authorize other investment managers that do not meet the above requirements.

- At its regular meeting in June 2014, the Board authorized the use of Oregon State Treasury for investment management.
- At its regular meeting in September 2014, the Board authorized the University of Oregon Foundation to manage portions of the Cash & Investment pool subject to the funds being in a segregated account, managed according to UO policy and procedures, and provide routine performance reports to the university.

Selection of Depository Institutions

[Section redacted – no changes]

Custody/Trust and Administration

[Section redacted – no changes]

General Roles and Responsibilities Related to Investment Management

[Section redacted – no changes]

Permitted investments – Tier 1

[Section redacted – no changes]

Permitted Investments – Tier 2

[Section redacted – no changes]

Permitted Investments – Tier 3

[Section redacted – no changes]

Portfolio Risk Management

[Section redacted – no changes]

Portfolio Benchmarks

[Section redacted – no changes]

Portfolio Diversification

[Section redacted – no changes]

Prohibited Investments and Investment Practices

[Section redacted – no changes]

Board Statement on Investment Philosophy

[Section redacted – no changes]

Special Note on Derivative Activity

[Section redacted – no changes]

Investment Parameter Examples

[Section redacted – no changes]

Investment Income Distributions

Legally Restricted Interest Income

[Section redacted – no changes]

Other Distributions of Interest Income

The Treasurer may authorize other funds to also receive interest distributions and set the rate of interest that will be paid by the central bank. That rate is ~~currently set at 1.35% per annum based on~~applied to the average daily cash balance computed ~~by~~using the Banner accounting system. If the average daily cash balance is negative, the fund will be charged ~~1.35% per annum~~the same rate of interest as the distribution rate. Rate history is: changes can be made by the Treasurer and historical rates are shown below:

- Effective 7/1/2014 the rate is 1.35% per annum
- Effective 1/1/2019 the rate is 1.75% per annum

Nonconsolidated Cash Balances

[Section redacted – no changes]

Other Operational Matters

[Section redacted – no changes]

LIABILITY MANAGEMENT PROCEDURES

General Considerations

[Section redacted – no changes]

Initial Disclosure Documents

[Section redacted – no changes]

Ongoing Training

[Section redacted – no changes]

Continuing Disclosure

University-issued bonds require annual and ad hoc continuing disclosure. The university will update all required schedules and post them on the Electronic Municipal Market Access (“EMMA”) web site no later than the date stipulated in the continuing disclosure undertaking for each bond issuance. Details of what must be posted are outlined in the continuing disclosure undertaking included in the official statement of each university-issued bond issuance. In addition, if any of the following “notice events” occurs, the university will also post notice of the event to EMMA within 10 business days:

- Principal and interest payment delinquencies;
- Non-payment related defaults, if material;
- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- Modifications to rights of security holders, if material;
- Bond calls, if material, and tender offers;
- Defeasances;
- Release, substitution, or sale of property securing repayment of the securities, if material;
- Rating changes;
- Bankruptcy, insolvency, receivership or similar event of the university;
- The consummation of a merger, consolidation, or acquisition involving the university or the sale of all or substantially all of the assets of the university, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or
- Appointment of a successor or additional trustee or the change of name of the trustee, if material.
- Incurrence of a financial obligation of the issuer or obligated person not previously posted to EMMA, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and

- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

Treasury Operations staff shall enroll on the EMMA website for email reminders of filing deadlines. Treasury operations staff shall also attend training on securities law issues relative to ongoing disclosure when available. Further, prior to each new bond issue, the university will search EMMA for its continuing disclosure filings to confirm proper filings have been made.

Post-Issuance Compliance for Tax-Advantaged Bonds

[Section redacted – no changes]

[Exhibits redacted – no changes]

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Agenda Item #3

Licensing Agreement

Background

The University of Oregon wishes to enter into a multi-year licensing agreement with Fanatics Apparel, LLC to help manage and protect the UO's brand while also maximizing revenue generation from trademark licensing agreements for products which use the UO's logos, marks, and graphics. The vendor and agreement were vetted by University Communications, the Department of Intercollegiate Athletics, General Counsel, Purchasing and Contracting, and Finance and Administration. The guiding principles for the partnership, licensing revenue sources and history, and motivating factors for a third party relationship such as the one proposed are included in the attached slide deck.

Board Approval

Board of Trustees' approval is sought in accordance with the UO's delegation of authority policy, requiring Board approval for contracts where the anticipated value to the university exceeds \$5,000,000.

Key Provisions

Contract Term:	Ten years -- January 1, 2020* through December 31, 2029 <i>*A January 1, 2020 start provides ample lead time to work with existing partners</i>
Existing Licensees:	40 local companies with existing licenses will maintain those rights for three years
Guaranteed Royalties:	\$21.5 million over the next decade <i>(Note: royalties are split 50/50 between Athletics and the E&G fund)</i>
Signing Bonus:	\$1,500,000

University Communications

UO/Fanatics Proposed Partnership

December 3, 2018



Licensing Overview

Protect the Brand

- Manage intellectual property and legal rights and ownership associated with the school's name, logos, and other identifying symbols

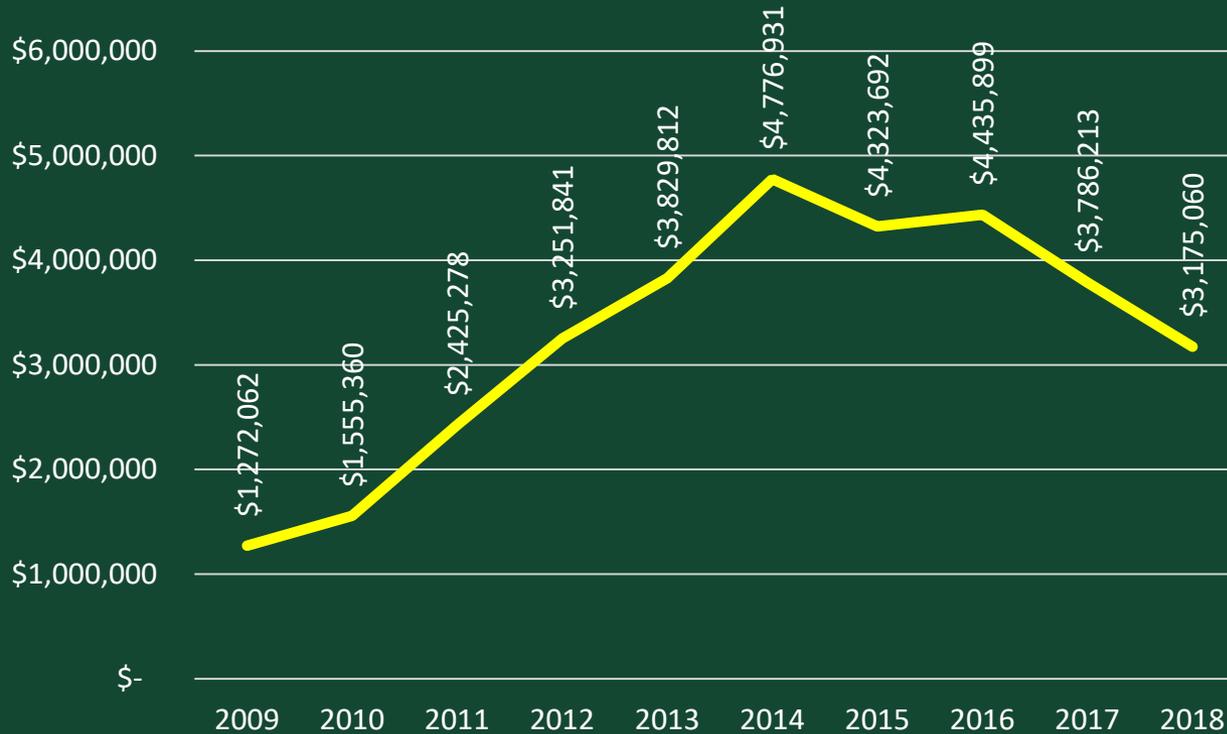
Generate Revenue

- Oversee vendor relationships and trademark licensing agreements that are required to sell products with the university's logos, marks and graphics
- All royalty revenue split 50/50 between athletics and the education and general fund



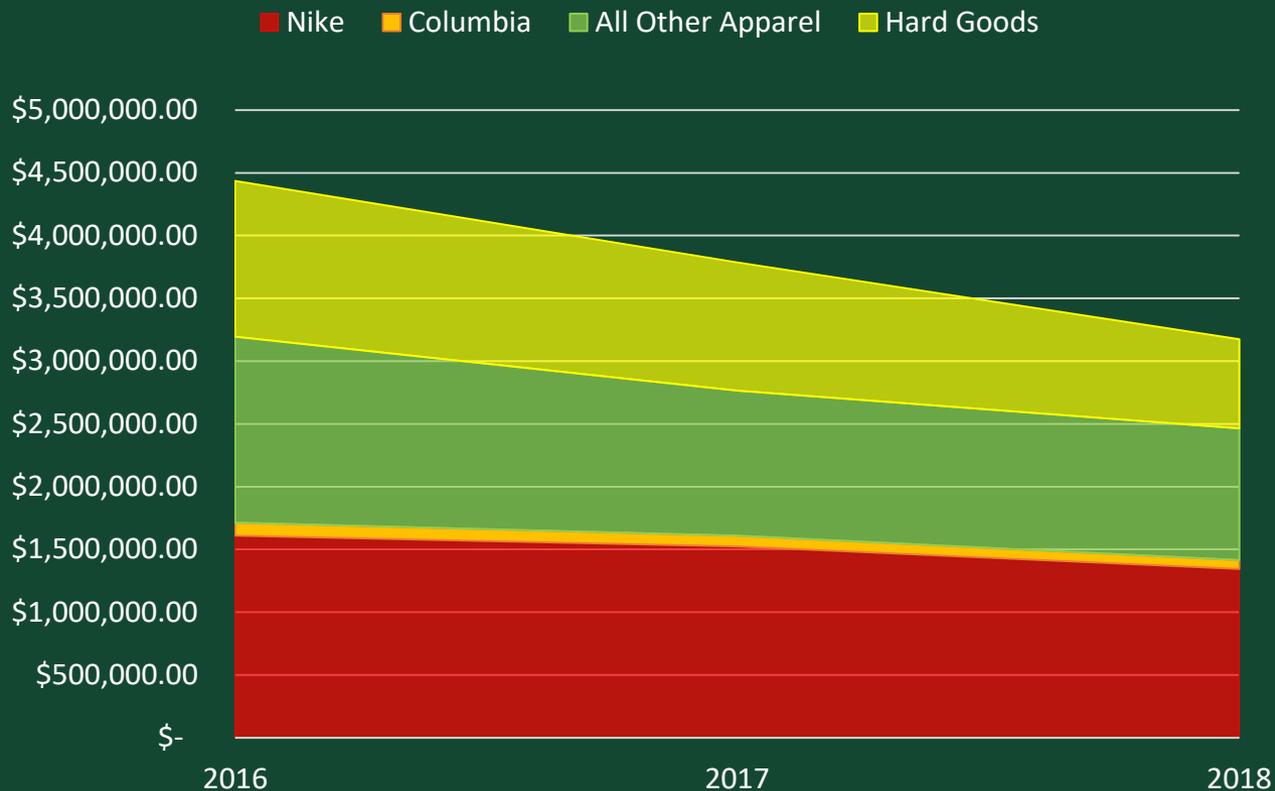
Revenue History

Total Royalty Revenue



Revenue Sources

Royalty Revenue by Source



Why seek guarantee?

Shrinking Legacy Marketplace

- Rapid changes to traditional brick-and-mortar retail model

Performance of Oregon Athletics

- Football major driver

Consumer Expectations and Tastes

- Next-gen consumer more focused on experiences than things
- When they do buy, they want convenience, customization and connectivity

Product Fragmentation

- 300+ apparel and hard goods licensees create management and market challenges



Guiding Principles

Protect Nike and Columbia Relationship

- Both are carved out of proposed Fanatics partnership

A Floor, Not a Ceiling

- Hedge against market volatility
- Upside opportunity remains intact

Improved Planning and Certainty

- Better budget forecasting for athletic and academic partners

Maintain Key Partnerships

- Duck Store & existing licensees

Innovation

- Partner with market leader/innovator
- Streamline management and product offerings



Why Fanatics

Oregon Experience

- Currently online partner for UO Athletics
- Fanatics recently acquired Fermata, our current licensing agency

Big Brand Experience

- E-commerce partner for NFL, MLB, NBA, NHL, MLS, NASCAR AND PGA
- Relationships with major retailers, including Walmart, Target, Fred Meyer, Kohl's and Dick's Sporting Goods
- Existing partnerships with 75% of the Power 5 universities.

Relationship with Nike

- Largest retailer of Nike's licensed merchandise across all leagues and college

First Mover Advantage



Overview of Terms

Contract starts January 1, 2020

\$1.5 million signing bonus

\$21.5 million guaranteed royalty revenue over next decade

Existing licensees (40 local companies) maintain rights for three years

Will work with The Duck Store to support expanded offerings in unique categories – premium brands, women’s and kids’ products, and hard goods that cover 300+ product categories



Questions



**Finance and Facilities Committee
Board of Trustees of the University of Oregon**

Resolution: Approval of Licensing Partnership Agreement

Whereas, the University of Oregon (“University” or “UO”) wishes to enter into a partnership with Fanatics Apparel, LLC for purposes of managing license agreements for certain goods and products;

Whereas, the proposed agreement (attached hereto as Exhibit A) is for a period of ten (10) years— January 1, 2020 through December 31, 2029—and stipulates a guaranteed minimum in royalty payments of \$21.5 million to the UO over the ten-year period;

Whereas, such agreements provide revenue to the UO to help offset costs through a fifty-fifty split between Intercollegiate Athletics and the institution’s Education and General fund;

Whereas ORS 352.087(c) authorizes the Board of Trustees of the University of Oregon (“Board”) to make any and all contracts and agreements it deems necessary or appropriate;

Whereas, section 1.7.8 of the University’s Policy on the Retention and Delegation of Authority requires Board approval of the execution of an instrument where anticipated value to the University of Oregon exceeds \$5 million, which this agreement does; and,

Whereas, the Board’s Policy on Committees authorizes the Finance and Facilities Committee to submit matters to the Board as a seconded motion.

NOW, THEREFORE, the Finance and Facilities Committee of the Board of Trustees of the University of Oregon hereby submits the following to the Board of Trustees as a seconded motion, recommending passage:

RESOLVED, the Board of Trustees hereby authorizes the President, or his designee(s), to enter into the partnership agreement between Oregon Athletics and Fanatics Apparel, LLC attached hereto as Exhibit A. The Board of Trustees also hereby ratifies all prior actions taken on behalf of the University related to the negotiation and execution of the aforementioned agreement.

Moved: _____ Seconded: _____

NAME	VOTE	NAME	VOTE
Aaron		Kari	
Bragdon		Murray	
Colas		Schill	
Gonyea			

Record here if no roll call vote was taken: _____

Date: _____ Recorded: _____

EXHIBIT A

SENT VIA EMAIL

November 19, 2018

Doug Park
Office of the General Counsel
1226 University of Oregon
Eugene, OR 97403-1226

Re: **Binding Agreement between the University of Oregon and Fanatics Apparel, LLC for Licensed Product Rights**

Dear Doug,

This letter, together with the terms outlined in the “Key Partnership Provisions” and associated exhibits attached hereto (the “Key Provisions”), incorporated herein by this reference, set forth the legally binding terms agreed to by the University of Oregon (“Licensor”) and Fanatics Apparel, LLC (“FA” and, collectively with Licensor, the “Parties”), in connection with the rights granted to FA to use certain collegiate trademarks in the production, distribution, advertisement, marketing, sale, and promotion of licensed products (collectively, the “Agreement”). Capitalized terms used but not defined in this letter shall have the meanings ascribed thereto in the Key Provisions.

It is contemplated by the Parties that the terms of this Agreement will be supplemented by a more detailed license agreement (“Retail License”) that is consistent with the Key Provisions. The Parties will negotiate the terms of the Retail License in good faith for at least sixty (60) days after execution of this Agreement, with the intent to sign the Retail License no later than February 28, 2019. The foregoing notwithstanding, and upon approval by the University of Oregon’s Board of Trustees, when countersigned by the Parties, this Agreement shall constitute a legally binding and enforceable contract between the Parties. By signing, each Party confirms that: (i) it intends to be legally bound by this Agreement; (ii) this Agreement (including the Key Provisions) contains all terms material to the license of the rights granted hereunder; (iii) it has the full power and authority to enter into this Agreement; and (iv) no further approvals or consents are required in order for the Agreement to be legally binding.

This Agreement may be executed via facsimile or PDF, and/or in counterparts, each of which shall constitute an original, and all of which taken together shall constitute one and the same instrument. Please acknowledge your receipt of, and agreement to, this Agreement by countersigning below.

Sincerely,

Fanatics Apparel, LLC

AGREED TO AND ACCEPTED BY:
FANATICS APPAREL, LLC

AGREED TO AND ACCEPTED BY:
UNIVERSITY OF OREGON

By:

By:

Title:

Title:

Date:

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Key Partnership Provisions between Fanatics Apparel, LLC and The University of Oregon
BINDING TERM SHEET
(Contingent on UO Board Approval)

AGREEMENT	
Overview	These Key Partnership Provisions (“ Key Provisions ”) reflect the key terms that, upon execution by the parties, are mutually-agreed between and binding upon the University of Oregon (“ UO ”) and Fanatics Apparel, LLC (“ FA ”), to be reflected in, and supplemented by other mutually-agreed terms memorialized in, a long-form license agreement (the “ Retail License ” and, together with these Key Provisions, the “ Agreement ”).
Term	Effective upon execution by UO and FA, with rights and obligations effective for a term of 10 years, beginning January 1, 2020 and expiring December 31, 2029 (“ Term ”).
GRANT OF RIGHTS	
Product Rights Granted to FA	UO grants FA the sole, sublicensable right to use the UO Licensed Property (as defined below) to manufacture, offer for sale, promote, and distribute products in all categories, including apparel, clothing, clothing accessories, headwear and hard goods, in men’s, women’s, and children’s sizes (“ Licensed Products ”) in all distribution channels, wholesale or retail, including the Fanatics Network (e-commerce sites that FA and its affiliates own and/or operate) and other retail channel categories to include each category in <u>Schedule “A”</u> , as defined in the Retail License, exclusive to FA except as set forth below for Retained Rights, Columbia Rights, and Sideline Rights (with FA’s rights collectively defined as, “ Product Rights ”).
UO Licensed Property	“ UO Licensed Property ” means all UO registered names, logos, images, and trademarks, except (1) for apparel, headwear, and footwear, UO Licensed Property excludes Exclusive Nike Property, and (2) the Disney Duck Property, each as further described below.
Exclusive Nike Property	UO’s current sideline partner, Nike, will maintain exclusive usage of UO’s Primary “O” logo, the “O” with OREGON logo, the WINGED “O” MARK, WIN THE DAY, the FIGHTING DUCK logo, the COMBAT DUCK logo, the AUTHENTIC SELF DUCK, WOMEN IN FLIGHT, STOMP OUT CANCER, and any additional new special marks created by Nike for use on UO team uniforms or sideline apparel for apparel, headwear, and footwear categories only (“ Exclusive Nike Property ”) with the understanding that FA (along with Nike) shall have full rights to use Exclusive Nike Property in product categories outside of apparel, headwear, and footwear (e.g., hard goods), to the extent that does not conflict with any current contract between UO and Nike.
Sole Right	The Product Rights shall be exclusive to FA, i.e., no other party (except UO as outlined below), or any third-party shall have any of the same rights to use the Licensed Property in Licensed Products) throughout the Term except: (1) the Retained Rights, Columbia Rights, and Sideline Rights shall be an exception to FA’s sole license, and (2) FA’s Products Rights in the International Territories shall be non-exclusive.
Territory	United States of America, its territories and possessions, the Commonwealth of Puerto Rico, and U.S. military bases abroad (“ United States ”); other territories around the world in which UO holds a valid and current trademark registration for the Licensed Property in the applicable class(es) of goods and services, subject to UO maintaining such registration(s), and limited to only the trademark(s) registered in the applicable territory (“ International Territories ”).
Sideline Exclusion	The rights UO has granted to its sideline partner (currently Nike), and any of Nike’s current/future subsidiaries and/or its current/future co-brand sub-licensees (and any other successor sideline companies) (“ Sideline Entities ”) for closed-back headwear,

	<p>jerseys, performance apparel (apparel items that have unique construction and/or fabrications that assist the wearer during exercise and athletic tasks and whose special characteristics are marketed as a feature of the product through hang-tags, jock tags, or other labels on the product), as well as apparel, headwear, and footwear products featuring the Exclusive Nike Property (collectively, “Sideline Products”), are excluded from the Product Rights granted to FA. UO and FA both acknowledge that FA will have the ability to produce apparel that features performance fabrics and capabilities, but cannot market them as such, pursuant to Nike’s exclusivity on Sideline Products. UO shall have the right to approve any additional future sideline subsidiaries and/or co-brand sub-licensees of the Sideline Entities for Sideline Products (subject to the terms of its agreement with Nike), which will also be excluded from FA’s Product Rights or made non-exclusive to FA.</p>
Columbia Rights	<p>The rights UO has granted to Columbia Sportswear and/or its current/future co-brand sub-licensees for apparel product categories set forth in <u>Schedule “B”</u> (“Columbia Rights”) shall be an exception to FA’s sole license and the Sublicensee procedure/credit set forth below. UO may enter into a direct license with Columbia for the Columbia Rights with distribution, product rights, and compensation terms to be set independently by UO and Columbia, and not by FA.</p>
Disney Duck Property	<p>UO will continue to directly manage the use of the “Disney Duck” logo (“Disney Duck Property”) through its co-licensing agreement with Disney, and not through FA. UO will use best efforts to expand FA’s Product Rights to include the right to use the Disney Duck Property during the Term of the Agreement. Royalties generated by FA from use of the Disney Duck Property, if any, will count towards the Term Guarantee.</p>
Retained Rights	<p>UO will retain the rights to license to other parties in addition to FA rights to use the Licensed Property in the manufacture and sale of the following products (“Retained Rights”): (1) in combination with the marks of UO’s Conference, the NCAA, a Bowl Game, or the College Football Playoff (or successor versions of these entities) for Licensed Products associated with post-season events (“Grouped Rights”) to the extent that UO continues to lack control over use of the Licensed Property in such products; (2) limited apparel and hard goods products for internal sales (not for resale) to UO campus departments, student organizations, alumni or donor groups, or similar (e.g., UO staff apparel, limited run t-shirts, and student group apparel); (3) products to support occasional special initiatives for important UO projects (e.g., UO grown/produced wine, environmentally friendly apparel, socially responsible apparel, or other politically sensitive situations), with the understanding that this Retained Right shall be limited (e.g., total volume) in that it will not present an opportunity for traditional standard apparel licensees to obtain a license with UO that they otherwise could not obtain given FA’s sole license; and (4) a commercially reasonable number of premium or promotional products for UO sponsors or official partners co-branded with sponsor/ partner names/ logos (for which FA may bid to provide).</p>
Grouped Rights	<p>The following additional terms apply to Grouped Rights: (1) FA recognizes that UO does not generally control Grouped Rights; (2) UO will grant a license to FA for Grouped Rights whenever it has such rights to grant; (3) royalties generated from sales of licensed products under Grouped Rights are subject to the respective licensing parameters of those third party entities and shall not count towards the Term Guarantee (as defined below); (4) when UO controls any Grouped Rights, such as for CFP national champions or NCAA champions licensing, then FA will be granted sole apparel and hard goods licensing rights that UO controls, subject to the following parameters: (a) FA’s royalty rate will be lower than that of any licensee (other than that of Nike or Columbia) including any licensee that might be grandfathered into the champions licensing program by virtue of the licensing</p>

policies of the NCAA, CFP, or any successor organizations; (b) any licensees (that are not existing Sublicensees as defined herein) that are grandfathered into such a champions licensing program (by virtue of their NCAA/CFP/conference rights) will be managed in accordance with the same parameters outlined under Sublicensing section below, except that they will be limited to use of UO word marks only (e.g., “Oregon” or “Oregon Ducks” in generic fonts) on designs and shall have no rights to use other Licensed Property; (c) UO will use good faith efforts to make any special national champions logo that is created by or on behalf of UO available for use by FA (and Sublicensees) and any approved hard goods licensees along with Nike, or UO’s then-current sideline partner; provided that, if UO uses its good faith efforts to secure Nike’s approval, UO’s failure to make such logos available for use by FA shall not be deemed a breach of this Agreement; and (d) in the event of a conference or national/CFP/NCAA champions scenario, UO’s share of royalties generated from those programs shall count towards the Term Guarantee. Any royalties generated from Grouped Rights shall not accrue towards the Term Guarantee except if UO wins a conference or national championship (PAC-12, NCAA, CFP, or similar), in which case royalties generated from such sales (whether by FA, Sublicensees, or grandfathered licensees) will accrue towards the Term Guarantee.

FINANCIAL TERMS

Term Guarantee \$21,500,000 in the aggregate over the Term. (“**Term Guarantee**”). If Royalties earned through Contract Period 7 exceed the Term Guarantee, UO and FA will negotiate in good faith to establish increased Minimum Guarantee Benchmarks (in excess of the Term Guarantee amount) to be effective for the remaining Contract Periods in order to incentivize additional sales of Licensed Products and provide UO with additional, guaranteed upside for the remainder of the Term.

