



Finance and Facilities Committee

Meeting Minutes, September 10, 2015

The Finance and Facilities Committee (FFC) of the Board of Trustees of the University of Oregon (Board) met in the Ford Alumni Center on the UO Campus on September 10, 2015. Below is a summary of the committee discussions and actions.

Committee Membership

Peter Bragdon	Present
Andrew Colas	Present
Susan Gary	Present
Joseph Gonyea III	Present
Ross Kari, Chair	Present
Michael Schill	Present

Convening and Introduction, Approval of Minutes. The meeting was called to order at 10:00 a.m. by Committee Chair Ross Kari. Roll call was taken and a quorum verified. Chair Kari opened by providing a brief overview of the agenda. The committee approved the minutes from the June 2015 committee meeting.

Public Comment. Three people requested to make public comment. Francisco Morales-O'Connor, ASUO External Vice President, spoke on behalf of ASUO about the guaranteed tuition program. His concerns were with the inclusion of incidental fees and that the program would only benefit upper middle class students. Joaquin Ramon, with the Multicultural Center and a member of the Oregon Student Association, also shared concerns that inclusion of incidental fees would remove student autonomy from the process. He urged members to consider how this program will affect students who take longer than four years to graduate. Casey Edwards was called to comment, but was not present.

Quarterly Financial Report. Jamie Moffitt, Vice President for Finance and Administration and CFO, presented the financial quarterly report. Moffitt shared that while the FY15 Q4 financial report is positive overall, the E&G fund balance dropped over \$10 million, with \$6.5 million of this drop due to a recurring deficit. The overall positive results are largely driven by the plant funds, where items such as capital gifts and state appropriations for capital projects show up as revenue, while expenditures for capital projects do not show up as expenses as they are capital assets which are depreciated over many years. The \$6.5 million E&G fund deficit was mainly due to lower than-anticipated tuition income and higher-than-anticipated labor costs. Importantly, Moffitt noted that this deficit is something that will need to be covered in FY16 with new recurring revenue. Moffitt also pointed out that the institution's overall fund balances (net capital assets) will be increasing significantly this year due to the fact that as an independent legal entity, state-paid debt will no longer show up as a liability on the UO's balance sheet.

Quarterly Treasury Report. Karen Levear, Director of Treasury Operations, presented the report. The cash and investment pool continues to follow expected seasonal trends. The \$30 million decrease in cash from the end of FY15 to the start of FY 16 was due to the University's semi-annual debt service payment. The next major payment is due January 1, 2016. At the beginning of August there was an increase resulting from the receipt of state appropriations. Cash and investment pool holdings yield is at 1.25%, which is in line with expectations. Levear reviewed all of the tasks successfully completed to date during the past year's governance transition, including transfer of banking activity out of state treasury and to US Bank, retitling of cash and investments previously held at state treasury into the name of UO, and the hiring of additional staff so that UO treasury department is now 100%

staffed. A process is in place with the state for bond sales and Levear reported good relationships with the state in this regard. Trustee Kari asked when bond sales for approved capital projects will occur and how this affects the projects. Levear and Moffitt responded that the bond sales will likely occur in spring of 2017 and described the internal bank's process to fund projects so they can proceed in the interim. After the monies have been spent and the bonds have been sold, UO can then request that the state reimburse UO for its bond-eligible expenses. Levear reported that December's update will include the annual report.

Marcus Mariota Sports Performance Center. Howard Slusher, Phit, LLC representative, provided an executive summary for the sports performance center. The goal of the Center is to apply advances in human performance evaluation and analytical methods to better support coaches in improving athlete performance. After describing the programmatic goals for the facility, Slusher described the changes proposed to the interior of the Casanova Center. Board members asked about the possibilities of basic research in the facility, the financial model for the project, to what extent other sports, beyond football, will have access to the facility, and if the program addresses the wellbeing of players. Slusher, along with Jamie Moffitt and Rob Mullens, Director of Intercollegiate Athletics, addressed these questions. The University will lease the facility to the LLC, and the LLC will build the performance center and gift the entire project back to the University once it is complete. Athletics, as an auxiliary, is responsible for all operational expenses related to the facility such as staffing and maintenance. Athletics will be in charge of scheduling, and all athletic programs will have some access to the center which will focus on performance and the wellbeing of athletes. Trustee Gonyea moved to authorize acceptance of the gift of property and Trustee Bragdon seconded. All present voted in favor.