Payment Schedule Royalties payable within sixty (60) days after the end of each calendar quarter. Within 60 days after the end of each Contract Period (as defined below), FA will calculate the actual Total Payments (defined as Royalties plus any True-Up Payments as defined below) paid to UO for the preceding Contract Years on a cumulative basis (collectively, the “**Aggregate Payments**”). If the Aggregate Payments for the Contract Period are less than the Minimum Guarantee Benchmark (as such amount may be adjusted) for the Contract Period, then FA will pay UO the difference between the Aggregate Payments and the Minimum Guarantee Benchmark (a “**True-Up Payment**”) within 30 business days thereafter. If the Aggregate Payments equal or exceed the Minimum Guarantee Benchmark, no True-Up Payment will be due. For clarity, the Minimum Guarantee Benchmark amount acts as a “floor” not “ceiling” in that if the Royalties earned during a Contract Period exceed the Minimum Guarantee Benchmark for that Contract Period, FA shall pay such higher earned Royalty amount (except that FA first may offset against such excess Royalties any prior True-Up Payment amount(s), if applicable). “**Contract Period**” and “**Minimum Guarantee Benchmark**” mean:

TRADE SECRET:

Contract Period	Minimum Guarantee Benchmark
1: 1/1/2020 – 12/31/2020	[REDACTED]
2: 1/1/2020 – 12/31/2021	[REDACTED]
3: 1/1/2020 – 12/31/2022	[REDACTED]
4: 1/1/2020 – 12/31/2023	[REDACTED]
5: 1/1/2020 – 12/31/2024	[REDACTED]
6: 1/1/2020 – 12/31/2025	[REDACTED]
7: 1/1/2020 – 12/31/2026	[REDACTED]

		8: 1/1/2020 – 12/31/2027		
		9: 1/1/2020 – 12/31/2028		
		10: 1/1/2020 – 12/31/2029		\$21,500,000
Signing Bonus	\$1,500,000 payable by 6/1/19 by Fanatics to the UO designee.			
Royalty Rate	<p>TRADE SECRET: UO shall receive (1) [REDACTED] Sales of apparel Licensed Products unless the Wholesale Growth Bonus applies, and (2) [REDACTED] Sales of hard goods, headwear, and clothing accessories that are Licensed Products.</p> <p>TRADE SECRET: [REDACTED]</p>			
Marketing Spend	During the Term, FA will spend a total of \$300,000 (“ Marketing Spend ”) on marketing over the Term through marketing activities intended to support the wholesale sale by FA and Sublicensees of UO merchandise, including catalogs, signage, fixtures, retail promotions, consumer research, brand storytelling, and other consumer and trade marketing programs, as documented in an annual summary of expenditures.			
Wholesale Growth Bonus - Apparel	If, during any five contract years (i.e., 1/1 – 12/31) (each a “ Contract Year ”) of the Term, total net wholesale apparel sales by FA (including by Sublicensees) of Licensed Products (excluding any Grouped Rights, NCAA or CFP related sales) average \$12,000,000 per year during such five-year period (the “ Bonus Threshold ”), then, beginning one year after the Bonus Threshold is achieved, the Royalty Rate for the future apparel sales of Licensed Products shall increase from 20% to 22%. For clarity, sales by Sideline Entities (Nike or any successor sideline supplier), Columbia, Retained Rights, hard goods, headwear, or clothing accessories shall not count towards the Bonus Threshold.			
Licensing Management Services	To the extent that UO contracts with FA or its affiliate (e.g., Fermata Partners) to be its licensing agent to provide licensing management services (“ Licensing Agent ”) throughout the Term, (1) royalties applicable to the sale of Licensed Products (including those payable by FA and Sublicensees) will be paid to UO without any fees for licensing management services deducted, or (2) other amounts payable to UO under this Agreement will be increased to offset any Licensing Agent fees that were deducted, in each case to make UO whole. For clarity, licensing management fees shall remain payable to Licensing Agent by Nike and Columbia, and by any Sublicensee for hard goods, headwear, or clothing accessories. The parties will negotiate in good faith the annual revenue share thresholds for these commission-eligible royalties.			
SUBLICENSING; LOCAL MARKET CONSIDERATIONS				
Sublicensing	FA may sublicense its Product Rights to one or more authorized sublicensees (each, a “ Sublicensee ”) through a sublicense agreement between FA and the sublicensee, directly or indirectly through FA’s licensing affiliate or licensing agent. All Sublicensees and FA’s form of sublicense must receive prior written approval of UO, not to be unreasonably withheld, conditioned or delayed. It will not be considered unreasonable for UO to withhold approval of sublicenses to entities that seek to place UO marks on political messages, or on message or products that implicate reputational concerns, such as tobacco products, marijuana products, firearms, pornographic sites, and similar products. UO may revoke its approval of a sublicensee based on a material product quality, design, or			

	reputational concern that is not promptly remedied. FA agrees to review, in good faith, all sublicensing requests received from UO within thirty (30) days of receipt and, where commercially reasonable, expedite approval of such sublicensees, as applicable. Specific sublicensing opportunities envisioned by the parties (without limitation to others that may be agreed upon) include McKenzie Sew-On, Richardson Sports (headwear), Cowbucker, Alta Gracia, League, and Tommy Bahama, as well as all existing Oregon-based licensees at the time of transition.
Sublicensee Royalties	Sublicensees will pay royalties to FA or its affiliate/ agent and, in turn, FA shall pay UO the Royalty Rates set forth above for such sales. FA retains the right to charge Sublicensees a royalty in excess of the FA Royalty Rates, including an additional 3% for marketing.
Oregon-based Licensees	Given the importance of supporting Oregon-based licensees in all product categories, the following parameters will apply for Oregon-based Sublicensees: (1) all current Oregon-based licensees operating in good standing with UO that UO reasonably requests be considered as Sublicensees will have the opportunity to apply to be a Sublicensee, to include those Oregon-based Licensees in Schedule "C" ; (2) for such entities, any existing category and channel rights will be automatically approved for a two-year term with standard royalties and marketing fees (i.e., 20% apparel, 12% hard goods, plus, in each case, a 3% marketing fee payable to FA); and (3) all other standard sublicensing provisions will apply to such entities, including the opportunity to apply for annual renewal following the initial two-year term.
Local Retailer Acknowledgement	FA will enter into agreements with Sublicensees to manufacture and sell to The Duck Stores apparel, headwear, clothing accessories, and hard goods necessary for such stores to maintain a comprehensive apparel assortment for consumers, with the framework for such sublicensees to be consistent with the language set forth above for other Sublicensees.
Local Vendor Consideration	FA recognizes the potential need to align with a prevalent local screen-printer to support this relationship with UO. Upon UO's request, FA will seek to form a strategic relationship with one or more local printers, which may include a direct licensing relationship through UO, for select designs and/or select retail accounts, contract screen printing, local market service expertise, and hot market fulfillment.
OTHER TERMS	
Annual Business Review	FA will meet with UO and at least once per calendar year to review its UO product line and recap the prior year's business performance and plans for the year ahead. This review will take place in a location that is mutually agreeable to the parties.
Official Online Store	FA will continue to sell University of Oregon licensed products through the Fanatics Network and other retail, including the official UO online store, as specified in its agreement for such store. If such agreement is terminated during the Term of this Agreement, UO acknowledge that FA shall continue to have rights to sell UO products to/through the Fanatics Network and other retail.
Marketing Benefits	FA shall receive tickets to home games (and neutral site or away games as indicated below) for each of the following UO Athletic Programs: Football Home (4), Football Neutral/Away (2), Men's Basketball (4), Women's Basketball (4), and Baseball (4); and further, FA shall have access to up to thirty (30) tickets to one mutually agreed-upon UO home football game annually to host a retailer reception in conjunction with UO.
Campus Engagement	FA will work closely with UO throughout the Term to provide internship opportunities for UO students throughout Fanatics. Additionally, Fanatics personnel will be available to support speaking engagements and other academic projects on campus as part of the partnership.
Timeline	UO and FA shall use commercially reasonable and good faith efforts to negotiate and execute the Retail License or before 2/28/19, or if necessary, despite such efforts, as soon

	as commercially reasonable thereafter. To the extent of any direct conflict between the Retail License terms and these Key Provisions, the Retail License shall control.
Announcement Strategy	Unless required by applicable law, no public statements regarding the existence, negotiation, or terms of the Agreement shall be made by a party without prior approval of the other party/parties. UO, and FA shall work jointly with UO's internal communications team on all announcement strategies which may include a proactive media strategy around the partnership announcement. Further, if requested by UO, FA will work with UO and to conduct regular business review meetings with local and campus retailers to explain the new partnership and address concerns in a cooperative, proactive manner. The parties also agree to jointly address the transition strategy related to the public announcement timing and the subsequent apparel licensee rights expirations during the course of 2018-19 to minimize the negative impact of product dumping by expiring licensees.
Breach/ Termination	To be set forth in the Retail License such that the Agreement may be terminated only upon written notice from the non-breaching party to the other upon a breach of a material provision of this Agreement that is not cured within 30 days of receipt of such written breach notice, with the understanding that non-payment of undisputed amounts or repeated and frequent failures to obtain prior approval of Licensed Products shall be considered a breach of a material provision.
Financial Adjustments	<p>TRADE SECRET: If any of the following occurs prior to or during the Term, then UO and FA shall agree upon an equitable reduction to the Term Guarantee, Minimum Guarantee Benchmarks, and/or Royalty Rate, that is proportional to the reduction of sales of Licensed Products that is caused by the following event(s): (1) a material breach of this Agreement, (2) UO [REDACTED] plays in less than the regularly scheduled number of season games, (3) UO becomes subject to any sanctions, fines or penalties of any kind, loses accreditation or status as a member of any league or conference, or becomes ineligible to, or elects not to, participate in post-season games, (4) a Force Majeure Event (to be defined in the Retail License) occurs, (5) UO implements a code of conduct that deviates beyond the industry standard for collegiate licensors, (6) the historical sales and royalty data shared with FA on 2/1/18 contained errors or omissions that overstated such sales/ royalties, or (7) the value of FA's association with UO is materially diminished or such association may cause harm to FA or its reputation as a result of UO or any of its officers, directors or employees or a UO student-athlete (a) committing a crime involving moral turpitude or engaging in any conduct that brings UO into public disrepute, contempt, scandal, or ridicule, or which shocks or offends reasonable purchasers of Licensed Products, or (b) being found by an external regulatory or law enforcement agency to have committed conduct that is unlawful, unethical, or otherwise harmful to the reputation of UO or FA. In addition, if there is any "death penalty" sanction imposed by the NCAA or any similar or successor organization [REDACTED] if this Agreement is terminated, or if [REDACTED] no longer plays at a Division I level for any reason, then the Term Guarantee no longer shall apply.</p> <p>The reduction to any Term Guarantee, Minimum Guarantee Benchmarks, and/or Royalty Rate referenced above in this section shall last only for as long as mutually agreed is necessary to account for a reduction in sales of Licensed Products reasonably attributable to such event(s). After that time, the Term Guarantee, Minimum Guarantee Benchmarks, and/or Royalty Rate shall revert back to the regular rates outlined in these Key Provisions.</p>
Reputational Adjustment	If the value of either party's association with the other party is materially diminished, or continuing such association may cause harm to a party's reputation as a result of the other

	<p>party or any of its officers, directors or senior-level employees (a) committing a crime involving moral turpitude or engaging in any conduct that brings it into public disrepute, contempt, scandal, or ridicule, or which shocks or offends reasonable purchasers of Licensed Products, or (b) being found by an external regulatory or law enforcement agency to have committed conduct that is unlawful, unethical, or otherwise harmful to its or the other party's reputation, then the parties will agree upon an equitable adjustment to the Agreement that is proportional to the reduction of sales of Licensed Products that is caused by the misconduct referenced in this section.</p> <p>The equitable reduction referenced above in this section shall last only for as long as mutually agreed is necessary to account for a reduction in sales of Licensed Products reasonably attributable to the misconduct outlined in this section. After that time, the Term Guarantee, Minimum Guarantee Benchmarks, and/or Royalty Rate shall revert back to the regular rates outlined in these Key Provisions.</p>
<p>Other Adjustments</p>	<p>TRADE SECRET: In addition to the financial adjustments set forth above, if any of the following occurs prior to or during the Term, then UO and FA shall agree upon an equitable reduction to the Term Guarantee, Minimum Guarantee Benchmarks, and/or Royalty Rate, that is proportional to the reduction of sales of Licensed Products that is caused by the following event(s): (1) Columbia Rights or Columbia's exercise of such rights expands beyond their current scope (e.g., in product categories or distribution channels), and/or (2) UO permits the Disney Duck Property exception to be used by a traditional standard apparel licensee to circumvent or lessen FA's rights under this Agreement.</p> <div data-bbox="399 953 1468 1205" style="background-color: black; height: 120px; width: 100%;"></div> <div data-bbox="399 1241 1468 1556" style="background-color: black; height: 150px; width: 100%;"></div>
<p>Representations, Indemnification, Liability Limits</p>	<p>Each party represents and warrants that it has the right and authority to enter into and perform under this Agreement. FA and FP/UO shall mutually agree to other terms under the Retail License for Representations, Indemnification, and Liability Limits that are materially similar to industry standard language for such provisions, to include indemnification for losses resulting from third-party claims arising out of the other party's breach of this Agreement and a reasonable limit on types and amount of damages that can be awarded for claims other than indemnifiable claims.</p>
<p>Confidentiality</p>	<p>The parties agree that this Agreement is highly confidential in nature and agree not to disclose to any person (other than directors, employees, advisors and representatives, all</p>

	on a strict need-to-know basis) any party of this Agreement, or any discussions or information furnished in connection therewith, without the consent of the other party(ies) in each case except as required by applicable law or UO policy.
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This Agreement may be executed via facsimile or PDF, and/or in counterparts, each of which shall constitute an original, and all of which taken together shall constitute one and the same instrument.

<p>AGREED BY:</p> <p>FANATICS APPAREL, LLC</p> <p>_____</p> <p>(signature)</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>	<p>AGREED BY:</p> <p>UNIVERSITY OF OREGON</p> <p>_____</p> <p>(signature)</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>
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Schedule "A"
Product Categories

While the list below is exhaustive, the spirit and intent of this Agreement is that UO is granting FA all product category rights, subject to the specific exceptions included in the body of this Agreement.

<u>Type</u>	<u>Category</u>	<u>Sub Category</u>
Apparel	Bottoms	Athletic Shorts (excluding Basketball Shorts)
Apparel	Bottoms	Exercise Bottoms (non-performance)
Apparel	Bottoms	Fashion Pants
Apparel	Bottoms	Fashion Shorts
Apparel	Bottoms	Other Bottoms
Apparel	Bottoms	Skirts
Apparel	Bottoms	Sweatpants
Apparel	Casual Tops	Denim Shirts
Apparel	Casual Tops	Exercise Tops (non-performance)
Apparel	Casual Tops	Golf/Polo Shirts (non-performance)
Apparel	Casual Tops	Henleys
Apparel	Casual Tops	Other Casual Tops
Apparel	Casual Tops	Rugby Shirts
Apparel	Casual Tops	Tank Tops
Apparel	Dress Tops	Blazers
Apparel	Dress Tops	Dress Shirts
Apparel	Dress Tops	Other Dress Tops
Apparel	Dress Tops	Sweaters
Apparel	Gameday/Rivalry	
Apparel	Jerseys/Uniforms	Cheerleader Uniforms
Apparel	Jerseys/Uniforms	Cycling Jerseys
Apparel	Loungewear & Sleepwear	Boxer Shorts
Apparel	Loungewear & Sleepwear	Intimate Apparel
Apparel	Loungewear & Sleepwear	Other Loungewear & Sleepwear
Apparel	Loungewear & Sleepwear	Pajama Bottoms/Lounge Pants
Apparel	Loungewear & Sleepwear	Pajama Tops
Apparel	Loungewear & Sleepwear	Robes
Apparel	Loungewear & Sleepwear	Sleepwear Sets
Apparel	Multiple Bundled Products	Apparel/Non-Apparel Product Bundle
Apparel	Multiple Bundled Products	Multiple Apparel Product Bundle
Apparel	Multiple Bundled Products	Multiple Same Apparel Product Bundle
Apparel	Multiple Bundled Products	T-Shirt/Headwear Product Bundle
Apparel	Outerwear	Jackets
Apparel	Outerwear	Polar Fleece (non-performance)
Apparel	Outerwear	Rainwear
Apparel	Outerwear	Vests
Apparel	Outerwear	Warm-ups & Windsuits
Apparel	Outerwear	Windshirts
Apparel	Sweatshirts	Sweatshirts
Apparel	T-Shirts	T-Shirts
Hard Goods	Automotive	Auto Emblems
Hard Goods	Automotive	Bumper Stickers

Hard Goods	Automotive	Car Air Fresheners
Hard Goods	Automotive	Car Flags
Hard Goods	Automotive	Car Magnets
Hard Goods	Automotive	Car Seats
Hard Goods	Automotive	Floor Mats
Hard Goods	Automotive	Hood & Hitch Covers
Hard Goods	Automotive	License Plates/Frames
Hard Goods	Automotive	Other Automotive Products
Hard Goods	Automotive	Seat & Headrest Covers
Hard Goods	Automotive	Tire Covers
Hard Goods	Automotive	Window Decals
Hard Goods	Bags & Luggage	Athletic Bags & Duffle Bags
Hard Goods	Bags & Luggage	Backpacks & BookBags
Hard Goods	Bags & Luggage	Briefcases/Computer Bags
Hard Goods	Bags & Luggage	Diaper Bags
Hard Goods	Bags & Luggage	Luggage
Hard Goods	Bags & Luggage	Other Bags & Accessories
Hard Goods	Bags & Luggage	Toiletry/Cosmetic Bags
Hard Goods	Bags & Luggage	Tote Bags
Hard Goods	Celebration Products	Balloons
Hard Goods	Celebration Products	Disposable Napkins, Plates and/or Cups
Hard Goods	Celebration Products	Gift Bags
Hard Goods	Celebration Products	Invitations
Hard Goods	Celebration Products	Other Celebration Products
Hard Goods	Celebration Products	Wrapping Paper/Ribbons
Hard Goods	Clothing Accessories	Gloves/Mittens/Muffs
Hard Goods	Clothing Accessories	Headbands & Wristbands
Hard Goods	Clothing Accessories	Scarves
Hard Goods	Clothing Accessories	Ties
Hard Goods	Collectibles	Bobbleheads
Hard Goods	Collectibles	Coins/Medallions
Hard Goods	Collectibles	Commemorative Plates
Hard Goods	Collectibles	Die-Cast Vehicles
Hard Goods	Collectibles	Figurines
Hard Goods	Collectibles	Other Collectibles
Hard Goods	Collectibles	Replica Buildings/Stadiums
Hard Goods	Collectibles	Replica Helmets (full sized & mini)
Hard Goods	Domestics/Household Items	Air Fresheners
Hard Goods	Domestics/Household Items	Aprons
Hard Goods	Domestics/Household Items	Bathroom Accessories
Hard Goods	Domestics/Household Items	Bed Linens
Hard Goods	Domestics/Household Items	Bedspreads/Comforters
Hard Goods	Domestics/Household Items	Blankets/Throws
Hard Goods	Domestics/Household Items	Candles & Candleholders
Hard Goods	Domestics/Household Items	Crib Accessories
Hard Goods	Domestics/Household Items	Doormats & Door Accessories
Hard Goods	Domestics/Household Items	Draperies/Blinds
Hard Goods	Domestics/Household Items	Fabric & Ribbon
Hard Goods	Domestics/Household Items	Flowers/Plants & Accessories

Hard Goods	Domestics/Household Items	Kitchen Accessories
Hard Goods	Domestics/Household Items	Other Domestics/Household Items
Hard Goods	Domestics/Household Items	Picnic Baskets
Hard Goods	Domestics/Household Items	Pillows/Cushions
Hard Goods	Domestics/Household Items	Table Linens
Hard Goods	Domestics/Household Items	Towels
Hard Goods	Domestics/Household Items	Wastebaskets/Trash Cans
Hard Goods	Food & Beverage	Beverages
Hard Goods	Food & Beverage	Condiments/Seasonings
Hard Goods	Food & Beverage	Food
Hard Goods	Footwear	Athletic Footwear
Hard Goods	Footwear	Booties
Hard Goods	Footwear	Boots
Hard Goods	Footwear	Casual Shoes
Hard Goods	Footwear	Flip Flops
Hard Goods	Footwear	Sandals
Hard Goods	Footwear	Shoelaces & Shoe Accessories
Hard Goods	Footwear	Slippers
Hard Goods	Footwear	Socks
Hard Goods	Games & Toys	Action Figures
Hard Goods	Games & Toys	Flying Discs
Hard Goods	Games & Toys	Game Tables
Hard Goods	Games & Toys	Games
Hard Goods	Games & Toys	Other Toys
Hard Goods	Games & Toys	Playing Cards & Accessories
Hard Goods	Games & Toys	Plush
Hard Goods	Games & Toys	Puzzles
Hard Goods	Gifts/Novelties/Misc.	Banks
Hard Goods	Gifts/Novelties/Misc.	Bibs
Hard Goods	Gifts/Novelties/Misc.	ID Tags
Hard Goods	Gifts/Novelties/Misc.	Infant Specialty Products
Hard Goods	Gifts/Novelties/Misc.	Key Chains
Hard Goods	Gifts/Novelties/Misc.	Koozies
Hard Goods	Gifts/Novelties/Misc.	Lanyards
Hard Goods	Gifts/Novelties/Misc.	Lighters
Hard Goods	Gifts/Novelties/Misc.	Magnets
Hard Goods	Gifts/Novelties/Misc.	Memorial Products
Hard Goods	Gifts/Novelties/Misc.	Novelty Headwear
Hard Goods	Gifts/Novelties/Misc.	Other Gifts & Novelties
Hard Goods	Gifts/Novelties/Misc.	Shakers/Foam Hands
Hard Goods	Gifts/Novelties/Misc.	Stadium Seats/Cushions
Hard Goods	Gifts/Novelties/Misc.	Storage Containers/Organizers
Hard Goods	Gifts/Novelties/Misc.	Tattoos (removable)
Hard Goods	Hardware	Keys
Hard Goods	Hardware	Other Hardware
Hard Goods	Hardware	Tools
Hard Goods	Health & Personal Care Products	Other Health & Personal Care Products
Hard Goods	Health & Personal Care Products	Soaps/Lotions
Hard Goods	Health & Personal Care Products	Toothbrushes

Hard Goods	Holiday Decor & Accessories	Halloween Decor & Accessories
Hard Goods	Holiday Decor & Accessories	Holiday Decor & Accessories
Hard Goods	Holiday Decor & Accessories	Ornaments
Hard Goods	Home Furniture/Furnishings	Appliances
Hard Goods	Home Furniture/Furnishings	Ceiling Fans/Fans
Hard Goods	Home Furniture/Furnishings	Chairs & Leisure Seating
Hard Goods	Home Furniture/Furnishings	Clocks
Hard Goods	Home Furniture/Furnishings	Flooring
Hard Goods	Home Furniture/Furnishings	Illumination Devices
Hard Goods	Home Furniture/Furnishings	Lamps & Lighting Accessories
Hard Goods	Home Furniture/Furnishings	Mirrors
Hard Goods	Home Furniture/Furnishings	Other Home Furniture/Furnishings
Hard Goods	Home Furniture/Furnishings	Pennants
Hard Goods	Home Furniture/Furnishings	Picture Frames
Hard Goods	Home Furniture/Furnishings	Signs
Hard Goods	Home Furniture/Furnishings	Switch Plate Covers
Hard Goods	Home Furniture/Furnishings	Tables & Table Sets
Hard Goods	Home Furniture/Furnishings	Wall Hangings/Decor
Hard Goods	Home Furniture/Furnishings	Wallpaper/Borders/ Wall Graphics
Hard Goods	Housewares	Baby Bottles
Hard Goods	Housewares	Barware Accessories
Hard Goods	Housewares	Bowls
Hard Goods	Housewares	Ceramic Drinkware
Hard Goods	Housewares	Coasters
Hard Goods	Housewares	Coolers
Hard Goods	Housewares	Flasks
Hard Goods	Housewares	Glassware/Barware
Hard Goods	Housewares	Ice Buckets/Wine Chillers
Hard Goods	Housewares	Other Drinkware
Hard Goods	Housewares	Other Housewares
Hard Goods	Housewares	Plastic Drinkware
Hard Goods	Housewares	Shot Glasses
Hard Goods	Housewares	Tableware/Dishes
Hard Goods	Housewares	Trays/Platters/ Serving Pieces
Hard Goods	Housewares	Trivets
Hard Goods	Housewares	Water/Sport Bottles
Hard Goods	Jewelry	Bracelets
Hard Goods	Jewelry	Buttons
Hard Goods	Jewelry	Charms & Pendants
Hard Goods	Jewelry	Class Rings
Hard Goods	Jewelry	Cloisonne & lapel pins
Hard Goods	Jewelry	Earrings
Hard Goods	Jewelry	Fan Rings
Hard Goods	Jewelry	Money Clips
Hard Goods	Jewelry	Necklaces
Hard Goods	Jewelry	Other Jewelry
Hard Goods	Jewelry	Tie Tacks/Cuff Links
Hard Goods	Jewelry	Watches
Hard Goods	Office Products/Furnishings	Bulletin/Memo Boards

Hard Goods	Office Products/Furnishings	Calculators
Hard Goods	Office Products/Furnishings	Desk Accessories
Hard Goods	Office Products/Furnishings	Diploma Frames
Hard Goods	Office Products/Furnishings	Other Office Products/Furnishings
Hard Goods	Outdoor Products	Flags/Banners
Hard Goods	Outdoor Products	Grills & Accessories
Hard Goods	Outdoor Products	Mailboxes & Accessories
Hard Goods	Outdoor Products	Other Outdoor Products
Hard Goods	Outdoor Products	Patio/Lawn/Garden Accessories
Hard Goods	Outdoor Products	Portable Furniture
Hard Goods	Outdoor Products	Swimming Pool Accessories
Hard Goods	Outdoor Products	Tents & Canopies
Hard Goods	Outdoor Products	Wind Socks/Spinners
Hard Goods	Personal/Fashion Accessories	Bandanas
Hard Goods	Personal/Fashion Accessories	Belt Buckles
Hard Goods	Personal/Fashion Accessories	Belts/Suspenders
Hard Goods	Personal/Fashion Accessories	Checkbook Covers
Hard Goods	Personal/Fashion Accessories	Emblems/Patches
Hard Goods	Personal/Fashion Accessories	Eyewear & Accessories
Hard Goods	Personal/Fashion Accessories	Hair Accessories
Hard Goods	Personal/Fashion Accessories	Other Personal/Fashion Accessories
Hard Goods	Personal/Fashion Accessories	Umbrellas
Hard Goods	Personal/Fashion Accessories	Wallets/Purses
Hard Goods	Pet Products	Clothing
Hard Goods	Pet Products	Food/Treats
Hard Goods	Pet Products	Leashes/Collars
Hard Goods	Pet Products	Other Pet Products
Hard Goods	Pet Products	Toys
Hard Goods	Publishing/Posters/Art	Books
Hard Goods	Publishing/Posters/Art	Calendars
Hard Goods	Publishing/Posters/Art	Framed & Unframed Lithographs/Prints
Hard Goods	Publishing/Posters/Art	Other Publishing/Posters/Art
Hard Goods	Publishing/Posters/Art	Posters
Hard Goods	School Supplies	Binders
Hard Goods	School Supplies	Folders
Hard Goods	School Supplies	Graduation Announcements
Hard Goods	School Supplies	Notebooks
Hard Goods	School Supplies	Other School Supplies
Hard Goods	School Supplies	Planners
Hard Goods	School Supplies	Portfolios/Padfolios
Hard Goods	School Supplies	Writing Instruments
Hard Goods	Specialty Apparel	Dresses
Hard Goods	Specialty Apparel	Maternity
Hard Goods	Specialty Apparel	Onesies
Hard Goods	Specialty Apparel	Rompers/Overalls/ One Pieces
Hard Goods	Specialty Apparel	Scrubs
Hard Goods	Specialty Apparel	Swimwear/Beachwear
Hard Goods	Sports Products	Baseball/Softball Accessories
Hard Goods	Sports Products	Basketball Accessories

Hard Goods	Sports Products	Billiard Accessories
Hard Goods	Sports Products	Bowling Accessories
Hard Goods	Sports Products	Collectible/Autograph Balls
Hard Goods	Sports Products	Competition/Leather Balls
Hard Goods	Sports Products	Exercise Equipment
Hard Goods	Sports Products	Golf Accessories
Hard Goods	Sports Products	Other Balls
Hard Goods	Sports Products	Other Sports Products
Hard Goods	Sports Products	Rubber Balls
Hard Goods	Stationery/Paper Products/Checks	Checks
Hard Goods	Stationery/Paper Products/Checks	Greeting Cards/Note Cards/Post Cards
Hard Goods	Stationery/Paper Products/Checks	Journals/Diaries
Hard Goods	Stationery/Paper Products/Checks	Notepads
Hard Goods	Stationery/Paper Products/Checks	Other Stationery/Paper Products
Hard Goods	Stationery/Paper Products/Checks	Photo Albums, Scrapbooks & Accessories
Hard Goods	Stationery/Paper Products/Checks	Rubber Stamps
Hard Goods	Stationery/Paper Products/Checks	Stickers/Labels
Hard Goods	Technology	Acoustics/Speakers
Hard Goods	Technology	Computer Accessories
Hard Goods	Technology	Consumer Electronics
Hard Goods	Technology	Digital Content
Hard Goods	Technology	Mobile Device Accessories
Headwear	Headwear	Adjustable Non-Wool Blend (Non-Performance)
Headwear	Headwear	Adjustable Non-Wool Blend (Performance)
Headwear	Headwear	Adjustable Wool Blend (Non-Performance)
Headwear	Headwear	Bucket Caps
Headwear	Headwear	Knit Caps
Headwear	Headwear	Other Headwear Styles
Headwear	Headwear	Straw Hats
Headwear	Headwear	Visors

Schedule "B"

Columbia Product Categories & Retail Channels

Apparel - Bottoms - Fashion Pants - Men's
Apparel - Bottoms - Fashion Pants - Youth
Apparel - Bottoms - Fashion Shorts - Men's
Apparel - Bottoms - Fashion Shorts - Youth
Apparel - Bottoms - Other Bottoms - Men's
Apparel - Bottoms - Other Bottoms - Youth
Apparel - Bottoms - Sweatpants - Men's
Apparel - Bottoms - Sweatpants - Women's
Apparel - Casual Tops - Denim Shirts - Men's
Apparel - Casual Tops - Denim Shirts - Women's
Apparel - Casual Tops - Denim Shirts - Youth
Apparel - Casual Tops - Golf/Polo Shirts (non-performance) - Men's
Apparel - Casual Tops - Golf/Polo Shirts (non-performance) - Women's
Apparel - Casual Tops - Henleys - Men's
Apparel - Casual Tops - Henleys - Women's
Apparel - Casual Tops - Henleys - Youth
Apparel - Casual Tops - Other Casual Tops - Men's
Apparel - Casual Tops - Other Casual Tops - Women's
Apparel - Casual Tops - Other Casual Tops - Youth
Apparel - Casual Tops - Rugby Shirts - Women's
Apparel - Casual Tops - Rugby Shirts - Youth
Apparel - Casual Tops - Tank Tops - Women's
Apparel - Casual Tops - Tank Tops - Youth
Apparel - Casual Tops - Turtlenecks - Men's
Apparel - Casual Tops - Turtlenecks - Women's
Apparel - Casual Tops - Turtlenecks - Youth
Apparel - Clothing Accessories - Gloves/Mittens/Muffs - Infant/Toddler
Apparel - Clothing Accessories - Gloves/Mittens/Muffs - Men's
Apparel - Clothing Accessories - Gloves/Mittens/Muffs - Women's
Apparel - Clothing Accessories - Gloves/Mittens/Muffs - Youth
Apparel - Clothing Accessories - Headbands & Wristbands - Infant/Toddler
Apparel - Clothing Accessories - Headbands & Wristbands - Men's
Apparel - Clothing Accessories - Headbands & Wristbands - Women's
Apparel - Clothing Accessories - Headbands & Wristbands - Youth
Apparel - Dress Tops - Dress Shirts - Men's
Apparel - Dress Tops - Dress Shirts - Women's
Apparel - Dress Tops - Dress Shirts - Youth
Apparel - Dress Tops - Other Dress Tops - Men's
Apparel - Dress Tops - Other Dress Tops - Women's

Apparel - Dress Tops - Other Dress Tops - Youth
 Apparel - Dress Tops - Sweaters - Youth
 Apparel - Headwear - Knit Caps - Men's
 Apparel - Headwear - Other Headwear Styles - Men's
 Apparel - Outerwear - Jackets - Men's
 Apparel - Outerwear - Jackets - Women's
 Apparel - Outerwear - Jackets - Youth
 Apparel - Outerwear - Polar Fleece (non-performance) - Men's
 Apparel - Outerwear - Polar Fleece (non-performance) - Women's
 Apparel - Outerwear - Polar Fleece (non-performance) - Youth
 Apparel - Outerwear - Rainwear - Women's
 Apparel - Outerwear - Rainwear - Youth
 Apparel - Outerwear - Vests - Women's
 Apparel - Outerwear - Vests - Youth
 Apparel - Outerwear - Warm-ups & Windsuits - Women's
 Apparel - Outerwear - Warm-ups & Windsuits - Youth
 Apparel - Outerwear - Windshirts - Women's
 Apparel - Outerwear - Windshirts - Youth
 Apparel - Specialty Apparel - Dresses - Women's
 Apparel - Specialty Apparel - Swimwear/Beachwear - Men's
 Apparel - Specialty Apparel - Swimwear/Beachwear - Women's
 Apparel - Sweatshirts - Sweatshirts - Men's
 Apparel - Sweatshirts - Sweatshirts - Women's
 Apparel - T-Shirts - T-Shirts - Men's
 Apparel - T-Shirts - T-Shirts - Women's
 Apparel - T-Shirts - T-Shirts - Youth
 Hard Goods - Bags & Luggage - Backpacks & BookBags - Adult
 Hard Goods - Bags & Luggage - Backpacks & BookBags - Children's

Retail Channels

Campus/Local – Campus Area Fan Shops, Off Campus Bookstores, On-Campus University Affiliated Retailer
 Department Stores – Mid-Tier Department Stores, Upper-Tier Department Stores
 E-Commerce & Media – App Stores, Discount E-commerce, Mail Order, Online Retail, Television Shopping
 Golf – Golf Specialty, Pro Shops
 Licensee Direct
 Specialty – Airport Stores, Book/Gift/Jewelry/Party Supply Stores/, Children’s Specialty, Clothing and Footwear
 Specialty, Farm & Fleet, Fashion Boutiques, Government and Military, Health & Beauty Stores, Home Furnishing
 Stores, Off Price Close-Out, Technology Stores, Temporary Retail
 Sporting Goods – Big Box, Footwear Specialty, Outdoor Specialty, Team Licensed Specialty,

Schedule "C" Oregon-based Licensees

Licensee	City	Product Categories	Distribution Channels
Barlyte Specialty Foods, Inc	Pendleton	Food & Beverage	Campus/Local, Department Stores, E-Commerce & Media, Food and Drug, Specialty, Sporting Goods
Caswell, Inc.	Troutdale	Collectibles, Holiday Decor & Accessories, Housewares	Campus/Local, Licensee Direct
OCS Direct, LLC	Portland	Sports Products	Campus/Local, E-Commerce & Media, Licensee Direct, Sporting Goods, Value Retailers
College Products by T-Line Design, Inc.	Canby	Bottoms, Headwear, Specialty Apparel, Sweatshirts, T-Shirts	Campus/Local, Department Stores, E-Commerce & Media, Specialty, Sporting Goods
Collegiate Collectibles	Eugene	Sports Products	Campus/Local, Sporting Goods, Value Retailers
Columbia Sportswear	Portland	Bags & Luggage, Bottoms, Casual Tops, Clothing Accessories, Dress Tops, Headwear, Outerwear, Specialty Apparel, Sweatshirts, T-Shirts	Campus/Local, Department Stores, E-Commerce & Media, Golf, Licensee Direct, Specialty, Sporting Goods
Creative Minds at Work, LLC	Eugene	Bags & Luggage, Gifts/Novelties/Misc., Housewares, Jewelry, Personal/Fashion Accessories, School Supplies, Stationery/Paper Products/Checks, Internal Promotional Product	Campus/Local, Collegiate Specialty, Specialty
Elegant Sports Jewelry	Eugene	Jewelry	Campus/Local, Department Stores, E-Commerce & Media, Licensee Direct, Specialty, Sporting Goods
Euphoria Chocolate Company	Eugene	Food & Beverage	Campus/Local, Collegiate Specialty, E-Commerce & Media, Food and Drug, Licensee Direct, Specialty
Harry Ritchie's Jewelers	Eugene	Jewelry	Licensee Direct
Heads of State	Coburg	Bags & Luggage, Headwear	Campus/Local, Collegiate Specialty, Department Stores, E-Commerce & Media, Food and Drug, Licensee Direct, Specialty, Sporting Goods
Hula B's LLC	Eugene	Specialty Apparel	Campus/Local, Licensee Direct
JCO Sport	Beaverton	Hardware	Campus/Local, E-Commerce & Media, Licensee Direct, Specialty
Logo Products Inc.	Lake Oswego	Automotive, Collectibles	Campus/Local, Department Stores, E-Commerce & Media, Food and Drug, Licensee Direct, Specialty, Sporting Goods, Value Retailers
		Automotive, Bags & Luggage, Celebration Products, Domestic/Household Items, Games & Toys, Gifts/Novelties/Misc., Health & Personal Care Products, Home Furniture/Furnishings, Housewares, Personal/Fashion Accessories, Pet Products, School Supplies, Stationery/Paper Products/Checks, Sports Products, Internal Promotional Product, Clothing Accessories, Footwear, Headwear, Premium/Promotional Product, Bottoms, Casual Tops, Clothing Accessories, Dress Tops, Jerseys/Uniforms, Outerwear, Sweatshirts, T-Shirts	
Mckenzie SewOn	Springfield	Shirts	Campus/Local, Collegiate Specialty, Food and Drug
Mike Leckie Sculpture	Eugene	Collectibles, Publishing/Posters/Art	Campus/Local, E-Commerce & Media, Licensee Direct
More of Everything	Eugene	Collectibles	Licensee Direct, Specialty
Murayne Inc dba Kustom Creations	Woodburn	Bottoms, Casual Tops, Dress Tops, Headwear, Loungewear & Sleepwear, Outerwear, Specialty Apparel, Sweatshirts, T-Shirts	Campus/Local, E-Commerce & Media, Golf, Licensee Direct, Specialty, Sporting Goods
New Reign, LLC	Eugene	Performance Apparel, Outerwear	Campus/Local, Department Stores, E-Commerce & Media, Licensee Direct, Specialty, Sporting Goods, Value Retailers
Pacific Trends	Oregon City	Gifts/Novelties/Misc., Jewelry	Campus/Local, Specialty
Point Blank Outdoors Inc.	Clackamas	Sports Products	Campus/Local, Collegiate Specialty, Department Stores, Specialty
Potter Manufacturing Co.	Eugene	Automotive	Campus/Local, Collegiate Specialty, Sporting Goods
Prink Technologies	Portland	Housewares, Stationery/Paper Products/Checks, Technology	Campus/Local, E-Commerce & Media, Licensee Direct
Richardson Sports Inc.	Springfield	Clothing Accessories, Headwear	Campus/Local, Collegiate Specialty, Department Stores, Food and Drug, Golf, Specialty, Sporting Goods, Value Retailers
Seamus Golf, Inc	Beaverton	Bags & Luggage, Sports Products	E-Commerce & Media, Golf, Licensee Direct, Specialty
Shedrain Corporation	Portland	Personal/Fashion Accessories, Outerwear	Campus/Local, Department Stores, Food and Drug, Licensee Direct, Specialty
Silipint Inc.	Bend	Housewares, Pet Products	Campus/Local, E-Commerce & Media, Licensee Direct
		Automotive, Bags & Luggage, Celebration Products, Collectibles, Domestic/Household Items, Gifts/Novelties/Misc., Hardware, Health & Personal Care Products, Housewares, Jewelry, Office Products/Furnishings, Outdoor Products, Personal/Fashion Accessories, Pet Products, Sports Products, Technology	
Siskiyou Buckle Company	Medford	Pet Products, Sports Products, Technology	Campus/Local, Department Stores, E-Commerce & Media, Food and Drug, Golf, Licensee Direct, Specialty, Sporting Goods, Value Retailers
Skeie's Jewelers Inc	Eugene	Jewelry	Licensee Direct
Spirit Leatherworks LLC	Eugene	Bags & Luggage, Gifts/Novelties/Misc., Personal/Fashion Accessories, School Supplies	Campus/Local, Department Stores, E-Commerce & Media, Sporting Goods
Sportlocker	Eugene	Home Furniture/Furnishings	Campus/Local
Strapworks LLC	Eugene	Automotive, Bags & Luggage, Gifts/Novelties/Misc., Jewelry, Outdoor Products, Personal/Fashion Accessories, Pet Products, Technology	Campus/Local, E-Commerce & Media, Food and Drug, Golf, Licensee Direct, Specialty, Sporting Goods, Value Retailers
Strategic Printing & Manufacturing Solutions Inc.	Tualatin	Games & Toys, Home Furniture/Furnishings, Housewares, Office Products/Furnishings, Technology	Campus/Local, Department Stores, E-Commerce & Media, Food and Drug, Licensee Direct, Specialty, Sporting Goods, Value Retailers
The Breeze LLC	Bend	Automotive, Games & Toys, Outdoor Products	Department Stores, E-Commerce & Media, Food and Drug, Licensee Direct, Specialty, Sporting Goods, Value Retailers
The MacKenzie Golf Bag Company	Beaverton	Sports Products	Golf, Licensee Direct
Timeless Etchings LLC.	Milton Freewater	Home Furniture/Furnishings, Housewares	Licensee Direct, Specialty
Triangle Graphics	Eugene	Domestic/Household Items, Headwear, Bottoms, Casual Tops, Outerwear, Specialty Apparel, Sweatshirts, T-Shirts	Campus/Local, Collegiate Specialty, Department Stores, E-Commerce & Media, Food and Drug, Licensee Direct, Specialty, Sporting Goods, Value Retailers
Umpqua Dairy Products	Roseburg	Food & Beverage	Collegiate Specialty, Department Stores, Food and Drug, Specialty, Value Retailers
		Automotive, Bags & Luggage, Celebration Products, Collectibles, Domestic/Household Items, Food & Beverage, Games & Toys, Gifts/Novelties/Misc., Hardware, Health & Personal Care Products, Holiday Decor & Accessories, Home Furniture/Furnishings, Housewares, Jewelry, Office Products/Furnishings, Outdoor Products, Personal/Fashion Accessories, Pet Products, Publishing/Posters/Art, School Supplies, Sports Products, Stationery/Paper Products/Checks, Technology, Internal Promotional Product	
University of Oregon Bookstore, Inc DBA The Duck Store	Eugene	Technology, Internal Promotional Product	Collegiate Specialty, Licensee Direct
Vivid CAD	Hillsboro	Gifts/Novelties/Misc., Home Furniture/Furnishings	Campus/Local, E-Commerce & Media, Food and Drug, Licensee Direct, Specialty

* Mckenzie SewOn jersey/uniform rights are only for post-production embellishment.

** The Duck Store rights are only for the Incubator Program

Agenda Item #4

Annual Capital Planning Report



University of Oregon 10 Year Capital Plan

December 3, 2018

Presentation to the Finance and Facilities Committee
of the UO Board of Trustees

Michael Harwood, FAIA
AVP for Campus Planning and Facilities Management

Agenda

- Project Dashboard
- Project Escalation
- Capital Plan Criteria and Overview
- Capital Plan Category Description
- Additional Considerations

Project Dashboard

	Project Name	Substantial Completion Date	BOT /Legislature Approved Budget	Current Project Budget	Project Square Footage	Cost per Square Foot	Budget Comparison to BOT/Legislature Budget Status	Schedule performance	Meets Program Needs	Unanticipated Deferred Maintenance Issues	LEED Certification	Comments
HISTORICAL	Student Rec. Expansion	Nov 2015	\$ 50,250,000	\$ 52,888,017	139,434	\$ 379.93	●	●	●	Platinum	Added replacement of Turf Field #2	
	Strain Hall Division of Maintenance	Mar 2015	\$ 20,700,000	\$ 21,519,000	52,141	\$ 412.50	●	●	●	Gold	1713 Linear Contract forecasted.	
	Miracle Hall Addition	Mar 2015	\$ 22,000,000	\$ 22,000,000	59,570	\$ 369.93	●	●	●	Gold	Added classrooms scope (daylights, etc.)	
	General Academic Woodshop	Mar 2016	\$ 8,500,000	\$ 8,890,240	21,592	\$ 411.74	●	●	●	Targeting Gold	Cost Contingency included removal of emergency generator. Schedule delay impacted by teleconferencing Design/Build RFP process.	
	Joan Santorum Stadium	Mar 2016	\$ 16,890,000	\$ 17,195,549	20,415	\$ 841.50	●	●	●	Targeting Gold	Figure Prototyping Calculations do not include Field Area Impact cost.	
	EMU Renovation & Addition	Jun 2016	\$ 95,000,000	\$ 98,762,185	208,943	\$ 470.42	●	●	●	Platinum	Added significant work to the Ballroom and other rooms on the third floor.	
	Wade Science Commons	Jun 2016	\$ 15,750,000	\$ 16,733,490	44,300	\$ 377.73	●	●	●	Targeting Gold	Added work associated with the Visualization Lab and Furniture. Significant amounts of deferred maintenance to major HVAC, Electrical and Structural systems impacted this project.	
	Services Hall	Jul 2017	\$ 8,745,000	\$ 8,797,000	9,619	\$ 914.90	●	●	●	Targeting Gold		
	Exposure Hall Residence Hall	Jul 2017	\$ 45,000,000	\$ 45,000,000	119,633	\$ 376.30	●	●	●	Targeting Gold		
	Chapel Hall	Apr 2018	\$ 10,700,000	\$ 10,850,000	28,388	\$ 382.90	●	●	●	Targeting Gold		
RECENTLY COMPLETED	Peach Hall (Phase I)	Feb 2018	\$ 16,900,000	\$ 22,320,000	12,501	\$ 1782.63	●	●	●	N/A - Partial Remo		
	Dragon Hall Renovation	Jan 2019	\$ 8,500,000	\$ 11,870,000	36,400	\$ 326.10	●	●	●	N/A - Partial Remo	Added Computing Center Help Desk to original project. Enrollment Management (organizational adjustments) which added scope.	
	Waters Hall	Jun 2019	\$ 34,300,000	\$ 45,590,000	84,000	\$ 542.86	●	●	●	Targeting Gold	Additional scope was added with basement and 4th floor build out.	
ON-GOING	Beas Hall Renovation and Addition	Aug 2019	\$ 44,000,000	\$ 48,000,000	174,540	\$ 275.03	●	●	●	Targeting Gold	Additional funds were for Administrative Addition added to the original renovation scope.	
	Knight Campus Bldg & Bridge	May 2020	\$ 225,000,000	\$ 208,180,000	179,041	\$ 1,155.31	●	●	●	Targeting Gold	Total GSF includes 2,719 SF for Bridge. Cost/Std includes \$7.5M for land purchase.	
	Millican Drive Parking Structure	May 2020	Included in Knight campus above	\$ 35,900,000	138,980	\$ 258.64	●	●	●	Targeting Gold	This is extracted from the overall Knight Campus project.	
	Plazetta Hall - 3rd Floor	Mar 2020	\$ 38,700,000	\$ 22,900,000	75,000	\$ 305.20	●	●	●	N/A - Partial Remo	Delayed start and significant unanticipated infrastructure / deferred maintenance issues.	
	University Health and Counseling	TBD	TBD	\$ 38,800,000	39,704	\$ 975.55	TBD	TBD	TBD	Targeting Gold - Addition	Conceptual Design and programming underway.	
NEW	Industry Transformation Project	TBD	TBD	\$ 217,500,000	500,000	\$ 435.00	TBD	TBD	TBD	TBD		
	Classroom and Faculty Office Building	TBD	TBD	\$ 50,700,000	64,000	\$ 792.00	TBD	TBD	TBD	TBD		
	Outdoor Sports and Varsity Board	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD		
	Utility Infrastructure Phase 1	TBD	TBD	\$ 13,000,000	TBD	TBD	TBD	TBD	TBD	TBD		
Key to Colors												
●	N/A	N/A	N/A				Budget within 5% of BOT / LEED or above 5% based upon program driven increases AND same under BOT approval levels	On Schedule	Program Maintained	All DM Issues Anticipated		
●	N/A	N/A	N/A				Additional funds above 5% (not for Program Enhancements) but not to BOT approval level	1-3 month delay	Minor loss of Program	Less than 5% Scope increase due to unanticipated DM Issues		
●	N/A	N/A	N/A				Additional funding requiring BOT Approval	1 month or greater delay	Major loss of Program	More than 5% Scope increase due to unanticipated DM Issues		

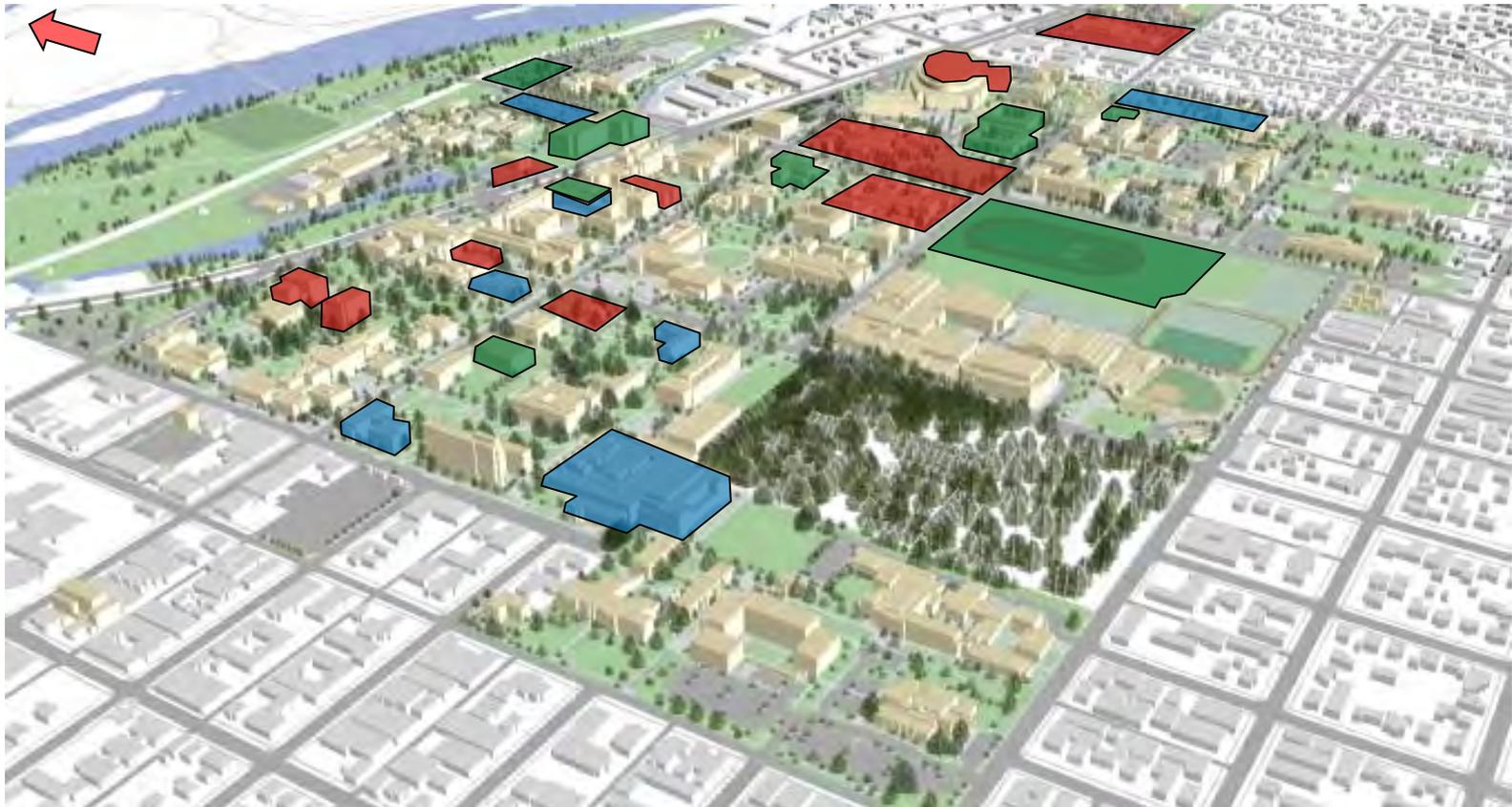
Project Escalation Tracking

Project	Final Budget	Project Area (\$/F)	Bid Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Escalation to 2018	NOTES	
ANNUAL REGIONAL INFLATION RATES (Rates provided by Rider Levett Bucknall)				2.52%	5.77%	0.42%	1.05%	0.87%	1.74%	6.02%	4.61%	4.58%	6.05%	6.00%		
ACADEMICS																
\$/SF Project Cost																
COLLEGE OF EDUCATION - Addition and Alteration	\$49,776,617	118,967	2008	\$ 418	\$ 397	\$ 398	\$ 408	\$ 410	\$ 411	\$ 441	\$ 462	\$ 488	\$ 512	\$ 543	Included ground level parking under building	
FORD ALUMNI CENTER New Building	\$33,647,092	61,000	2009		\$ 552	\$ 568	\$ 569	\$ 570	\$ 580	\$ 618	\$ 643	\$ 672	\$ 711	\$ 756	Constructed over the parking garage	
FENTON HALL* Deferred Maintenance	\$7,405,190	27,978	2010			\$ 265	\$ 270	\$ 272	\$ 271	\$ 294	\$ 307	\$ 322	\$ 348	\$ 361	Significant seismic upgrades	
STRAUB HALL * Deferred Maintenance	\$21,519,000	43,361	2013						\$ 496	\$ 526	\$ 580	\$ 678	\$ 810	\$ 647	Includes seismic upgrades	
STRAUB & EARL Classroom Expansion	\$22,974,665	59,570	2014							\$ 386	\$ 403	\$ 427	\$ 447	\$ 474	Very constrained site conditions	
PRICE SCIENCE COMMONS Addition and Renovation	\$19,733,490	44,300	2015								\$ 445	\$ 466	\$ 493	\$ 524	Underground and difficult access; deferred maintenance upgrades, unique plaza/roof	
OREGON HALL RENOVATIONS Renovation	\$11,870,000	56,400	2017										\$ 210	\$ 223	significant surging of staff	
TYKESON HALL New Building	\$42,548,000	64,000	2017											\$ 665	\$ 705	Added basement mid-way through design
RESEARCH and SCIENCES																
LEWIS INTEGRATIVE SCIENCE BLDG (LISB) New Building	\$67,332,604	129,000	2009		\$ 522	\$ 524	\$ 534	\$ 566	\$ 582	\$ 587	\$ 608	\$ 634	\$ 675	\$ 715		
PACIFIC HALL B-2 FLOOR LABS* Renovation/Deferred Maintenance--South Wing	\$22,120,000	31,365	2016									\$ 705	\$ 746	\$ 793	Significant deferred maintenance to MEP systems	
KNIGHT CAMPUS Building and Bridge	\$208,100,000	173,630	2018											\$ 1,155	In Construction. Cost/sf excludes \$7.5M for property acquisition.	
MILLRACE DRIVE - PARKING GARAGE	\$16,900,000	118,980	2019											\$ 142	Construction to begin June 2019.	
STUDENT SUPPORT																
SRC EXPANSION Addition - Student Rec	\$52,888,017	233,982	2012					\$ 226	\$ 230	\$ 241	\$ 250	\$ 267	\$ 282	\$ 299.8		
ERB MEMORIAL UNION Addition and Partial Renovation	\$98,762,185	209,943	2014							\$ 470	\$ 497	\$ 515	\$ 546	\$ 579		
OBF (OREGON BACH FESTIVAL) BERWICK HALL New Performing Arts Building	\$8,787,000	9,419	2015								\$ 933	\$ 976	\$ 1,003	\$ 1,097	Specialized rehearsal sound space	
HOUSING																
GLOBAL SCHOLARS HALL New Residence Hall	\$62,008,389	204,863	2010			\$ 303	\$ 309	\$ 312	\$ 327	\$ 336	\$ 352	\$ 368	\$ 390	\$ 413		
CENTRAL KITCHEN/WOODSHOP New Building	\$8,890,240	21,592	2015								\$ 412	\$ 431	\$ 457	\$ 484		
KALAPUYA ILIHI HALL New Residence Hall	\$44,855,123	136,653	2016									\$ 328	\$ 338	\$ 369	Complicated building form due to solar access to the Many Nations Longhouse	
BEAN HALL EAST/WEST RENOVATION Addition and Renovation	\$48,000,000	174,540	2018										\$ 275	\$ 292	In Construction	
ATHLETICS																
MATTHEW KNIGHT BASKETBALL ARENA New Building	\$197,122,288	402,442	2008	\$ 490	\$ 483	\$ 487	\$ 515	\$ 519	\$ 489	\$ 517	\$ 580	\$ 605	\$ 630	\$ 636		
BASEBALL PARK (PK PARK) New Stadium	\$19,113,820	48,005	2009		\$ 398	\$ 399	\$ 408	\$ 411	\$ 413	\$ 484	\$ 486	\$ 485	\$ 513	\$ 545	Square foot numbers represent the building, not the field	
JANE SANDERS STADIUM New Stadium	\$17,200,000	27,336	2015								\$ 629	\$ 650	\$ 676	\$ 740	Square foot numbers represent the building, not the field	

Capital Plan Decision Criteria

- Supports the
 - University Mission
 - Academic Plan
 - Research Priorities
- Informed by
 - Building Condition Assessments
 - Infrastructure Assessment
 - Space Needs Analysis