NOTE: The Department of Intercollegiate Athletics corrected the oral record from this meeting, noting that data obtained about student-athletes from various human performance evaluative and analytical methods is not used in the course of competition. Such information is used solely for student-athlete training, physical well-being, and recovery efforts outside of competition.

Hayward Field. Paul Weinhold, UO Foundation President and CEO, presented a proposal for Hayward Field renovations. The field is over 100 years old, in need of updates and not accessible to all. Demolition is proposed for 2016 after the Olympic trials, with construction to be completed before the Prefontaine Classic in 2017. The Bowerman building will be taken down and the area under the west grandstands would be updated to accommodate current Bowerman occupants and provide additional academic space. Weinhold confirmed that the new structures would maintain the Bowerman name. Trustee Bragdon moved to authorize President Schill to negotiate the license agreement for the renovation. Trustee Gonyea seconded the motion and all present voted in favor.

Chapman Hall, College & Careers Building, Klamath Hall. Chris Ramey, Associate Vice President for Campus Planning, Design and Construction, reviewed three academic building projects which are planned to be funded in part by the state and in part with matching funds (gifts and revenue bonds). The Chapman Hall update will total \$10.67 million and will be finished summer of 2017. The College and Careers building will total \$35.55 million to be completed in winter 2018. The Klamath Hall remodel of the top floor will total \$8.65 million and will also be completed around winter 2018. Trustee Gonyea moved to approve the capital construction projects and Trustee Bragdon seconded. All present voted in favor.

Fiscal Year 2016 Budget. Jamie Moffitt presented an updated FY 2016 expenditure budget for adoption by the board with an operating budget of \$931,537,000 and capital budget of \$127,113,092. President Schill and Trustee Lillis expressed interest in seeing a breakdown of all forms of student aid. This information will be provided at a future meeting. Trustee Andrew Colas moved to adopt the budget and Trustee Bragdon seconded. All present voted in favor.

E-Commerce Agreement. In the interest of having members of the Academics and Student Affairs Committee, still meeting, join in the discussion regarding the guaranteed tuition concept, Trustee Kari moved agenda item 7 to

precede tuition discussions. Eric Roedl, Executive Senior Associate Athletic Director, reviewed an agreement extension with Fanatics to sell Oregon licensed apparel with a game-used apparel component. The extension is for 10 years with a minimum revenue guarantee of \$5.2 million over the term. Trustee Bragdon motioned to approve the agreement and Trustee Gonyea seconded, all present voted in favor.

Earlier student input in the tuition-setting process. Jamie Moffitt explained that under SB270 the UO board must adopt a process for how tuition and fee recommendations are developed. Last year, the UO Board adopted such a process. There is a proposal to change one element of that process, the opportunity for student input, so that it occurs earlier in the process, rather than after recommendations are developed. Trustee Bragdon moved to amend the tuition and fee setting process to accommodate this change and Trustee Gonyea seconded the motion. All present voted in favor.

Tuition Guarantee Concept. Roger Thompson, Vice President for Enrollment Management, provided the board with information regarding guaranteed tuition programs. No approval is being sought at this time. The purpose of the discussion was to describe, in broad strokes, how these programs work and find out if there is enough interest by the board to develop the ideas further, to identify key issues, and to vet the concept throughout the campus community. Several trustees affirmed they would like to learn more about guaranteed tuition programs. Some urged the board to listen and consider student perspectives and expressed interest in seeing more data from comparison schools with analysis of the financial risks to the institution and students. Some also expressed desire to include fees to provide cost transparency while at the same time preserving the ASUO fee-setting processes. President Schill mentioned this could work in tandem with the goal to graduate students in four years or less.

Adjournment

The meeting adjourned at 12:10 p.m.