Overview of Capital Development Plan



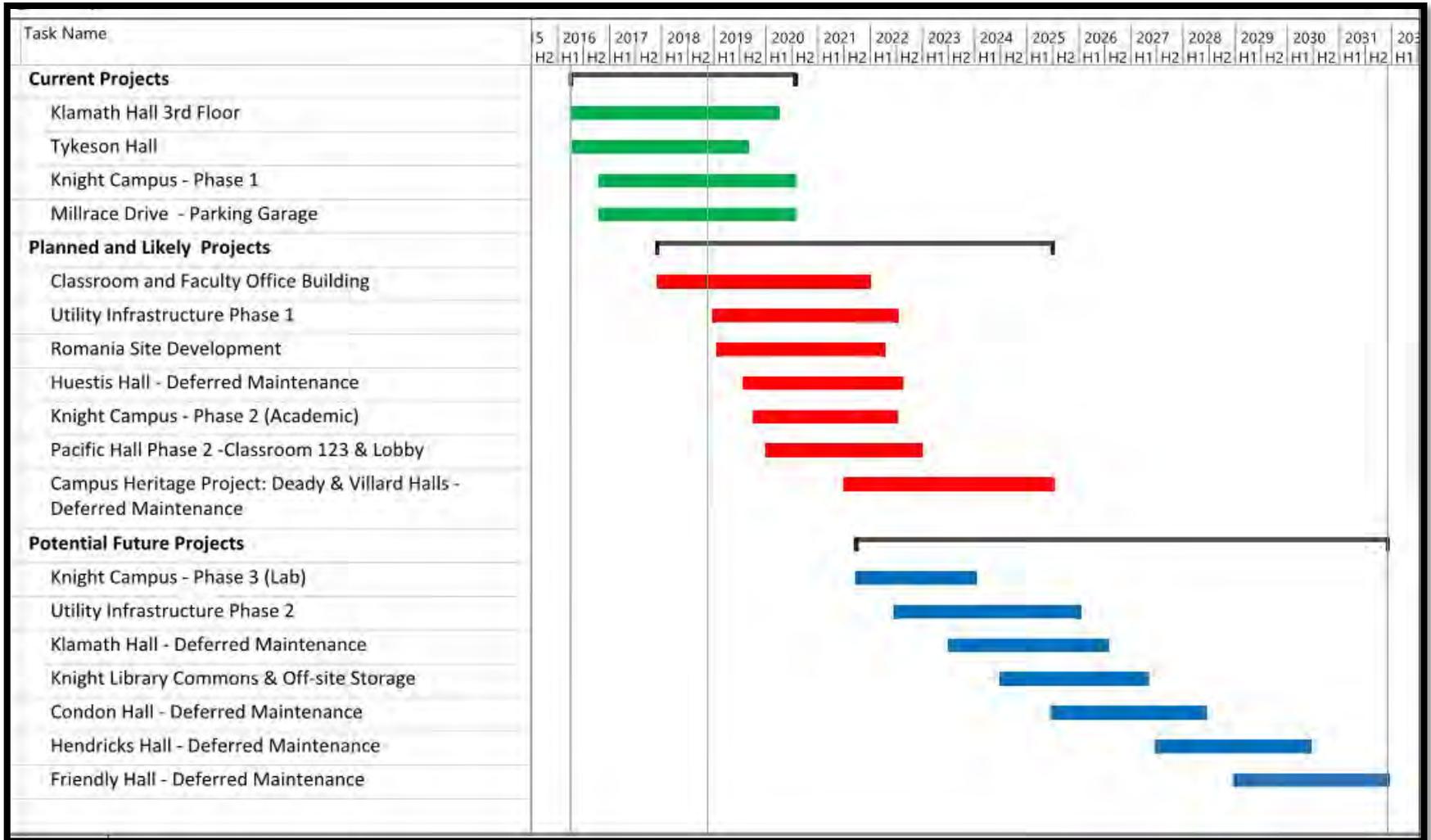
■ Current Projects ■ Planned Projects ■ Potential Future Projects

Breakdown of Project Types

Project Types

- Academic Projects
- Housing Projects
- Student Services and Centers
- Athletics Projects

Academic Project Breakdown

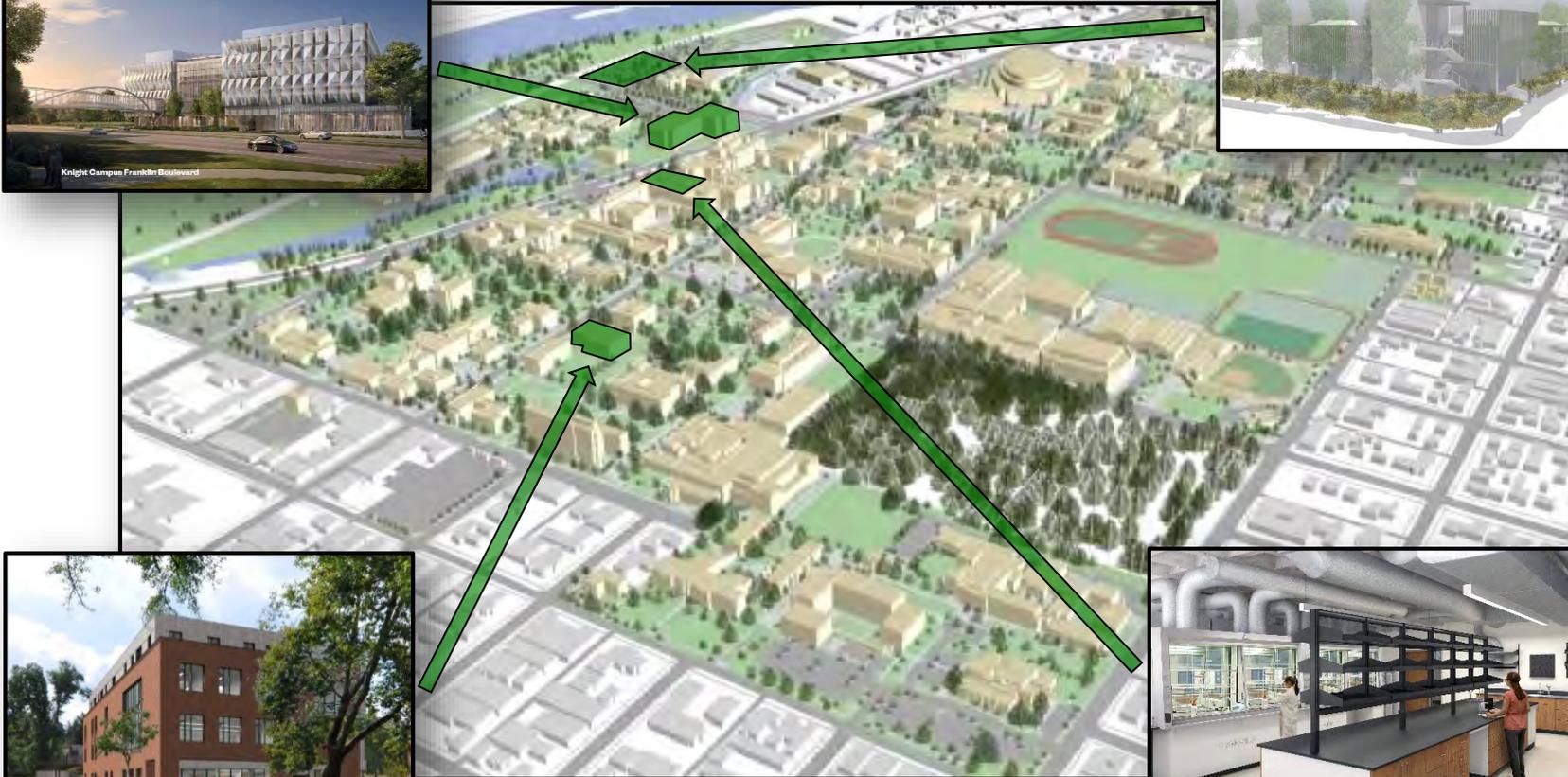


Current Academic Project Breakdown

Knight Campus – Phase 1



Millrace Drive Parking Garage



Tykeson Hall



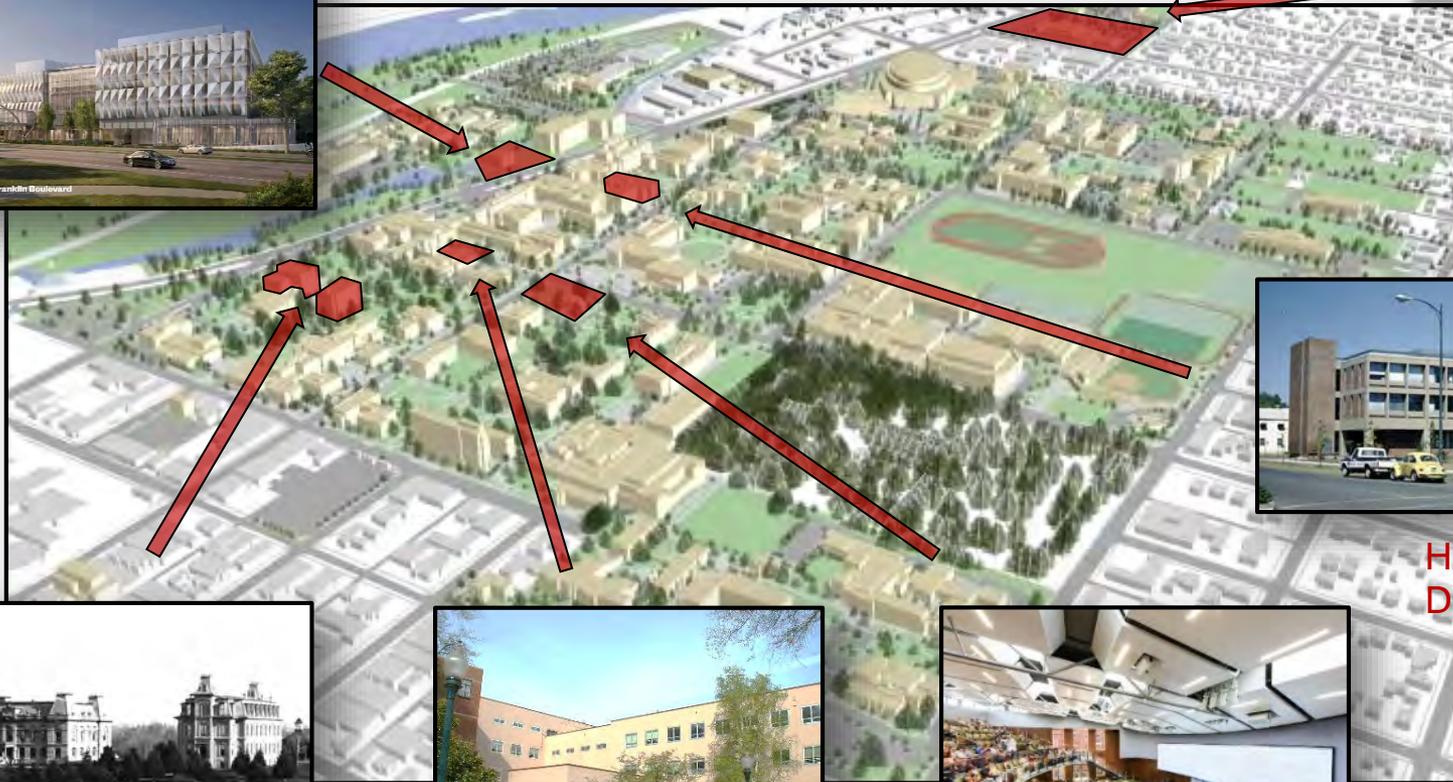
Klamath Hall 3rd Floor
Renovation

Planned and Likely Academic Project Breakdown

**Knights Campus
Phase 2 Academic**



**Romania Site
Development**



**Huestis Hall
Deferred Maint.**



**Campus Heritage Project
– Deady and Villard Hall
Deferred Maintenance**

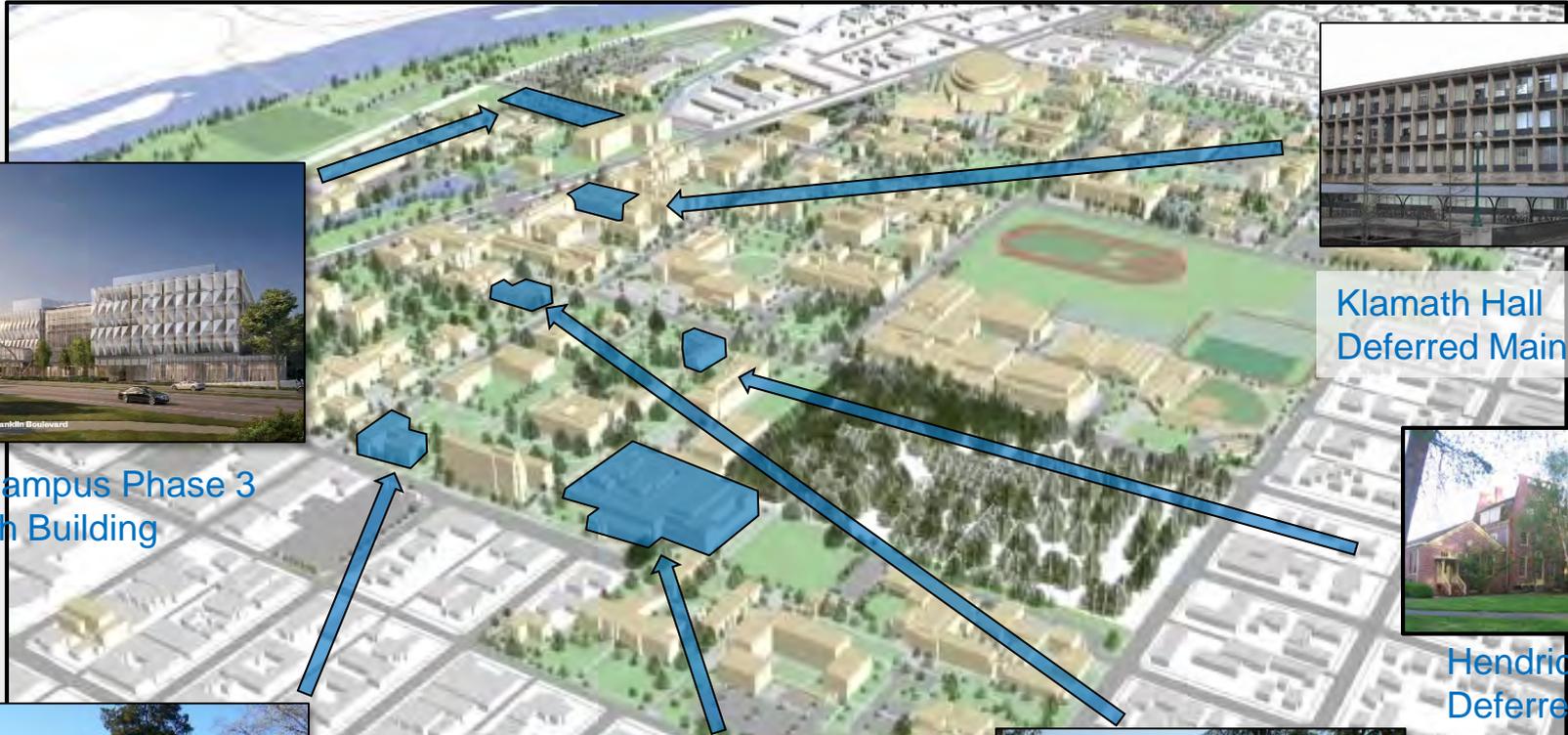


**Pacific Hall Phase 2
Classroom 123 & Lobby**



**Classroom and
Faculty Office Building**

Potential Future Academic Project Breakdown



Knight Campus Phase 3 Research Building



Klamath Hall Deferred Maint.



Hendricks Hall Deferred Maint.



Condon Hall Deferred Maint.



Knight Library Commons & Off-site Storage



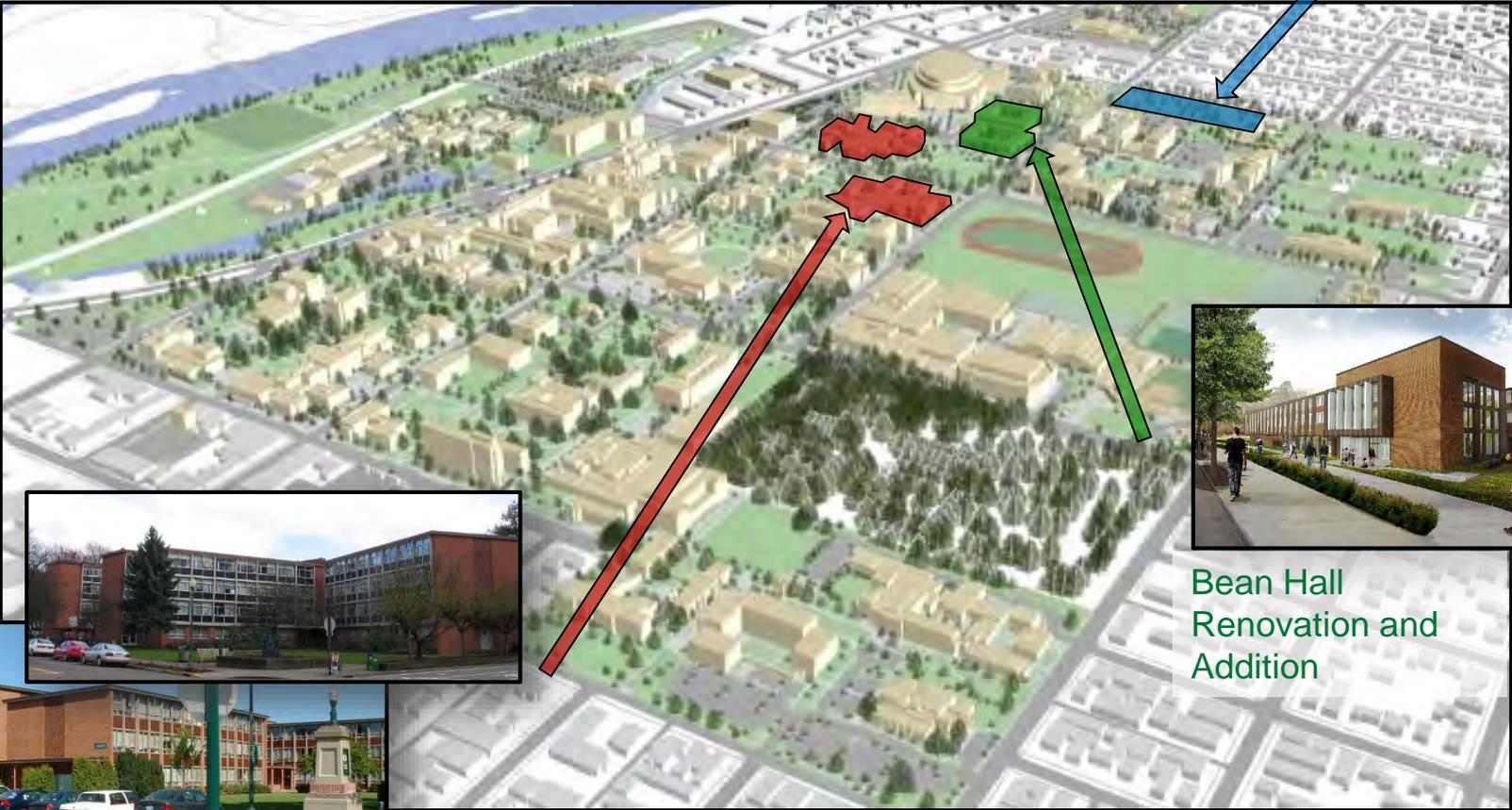
Friendly Hall Deferred Maint.

Housing Project Breakdown

Task Name	2016		2017		2018		2019		2020		2021		2022		2023		2024		2025	
	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	
Current Projects			[Timeline bar from H2 2016 to H1 2019]																	
Justice Robert Sharp Bean Hall			[Green bar from H2 2016 to H1 2019]																	
Planned and Likely Projects					[Timeline bar from H1 2018 to H2 2021]															
Housing Transformation Project					[Red bar from H1 2018 to H2 2021]															
Potential Future Projects																				
East Campus Apartments																				

Housing Project Breakdown

East Campus Apartments

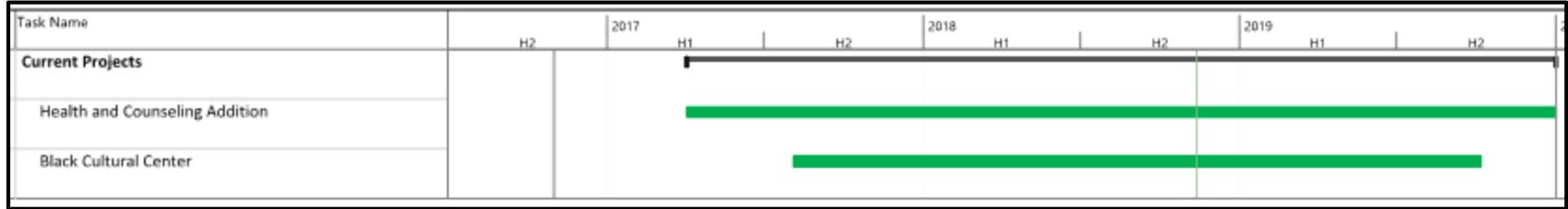


Bean Hall
Renovation and
Addition

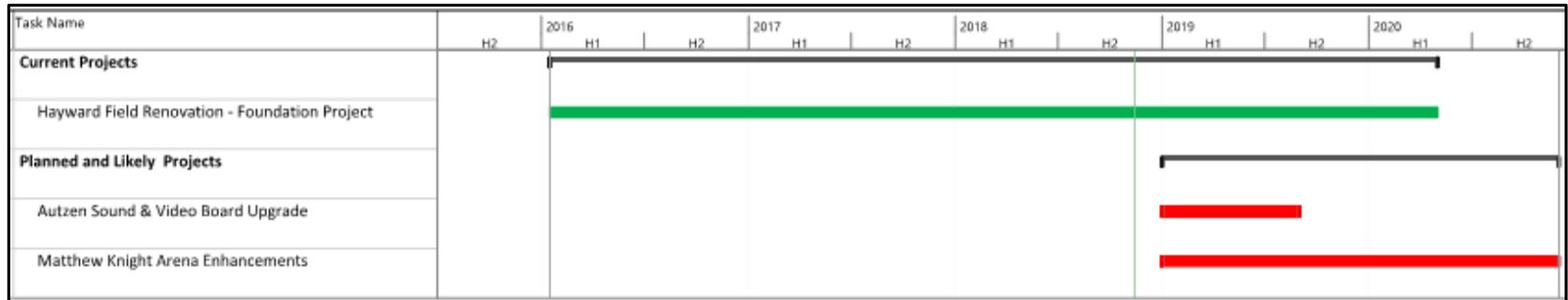


Housing Transformation Project

Student Services and Centers Project Breakdown



Athletics Project Breakdown



Student Services and Centers Project Breakdown



Black Cultural Center



University Health and Counseling Addition

Athletics Project Breakdown

Autzen Stadium Video Board

Matthew Knight Arena Enhancements



Hayward Field

Additional Considerations

- Deferred Maintenance
- Infrastructure Requirements
- Funding Sources
 - Current Projects
 - Planned/Likely Projects
- University Debt

Deferred Maintenance Definitions

- FCA - Facility Condition Assessment
 - Baseline process
- FCI - Facility Condition Index
 - Catch up costs
- EFCI - Extended Facility Condition Index
 - Keep up costs
- FNI - Facility Needs Index
 - Get ahead costs

Five Year Plan for Deferred Maintenance

- Contract consultants to baseline 60 key mission critical facilities over 2 year period
- Parallel implementation of additional Asset Needs Analysis (ANA) module in AiM
 - Populate consultant data in system
 - Manage FCA
 - Create FCI, EFCI and FNI reports
- Target annual assessment of 20% of 60 facilities to maintain 5 year data cycle
- Accomplished with combination of in-house engineering staff, facilities personnel and outside consultants.

Major Funding Sources – Current Projects

	Board Approval	Gifts	State-Paid Bonds	Revenue Bonds	Cash
<u>CURRENT PROJECTS</u>					
Hayward Field	Approved	✓			✓
Robert Sharp Bean Hall Renovation	Approved			✓	✓
Tykeson Hall	Approved	✓	✓	✓	
Klamath Hall 3 rd	Approved		✓	✓	
Knight Campus Phase 1 & Millrace Drive Parking Garage	Approved	✓	✓		
Health and Counseling	Approved			✓	✓
Black Cultural Center	N/A	✓			

Major Funding Sources – Planned / Likely Projects

	Board Approval	Gifts	State-Paid Bonds	Revenue Bonds	Cash
<u>Planned and Likely Projects</u>					
Classroom Building		✓		✓	
Housing Transformation Project				✓	
Autzen Sound and Video Board		✓			
Matthew Knight Arena Enhancements		✓			
Utility Infrastructure Phase 1				✓	✓
Romania Site Development					TBD
Huestis Hall Deferred Maintenance			✓	✓	
Pacific Hall Ph2 Classroom 123 & Lobby		✓		✓	
Knight Campus Ph2 (Academic)		✓			
Campus Heritage Project Deady & Villard Halls DM			✓		

Impacts on UO's Debt Profile

- Portions of the plan rely on state-paid bonds for funding but funding may also come from philanthropy, creative partnerships, or UO-paid debt.
- To ensure the plan remains affordable, UO-paid debt is expected to be issued at a pace that keeps the debt burden ratio between 5.7% to 6.6%.
- This range is higher than the current 6.2% level but remains below the industry's commonly accepted limit of 7.0%.

Summary of Projects

CURRENT PROJECTS

<u>Project Name</u>	<u>New (sf)</u>	<u>Renovated (sf)</u>	<u>Project Budget</u>
• Hayward Field Renovation	--	--	\$ 2.2M (Util. Tunnel)
• Klamath 3 rd Floor		25,000	\$ 22.9M
• Tykeson Hall	64,000		\$ 45.55M
• Bean Hall Renovation	26,327	148,213	\$ 48.0M
• Knight Campus Phase 1	173,630		\$ 208.1M
• Millrace Drive Parking Garage	118,980		\$ 16.9M
• University Health and Counseling	24,700	15,000	\$ 18.8M
• <u>Black Cultural Center</u>	<u>2,700</u>		<u>\$ 2.5M</u>
Totals	388,127	188,213	\$ 365M

Summary of Projects

PLANNED / LIKELY PROJECTS

<u>Project Name</u>	<u>New (sf)</u>	<u>Renovated (sf)</u>	<u>Anticipated Budget</u>
• Classroom Building	60,000		\$ 56.7M
• Housing Transformation Project	500,000		\$217.5M
• Autzen Stadium Sound/Video			TBD
• MK Arena Enhancements	15,000	TBD	TBD
• Utility Infrastructure Ph1			\$ 13.0M
• Romania Site Development			TBD
• Huestis Hall Deferred Maintenance		53,850	\$ 60.0M
• Pacific Hall Phase 2 – 123 & Lobby	2,500	4,500	\$ 6.0M
• Knight Campus Phase 2 (Acad.)	50,000		TBD
• <u>Campus Heritage Project</u>		96,616	<u>\$ 50.7M</u>
Totals	627,500	154,966	\$404M

University of Oregon Capital Plan Master Schedule																																						
ID	Task Mode	Task Name	Duration	Start	2016		2017		2018		2019		2020		2021		2022		2023		2024		2025		2026		2027		2028		2029		2030		2031		2032	
					H2	H1																																
1		Current Projects	1181 days	Fri 1/15/16																																		
2		Hayward Field Renovation - Foundation Project	1120 days	Fri 1/15/16																																		
3		Klamath Hall 3rd Floor	1041 days	Mon 4/4/16																																		
4		Tykeson Hall	881 days	Fri 4/15/16																																		
5		Justice Robert Sharp Bean Hall	788 days	Wed 6/22/16																																		
6		Knight Campus - Phase 1	984 days	Tue 10/18/16																																		
7		Millrace Drive - Parking Garage	984 days	Tue 10/18/16																																		
8		Health and Counseling Addition	717 days	Mon 4/3/17																																		
9		Black Cultural Center	566 days	Fri 8/4/17																																		
10		Planned and Likely Projects	1978 days	Thu 11/30/17																																		
11		Classroom and Faculty Office Building	1067 days	Thu 11/30/17																																		
12		Housing Transformation Project	825 days	Mon 5/7/18																																		
13		Autzen Sound & Video Board Upgrade	174 days	Tue 1/1/19																																		
14		Matthew Knight Arena Enhancements	500 days	Tue 1/1/19																																		
15		Utility Infrastructure Phase 1	913 days	Tue 1/1/19																																		
16		Romania Site Development	825 days	Fri 2/1/19																																		
17		Huestis Hall - Deferred Maintenance	797 days	Fri 7/26/19																																		
18		Knight Campus - Phase 2 (Academic)	721 days	Fri 10/4/19																																		
19		Pacific Hall Phase 2 -Classroom 123 & Lobby	783 days	Wed 1/1/20																																		
20		Campus Heritage Project: Deady & Villard Halls - Deferred Maintenance	1037 days	Fri 7/9/21																																		
21		Potential Future Projects	2659 days?	Fri 9/24/21																																		
22		Knight Campus - Phase 3 (Lab)	600 days	Fri 9/24/21																																		
23		East Campus Apartments	816 days	Sat 1/1/22																																		
24		Utility Infrastructure Phase 2	914 days	Fri 7/1/22																																		
25		Klamath Hall - Deferred Maintenance	797 days	Fri 7/7/23																																		
26		Knight Library Commons & Off-site Storage	740 days	Mon 7/1/24																																		
27		Condon Hall - Deferred Maintenance	763 days	Tue 7/1/25																																		
28		Hendricks Hall - Deferred Maintenance	763 days	Thu 7/1/27																																		
29		Friendly Hall - Deferred Maintenance	763 days	Mon 1/1/29																																		
30																																						

Project: 2018 Capital Plan
Date: Mon 11/19/18

Task		Project Summary		Manual Task		Start-only		Deadline	
Split		Inactive Task		Duration-only		Finish-only		Progress	
Milestone		Inactive Milestone		Manual Summary Rollup		External Tasks		Manual Progress	
Summary		Inactive Summary		Manual Summary		External Milestone			

Project	Final Budget	Project Area (\$/F)	Bid Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Escalation to 2018	NOTES
ANNUAL REGIONAL INFLATION RATES (Rates provided by Rider Levett Bucknall)				2.52%	-5.77%	0.32%	2.05%	0.87%	1.74%	6.02%	4.61%	4.58%	6.05%	6.00%	
ACADEMICS															
\$/SF Project Cost															
COLLEGE OF EDUCATION - Addition and Alteration	\$49,776,617	118,967	2008	\$ 418	\$ 397	\$ 398	\$ 406	\$ 410	\$ 417	\$ 442	\$ 462	\$ 483	\$ 512	\$ 543	Included ground level parking under building
FORD ALUMNI CENTER New Building	\$33,647,092	61,000	2009	\$ 552	\$ 553	\$ 565	\$ 570	\$ 580	\$ 614	\$ 643	\$ 672	\$ 713	\$ 756		Constructed over the parking garage
FENTON HALL* Deferred Maintenance	\$7,405,190	27,978	2010	\$ 265	\$ 270	\$ 272	\$ 277	\$ 294	\$ 307	\$ 322	\$ 341	\$ 361			Significant seismic upgrades
STRAUB HALL * Deferred Maintenance	\$21,519,000	43,361	2013					\$ 496	\$ 526	\$ 550	\$ 576	\$ 610	\$ 647		Includes seismic upgrades
STRAUB & EARL Classroom Expansion	\$22,974,665	59,570	2014						\$ 386	\$ 403	\$ 422	\$ 447	\$ 474		Very constrained site conditions
PRICE SCIENCE COMMONS Addition and Renovation	\$19,733,490	44,300	2015							\$ 445	\$ 466	\$ 494	\$ 524		Underground and difficult access; deferred maintenance upgrades, unique plaza/roof
OREGON HALL RENOVATIONS Renovation	\$11,870,000	56,400	2017									\$ 210	\$ 223		significant surging of staff
TYKESON HALL New Building	\$42,548,000	64,000	2017										\$ 665	\$ 705	Added basement mid-way through design
RESEARCH and SCIENCES															
LEWIS INTEGRATIVE SCIENCE BLDG (LISB) New Building	\$67,332,604	129,000	2009	\$ 522	\$ 524	\$ 534	\$ 539	\$ 548	\$ 581	\$ 608	\$ 636	\$ 675	\$ 715		
PACIFIC HALL B-2 FLOOR LABS* Renovation/Deferred Maintenance. - South Wing	\$22,120,000	31,365	2016								\$ 705	\$ 748	\$ 793		Significant deferred maintenance to MEP systems
KNIGHT CAMPUS Building and Bridge	\$208,100,000	173,630	2018										\$ 1,155		In Construction. Cost/sf excludes \$7.5M for property acquisition.
MILLRACE DRIVE - PARKING GARAGE	\$16,900,000	118,980	2019										\$ 142		Construction to begin June 2019.
STUDENT SUPPORT															
SRC EXPANSION Addition - Student Rec	\$52,888,017	233,982	2012					\$ 226	\$ 230	\$ 244	\$ 255	\$ 267	\$ 283	\$ 299.8	
ERB MEMORIAL UNION Addition and Partial Renovation	\$98,762,185	209,943	2014							\$ 470	\$ 492	\$ 515	\$ 546	\$ 579	
OBF (OREGON BACH FESTIVAL) BERWICK HALL New Performing Arts Building	\$8,787,000	9,419	2015							\$ 933	\$ 976	\$ 1,035	\$ 1,097		Specialized rehearsal sound space
HOUSING															
GLOBAL SCHOLARS HALL New Residence Hall	\$62,008,389	204,863	2010	\$ 303	\$ 309	\$ 312	\$ 317	\$ 336	\$ 352	\$ 368	\$ 390	\$ 413			
CENTRAL KITCHEN/WOODSHOP New Building	\$8,890,240	21,592	2015							\$ 412	\$ 431	\$ 457	\$ 484		
KALAPUYA ILIHI HALL New Residence Hall	\$44,855,123	136,653	2016							\$ 328	\$ 348	\$ 369			Complicated building form due to solar access to the Many Nations Longhouse
BEAN HALL EAST/WEST RENOVATION Addition and Renovation	\$48,000,000	174,540	2018									\$ 275	\$ 292		In Construction
ATHLETICS															
MATTHEW KNIGHT BASKETBALL ARENA New Building	\$197,122,288	402,442	2008	\$ 490	\$ 464	\$ 466	\$ 475	\$ 479	\$ 488	\$ 517	\$ 541	\$ 566	\$ 600	\$ 636	
BASEBALL PARK (PK PARK) New Stadium	\$19,113,820	48,005	2009	\$ 398	\$ 399	\$ 408	\$ 411	\$ 418	\$ 444	\$ 464	\$ 485	\$ 515	\$ 545		Square foot numbers represent the building, not the field
JANE SANDERS STADIUM New Stadium	\$17,200,000	27,336	2015							\$ 629	\$ 658	\$ 698	\$ 740		Square foot numbers represent the building, not the field
* Deferred Maintenance															

	Project Name	Substantial Completion Date	BOT /Legislature Approved Budget	Current Project Budget	Project Square Footage	Cost per Square Foot	Budget Comparison to BOT/Legislature Budget Status	Schedule performance	Meets Program Needs	Unanticipated Deferred Maintenance Issues	LEED Certification	Comments
HISTORICAL	Student Rec Expansion	Jan 2015	\$ 50,250,000	\$ 52,888,017	139,434	\$ 379.31	●	●	●	●	Platinum	Added replacement of Turf Field #2
	Straub Hall Deferred Maintenance	Mar 2015	\$ 20,790,300	\$ 21,519,000	52,161	\$ 412.55	●	●	●	●	Gold	1715 Lease Costs not forecasted.
	Straub Hall Addition	Mar 2015	\$ 22,000,000	\$ 22,000,000	59,570	\$ 369.31	●	●	●	●	Gold	Added classroom scope (skylights, etc.)
	Central Kitchen / Woodshop	Mar 2016	\$ 8,500,000	\$ 8,890,240	21,592	\$ 411.74	●	●	●	●	Targeting Gold	Cost Control included removal of emergency generator. Schedule delay impacted by failed initial Design/Build RFP process.
	Jane Sanders Stadium	Mar 2016	\$ 16,590,000	\$ 17,199,549	20,415	\$ 842.50	●	●	●	●	Targeting Gold	Square Footage Calculation does not include Field Area. Impacts cost/sf.
	EMU Renovation & Addition	Jun 2016	\$ 95,000,000	\$ 98,762,185	209,943	\$ 470.42	●	●	●	●	Platinum	Added significant work at the Ballroom and other rooms on the third floor.
	Price Science Commons	Jun 2016	\$ 16,750,000	\$ 19,733,490	44,300	\$ 445.45	●	●	●	●	Targeting Gold	Added work associated with the Visualization Lab and Furniture Significant amounts of deferred maintenance to major HVAC, Electrical and Structural systems impacted this project.
	Berwick Hall	Jul 2017	\$ 8,725,000	\$ 8,787,000	9,419	\$ 932.90	●	●	●	●	Targeting Gold	
	Kalapuya Ilhi Residence Hall	Jul 2017	\$ 45,000,000	\$ 45,000,000	136,653	\$ 329.30	●	●	●	●	Targeting Gold	
	RECENTLY COMPLETED	Chapman Hall	Jan 2018	\$ 10,700,000	\$ 10,850,000	23,388	\$ 463.91	●	●	●	●	Targeting Gold
Pacific Hall (Phase I)		Feb 2018	\$ 16,900,000	\$ 22,120,000	32,500	\$ 680.62	●	●	●	●	N/A - Partial Reno	
Oregon Hall Renovations		Jan 2019	\$ 9,500,000	\$ 11,870,000	56,400	\$ 210.46	●	●	●	●	N/A - Partial Reno	Added Computing Center Help Desk to original project. Enrollment Management reorganizational adjustments which added scope
ON-GOING	Tykeson Hall	Jun 2019	\$ 34,300,000	\$ 45,550,000	64,000	\$ 711.72	●	●	●	●	Targeting Gold	Additional scope was added with basement and 4th floor bulk out.
	Bean Hall Renovation and Addition	Aug 2019	\$ 44,000,000	\$ 48,000,000	174,540	\$ 275.01	●	●	●	●	Targeting Gold	Additional funds were for Administrative Addition added to the original renovation scope.
	Knight Campus Bldg & Bridge	May 2020	\$ 225,000,000	\$ 208,100,000	173,630	\$ 1,155.33	●	●	●	●	Targeting Gold	Total GSF includes 2,719 SF for Bridge. Cost/sf excludes \$7.5M for land purchase.
	Millrace Drive Parking Structure	May 2020	Included in Knight campus above	\$ 16,900,000	118,980	\$ 142.04	●	●	●	●	Targeting Gold	This is extracted from the overall Knight Campus project.
	Klamath Hall - 3rd Floor	Mar 2020	\$ 18,700,000	\$ 22,900,000	25,000	\$ 916.00	●	●	●	●	N/A - Partial Reno	Delayed start and significant unanticipated infrastructure / deferred maintenance issues.
	University Health and Counseling	TBD	TBD	\$ 18,800,000	39,700	\$ 473.55	TBD	TBD	TBD	TBD	Targeting Gold - Addition	Conceptual Design and Programming underway.
NEW	Housing Transformation Project	TBD	TBD	\$ 217,500,000	500,000	\$ 435.00	TBD	TBD	TBD	TBD		
	Classroom and Faculty Office Building	TBD	TBD	\$ 56,700,000	60,000	\$ 945.00	TBD	TBD	TBD	TBD		
	Autzen Sound and Video Board	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD		
	Utility Infrastructure Phase 1	TBD	TBD	\$ 13,000,000	TBD	TBD	TBD	TBD	TBD	TBD		
Key to colors												
●	N/A	N/A	N/A			Budget within 3% of BOT / LEG or above 3% based upon program driven increases AND are under BOT approval levels	On Schedule	Program Maintained	All DM Issues Anticipated			
●	N/A	N/A	N/A			Additional funds above 3% (Not for Program Enhancements) but not to BOT approval level	1-3 month delay	Minor loss of Program	Less than 5% Scope Increase due to unanticipated DM issues			
●	N/A	N/A	N/A			Additional funding requiring BOT Approval	3 month or greater delay	Major loss of Program	More than 5% Scope Increase due to unanticipated DM issues			

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Agenda Item #5

Matthew Knight Arena Enhancement Project

The Board of Trustees is asked to consider approval of a license and lease agreement (“Agreements”) for purposes of making certain physical enhancements to Matthew Knight Arena (“MKA”). The project, which would commence in December 2018, would be funded entirely through private philanthropy and the improvements shall be given to the university in the form of a capital gift once completed. The scale and scope of the Agreements and resulting gift are such that Board approval is required. The attached resolution includes a copy of the Agreements (see Exhibits A and B to the resolution). A summary follows.

Third Party Agreement

The University of Oregon would enter into the Agreement with PHIT TOO, LLC (“PHIT TOO”). The Agreements and related projects allows for physical enhancements and expansions in Matthew Knight Arena to improve spaces dedicated to student athletes and improve operational facilities such as coaching and administrative spaces.

Consistent with previous similar projects, PHIT TOO will execute the project and, upon completion of the project, contribute to the University any increase in value to MKA resulting from the project. The third party is responsible for financial payments, establishing a schedule approved by the University and adhering to all required contracting laws (e.g., prevailing wage).

Project Overview

There are two primary components to this project:

Graphics/Visual Refresh

Matthew Knight Arena (MKA) opened eight years ago in January 2011. MKA is home to the Oregon men’s basketball, women’s basketball, volleyball, and acrobatics & tumbling (for competitions only) programs, and is also the host of many University-wide events, concerts and shows throughout the year. This portion of the project will upgrade the graphics and visual experience in several areas of MKA which have a significant impact on the day-to-day student-athlete experience. These areas include the player/recruit entry, practice courts, weight room, training room, hydrotherapy area, nutrition area, court-level corridors, equipment O-Hub, pre-game O-Hub, and the men’s basketball locker room, team lounge and film rooms. The enhancement of the visual experience throughout these areas will provide MKA with a fresh, attractive, and innovative look for our current and prospective student-athletes. The fan experience will also be enhanced as cameras will be installed in the O-Hub to film the team huddle prior to entering the arena floor, and this can be projected onto the MKA center hung video board.

MKA Extension/Office Complex

As mentioned above, MKA is the practice and competition home to the men’s basketball, women’s basketball and volleyball programs. The support services for the student-athletes in these sports are based primarily out of MKA and the Jaqua Center. The final design and construction of MKA did not include office and meeting spaces to house the coaching and support staffs of these programs. The staffs of these three programs are currently based out of the Casanova Center next to Autzen Stadium, which is located across the river from MKA. The distance between facilities creates challenges for the staffs of these programs in building strong

relationships, supporting and communicating with their student-athletes. This portion of the project will construct a three floor office building connected to the MKA practice courts (building will be located between the MKA practice courts and Villard Street). Each floor will consist of approximately 5,000 sq. ft. with each of the three sports occupying a similarly designed floor. Within each floor will be areas dedicated to coach/support staff offices, meeting rooms, break room, restrooms, storage, common/sitting areas, and a reception area. The relocation of these staffs to the new MKA office complex will make them more accessible to their student-athletes throughout the day, not just during practice, and will positively impact their efficiency, productivity, and the ability to build a championship program culture. This new office space at MKA will also free up office space at the Casanova Center, which will enable athletics to address existing space challenges.

**Finance and Facilities Committee
Board of Trustees of the University of Oregon**

Resolution: Authorization to Enter into Lease and License Agreements

Whereas, private philanthropists wish to donate the University of Oregon (“the University”) enhancements to Matthew Knight Arena (“the Arena”) that would improve training, office and operational space for athletic programs housed within the Arena;

Whereas, renovations of and enhancements to the Arena associated with this project will be supported by private philanthropy and not through the University’s operating budget;

Whereas, to facilitate the work on the Arena relative to these enhancements, the University wishes to enter into a lease agreement and a license agreement (collectively, “the Agreements”) with PHIT TOO, LLC (“PHIT TOO”), attached hereto as Exhibit A and Exhibit B, respectively;

Whereas, the Agreements stipulate certain contractor requirements, including provisions pertaining to competitive bidding, prevailing wage, and other requirements applicable under policy and law;

Whereas, Sections 1.7.2 and 1.9 of the University of Oregon’s Policy on the Retention and Delegation of Authority requires approval by the Board of Trustees (the “Board”) for the execution of instruments relating to real property where the anticipated value exceeds \$5,000,000 and for the acceptance of a gift of real estate and/or gifts that create obligations on the part of the University for which there is no established funding source, respectively; and,

Whereas, the Board’s Policy on Committees authorizes the Finance and Facilities Committee to refer matters to the full Board as a seconded motion;

Now, therefore, the Finance and Facilities Committee hereby refers to the Board of Trustees as a seconded motion, recommending passage:

1. RESOLVED, the Board authorizes the President or his designee(s) to take all actions necessary and proper to enter into the Agreements attached hereto as Exhibit A and Exhibit B, or into substantially similar Agreements as negotiated by the University, for purposes of managing the construction of enhancements to Matthew Knight Arena;
2. RESOLVED, the Board authorizes acceptance of any gift of property (real or personal) to the University which would come in the form of any increased value to the property resulting from the Agreements and the related project; and,
3. RESOLVED, the Board authorizes all prior actions taken on behalf of the University related to the effectuation of the Agreement and the acceptance and use of the aforementioned property.

Vote recorded on the following page.

Moved: _____ Seconded: _____

Trustee	Yes	No
Aaron		
Bragdon		
Colas		
Gonyea III		
Kari		
Schill		

Dated: _____ Initials: _____

EXHIBIT A

LEASE

This Lease (“**Lease**”) is entered into by the University of Oregon (“**UO**”) and PHIT TOO, LLC, an Oregon limited liability company (“**PHIT**”), effective the date of last signature of this Lease.

RECITALS:

- A. UO is the owner of the land and improvements known as Matthew Knight Arena (“**Arena**”).
- B. PHIT is a single-member limited liability company, the sole member of which is the University of Oregon Foundation (“**Foundation**”).
- C. The Foundation is an independent, nonprofit public benefit corporation established under Oregon law, ORS Chapter 65. The Foundation is recognized as a tax-exempt public charity under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The Foundation’s purpose is to raise, manage, distribute, and steward private resources to support the mission and priorities of UO. The Foundation Board of Trustees is responsible for overseeing the mission, leadership, and operations of the Foundation.
- D. The Foundation, through PHIT, desires to undertake certain development, construction, alteration, and improvement projects to enhance the Arena (the “**Arena Construction Project**”; also referred to hereafter as the “**Project**”).
- E. PHIT intends to hire contractors and subcontractors (“**Contractors**”) to perform the Project as described herein.
- E. To allow PHIT and its Contractors to perform the Arena Construction Project, UO is willing to lease portions of the Arena and adjacent UO property depicted on the documents attached hereto as Exhibit A, as amended from time to time (the “**Premises**”), after which the Project will be given to UO as a gift-in-kind to assist UO’s students and employees.

AGREEMENT:

UO leases the Premises to PHIT on and subject to the following terms, conditions, and provisions:

1. LEASE TERM AND SCOPE

1.1 **Term.** UO leases the Premises to PHIT commencing on [START DATE] or such earlier date as the parties may agree (the “**Start Date**”), subject to all conditions described in this Lease. On the Start Date, UO will deliver to PHIT exclusive possession of the Premises, the lease term will begin, and it will end on the earlier of: (1) [END DATE], or (2) or the date on which the Project is tendered to UO after substantial completion, as described in Section 2.14.1 (the “**End Date**,” and the entire period from Start Date to End Date referred to as the “**Term**”). This Lease may be extended for reasonable cause upon written approval of both parties, which approval will not be unreasonably withheld.

1.2 **Uninterrupted Use.** UO will continue to use those portions of the Arena not included in the Premises of this Lease throughout the Term. PHIT and its Contractors will confine their presence and work to the Premises and will coordinate with UO pursuant to Section 2.11 to temporarily reduce or stop Project work to accommodate large UO campus events (for example, without limitation, UO commencement events) to the extent reasonably necessary. PHIT and its Contractors will not enter any other portion of the Arena or the UO campus except as otherwise authorized under the terms of this Lease or specifically authorized by UO. PHIT and its Contractors will coordinate authorized use of any other portion of the Arena or UO campus with UO pursuant to Section 2.11 to avoid interference with any event, activity, or use of the Arena and UO property by UO and its lessees and licensees.

1.3 **Consideration and Taxes.** PHIT will pay UO a fee of one dollar in exchange for this Lease, which will be due and payable before the Start Date. The parties do not anticipate this Lease to result in any property tax liability. If any property tax is assessed on the Premises as a result of this Lease, UO will pay all taxes and, to the fullest extent not prohibited by applicable law, defend, indemnify, and hold PHIT harmless and its agents, employees, Contractors, members, representatives, and directors from all costs, expenses, and other liabilities arising out of such assessment. As used in this paragraph, the term “property tax” will include all ad valorem real property taxes, ad valorem personal property taxes (not including any such taxes on the personal property of any Contractors), special assessments, deferred ad valorem taxes, local improvement district assessments, and any other similar tax or assessment.

2. ALTERATIONS AND IMPROVEMENTS

2.1 **Design.** PHIT will perform the Project to benefit UO’s students and employees. UO approves the Project design concepts presented to UO on [PRESENTATION DATE] and depicted in Exhibit A to this Lease (the “**Approved Project Design**”). PHIT may make revisions to the design unless the revisions are, by UO’s determination, substantially inconsistent with the Approved Project Design. If the revisions are not substantially consistent with the Approved Project Design, the revisions will be subject to UO’s review and approval, which approval shall not be unreasonably withheld, conditioned, or delayed.

2.2 **Authorization for Improvements.** During the Term, PHIT will have the right to (a) demolish any and all improvements, landscaping, and hardscaping located within the Premises to the extent necessary to perform the Project, (b) unless UO has, to extent consistent with applicable law, provided prior reasonable instructions regarding specific materials, remove, haul away, dispose of, and reuse any and all materials resulting from the demolition of any and all improvements, landscaping, and hardscaping located within the Premises, and (c) cause certain Project repairs, alterations, and improvements to be constructed, installed, and performed on the Premises to complete the Approved Project Design.

2.3 **Ancillary Improvements.** The Project may require certain repairs, alterations, and improvements to be made to facilities, land, and structures owned by UO that are not located on the Premises but that contain utility, network, and other connections essential to the Project (“**Ancillary Improvements**”). PHIT will coordinate with UO pursuant to Sections 1.2 and 2.11 regarding the need for any such Ancillary Improvements and obtain UO’s consent, which consent shall not be unreasonably withheld, conditioned, or delayed, prior to constructing, installing, or performing any such Ancillary Improvements. PHIT will restore any portion of the UO’s property affected by the Ancillary Improvements to substantially the condition it was in immediately prior to such Ancillary Improvements (subject to the installed Ancillary Improvements).

2.4 Access. To facilitate the Project, UO grants to PHIT a nonexclusive right of access, ingress, and egress to, over, and through the following areas during the Term to the extent reasonably necessary to perform the Project: (1) UO property adjacent to the Premises; and (2) pursuant to Sections 1.2, 2.3, and 2.11, UO facilities, land, and structures to perform approved Ancillary Improvement. PHIT will work together with UO to designate and coordinate the method and timing of use of access routes for this purpose. UO is responsible for coordinating any relocation of UO employees or UO property necessary to perform the Project. To the extent UO unreasonably refuses to grant PHIT the right to use any portion of the UO property reasonably necessary for the installation of the Ancillary Improvements, UO shall be responsible for all additional costs and expenses incurred by PHIT as a result of the need to re-design the Project including, without limitation, any costs arising out of the delay in completion of construction of the Project.

2.5 Project Performance. During this Term, PHIT will have the right to (a) demolish, remove, or replace improvements located within the Premises as necessary to perform the Project, (b) unless UO has, to the extent consistent with applicable law, provided prior reasonable instructions regarding specific materials, remove, haul away, dispose of, and reuse any and all materials resulting from the demolition, removal, or replacement of any improvements as part of the Project, and (c) cause certain Project repairs, alterations, and improvements to be constructed, installed, and performed to complete the Approved Project Design in the Premises.

2.6 Post-Project Restoration. PHIT will restore any portion of the UO's property affected by the performance of the Project to substantially the condition they were in immediately prior to such installation (subject to the modifications necessary for the Project's improvements).

2.7 Access. To facilitate the Project, UO grants to PHIT a nonexclusive right of access, ingress, and egress to, over, and through UO property adjacent to the Premises for the duration of the Lease to the extent reasonably necessary to access the Premises and perform the Project. PHIT will work together with UO to designate and coordinate the method and timing of use of access routes for this purpose. UO is responsible for coordinating any relocation of UO employees or UO property necessary to perform the Project.

2.8 Parking. [to be determined].

2.9 Labor and Service Fees. UO agrees to waive any and all labor and service fees, interdepartmental charges, mark ups, and service charges for UO's services related to the Project including, without limitation, facility management, IT services, security services, and lock shop. However, PHIT will pay for the actual cost of any materials provided by UO, such as locks required and provided by UO.

2.10 Contractor Requirements. In connection with Project work:

2.10.1 PHIT will use only Contractors that are properly licensed in Oregon and will keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by or for PHIT. Any Project work performed, materials furnished, or obligations incurred will be at PHIT's sole request and cost and not at the instance of or as agent for UO. PHIT will be solely responsible for obtaining and paying for any and all permits and licenses, but UO will cooperate with PHIT and use best efforts to assist PHIT with the process of obtaining the required permits and licenses.

2.10.2 PHIT will require its Contractors of all tiers to pay applicable prevailing wages as required by law for the Project. The Project is subject to Oregon's prevailing wage law, and PHIT will comply with all applicable prevailing wage statutes, regulations, and other requirements set forth in Exhibit B.

2.10.3 PHIT will require its Contractors to competitively bid or procure the work as appropriate. This procurement may include, without limitation, bidding of the intended scope of work, interviewing selected bidders, negotiating with selected bidders, and awarding to the bidders, in PHIT's sole discretion, that are best able to perform the work, based on price and other relevant factors. The selection need not be based solely on price. PHIT reserves the right not to competitively procure any aspect of the Project if, in PHIT's sole discretion, it is in the best interest of the Project. PHIT has the right to make direct and sole-source purchases for any aspect of the Project without competitive procurement.

2.10.4 PHIT will require its Contractors to use good faith efforts in the solicitation of minority, women, and veteran-owned businesses as well as emerging small businesses for the Project and will maintain records of such efforts and the actual usage of such businesses.

2.10.5 PHIT is not and will not, in any way, be acting as a public agency with respect to the Project nor will any provision of this Lease require PHIT to act as a public agency. However, the parties understand that the prevailing wage requirements in ORS 279C.800 to 279C.870 apply to the Project and that, for purposes of prevailing wage requirements, the Project is a "public works" pursuant to ORS 279C.800. Except as provided in the foregoing sentence, it is the intent of the parties that the Project is not and will not be deemed a public project or public improvement.

2.11 Coordination Committee. UO shall appoint a representative who shall be PHIT's primary point of contact with respect to the construction of the Project (the "**UO Project Representative**"). The UO Project Representative will initially be Mike Harwood, but UO may change the UO Project Representative at any time at its sole discretion by providing written notice to PHIT. The UO Project Representative, PHIT, and a representative of PHIT's general contractor shall meet regularly and in no circumstance less often than monthly to discuss the progress of the Project, UO's reasonable needs for use and access to the Arena and Premises, any other Project coordination issues, and any approvals required hereunder for the Project.

2.12 Emergency and Disability Access Requirements. If PHIT's use of the Premises causes a violation of the Americans with Disabilities Act of 1990 ("**ADA**") or if the Eugene Springfield Fire Marshal's Office or the UO Fire Marshal's Office deems there to be a life safety event violation, UO and PHIT shall reasonably cooperate to identify a means of resolving the violation.

2.13 Safety Signage. PHIT agrees to provide clear and consistent directional signage for all sidewalks, roads, entrances, and other public right of ways that are unavailable due to the Project.

2.14 Surrender of Premises with Improvements; Close-Out Procedures.

2.14.1 On or before the End Date: (a) PHIT will remove and cause its Contractors to remove their personal property from the Premises (except to the extent reasonably necessary to complete punch-list items and otherwise complete Project close-out as provided below in this Section

and Exhibit C); and (b) PHIT will surrender the Premises to UO with the Project, including all Ancillary Improvements, substantially completed such that the Arena can be used for its intended purpose subject only to so-called “punch-list” items for final completion of the Project.

2.14.2 At and after the End Date, Project close-out will occur as provided in Exhibit C attached hereto, and PHIT will execute an Assignment and Assumption Agreement in the form included as Attachment 1 to Exhibit C, which includes the assignment of all retainage or bonds and securities deposited pursuant to Section 1 of Attachment 1 to fulfill the payment obligations of Attachment 1. UO shall have sole responsibility for all maintenance and repair of the Premises after the End Date, and PHIT is completely released by UO from all responsibilities under this Lease, except as otherwise stated in this Lease.

3. CONDITION OF PREMISES. Except as otherwise provided in this Lease, PHIT accepts the Premises in its “AS-IS” condition with all faults, including both latent and patent defects. UO and UO’s agents, employees, and trustees do not make, have not made, and expressly disclaim any representations or warranties, express or implied, with respect to the Premises. However:

3.1 Hazardous Materials. PHIT is not responsible for the existence of any hazardous materials at, on, or under the Premises prior to the Start Date. If any hazardous material is discovered in the Premises and if it is possible to remediate the hazardous material condition in a way that does not substantially and materially change the design, engineering, or construction timeline for the Project, or substantially and materially increase the Project construction cost, then UO will undertake and be responsible for the cost of remediation of the hazardous material condition (including any action required by applicable environmental law to: (a) clean up, remove, treat or in any other way address hazardous material, (b) prevent the release or minimize the further release of hazardous material, or (c) investigate and determine if remediation is required). As used in this Lease, hazardous material includes: (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, or gas, whether naturally occurring or manmade, that is defined as hazardous, toxic, a contaminant, or words of similar import or regulatory effect under any environmental law; and (b) any petroleum or petroleum by-products or degradation products, radon, radioactive materials or wastes, lead paint, asbestos in any form, urea formaldehyde foam insulation, methane-generating wastes (such as wood chips and other wood wastes), and polychlorinated biphenyls. Also as used in this Lease, environmental law includes federal, state or local statutes, laws, rules, ordinances, codes, regulations, permits, authorizations, judgments, directives, and orders applicable to the Premises and relating to protection of human health or the environment (including ambient and indoor air, surface water, ground water, drinking water, wildlife, plants, land surface or subsurface strata), and including any statutes, regulations, binding administrative decisions or orders relating to releases or threatened releases of hazardous materials or otherwise relating to the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport, remediation or handling of hazardous materials.

3.2 Easements and Encumbrances. PHIT is not responsible for any easements and other encumbrances, including, without limitation, exceptions to title shown on the [insert date] title report attached as Exhibit D, to the extent that such encumbrances affect the Premises and adversely affect the Project (“**Encumbrances**”). UO, at its sole expense, will take all action necessary, or reimburse PHIT for all action necessary, to remove or relocate any such Encumbrances so that they do not delay or otherwise affect the Project. UO will commence, or authorize PHIT to commence, such removal or relocation of any Encumbrances the existence of which would delay or otherwise affect the Project within thirty (30) days of receipt of written notice requesting such removal or relocation. In the event

UO does not use PHIT's contractor for the Project for such removal or relocation, UO and PHIT will, before UO commences such work, negotiate a completion date consistent with the overall Project schedule.

3.3 Irreparable Conditions. If any hazardous material, latent condition, or Encumbrance (a "Irreparable Condition") is discovered at the Premises and if it is not possible to remediate the Irreparable Condition in a way that does not substantially and materially change the design, engineering, or construction timeline for the Project, or substantially and materially increase the Project construction cost, either party may terminate this Lease upon notice to the other party. If either party terminates this Lease pursuant to this Section, PHIT will restore the Premises to a condition that is the same or better condition than it presently exists at the effective date of this Lease, but only if and after UO, at UO's and not PHIT's expense, promptly remediates the Irreparable Condition, if necessary to complete the restoration, such that PHIT may undertake the restoration work without incurring any liability or obligation for the Irreparable Condition. UO will, to the fullest extent not prohibited by applicable law, indemnify, defend, and hold PHIT harmless for, from, and against any and all liability, damages, expenses, judgments, proceedings, and causes of action based on the presence of hazardous materials on the Premises that are not introduced by PHIT or its Contractors.

4. INSURANCE AND INDEMNITY.

4.1 PHIT's Indemnity of UO. To the extent of its insurance on the Project, PHIT will indemnify, defend, and hold UO, including its employees and trustees, harmless from and against any and all liability, damages, expenses, judgments, proceedings, and causes of action based solely on claims by third parties for injury to or death of any person or damage to or destruction of any property arising out of PHIT's use or occupancy of the Premises, provided, however, such obligation only applies to the extent of PHIT's or PHIT's managers, officers or employees negligence, or willful or intentional misconduct. PHIT's indemnification obligations under this paragraph will survive the expiration or termination of this Lease.

4.2 PHIT's Insurance. PHIT or its Contractors will maintain the insurance specified on Exhibit E on the Premises for the duration of this Lease.

4.3 UO's Indemnity of PHIT. UO will indemnify, defend and hold PHIT harmless as provided in Exhibit C.

5. ASSIGNMENT. PHIT may not assign this Lease or sublicense the whole or any part of the Premises without the prior written approval of UO, which approval UO may grant or withhold in UO's sole and absolute discretion.

6. COMPLIANCE WITH LAW.

6.1 Applicable Law. During the Term, all obligations of PHIT under this Lease and actions taken by PHIT and its Contractors pursuant to this Lease will comply with all applicable statutes, regulations, rules, and other legal requirements of all federal, state, county and municipal authorities having jurisdiction over the Premises. This includes, but is not limited to, compliance with (a) the ADA; (b) applicable Oregon Building Codes; (c) all laws, regulations, rules, and policies established pursuant to the foregoing laws; and (d) all laws, regulations, rules, and policies specifically made applicable by reference in this Lease.

6.2 **Tax-Exempt Bonds.** Notwithstanding the requirements of Section 6.1, UO is solely responsible for performing all actions necessary to maintain the tax-exempt status of all bonds associated with the Premises.

7. **TERMINATION.** PHIT may, at any time and without cause, terminate this Lease and return the Premises to UO in the same or better condition than it presently exists as of the effective date of this Lease. In addition, in the event of a material breach of this Lease by PHIT or UO, the party not in breach may terminate this Lease. The right to terminate this Lease is not an exclusive remedy, and a party may singularly, successively, cumulatively, simultaneously or concurrently pursue all rights and remedies available to the non-breaching party at law or in equity.

8. **UO ACCESS TO PREMISES.** After obtaining PHIT's consent, which will not be unreasonably withheld, conditioned, or denied, during the Term, UO and UO's agents may enter the Premises: (a) to inspect the general condition of the Premises, (b) to perform such duties as UO is obligated to perform under this Lease or applicable law or policy, and (c) to engage in other activities coordinated with PHIT that will not interfere with the activities of PHIT (including PHIT's Contractors) on the Premises. UO's Police Department and other emergency response personnel may enter the Premises at all times without PHIT's consent to respond to health or safety emergencies and to enforce controlling state and federal laws, municipal ordinances, and UO policies, rules, and regulations.

9. **CONDITIONS TO LEASE.**

9.1 **UO Board of Trustees Approval of Agreement.** This Lease is subject to the approval of UO's Board of Trustees on or before [insert date]; if such approval is not obtained by this date, UO may terminate this Lease by written notice to PHIT given no later than [insert date].

9.2 **PHIT Board of Managers Approval of Lease.** This Lease is subject to the approval of PHIT's Board of Managers on or before [insert date]; if such approval is not obtained by the date, PHIT may terminate this Lease by written notice to UO given no later than [insert date].

9.3 **PHIT Board of Managers Approval of Construction Contract.** This Lease is subject to the PHIT Board of Managers approval of the construction contract with its general contractor and design professionals on or before [insert date]; if such approval is not obtained by the date, PHIT may terminate this Lease by written notice to UO given no later than [insert date].

10. **MISCELLANEOUS**

10.1 **Mutual Cooperation.** The parties hereto will cooperate with each other to accomplish the Project and will use all reasonable efforts to cause the fulfillment of the conditions to the parties' obligations hereunder and to provide, or obtain from any third party, as promptly as possible, all consents, authorizations, orders, or approvals required in connection with the Project and this Lease. The parties will execute such further documents and take such actions as may be necessary or convenient to accomplish the purposes of the Project and this Lease.

10.2 **Governing Law.** This Lease will be governed and construed in accordance with the laws of the State of Oregon without regard to principles of conflicts of law.

10.3 Force Majeure. Neither UO nor PHIT will be held responsible for delay or default caused by fire, riot, acts of nature, terrorist acts, or other acts of political sabotage, or war where such cause was beyond, respectively, UO's or PHIT's reasonable control. PHIT will, however, make all reasonable efforts to remove or eliminate such a cause of delay or default and will, upon the cessation of the cause, diligently pursue performance of its obligations under this Lease. However, if a default or delay due to a force majeure event continues for an unreasonable time, as determined by either party, then such party is entitled to terminate the Lease pursuant to the terms of Section 7. In the event it is commercially unreasonable for PHIT to commence or complete construction of the Project as a result of an event of force majeure, PHIT shall have no liability to UO therefor and, to the extent construction has already commenced, PHIT will restore the Premises to a condition that is the same or better condition than it presently exists at the effective date of this Lease.

10.4 Binding Effect. All of the provisions contained in this Lease are binding upon and inure to the benefit of the heirs, personal representatives, successors and assigns of the parties hereto.

10.5 Rules of Interpretation. All of the provisions of this Lease are to be construed as a whole and not strictly for or against any party.

10.6 No Partnership or Other Venture. This Lease is not intended to create, nor will it in any way be interpreted or construed to create, a joint venture, partnership, agency, or any other similar relationship, including a joint employer relationship, between the parties.

10.7 Waiver. Failure of UO or PHIT to enforce any provision of the Lease will not constitute a waiver or relinquishment of the right of performance in the future nor of the right to enforce any other provision of this Lease.

10.8 Counterparts. This Lease may be executed in several counterparts, each of which will be an original, all of which, together, will constitute one instrument.

10.9 Attorney Fees. In any dispute involving the interpretation or enforcement of this Lease or involving issues related to bankruptcy (whether or not such issues relate to the terms of this Lease), the prevailing party will be entitled to recover from the non-prevailing party reasonable attorney fees, paralegal fees, costs, disbursements, and other expenses incurred by the prevailing party in the dispute, including those arising before and at any trial, arbitration, bankruptcy, or other proceeding, and in any appeal or review thereof. In addition, the amount recoverable by the prevailing party will include an amount estimated as the fees, costs, disbursements, and other expenses that will be reasonably incurred in collecting a monetary judgment or award, or otherwise enforcing any order, judgment, award, or decree entered in the proceeding.

10.10 Authority. Each party represents it has full authority to sign this Lease.

10.11 Survival. All obligations of a party to this Lease which, by their nature, are continuing, will survive expiration or termination of this Lease (except to the extent that the party is released or the obligation is assumed pursuant to this Lease).

10.12 Notices. A notice or communication under this Lease by either party to the other party must be in writing and delivered by registered or certified mail, postage prepaid, return receipt requested and by regular first-class mail, or, subject to the provisions of the last paragraph of this

Section, via email, addressed as follows (or to such other address as a party may designate for itself by notice to the other party pursuant to this Section):

If to UO:
Vice President for Finance and Administration
1283 University of Oregon
Eugene , OR 97403-1283
Office: Johnson Hall, 103
Email: vpfa@uoregon.edu

with a copy to:
Office of the General Counsel
1226 University of Oregon
Eugene , OR 97403-1226
Office: Johnson Hall, Room 219
Email: gcounsel@uoregon.edu

If to PHIT:
c/o University of Oregon Foundation
Attn: _____
PO Box 3346
Eugene, OR 97403
Email: _____@_____

with a copy to:
Gleaves Swearingen, LLP
Attn: Patricia L. Chapman
975 Oak Street, Suite 800
Eugene, OR 97401-3156
Email: chapman@gleaveslaw.com

and to
Stoel Rives LLP
Attn: Dana L. Krawczuk
760 SW Ninth Avenue, Suite 300
Portland, OR 97205
Email: dana.krawczuk@stoel.com

Notice given by mail pursuant will be considered received on the earlier of (a) the date of actual receipt, or (b) three days after the date of mailing. Alternatively, a notice or communication under this Lease by any party to any other party may be sent by email, addressed to a party pursuant to this Section, but will be effective only if the sender receives a reply from the addressee confirming receipt, in which event it will be deemed effective the day the notice email is sent or, if the next day is a weekend or federal holiday, on the next business day after the notice email is sent.

10.13 Recording Memorandum of Lease. UO may elect that a recordable Memorandum of Lease, executed and acknowledged by both parties, be recorded in the public records of Lane County, Oregon. UO shall pay the recording costs.

10.14 Entire Agreement. This Lease (including its Recitals and Exhibits, which are incorporated in this Lease) constitutes the entire agreement of the parties with respect to the Project, supersedes all prior or contemporaneous oral or written agreements with respect to the matters set forth in this Lease, and may not be modified, amended or supplemented except in writing and signed by the parties.

[SIGNATURE PAGE FOLLOWS]

UO:

University of Oregon

By: _____

Name: _____

Title: _____

Date: _____

PHIT:

PHIT TOO, LLC

By: _____

Name: _____

Title: _____

Date: _____

Attachments:

- Exhibit A: Description of Premises
- Exhibit B: Prevailing Wage Rate Law Compliance
- Exhibit C: UO Undertakings regarding Liability and Indemnity
(with Attachment 1 – Assignment and Assumption Agreement)
- Exhibit D: Title Report
- Exhibit E: PHIT’s Insurance Requirements

Exhibit A
Description of Premises

The Premises consist of those areas of the option, either "Option A" or "Option B", approved by the UO Board of Trustees depicted in the attached Preliminary Concept document, dated November 2, 2018, that have not been constructed and incorporated into the Arena.

The Premises will include a set-back area enclosed by a fence at a distance required by applicable law and as reasonably necessary for public safety.

Exhibit B
Prevailing Wage Rate Law Compliance

As more particularly described in this Exhibit B, PHIT will comply with and will require all of PHIT's construction contractors and subcontractors to comply with ORS 279C.800 through 279C.870. The Oregon Bureau of Labor and Industries ("**BOLI**") prevailing wage rates that will apply to the Project under the Lease (and the construction contract that PHIT will enter into with PHIT's construction contractor) are those that are in effect at the time the construction contract is executed, or if no construction work is authorized to be performed in the initial form of the construction contract, then those prevailing wage rates in effect at the time the construction contractor is under a contractual obligation to perform construction work on the Project. Once established, the prevailing wage rates will then be in effect for the remainder of the Lease and the construction contract between PHIT and PHIT's construction contractor. The prevailing wage rates that will apply will be those set forth in the then current version of the following BOLI booklet, together with any amendments to that booklet: "**PREVAILING WAGE RATES for Public Works Constricts in Oregon.**"

PHIT will pay construction workers at not less than the specified minimum hourly rate of wage, and will include that requirement in all construction contracts and subcontracts pertaining to construction of the Project.

In accordance with ORS 279C.845, every contractor and Subcontractor performing work on the Project will submit written certified statements to the PHIT and UO, on the form prescribed by the Commissioner of BOLI, certifying the hourly rate of wage paid to each worker which PHIT's contractors or subcontractors have employed on the Project, and further certifying that no worker employed on the Project has been paid less than the prevailing rate of wage or less than the minimum hourly rate of wage. The certificate and statement will be verified by the oath of the contractor or subcontractor that it has read the certified statement, that the contractor or subcontractor knows the contents of the certified statement, and that, to the contractor's or subcontractor's best knowledge and belief, the certified statement is true.

In order to comply with statutory requirements and administrative rules promulgated by the Commissioner of BOLI, the fee required by ORS 279C.825(1) will be paid by PHIT to UO, so the UO can pay the fee to the Commissioner of BOLI.

Exhibit C
UO Undertakings (Liability and Indemnity)

1. THIRD PARTY CONTRACTS. PHIT has already, or will following execution of this Lease, enter into (a) a construction contract with [contractor name] (as extended or otherwise amended from time to time, “**Construction Contract**”); (b) a consultant agreement with Rusty Sprocket, LLC (as extended or otherwise amended from time to time, “**Consultant Contract**”); and, to the extent applicable, (c) any other design services contract or architect’s contract in connection with the Project to be undertaken by PHIT during the Term. All contracts described in this Section are collectively referred to as the “**Contracts.**”

2. PROJECT CLOSEOUT. To complete close-out of the Project and the transfer of any work at expiration of the Lease, PHIT and UO will coordinate as follows:

2.1 UO shall coordinate with PHIT in all Project close-out processes required by this Lease and required by the terms and conditions of the Contracts, including without limitation review of any issues associated with the completion of the Project, the date of final completion, the date of substantial completion on or before the End Date, acceptance of the Project, adequacy of any transfer of assignment of warranties and Project documentation, any final pay applications, retainage requests, and back charges and claims.

2.2 PHIT may follow the directives of the UO with respect to such close-out matters.

2.3 PHIT and UO will execute an Assignment and Assumption Agreement upon substantial completion of the Project, upon termination of the Lease, or upon expiration of the Lease, whichever occurs first, in the form attached as Attachment 1 hereto.

2.4 UO will enter into a license with [general contractor] and any other contractors, subcontractors, or service providers to the extent necessary to facilitate the completion of punch-list work and other close-out procedures after the termination or expiration of the Lease.

3. DISCLAIMER OF ALL WARRANTIES BY PHIT ON TRANSFERRED WORK

PHIT makes no warranties or representations of its own to UO regarding (1) any design or other pre-construction services; (2) any construction services and work performed on the Project under this Lease; (3) any design issues associated with design services performed on the Project; or (4) any transferred work product under the Contracts or other contracts or subcontracts related to the Project. PHIT specifically disclaims any and all such warranties. All such services and work shall be transferred to UO AS-IS and without recourse to PHIT. UO agrees that any and all warranty rights it may have related to the Project’s (1) design services; (2) pre-construction services; and (3) construction services and work shall be solely against third parties, to the extent PHIT has any assigned warranties or independent rights against the designers, consultants, contractors, suppliers, or other parties performing the Project, including providing materials or services. PHIT assumes no special relationship with respect to any such services. To the greatest extent permitted by law, PHIT and its members shall have no liability to UO for incidental or consequential damages of any nature whatsoever. Except as set forth in Section 4 of this Exhibit, to the greatest extent permitted by law, UO shall, to the fullest extent not prohibited by applicable law, indemnify, defend and hold PHIT and its members harmless from and against any claims related to

the Project, including, without limitation, any claims related to the pre-construction work, the work performed under this Lease, and any design claims, unless arising in whole or in part from the negligence, recklessness, or willful or intentional misconduct of PHIT, its member, managers, officers or employees in performing its obligations under this Lease.

4. ASSIGNMENT AND ASSUMPTION

Upon termination or expiration of the Lease, unless UO and PHIT agree to the terms of an earlier assignment of the Project, any portion of the Project, or any of the Contracts with any required modifications to this Lease, PHIT shall assign to UO (1) the Contracts entered into by PHIT; (2) the Project, all Project-related work product, and all third party warranties related to the Project; and (3) all of PHIT's contractual rights, obligations, and liabilities related to the Project, including all obligations and liabilities that predate the assignment. UO shall, if PHIT makes such an assignment, assume all such Contracts and all of PHIT's rights, obligations and liabilities thereunder, including obligations and liabilities which predate the assignment provided. However, at the time of assignment, PHIT shall identify and notify UO in writing, by specific reference, each claim asserted in writing against PHIT arising out of the Contracts and the facts related to any such claim known to PHIT at the time of assignment as provided in the Assignment and Assumption Agreement attached hereto as Attachment 1. If PHIT fails to identify with specificity and in writing such claims that are known to PHIT at the time of assignment, all such claims and all costs and expenses arising from such claims ("**Claim Costs**") will be retained by PHIT. Under no circumstances will the form of assignment include claims of any kind, including Claim Costs, arising from PHIT's negligence, recklessness, or willful or intentional misconduct.

5. HOLD HARMLESS AND INDEMNIFICATION

To the greatest extent permitted by law the UO will indemnify and hold PHIT harmless and its managers, officers, directors, and PHIT's member, the Foundation, and the officers and directors of Foundation, from and against any and all claims, actions, demands or litigation arising out of the acts or omissions of the UO's officers, employees and agents that relate in any way to the Project.

6. FOUNDATION HOLD HARMLESS

UO will, under no circumstances and under no legal or equitable theories, make any claim under this Lease, in tort or otherwise, against the Foundation, except to the extent any such claims arise from the negligence, recklessness, or willful or intentional misconduct of the Foundation. UO acknowledges and agrees that this Lease constitutes a contract solely with PHIT and that Foundation, the sole member of PHIT, shall have no liability whatsoever under the Lease either directly or indirectly as a third-party beneficiary or otherwise.

Exhibit C – Attachment 1

ASSIGNMENT AND ASSUMPTION AGREEMENT

BETWEEN: PHIT TOO, LLC,
an Oregon limited liability company **(“PHIT”)**

AND: University of Oregon **(“Owner”)**

DATED: [insert date]

RECITALS

- A. On or about [insert date], PHIT and Owner (each individually referred to as a **“Party,”** and collectively the **“Parties”**) entered into that Lease (as amended to date, the **“Lease”**), pertaining to the enhancement of Matthew Knight Arena (the **“Arena”**), which provides that PHIT has the right to undertake certain development, construction, alteration, and improvement projects to enhance the Arena (the **“Project”**) and, at the conclusion of the Lease, make a gift of the Project to the Owner.
- B. As permitted by the Lease, PHIT entered into certain contracts for design and construction of the Project including the following:
 - 1. That certain Construction Contract between PHIT and [insert contractor] entered into on or about [insert date] and all amendments and change orders thereto;
 - 2. A design services contract or architect’s contract between PHIT and [insert firm] entered into on or about [insert date] and all amendments and addenda thereto; and
 - 3. That certain Consultant Agreement between PHIT and Rusty Sprocket LLC (**“Rusty Sprocket”**) entered into on or about [insert date] and amendments and addenda thereto.
- C. The Lease provides that, upon completion of the Project, or prior to completion of the Project if the Parties mutually agree, PHIT shall assign the contracts listed in recital B and all other contracts related to the Project (collectively, **“Contracts”**), all work product and warranties related to the Contracts, and all of PHIT’s rights, obligations and liabilities thereunder to Owner, and Owner shall assume all such Contracts, subject to the limitations described more particularly below.
- D. The Project is complete or nearing completion. The Parties have agreed to enter into this Assignment and Assumption Agreement as permitted by the assignment and assumption provisions of the Lease.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by this reference, and in consideration of the promises and agreements set forth herein and other valuable

consideration, the adequacy of which is hereby acknowledged, PHIT and the Owner hereby agree as follows:

1. Assignment

PHIT hereby assigns, transfers, conveys and grants to Owner, its successors, and assigns forever, (1) all of PHIT's rights, title, and interest in and to the Contracts; (2) all of PHIT's rights, title, and interest in and to the Project; (3) any and all work and work product under the Contracts, whether produced, performed, provided or developed directly by [general contractor], [architect], Rusty Sprocket, or [any other contractor] or by or through their respective subcontractors; and (4) all of PHIT's other rights, title, interests, benefits, assets, warranties and other entitlements of every kind and nature under or arising from the Contracts. The foregoing includes but is not limited to all plans, drawings, specifications, manuals, construction documents, Project documentation, pre-construction and construction services and work and work product therefrom, materials, equipment, structures, fixtures, improvements, completed or in progress, and property rights of every kind and nature and the right of occupancy and use and rights regarding all retainage or bonds and securities deposited in lieu of retainage under the Contracts to fulfill the payment obligations of Section 6.3 to final completion of the Project.

2. PHIT Confirmations

PHIT hereby makes the following confirmations to Owner, based upon PHIT's current knowledge and belief, with the intent of having Owner rely on them: (i) PHIT has paid the invoices received to date arising from Contracts, except [insert if applicable]; and (ii) PHIT has specifically informed Owner in writing of any currently known and asserted outstanding claims or liabilities that have arisen under the Contracts.

3. Delegation and Assumption

PHIT hereby delegates to Owner and Owner, to the full extent permitted by Oregon law, hereby assumes all of PHIT's contractual obligations, duties, and liabilities under the Contracts, including contractual obligations and liabilities under Contracts (including subcontracts) that predate this assignment and assumption, except for any PHIT obligations and liabilities which Owner is not permitted to accept under applicable Oregon law. However, through this Assignment and Assumption Agreement, Owner does not assume any tort liability, statutory obligation, or other obligations, liabilities, claims, costs or expenses of any kind arising from the negligence, recklessness, or willful or intentional misconduct of PHIT or its member, managers, officers, employees, agents, or contractors in performing PHIT's obligations under the Lease.

4. Implementation of Agreement Terms

This Assignment and Assumption Agreement is entered into by the Parties to effectuate the intent of the Lease; however, this Assignment and Assumption Agreement does not replace any obligations of Owner or PHIT under the Lease.

5. Disclaimer of All Warranties by PHIT on Transferred Work

As provided in Section 3 of Exhibit C of the Lease, PHIT makes no warranties or representations of its own to UO regarding (1) any design or other pre-construction services; (2) any construction services and work performed on the Project under the Lease; (3) any design issues associated with design services performed on the Project; or (4) any transferred work product under the Contracts or other contracts or subcontracts related to the Project. PHIT specifically disclaims any and all such warranties. All such services and work are hereby transferred to UO AS-IS and without recourse to PHIT. UO agrees that any and all warranty rights it may have related to the Project's (1) design services; (2) pre-construction services; and (3) construction services and work shall be solely against third parties, to the extent PHIT has any assigned warranties or independent rights against the designers, consultants, contractors, suppliers, or other parties performing the Project, including providing materials or services. PHIT assumes no special relationship with respect to any such services. To the greatest extent permitted by law, PHIT and its members shall have no liability to UO for incidental or consequential damages of any nature whatsoever. Except as set forth in Section 4 of Exhibit C to the Lease, to the greatest extent permitted by law, UO shall, to the fullest extent not prohibited by applicable law, indemnify, defend and hold PHIT, its member, and agents harmless from and against any claims related in any fashion to the Project, including, without limitation, any claims related to the preconstruction work, the work performed under the Lease, and any design claims, unless arising in whole or in part from the negligence, recklessness, or willful or intentional misconduct of PHIT, its member, managers, officers, employees, agents or contractors in performing its obligations under the Lease.

6. Obtaining Consents and Releases, Continued Cooperation

- 6.1 PHIT shall use its best efforts, as soon as possible, through a letter agreement with each contractor, to obtain PHIT's release from liability under the Contracts it has. PHIT shall include in each letter agreement the contractor's consent to the assignment of PHIT's contract rights to Owner and PHIT shall attach a signed copy of the letter agreement to this Assignment and Assumption Agreement. The consent language in each letter agreement shall expressly provide that the consent is provided to and for the benefit of both PHIT and Owner, with Owner named as an intended third-party beneficiary, and the terms of the letter agreements shall otherwise be acceptable to Owner. PHIT is required to use its best efforts to obtain such consent and release; however, if necessary, Owner will assist PHIT in obtaining them.
- 6.2 PHIT shall deliver to Owner all documentation, records, work product, manuals, warranties and other materials and documentation of every kind and nature that PHIT now has or later receives respecting the Project and the Contracts. If requested by Owner, PHIT shall assist Owner (at Owner's expense) in obtaining documentation or having documentation transferred to Owner in Owner's name, including but not limited to any warranties for materials, equipment, or systems, and PHIT shall assist Owner (at Owner's expense) in asserting claims under such warranties if the party giving the warranty fails to recognize Owner as the owner or beneficial party under the warranty. PHIT shall also execute and deliver any

other documentation Owner may reasonably request to further document the assignment and assumption between PHIT and Owner.

- 6.3 If requested by Owner, PHIT shall assist Owner in processing any pending amendments and any pending or final invoices and payments under the Contracts and other documentation necessary to close out the Contracts, at least in the event the assignment and assumption and consent and release process has not been completed before final payment and closeout are to occur. Payments under the Contracts are the responsibility of Owner, except for payment obligations that have accrued and are due and payable prior to the date of this Assignment and Assumption Agreement or for any retainage due to a contractor under the Contracts other than retainage earned after the date hereof if this Assignment and Assumption Agreement is being entered into prior to substantial completion of the Project. PHIT agrees that with the exception of any funds necessary for payments under the Contracts (including any subcontracts), to the extent PHIT would still be involved in such payments, no compensation is due or owing to PHIT for the services or work PHIT has performed under the Lease.

7. Miscellaneous Provisions

- 7.1 This Assignment and Assumption Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.
- 7.2 Time is of the essence of this Assignment and Assumption Agreement.
- 7.3 This Assignment and Assumption Agreement shall be interpreted under the laws of the State of Oregon.
- 7.4 Jurisdiction and venue for any claims or disputes arising from this Assignment and Assumption Agreement shall be the Circuit Court of Lane County for the State of Oregon; provided, however, if a claim or dispute must be brought in a federal forum, then it shall be brought and conducted solely and exclusively within the United States District Court for the District of Oregon. In no event shall this section be construed as a waiver by the State of Oregon of any form of defense or immunity.
- 7.5 No waiver of any provision of this Assignment and Assumption Agreement or waiver of a breach thereof shall be of any force or effect unless in writing, shall not be construed as a waiver of any other provision, and shall not be construed as a continuing waiver.
- 7.6 This Assignment and Assumption Agreement is the entire agreement between the Parties relating to the limited subject matter hereof and any modifications hereto shall be in writing executed by the Parties.

- 7.7 The Parties agree this Assignment and Assumption Agreement shall be effective as of the date first written above immediately upon execution by both Parties. Each Party hereby represents that it has obtained before execution any required approvals.

- 7.8 The Parties each acknowledge that it had the opportunity to and did engage separate legal counsel respecting advice for and the preparation of this Assignment and Assumption Agreement before executing it.

IT IS SO AGREED:

OWNER:
University of Oregon

PHIT:
PHIT TOO, LLC

By: _____
Name: _____
Title: _____

Date: _____

By: _____
Name: _____
Title: _____

Date: _____

**Exhibit B
Title Report**

Exhibit E
PHIT's Insurance Requirements

During the Term, PHIT will provide and maintain commercial general liability (Occurrence Basis) insuring it against claims for personal injury, bodily injury or death, and property damage. Such insurance will be written with an insurer licensed to do business in the state of Oregon, will name UO as additional insured, and contain a waiver of subrogation endorsement in favor of UO. The initial limits of liability of all such insurance will be not less than \$1,000,000 per occurrence and \$2,000,000 general aggregate.

Either PHIT or PHIT's prime contractor will purchase and maintain Causes of Loss-Special Form (formerly "all risk") builder's risk insurance in the amount of the prime contractor's contract price for the construction of alterations, additions, or improvements to the Premises during the Term and the cost of materials furnished by others, comprising the total value of such alterations, additions, or improvements during the Term, on a replacement cost basis. The insurance will contain a waiver of subrogation in favor of UO.

PHIT will carry Commercial Business Automobile Liability Insurance (Occurrence Basis) with a \$1,000,000 combined single limit coverage and naming UO as additional insured. Such insurance will be endorsed with a waiver of subrogation endorsement in favor of UO and include coverage for owned, hired, and non-owned vehicles.

All policies of insurance required hereunder will provide that the insurance represented by the certificates will not be cancelled without the giving of thirty (30) days' prior written notice to the holders of the insurance required hereunder. If the parties agree, UO may obtain the same and keep the insurance in effect, and PHIT will pay UO the cost thereof within ten (10) days after receipt of an invoice. No policy (with the exception of earthquake and flood) will contain a deductible or self-insured retention in excess of \$25,000 without UO's prior written approval. If requested by UO, PHIT will promptly deliver to UO a certified copy of any certificate of insurance and insurance policies required by this License. The insurance carried by PHIT hereunder will be primary and not contributory with any other insurance which is maintained by UO. All insurance that PHIT is required to maintain hereunder may be provided under a blanket policy provided such policy otherwise complies with the requirements of this exhibit and is endorsed with an Aggregate Limits of Insurance (Per Location) endorsement.

The insurance required of PHIT above may be provided by PHIT or its contractors.

EXHIBIT B

LICENSE AGREEMENT

This License Agreement (“**Agreement**”) is entered into by the University of Oregon (“**UO**”) and PHIT TOO, LLC, an Oregon limited liability company (“**PHIT**”), effective the date of last signature of this Agreement.

RECITALS:

- A. UO is the owner of the land and improvements known as Matthew Knight Arena (“**Arena**”).
- B. PHIT is a single member limited liability company, the sole member of which is the University of Oregon Foundation (“**Foundation**”).
- C. The Foundation is an independent, nonprofit public benefit corporation established under Oregon law, ORS Chapter 65. The Foundation is recognized as a tax-exempt public charity under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The Foundation’s purpose is to raise, manage, distribute, and steward private resources to support the mission and priorities of UO. The Foundation Board of Trustees is responsible for overseeing the mission, leadership, and operations of the Foundation.
- D. The Foundation, through PHIT, desires to undertake certain renovation, alteration, and improvement projects to enhance the Arena (the “**Arena Enhancement Project**”; also referred to hereafter as the “**Project**”).
- E. To allow PHIT to perform the Arena Enhancement Project, UO is willing to grant a license to PHIT to use the necessary portions of the Arena and adjacent UO property, as generally described in Exhibit A (the “**Licensed Area**”) for the performance of the Project, after which the Project will be given to UO as a gift-in-kind to assist UO’s students.

AGREEMENT:

UO licenses the Licensed Area to PHIT on and subject to the following terms, conditions, and provisions:

1. LICENSE, DURATION, CONSIDERATION, AND SCOPE

1.1 **Grant of License.** UO grants to PHIT and its employees, officers, and agents, as well as its contractors and subcontractors (collectively, its “**Contractors**”), a non-exclusive, non-transferable license, terminable by UO on the conditions described in this Agreement, to use the Licensed Area. UO retains all and does not convey any real property rights to the Licensed Area throughout the duration of this Agreement. This License does not convey an interest in real property, but rather is a privilege granted to Licensee for the purposes stated in this Agreement. It is not the intent of the parties that this License Agreement will result in any property tax liability to Licensee.

1.2 **License Period.** The License will commence on [START DATE] or such earlier date as the parties may agree (the “**Start Date**”), subject to all conditions described in this Agreement. The License will terminate on the earlier of: (1) [END DATE], or (2) or the date on which the Project is tendered to

UO after substantial completion, as described in Section 2.11.1 (the earlier date being the “**End Date**”). This Agreement may be extended for reasonable cause upon written approval of both parties, which approval will not be unreasonably withheld.

1.3 Uninterrupted Use. Except as specifically described below, UO and its lessees and licensees shall have access to the Arena and the Licensed Area throughout the duration of this Agreement. PHIT will not unreasonably interfere with any event, activity, or use of the Arena by UO and its lessees and licensees without UO’s prior consent.

1.4 Consideration and Taxes. PHIT will pay UO a fee of one dollar in exchange for the license, which will be due and payable before the Start Date. The parties do not anticipate this Agreement to result in any property tax liability. If any property tax is assessed on the Licensed Area as a result of this Agreement, UO will pay all taxes and, to the fullest extent not prohibited by applicable law, defend, indemnify, and hold harmless PHIT and its agents, employees, Contractors, members, representatives, and directors from all costs, expenses, and other liabilities arising out of such assessment. As used in this paragraph, the term “property tax” will include all ad valorem real property taxes, ad valorem personal property taxes (not including any such taxes on the personal property of any Contractors), special assessments, deferred ad valorem taxes, local improvement district assessments, and any other similar tax or assessment.

2. PROJECT TERMS

2.1 Design. PHIT will perform the Project to renovate, alter, and improve the Arena to benefit UO’s students. UO approves the Project design concepts presented to UO on [PRESENTATION DATE] (the “**Approved Project Design**”). PHIT may make revisions to the design unless the revisions are, by UO’s reasonable determination, substantially inconsistent with the Approved Project Design. If the revisions are not substantially consistent with the Approved Project Design, the revisions will be subject to UO’s review and approval, which approval shall not be unreasonably withheld, conditioned, or delayed.

2.2 Project Performance. During this Agreement, PHIT will have the right to (a) demolish, remove, or replace improvements located within the Licensed Area as necessary to perform the Project, (b) unless UO has, to the extent consistent with applicable law, provided prior reasonable instructions regarding specific materials, remove, haul away, dispose of, and reuse any and all materials resulting from the demolition, removal, or replacement of any improvements as part of the Project, and (c) cause certain Project repairs, alterations, and improvements to be constructed, installed, and performed to complete the Approved Project Design in the Licensed Area.

2.3 Post-Project Restoration. PHIT will restore any portion of the UO’s property affected by the performance of the Project to substantially the condition they were in immediately prior to such installation (subject to the modifications necessary for the Project’s improvements).

2.4 Access. To facilitate the Project, UO grants to PHIT a nonexclusive right of access, ingress, and egress to, over, and through UO property adjacent to the Licensed Area for the duration of the Agreement to the extent reasonably necessary to access the Licensed Area and perform the Project. PHIT will work together with UO to designate and coordinate the method and timing of use of access

routes for this purpose. UO is responsible for coordinating any relocation of UO employees or UO property necessary to perform the Project.

2.5 **Parking.** This Agreement does not provide parking to PHIT and its Contractors.

2.6 **Labor and Service Fees.** UO agrees to waive any and all labor and service fees, interdepartmental charges, mark ups, and service charges for UO's services related to the Project including, without limitation, facility management, IT services, security services, and lock shop. However, Licensee will, in its sole discretion, pay for the actual cost of any materials provided by UO, such as locks required and provided by UO.

2.7 **Contractor Requirements.** In connection with Project work:

2.7.1 PHIT will use only Contractors that are properly licensed in Oregon and will keep the Licensed Area free from any liens arising out of any work performed, materials furnished or obligations incurred by or for PHIT. Any Project work performed, materials furnished, or obligations incurred will be at PHIT's sole request and cost and not at the instance of or as agent for UO. PHIT will be solely responsible for obtaining and paying for any and all permits and licenses, but UO will cooperate with PHIT and use best efforts to assist PHIT with the process of obtaining the required permits and licenses.

2.7.2 PHIT will require its Contractors of all tiers to pay applicable prevailing wages as required by law for the Project. The Project is subject to Oregon's prevailing wage law, and PHIT will comply with all applicable prevailing wage statutes, regulations, and other requirements set forth in Exhibit B.

2.7.3 PHIT will require its Contractors to competitively bid or procure the work as appropriate. This procurement may include, without limitation, bidding of the intended scope of work, interviewing selected bidders, negotiating with selected bidders, and awarding to the bidders, in PHIT's sole discretion, that are best able to perform the work, based on price and other relevant factors. The selection need not be based solely on price. PHIT reserves the right not to competitively procure any aspect of the Project if, in PHIT's sole discretion, it is in the best interest of the Project. PHIT has the right to make direct and sole-source purchases for any aspect of the Project without competitive procurement.

2.7.4 PHIT will require its Contractors to use good faith efforts in the solicitation of minority, women, and veteran-owned businesses as well as emerging small businesses for the Project and will maintain records of such efforts and the actual usage of such businesses.

2.7.5 PHIT is not and will not, in any way, be acting as a public agency with respect to the Project nor will any provision of this Agreement require PHIT to act as a public agency. However, the parties understand that the prevailing wage requirements in ORS 279C.800 to 279C.870 apply to the Project and that, for purposes of prevailing wage requirements, the Project is a "public works" pursuant to ORS 279C.800. Except as provided in the foregoing sentence, it is the intent of the parties that the Project is not and will not be deemed a public project or public improvement.

2.8 **Coordination Committee.** UO shall appoint a representative who shall be PHIT's primary point of contact with respect to the construction of the Project (the "**UO Project Representative**"). The

UO Project Representative will initially be Mike Harwood, but UO may change the UO Project Representative at any time at its sole discretion by providing written notice to PHIT. The UO Project Representative, PHIT, and a representative of PHIT's general contractor shall meet regularly and in no circumstance less often than monthly to discuss the progress of the Project, UO's reasonable needs for use and access to the Licensed Area, any other Project coordination issues, and any approvals required hereunder for the Project.

2.9 Emergency and Disability Access Requirements. If PHIT's use of the Licensed Area causes a violation of the Americans with Disabilities Act of 1990 ("**ADA**") or if the Eugene Springfield Fire Marshal's Office or the UO Fire Marshal's Office deems there to be a life safety event violation, UO and PHIT shall reasonably cooperate to identify a means of resolving the violation.

2.10 Safety Signage. PHIT agrees to provide clear and consistent directional signage for all sidewalks, roads, entrances, and other public right of ways that are unavailable.

2.11 Surrender of Licensed Area with Improvements; Close-Out Procedures.

2.11.1 On or before the End Date: (a) PHIT will remove and cause its Contractors to remove their personal property from the Licensed Area (except to the extent reasonably necessary to complete punch-list items and otherwise complete Project close-out as provided below in this Section and Exhibit C); and (b) PHIT will surrender the Licensed Area to UO with the Project substantially completed such that the Arena can be used for its intended purpose subject only to so-called "punch-list" items for final completion of the Project.

2.11.2 At and after the End Date, Project close-out will occur as provided in Exhibit C attached hereto, and PHIT will execute an Assignment and Assumption Agreement in the form included as Attachment 1 to Exhibit C, which includes the assignment of all retainage or bonds and securities deposited pursuant to Section 1 of Attachment 1 to fulfill the payment obligations of Attachment 1. UO shall have sole responsibility for all maintenance and repair of the Licensed Area after the End Date, and PHIT is completely released by UO from all responsibilities under this Agreement, except as otherwise stated in this Agreement.

3. **CONDITION OF LICENSED AREA.** Except as otherwise provided in this Agreement, PHIT will have access to the Licensed Area in its "AS-IS" condition with all faults, including both latent and patent defects. UO and UO's agents, employees, and trustees do not make, have not made, and expressly disclaim any representations or warranties, express or implied, with respect to the Licensed Area. However:

3.1 Hazardous Materials. PHIT is not responsible for the existence of any hazardous materials at, on, or under the Licensed Area prior to the Start Date. If any hazardous material is discovered in the Licensed Area and if it is possible to remediate the hazardous material condition in a way that does not substantially and materially change the design, engineering, or construction timeline for the Project, or substantially and materially increase the Project construction cost, then UO will undertake and be responsible for the cost of remediation of the hazardous material condition (including any action required by applicable environmental law to: (a) clean up, remove, treat or in any other way address hazardous material, (b) prevent the release or minimize the further release of hazardous material, or (c) investigate and determine if remediation is required). As used in this Agreement, hazardous material includes: (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid,

liquid, or gas, whether naturally occurring or manmade, that is defined as hazardous, toxic, a contaminant, or words of similar import or regulatory effect under any environmental law; and (b) any petroleum or petroleum by-products or degradation products, radon, radioactive materials or wastes, lead paint, asbestos in any form, urea formaldehyde foam insulation, methane-generating wastes (such as wood chips and other wood wastes), and polychlorinated biphenyls. Also as used in this Agreement, environmental law includes federal, state or local statutes, laws, rules, ordinances, codes, regulations, permits, authorizations, judgments, directives, and orders applicable to the Licensed Area and relating to protection of human health or the environment (including ambient and indoor air, surface water, ground water, drinking water, wildlife, plants, land surface or subsurface strata), and including any statutes, regulations, binding administrative decisions or orders relating to releases or threatened releases of hazardous materials or otherwise relating to the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport, remediation or handling of hazardous materials.

3.2 Irreparable Conditions. If any hazardous material or latent condition is discovered at the Licensed Area and if it is not possible to remediate the hazardous material or latent defect condition in a way that does not substantially and materially change the design, engineering, or construction timeline for the Project, or substantially and materially increase the Project construction cost, either party may terminate this Agreement upon notice to the other party. If either party terminates this Agreement pursuant to this Section 3.2, PHIT will restore the Licensed Area to the same or better condition than it presently exists at the effective date of this Agreement, but only if and after UO, at UO's and not PHIT's expense, promptly remediates the hazardous condition or latent defect, if necessary to complete the restoration, such that PHIT may undertake the restoration work without incurring any liability or obligation for the hazardous condition or latent defect. UO will, to the fullest extent not prohibited by applicable law, indemnify, defend, and hold PHIT harmless for, from, and against any and all liability, damages, expenses, judgments, proceedings, and causes of action based on the presence of hazardous materials on the Licensed Area that are not introduced by PHIT or its Contractors.

4. INSURANCE AND INDEMNITY.

4.1 PHIT's Indemnity of UO. To the extent of its insurance on the Project, PHIT will indemnify, defend, and hold harmless UO (including its employees and trustees) from and against any and all liability, damages, expenses, judgments, proceedings, and causes of action based solely on claims by third parties for injury to or death of any person or damage to or destruction of any property arising out of PHIT's use or occupancy of the Licensed Area, provided, however, such obligation only applies to the extent of PHIT's or PHIT's managers, officers or employees negligence, or willful or intentional misconduct. PHIT's indemnification obligations under this paragraph will survive the expiration or termination of this Agreement.

4.2 PHIT's Insurance. PHIT or its Contractors will maintain the insurance specified on Exhibit D on the Licensed Area for the duration of this Agreement.

4.3 UO's Indemnity of PHIT. UO will indemnify, defend and hold PHIT harmless as provided in Exhibit C.

5. ASSIGNMENT. PHIT may not assign this Agreement or sublicense the whole or any part of the Licensed Area without the prior written approval of UO, which approval UO may grant or withhold in UO's sole and absolute discretion.

6. COMPLIANCE WITH LAW.

6.1 **Applicable Law.** During the duration of this Agreement, all obligations of PHIT under this Agreement and actions taken by PHIT pursuant to this Agreement will comply with all applicable statutes, regulations, rules, and other legal requirements of all federal, state, county and municipal authorities having jurisdiction over the Licensed Area. This includes, but is not limited to, compliance with (a) the ADA; (b) applicable Oregon Building Codes; (c) all laws, regulations, rules, and policies established pursuant to the foregoing laws; and (d) all laws, regulations, rules, and policies specifically made applicable by reference in this Agreement.

6.2 **Bond Status.** Notwithstanding the requirements of Section 6.1, UO is solely responsible for performing all actions necessary to maintain the tax-exempt status of all bonds associated with the Licensed Area.

7. **TERMINATION.** PHIT may, at any time and without cause, terminate this Agreement and return the Licensed Area to UO in the same or better condition than it presently exists as of the effective date of this Agreement. In addition, in the event of a material breach of this Agreement by PHIT or UO, the party not in breach may terminate this Agreement. The right to terminate this Agreement is not an exclusive remedy, and a party may singularly, successively, cumulatively, simultaneously or concurrently pursue all rights and remedies available to the non-breaching party at law or in equity.

8. **UO ACCESS TO LICENSED AREA.** In addition to such access described in Section 1.3, UO and UO's agents may enter the Licensed Area: (a) to inspect the general condition of the Licensed Area, (b) to perform such duties as UO is obligated to perform under this Agreement or applicable law or policy, and (c) to engage in other activities coordinated with PHIT that will not interfere with the activities of PHIT (including PHIT's Contractors) in the Licensed Area. UO's Police Department and other emergency response personnel may enter the Licensed Area at all times without PHIT's consent to respond to health or safety emergencies and to enforce controlling state and federal laws, municipal ordinances, and UO policies, rules, and regulations.

9. CONDITIONS TO AGREEMENT.

9.1 **PHIT Board of Managers Approval of Agreement.** This Agreement is subject to the approval of PHIT's Board of Managers on or before [insert date]; if such approval is not obtained by the date, PHIT may terminate this Agreement by written notice to UO given no later than [insert date].

9.2 **PHIT Board of Managers Approval of Construction Contract.** This Agreement is subject to the PHIT Board of Managers approval of the construction contract with its general contractor and design professionals on or before [insert date]; if such approval is not obtained by the date, PHIT may terminate this Agreement by written notice to UO given no later than [insert date].

10. MISCELLANEOUS

10.1 **Mutual Cooperation.** The parties hereto will cooperate with each other to accomplish the Project and will use all reasonable efforts to cause the fulfillment of the conditions to the parties' obligations hereunder and to provide, or obtain from any third party, as promptly as possible, all consents, authorizations, orders, or approvals required in connection with the Project and this

Agreement. The parties will execute such further documents and take such actions as may be necessary or convenient to accomplish the purposes of the Project and this Agreement.

10.2 Governing Law. This Agreement will be governed and construed in accordance with the laws of the State of Oregon without regard to principles of conflicts of law.

10.3 Force Majeure. Neither UO nor PHIT will be held responsible for delay or default caused by fire, riot, acts of nature, terrorist acts, or other acts of political sabotage, or war where such cause was beyond, respectively, UO's or PHIT's reasonable control. PHIT will, however, make all reasonable efforts to remove or eliminate such a cause of delay or default and will, upon the cessation of the cause, diligently pursue performance of its obligation under this Agreement. However, if a default or delay due to a force majeure event continues for an unreasonable time, as determined by either party, then such party is entitled to terminate the Agreement pursuant to the terms of Section 7. In the event it is commercially unreasonable for PHIT to commence or complete construction of the Project as a result of an event of force majeure, PHIT shall have no liability to UO therefor and, to the extent construction has already commenced, PHIT will restore the Licensed Area to a condition that is the same or a better condition than it presently exists at the effective date of this Agreement.

10.4 Binding Effect. All of the provisions contained in this Agreement are binding upon and inure to the benefit of the heirs, personal representatives, successors and assigns of the parties hereto.

10.5 Rules of Interpretation. All of the provisions of this Agreement are to be construed as a whole and not strictly for or against any party.

10.6 No Partnership or Other Venture. This Agreement is not intended to create, nor will it in any way be interpreted or construed to create, a joint venture, partnership, agency, or any other similar relationship, including a joint employer relationship, between the parties.

10.7 Waiver. Failure of UO or PHIT to enforce any provision of the Agreement will not constitute a waiver or relinquishment of the right of performance in the future nor of the right to enforce any other provision of this Agreement.

10.8 Counterparts. This Agreement may be executed in several counterparts, each of which will be an original, all of which, together, will constitute one instrument.

10.9 Attorney Fees. In any dispute involving the interpretation or enforcement of this Agreement or involving issues related to bankruptcy (whether or not such issues relate to the terms of this Agreement), the prevailing party will be entitled to recover from the non-prevailing party reasonable attorney fees, paralegal fees, costs, disbursements, and other expenses incurred by the prevailing party in the dispute, including those arising before and at any trial, arbitration, bankruptcy, or other proceeding, and in any appeal or review thereof. In addition, the amount recoverable by the prevailing party will include an amount estimated as the fees, costs, disbursements, and other expenses that will be reasonably incurred in collecting a monetary judgment or award, or otherwise enforcing any order, judgment, award, or decree entered in the proceeding.

10.10 Authority. Each party represents it has full authority to sign this Agreement.

10.11 **Survival.** All obligations of a party to this Agreement which, by their nature, are continuing, will survive expiration or termination of this Agreement (except to the extent that the party is released or the obligation is assumed pursuant to this Agreement).

10.12 **Notices.** A notice or communication under this Agreement by either party to the other party must be in writing and delivered by registered or certified mail, postage prepaid, return receipt requested and by regular first-class mail, or, subject to the provisions of the last paragraph of this Section 10.12, via email, addressed as follows (or to such other address as a party may designate for itself by notice to the other party pursuant to this Section 10.12):

If to UO:
Vice President for Finance and Administration
1283 University of Oregon
Eugene , OR 97403-1283
Office: Johnson Hall, 103
Email: vpfa@uoregon.edu

with a copy to:
Office of the General Counsel
1226 University of Oregon
Eugene , OR 97403-1226
Office: Johnson Hall, Room 219
Email: gounsel@uoregon.edu

If to PHIT:
c/o University of Oregon Foundation
Attn: _____
PO Box 3346
Eugene, OR 97403
Email: _____@_____

with a copy to:
Gleaves Swearingen, LLP
Attn: Patricia L. Chapman
975 Oak Street, Suite 800
Eugene, OR 97401-3156
Email: chapman@gleaveslaw.com

and to
Stoel Rives LLP
Attn: Dana L. Krawczuk
760 SW Ninth Avenue, Suite 300
Portland, OR 97205
Email: dana.krawczuk@stoel.com

Notice given by mail pursuant will be considered received on the earlier of (a) the date of actual receipt, or (b) three days after the date of mailing. Alternatively, a notice or communication under this Agreement by any party to any other party may be sent by email, addressed to a party pursuant to this Section, but will be effective only if the sender receives a reply from the addressee confirming receipt, in which event it will be deemed effective the day the notice email is sent or, if the next day is a weekend or federal holiday, on the next business day after the notice email is sent.

10.13 **Entire Agreement.** This Agreement (including its Recitals and Exhibits, which are incorporated in this Agreement) constitutes the entire agreement of the parties with respect to the Project, supersedes all prior or contemporaneous oral or written agreements with respect to the matters set forth in this Agreement, and may not be modified, amended or supplemented except in writing and signed by the parties.

[SIGNATURE PAGE FOLLOWS]

UO:

University of Oregon

By: _____

Name: _____

Title: _____

Date: _____

PHIT:

PHIT TOO, LLC

By: _____

Name: _____

Title: _____

Date: _____

Attachments:

- Exhibit A: Description of Licensed Area
- Exhibit B: Prevailing Wage Rate Law Compliance
- Exhibit C: UO Undertakings regarding Liability and Indemnity
(with Attachment 1 – Assignment and Assumption Agreement)
- Exhibit D: PHIT’s Insurance Requirements

Exhibit A
Description of Licensed Area

Areas and rooms found in Matthew Knight Arena, including:

- Player and recruit entry areas,
- Practice courts,
- Weight rooms,
- Training rooms,
- Hydrotherapy areas,
- Nutrition areas,
- Court-level corridors and hallways,
- Equipment “O-Hub” areas,
- Pre-game “O-Hub” areas,
- Men’s basketball locker room,
- Team lounge areas, and
- Film rooms.

Exhibit B
Prevailing Wage Rate Law Compliance

As more particularly described in this Exhibit B, PHIT will comply with and will require all of PHIT's construction contractors and subcontractors to comply with ORS 279C.800 through 279C.870. The Oregon Bureau of Labor and Industries ("**BOLI**") prevailing wage rates that will apply to the Project under the Agreement (and the construction contract that PHIT will enter into with PHIT's construction contractor) are those that are in effect at the time the construction contract is executed, or if no construction work is authorized to be performed in the initial form of the construction contract, then those prevailing wage rates in effect at the time the construction contractor is under a contractual obligation to perform construction work on the Project. Once established, the prevailing wage rates will then be in effect for the remainder of the Agreement and the construction contract between PHIT and PHIT's construction contractor. The prevailing wage rates that will apply will be those set forth in the then current version of the following BOLI booklet, together with any amendments to that booklet: "**PREVAILING WAGE RATES for Public Works Constricts in Oregon.**"

PHIT will pay construction workers at not less than the specified minimum hourly rate of wage, and will include that requirement in all construction contracts and subcontracts pertaining to construction of the Project.

In accordance with ORS 279C.845, every contractor and Subcontractor performing work on the Project will submit written certified statements to the PHIT and UO, on the form prescribed by the Commissioner of BOLI, certifying the hourly rate of wage paid to each worker which PHIT's contractors or subcontractors have employed on the Project, and further certifying that no worker employed on the Project has been paid less than the prevailing rate of wage or less than the minimum hourly rate of wage. The certificate and statement will be verified by the oath of the contractor or subcontractor that it has read the certified statement, that the contractor or subcontractor knows the contents of the certified statement, and that, to the contractor's or subcontractor's best knowledge and belief, the certified statement is true.

In order to comply with statutory requirements and administrative rules promulgated by the Commissioner of BOLI, the fee required by ORS 279C.825(1) will be paid by PHIT to UO, so the UO can pay the fee to the Commissioner of BOLI.

Exhibit C
UO Undertakings (Liability and Indemnity)

1. THIRD PARTY CONTRACTS. PHIT has already, or will following execution of this Agreement, enter into (a) a construction contract with [contractor name] (as extended or otherwise amended from time to time, “**Construction Contract**”); (b) a consultant agreement with Rusty Sprocket, LLC (as extended or otherwise amended from time to time, “**Consultant Contract**”); and, to the extent applicable, (c) any other design services contract or architect’s contract in connection with the Project to be undertaken by PHIT during the performance of the Agreement. All contracts described in this Section are collectively referred to as the “**Contracts.**”

2. PROJECT CLOSEOUT. To complete close-out of the Project and the transfer of any work at expiration of the Agreement, PHIT and UO will coordinate as follows:

2.1 UO shall coordinate with PHIT in all Project close-out processes required by this Agreement and required by the terms and conditions of the Contracts, including without limitation review of any issues associated with the completion of the Project, the date of final completion, the date of substantial completion on or before the End Date, acceptance of the Project, adequacy of any transfer of assignment of warranties and Project documentation, any final pay applications, retainage requests, and back charges and claims.

2.2 PHIT may follow the directives of the UO with respect to such close-out matters.

2.3 PHIT and UO will execute an Assignment and Assumption Agreement upon substantial completion of the Project, upon termination of the Agreement, or upon expiration of the Agreement, whichever occurs first, in the form attached as Attachment 1 hereto.

2.4 UO will enter into a license with [general contractor] and any other contractors, subcontractors, or service providers to the extent necessary to facilitate the completion of punch list work and other close-out procedures after the termination or expiration of the Agreement.

3. DISCLAIMER OF ALL WARRANTIES BY PHIT ON TRANSFERRED WORK

PHIT makes no warranties or representations of its own to UO regarding (1) any design or other pre-construction services; (2) any construction services and work performed on the Project under this Agreement; (3) any design issues associated with design services performed on the Project; or (4) any transferred work product under the Contracts or other contracts or subcontracts related to the Project. PHIT specifically disclaims any and all such warranties. All such services and work shall be transferred to UO AS-IS and without recourse to PHIT. UO agrees that any and all warranty rights it may have related to the Project’s (1) design services; (2) pre-construction services; and (3) construction services and work shall be solely against third parties, to the extent PHIT has any assigned warranties or independent rights against the designers, consultants, contractors, suppliers, or other parties performing the Project, including providing materials or services. PHIT assumes no special relationship with respect to any such services. To the greatest extent permitted by law, PHIT and its members shall have no liability to UO for incidental or consequential damages of any nature whatsoever. Except as set forth in Section 4 of this

Exhibit, to the greatest extent permitted by law, UO shall, to the fullest extent not prohibited by applicable law, indemnify, defend and hold PHIT and its members harmless from and against any claims related to the Project, including, without limitation, any claims related to the pre-construction work, the work performed under this Agreement, and any design claims, unless arising in whole or in part from the negligence, recklessness, or willful or intentional misconduct of PHIT, its member, managers, officers or employees in performing its obligations under this Agreement.

4. ASSIGNMENT AND ASSUMPTION

Upon termination or expiration of the Agreement, unless UO and PHIT agree to the terms of an earlier assignment of the Project, any portion of the Project, or any of the Contracts with any required modifications to this Agreement, PHIT shall assign to UO (1) the Contracts entered into by PHIT; (2) the Project, all Project-related work product, and all third party warranties related to the Project; and (3) all of PHIT's contractual rights, obligations, and liabilities related to the Project, including all obligations and liabilities that predate the assignment. UO shall, if PHIT makes such an assignment, assume all such Contracts and all of PHIT's rights, obligations and liabilities thereunder, including obligations and liabilities which predate the assignment provided. However, at the time of assignment, PHIT shall identify and notify UO in writing, by specific reference, each claim asserted in writing against PHIT arising out of the Contracts and the facts related to any such claim known to PHIT at the time of assignment as provided in the Assignment and Assumption Agreement attached hereto as Attachment 1. If PHIT fails to identify with specificity and in writing such claims that are known to PHIT at the time of assignment, all such claims and all costs and expenses arising from such claims ("**Claim Costs**") will be retained by PHIT. Under no circumstances will the form of assignment include claims of any kind, including Claim Costs, arising from PHIT's negligence, recklessness, or willful or intentional misconduct.

5. HOLD HARMLESS AND INDEMNIFICATION

To the greatest extent permitted by law the UO will indemnify and hold PHIT harmless and its managers, officers, directors, and PHIT's member, the Foundation, and the officers and directors of Foundation, from and against any and all claims, actions, demands or litigation arising out of the acts or omissions of the UO's officers, employees and agents that relate in any way to the Project.

6. FOUNDATION HOLD HARMLESS

UO will, under no circumstances and under no legal or equitable theories, make any claim under this Agreement, in tort or otherwise, against the Foundation, except to the extent any such claims arise from the negligence, recklessness, or willful or intentional misconduct of the Foundation. UO acknowledges and agrees that this Agreement constitutes a contract solely with PHIT and that Foundation, the sole member of PHIT, shall have no liability whatsoever under the Agreement either directly or indirectly as a third-party beneficiary or otherwise.

Exhibit C – Attachment 1

ASSIGNMENT AND ASSUMPTION AGREEMENT

BETWEEN: PHIT TOO, LLC,
an Oregon limited liability company **(“PHIT”)**

AND: University of Oregon **(“Owner”)**

DATED: [insert date] (the **“Assignment and Assumption Agreement”**)

RECITALS

- A. On or about [insert date], PHIT and Owner (each individually referred to as a **“Party,”** and collectively the **“Parties”**) entered into that License Agreement (as amended to date, the **“Agreement”**), pertaining to the enhancement of Matthew Knight Arena (the **“Arena”**), which provides that PHIT has the right to undertake certain renovation, alteration, and improvement projects to enhance the Arena (the **“Project”**) and, at the conclusion of the Agreement, make a gift of the Project to the Owner.
- B. As permitted by the Agreement, PHIT entered into certain contracts for design and construction of the Project including the following:
 - 1. That certain Construction Contract between PHIT and [insert contractor] entered into on or about [insert date] and all amendments and change orders thereto;
 - 2. A design services contract or architect’s contract between PHIT and [insert firm] entered into on or about [insert date] and all amendments and addenda thereto; and
 - 3. That certain Consultant Agreement between PHIT and Rusty Sprocket LLC (**“Rusty Sprocket”**) entered into on or about [insert date] and amendments and addenda thereto.
- C. The Agreement provides that, upon completion of the Project, or prior to completion of the Project if the Parties mutually agree, PHIT shall assign the contracts listed in recital B and all other contracts related to the Project (collectively, **“Contracts”**), all work product and warranties related to the Contracts, and all of PHIT’s rights, obligations and liabilities thereunder to Owner, and Owner shall assume all such Contracts, subject to the limitations described more particularly below.
- D. The Project is complete or nearing completion. The Parties have agreed to enter into this Assignment and Assumption Agreement as permitted by the assignment and assumption provisions of the Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by this reference, and in consideration of the promises and agreements set forth herein and other valuable

consideration, the adequacy of which is hereby acknowledged, PHIT and the Owner hereby agree as follows:

1. Assignment

PHIT hereby assigns, transfers, conveys and grants to Owner, its successors, and assigns forever, (1) all of PHIT's rights, title, and interest in and to the Contracts; (2) all of PHIT's rights, title, and interest in and to the Project; (3) any and all work and work product under the Contracts, whether produced, performed, provided or developed directly by [general contractor], [architect], Rusty Sprocket, or [any other contractor] or by or through their respective subcontractors; and (4) all of PHIT's other rights, title, interests, benefits, assets, warranties and other entitlements of every kind and nature under or arising from the Contracts. The foregoing includes but is not limited to all plans, drawings, specifications, manuals, construction documents, Project documentation, pre-construction and construction services and work and work product therefrom, materials, equipment, structures, fixtures, improvements, completed or in progress, and property rights of every kind and nature and the right of occupancy and use and rights regarding all retainage or bonds and securities deposited in lieu of retainage under the Contracts to fulfill the payment obligations of Section 6.3 to final completion of the Project.

2. PHIT Confirmations

PHIT hereby makes the following confirmations to Owner, based upon PHIT's current knowledge and belief, with the intent of having Owner rely on them: (i) PHIT has paid the invoices received to date arising from Contracts, except [insert if applicable]; and (ii) PHIT has specifically informed Owner in writing of any currently known and asserted outstanding claims or liabilities that have arisen under the Contracts.

3. Delegation and Assumption

PHIT hereby delegates to Owner and Owner, to the full extent permitted by Oregon law, hereby assumes all of PHIT's contractual obligations, duties, and liabilities under the Contracts, including contractual obligations and liabilities under Contracts (including subcontracts) that predate this assignment and assumption, except for any PHIT obligations and liabilities which Owner is not permitted to accept under applicable Oregon law. However, through this Assignment and Assumption Agreement, Owner does not assume any tort liability, statutory obligation, or other obligations, liabilities, claims, costs or expenses of any kind arising from the negligence, recklessness, or willful or intentional misconduct of PHIT or its member, managers, officers, employees, agents, or contractors in performing PHIT's obligations under the Agreement.

4. Implementation of Agreement Terms

This Assignment and Assumption Agreement is entered into by the Parties to effectuate the intent of the Agreement; however, this Assignment and Assumption Agreement does not replace any obligations of Owner or PHIT under the Agreement.

5. Disclaimer of All Warranties by PHIT on Transferred Work

As provided in Section 3 of Exhibit C of the Agreement, PHIT makes no warranties or representations of its own to UO regarding (1) any design or other pre-construction services; (2) any construction services and work performed on the Project under the Agreement; (3) any design issues associated with design services performed on the Project; or (4) any transferred work product under the Contracts or other contracts or subcontracts related to the Project. PHIT specifically disclaims any and all such warranties. All such services and work are hereby transferred to UO AS-IS and without recourse to PHIT. UO agrees that any and all warranty rights it may have related to the Project's (1) design services; (2) pre-construction services; and (3) construction services and work shall be solely against third parties, to the extent PHIT has any assigned warranties or independent rights against the designers, consultants, contractors, suppliers, or other parties performing the Project, including providing materials or services. PHIT assumes no special relationship with respect to any such services. To the greatest extent permitted by law, PHIT and its members shall have no liability to UO for incidental or consequential damages of any nature whatsoever. Except as set forth in Section 4 of Exhibit C to the Agreement, to the greatest extent permitted by law, UO shall, to the fullest extent not prohibited by applicable law, indemnify, defend and hold PHIT, its member, and agents harmless from and against any claims related in any fashion to the Project, including, without limitation, any claims related to the preconstruction work, the work performed under the Agreement, and any design claims, unless arising in whole or in part from the negligence, recklessness, or willful or intentional misconduct of PHIT, its member, managers, officers, employees, agents or contractors in performing its obligations under the Agreement.

6. Obtaining Consents and Releases, Continued Cooperation

6.1 PHIT shall use its best efforts, as soon as possible, through a letter agreement with each contractor, to obtain PHIT's release from liability under the Contracts it has. PHIT shall include in each letter agreement the contractor's consent to the assignment of PHIT's contract rights to Owner and PHIT shall attach a signed copy of the letter agreement to this Assignment and Assumption Agreement. The consent language in each letter agreement shall expressly provide that the consent is provided to and for the benefit of both PHIT and Owner, with Owner named as an intended third-party beneficiary, and the terms of the letter agreements shall otherwise be acceptable to Owner. PHIT is required to use its best efforts to obtain such consent and release; however, if necessary, Owner will assist PHIT in obtaining them.

6.2 PHIT shall deliver to Owner all documentation, records, work product, manuals, warranties and other materials and documentation of every kind and nature that PHIT now has or later receives respecting the Project and the Contracts. If requested by Owner, PHIT shall assist Owner (at Owner's expense) in obtaining documentation or having documentation transferred to Owner in Owner's name, including but not limited to any warranties for materials, equipment, or systems, and PHIT shall assist Owner (at Owner's expense) in asserting claims under such warranties if the party giving the warranty fails to recognize Owner as the owner or beneficial party under the warranty. PHIT shall also execute and deliver any

other documentation Owner may reasonably request to further document the assignment and assumption between PHIT and Owner.

- 6.3 If requested by Owner, PHIT shall assist Owner in processing any pending amendments and any pending or final invoices and payments under the Contracts and other documentation necessary to close out the Contracts, at least in the event the assignment and assumption and consent and release process has not been completed before final payment and closeout are to occur. Payments under the Contracts are the responsibility of Owner, except for payment obligations that have accrued and are due and payable prior to the date of this Assignment and Assumption Agreement or for any retainage due to a contractor under the Contracts other than retainage earned after the date hereof if this Assignment and Assumption Agreement is being entered into prior to substantial completion of the Project. PHIT agrees that with the exception of any funds necessary for payments under the Contracts (including any subcontracts), to the extent PHIT would still be involved in such payments, no compensation is due or owing to PHIT for the services or work PHIT has performed under the Agreement.

7. Miscellaneous Provisions

- 7.1 This Assignment and Assumption Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.
- 7.2 Time is of the essence of this Assignment and Assumption Agreement.
- 7.3 This Assignment and Assumption Agreement shall be interpreted under the laws of the State of Oregon.
- 7.4 Jurisdiction and venue for any claims or disputes arising from this Assignment and Assumption Agreement shall be the Circuit Court of Lane County for the State of Oregon; provided, however, if a claim or dispute must be brought in a federal forum, then it shall be brought and conducted solely and exclusively within the United States District Court for the District of Oregon. In no event shall this section be construed as a waiver by the State of Oregon of any form of defense or immunity.
- 7.5 No waiver of any provision of this Assignment and Assumption Agreement or waiver of a breach thereof shall be of any force or effect unless in writing, shall not be construed as a waiver of any other provision, and shall not be construed as a continuing waiver.
- 7.6 This Assignment and Assumption Agreement is the entire agreement between the Parties relating to the limited subject matter hereof and any modifications hereto shall be in writing executed by the Parties.

7.7 The Parties agree this Assignment and Assumption Agreement shall be effective as of the date first written above immediately upon execution by both Parties. Each Party hereby represents that it has obtained before execution any required approvals.

7.8 The Parties each acknowledge that it had the opportunity to and did engage separate legal counsel respecting advice for and the preparation of this Assignment and Assumption Agreement before executing it.

IT IS SO AGREED:

OWNER:
University of Oregon

PHIT:
PHIT TOO, LLC

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

Exhibit D
PHIT's Insurance Requirements

During the Agreement, PHIT will provide and maintain commercial general liability (Occurrence Basis) insuring it against claims for personal injury, bodily injury or death, and property damage. Such insurance will be written with an insurer licensed to do business in the state of Oregon, will name UO as additional insured, and contain a waiver of subrogation endorsement in favor of UO. The initial limits of liability of all such insurance will be not less than \$1,000,000 per occurrence and \$2,000,000 general aggregate.

Either PHIT or PHIT's prime contractor will purchase and maintain Causes of Loss-Special Form (formerly "all risk") builder's risk insurance in the amount of the prime contractor's contract price for the construction of alterations, additions, or improvements to the Licensed Area during the Agreement and the cost of materials furnished by others, comprising the total value of such alterations, additions, or improvements during the Agreement, on a replacement cost basis. The insurance will contain a waiver of subrogation in favor of UO.

PHIT will carry Commercial Business Automobile Liability Insurance (Occurrence Basis) with a \$1,000,000 combined single limit coverage and naming UO as additional insured. Such insurance will be endorsed with a waiver of subrogation endorsement in favor of UO and include coverage for owned, hired, and non-owned vehicles.

All policies of insurance required hereunder will provide that the insurance represented by the certificates will not be cancelled without the giving of thirty (30) days' prior written notice to the holders of the insurance required hereunder. If the parties agree, UO may obtain the same and keep the insurance in effect, and PHIT will pay UO the cost thereof within ten (10) days after receipt of an invoice. No policy (with the exception of earthquake and flood) will contain a deductible or self-insured retention in excess of \$25,000 without UO's prior written approval. If requested by UO, PHIT will promptly deliver to UO a certified copy of any certificate of insurance and insurance policies required by this License. The insurance carried by PHIT hereunder will be primary and not contributory with any other insurance which is maintained by UO. All insurance that PHIT is required to maintain hereunder may be provided under a blanket policy provided such policy otherwise complies with the requirements of this exhibit and is endorsed with an Aggregate Limits of Insurance (Per Location) endorsement.

The insurance required of PHIT above may be provided by PHIT or its contractors.

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Agenda Item #6

Acceptance of a Gift of Real Property (Bandon, OR)

The Board of Trustees is asked to consider a resolution authorizing the institution to accept a gift of real property being offered by a family with long-standing roots on the Oregon Coast. The property is approximately nine (9) acres of beach and dune property on the southern Oregon coast in Bandon, approximately thirty (30) minutes from the Oregon Institute of Marine Biology. The appraised value is \$215,000.

Anticipated uses for the property include:

- Outdoor classroom for courses in Biology, Anthropology, Earth Science, and Environmental Science
- Field research, such as invasive species remediation, archeological excavation and analysis, coastal hazards, climate science, and a better understanding of ecological and biological changes
- Community outreach through the use of the site by visitors to the region

A summary prepared by the director of the Oregon Institute of Marine Biology is attached.

Board Approval

The Board's delegation of authority requires approval for the acceptance of gifts wherein the UO may be bound to future costs or obligations that are not part of the gift. Such obligations are anticipated as minimal for this particular gift, but the reality exists that some management costs may exist in any given year (For example, litter/trash mitigation, filing titles upon transfer, etc.). Thus, acceptance of the gift must be approved by the Board of Trustees.

**Finance and Facilities Committee
Board of Trustees of the University of Oregon**

Resolution: Acceptance of a Gift of Real Property (Bandon, OR)

Whereas, the University of Oregon (“University” or “UO”) wishes to accept a gift of real property located on the Oregon Coast in the City of Bandon and in close proximity to the Oregon Institute of Marine Biology (OIMB);

Whereas, the proposed gift includes approximately nine (9) acres of coastal and dune property at an appraised value of \$215,000, which would be gifted outright to the UO;

Whereas, the property is gifted with the intent of use for teaching, research, and outreach;

Whereas, the property should require minimal management but may from time-to-time involve the incurrence of small expenses related to maintenance;

Whereas, section 1.9.1 of the University’s Policy on the Retention and Delegation of Authority requires Board approval for the acceptance of gifts that create an obligation on the part of the University for which there is no established funding source; and,

Whereas, the Board’s Policy on Committees authorizes the Finance and Facilities Committee to submit matters to the Board as a seconded motion.

NOW, THEREFORE, the Finance and Facilities Committee of the Board of Trustees of the University of Oregon hereby submits the following to the Board of Trustees as a seconded motion, recommending passage:

RESOLVED, the Board of Trustees hereby authorizes the President, or his designee(s), to accept the gift of real property as generally described above and to take all steps necessary and proper for execution of the gift agreement and subsequent transfer. The Board of Trustees also hereby ratifies all prior actions taken on behalf of the University related to the negotiation and execution of the aforementioned agreement.

Moved: _____ Seconded: _____

NAME	VOTE	NAME	VOTE
Aaron		Kari	
Bragdon		Murray	
Colas		Schill	
Gonyea			

Record here if no roll call vote was taken: _____

Date: _____ Recorded: _____

**A Potential Donation of Ocean Shore Property to the University of Oregon
For Use in Teaching, Research and Public Outreach**
Craig M. Young, Professor of Biology and OIMB Director

Introduction. The University of Oregon has been offered a donation of approximately 9 acres of spectacular beach and dune property off Beach Loop Drive, a scenic part of the Oregon coast in Bandon. The offer comes from the prominent McKeown family of Coos County, direct descendents of the founder of Bandon, and the property has been in their family, and has remained undeveloped since 1888. It is approximately 30 minutes south of the Oregon Institute of Marine Biology campus in



Figure 1. View from the property, looking northward to Coquille Pt.

Charleston. The purpose of this document is to discuss some ways that ownership of this land might be advantageous to the University mission, and to address potential challenges or liabilities that should be considered in the decision process.

University ownership of biological reserves. On the U.S. West coast, marine and terrestrial reserves are owned and managed by most major universities with marine laboratories, including Stanford, University of Washington, and University of California Davis. University-owned reserves are established to protect notable natural areas, to assure access for long-term monitoring, to provide outdoor laboratories for education, and for field experiments that require undisturbed sites and the safe deployment of expensive equipment. The Oregon Institute of Marine Biology at the University of Oregon has had a vision for natural reserves on the Oregon coast that extends to the earliest days of its 90-year history. The original OIMB campus in Charleston is a biological preserve that includes coastal forest, rocky shores, a small beach, kelp beds, tidepools and sea caves. A rich assortment of other habitats are in close proximity to the lab, including the 8000-acre South Slough National Estuarine Research Reserve, established largely by the efforts of University of Oregon faculty, which became the inaugural site of a now national network of 29 reserves. The University also owns Metcalf Marsh, a pristine salt marsh that is ideal for ecological research. The only major coastal habitats not represented in this local research network are rocky shores, sandy beaches, and dunes exposed to the open Pacific. The present proposal is an opportunity to add two of these habitats to the network at no financial cost to the University.

Description and Access. The subject property is Coos County Tax Lot 1400, a 9.19-acre parcel that includes: 1) the upper intertidal portion of a pristine sandy beach, 2) an extensive dune system vegetated by several small native plant species and by invasive European beach grass, and 3) a small upland zone dominated by invasive gorse. The property is located shoreward of some of the most scenic parts of the Oregon Islands National Wildlife Refuge, just south of Coquille Point and

Face Rock (Figure 2) in a town whose economy is based on tourism, golf, and retirement. The parcel (Figure 3) forms the approximate shape of an elongate parallelogram bounded on the East by two hotels and a number of high-end private residences on both sides of Beach Loop Road (Figure 3). There are no roads, driveways or easements that would permit vehicles or construction equipment to reach the site for commercial or private development. Foot traffic can access the property via a county hiking trail near Tish-and-Tang Lane (Figure 3, trail 1) where an

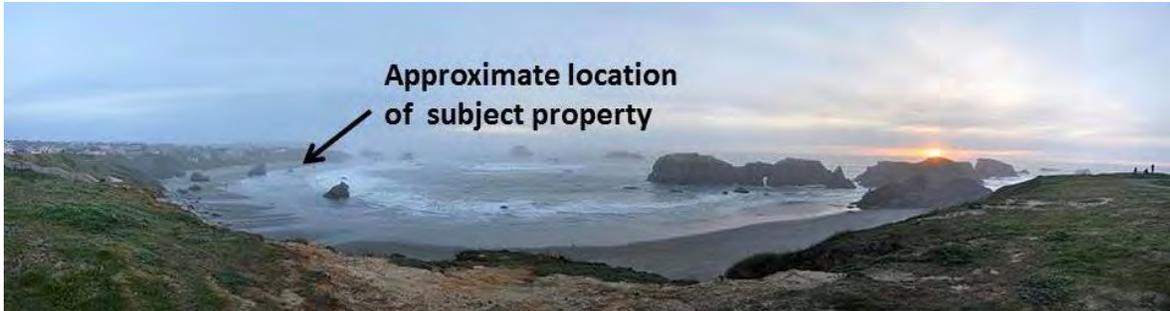


Figure 2 The scenic coastline south of Bandon showing Coquille Point in the foreground and Face Rock just below the arrow, which indicates the approximate location of the subject property.

undeveloped parking lot on Beach Loop Drive is available. Additionally, two adjacent hotels, have developed walking trails (Figure 3, trails 2 & 3) that cross the dunes to provide easy beach access for their guests. The Inn at Face Rock will allow University researchers and classes to park in their guest lot and to traverse their existing trail for access.

Teaching Value. This property will be used as an outdoor classroom by at least six Biology courses as well as courses from the departments of Anthropology, Earth Science, and the Environmental Science Program. The property will enrich field experiences for the students and allow the various ecology and geology classes to contribute to long-term observational data sets. For example, Dr. Dave Sutherland (Earth Sciences) has proposed teaching students the use of drones to track the shifting of coastal dunes and dune vegetation over time. Dr. Lauren Halle (Biology), a specialist in restoration ecology, would use the site to explore optimal methods of remediation from invasive species. Dr. Scott Fitzpatrick (Anthropology) already teaches an archaeology field school based at OIMB. He is excited about the likelihood of finding ancient sites on this University-owned site where students will be taught methods of excavation and analysis.



Figure 3. Approximate boundaries of the property (dotted yellow lines), showing three pedestrian access trails (numbers) and two areas for parking (yellow "P's").

Potential research uses. In this era of rapid environmental change, temporally focused research is becoming ever more critical and fundable. Some of the most important contributions to our understanding of environmental change come from University reserves where data have been collected from protected sites over long-enough periods to show significant effects. The OIMB biological preserve has already demonstrated its usefulness in this way; study sites established by Dr. Peter Frank (Biology) in 1961-62 are currently being re-evaluated for ecological changes by Dr. Aaron Galloway (Biology/OIMB). Our initial plan for the new property is to establish simple long-term benchmarks that will be useful for the monitoring of geological and biological change over many generations of faculty and students. Such benchmarks will likely lead to discoveries in geomorphology, ecology, climate science, coastal protection, restoration ecology, and coastal hazards.

University of Oregon archaeologists are very interested in this property. Dr. Scott Fitzpatrick, an expert on coastal and island archaeology, articulates the potential as follows:

“Overall, I think that the property could have significant value to the Department of Anthropology, and certainly to me as someone who is actively trying to construct a viable and vibrant research program on the Oregon Coast. There are already a significant number of known archaeological sites in the vicinity, there is great potential to discover more, and I am excited about the possibility of working in an area with undergraduate, graduate, and tribal students that has to date remained closed to development and other activities that would have comprised the archaeological integrity of the property” .

As Scott states, the fact that there has never been any development on this property makes it an extraordinary opportunity for archaeological work, especially since there are a great many cultural sites in the immediate area. Dr. Kassie Rippey, the archaeologist for the Coquille Tribe, when asked about the archaeological potential of this site, states:

“In general, there are LOTS of sites (both SHPO sites and unrecorded CIT sites) along that area, mostly on the terrace above the beach. The upper terrace is considered high probability for cultural resources.”

If early remains are found on this site, ownership would afford a tremendous opportunity for the UO archaeology department to continue their summer field school on the coast, working out of the logistically convenient OIMB campus.

Potential of site ownership for fund raising and outreach. The beach lies directly below two of the most popular tourist hotels in Bandon, and the guests of these hotels access the beach through two narrow sand paths that run through the dunes. This affords a significant opportunity for education and UO branding with a large number of visitors each year. We envision placing discrete interpretive signage along the trails and above the beach to explain aspects of biology, geology, ecology and conservation of coastal dunes and sandy beaches. The signs will also direct visitors to the UO campus in Charleston, where the Charleston Marine Life Center benefits from admissions revenue, memberships, and donations. The neighbors surrounding this beach are mostly retired persons who are financially well off. Owning the beach near their property presents an opportunity for the UO to run social or educational events in which potential donors might be engaged.

About the donors. The property is owned jointly by Jeff McKeown, Joe McKeown and a friend of the McKeown family. The McKeown family is one of the most prominent families on the south coast. Jeff served as the mayor of Coos Bay for many years, has served on the city council, and is a

partner in Morgan Stanley Wealth Management, a large investment firm on the South Coast. His wife Caddy is the recently re-elected state representative for District 9, the coastal district that encompasses the region from Coos Bay to Yachats. Caddie has significant interests in marine issues, having served as a commissioner for the International Port of Coos Bay, a member of the Pacific States Marine Fisheries Commission, the Oregon Shellfish Task Force, and chair of the Coastal Caucus. She also chairs the Transportation and Economic Development Committee and sits on the Agriculture and Natural Resources Committee and the Higher Education, Innovation and Workforce Development Committee. Joe is a prominent businessman, and the third owner is a retired corporate lawyer.

Potential costs and liabilities.

The property is being offered at no cost to the University, though there will likely be some small costs (title search, surveying, legal fees, etc.) associated with the transfer. We asked the family about the costs of maintaining the land. Apart from property taxes (which the University would not pay), they have invested nothing in land maintenance during the 130 years the property has been in the family. The land is undeveloped and has been left as a natural, undisturbed beach.

The lower part of the beach, although part of the land title, belongs by statute to the Oregon Department of State Lands and is maintained and managed by the Oregon Department of Parks and Recreation. We would have no responsibility for maintaining the beach. The beach is also part of a network patrolled by a state conservation organization, "Oregon Shores." This is one of many beaches that is adopted by a local family or organization and visited regularly. Various community organizations run beach cleanups in this area several times each year. Nevertheless, OIMB is willing to serve as the responsible steward of the land, and the OIMB facilities staff will be prepared to deal with any maintenance issues that arise.

As the land owner, would the University have liability for injuries or accidents happening on site? I have spoken with attorneys in the Oregon Department of Justice about this with respect to our ownership of Metcalf Marsh. They affirm that Oregon Law does not hold owners liable for individuals who enter property for recreational purposes. The individuals use these lands at their own risk.