



The Board of Trustees of Oregon State University

Meeting of the Finance & Administration Committee

February 23, 2016

Teleconference and President's Conference Room
Kerr Administration Building, OSU
Corvallis, Oregon

MINUTES

Committee Members Present: Ron Adams (*ex officio*), Mark Baldwin, Patty Bedient, Darry Callahan, Mike Green (*ex officio*), Brett Morgan, Pat Reser (*ex officio*), Kirk Schueler (*chair*), and Mike Thorne (*vice chair*)

University Staff Present: Sherm Bloomer, Penny Burgess, Debbie Colbert, Becca Gose, Mark Huey, Patti Snopkowski, and Marcia Stuart

Guests: Steve Schauble (*Vice President and Chief Financial Officer, OSU Foundation*) and Monique Spyke (*Director, Asset Management, Public Financial Management*)

1. Call to Order/Roll /Declaration of a Quorum

Committee Chair Kirk Schueler called the meeting to order at 1:03 p.m., asked the assistant board secretary to call the roll, and noted a quorum.

2. Consent Item

a. Minutes of the January 28, 2016 meeting

A motion was made and seconded to approve the January 28, 2016 Committee meeting minutes as presented; the motion carried.

3. Action Items

a. FY2016 Q2 Operating Management Report

Chair Schueler asked Interim Vice President for Finance Mike Green to report on the first six months of operating results for the university's three operating fund groups: Education and General, Self-support, and Restricted. Before beginning his report, Green corrected the date for column D, Adjusted Budget, under Budget & YE Projection, from 6/30/2015 to 6/30/2016 for each of the three fund group quarterly operating management reports. Green then reported that, for the Education & General funds, the transfers-in realization rate was higher than budgeted due to the timing of transfers-in from plant funds: several transfers occurred in the second quarter that were budgeted to occur in the third quarter.

For the Self-support funds, Green reported that the enrollment fees realization rate was lower than the seven-year average due primarily to a change that began in FY2014 in the timing of the INTO Conditional Admission Program billing. For column C, "Prior 7 yr. avg. YTD %," in the quarterly operating management report for Self-support funds, Trustee Darry Callahan asked whether it would be appropriate to change the ratio to reflect the change in timing. Green said that he would review the metric and report back

to the Committee. Under the category entitled "Other," Green reported that the change in projection was due mainly to \$2.0M in additional revenue for capital projects from Nike and from Levy, the new food vendor for intercollegiate athletics. In addition, the personnel services burn rate was lower than the seven-year average due primarily to multiple vacant positions. The transfers-out burn rate was higher than budgeted due to the transfer of royalty funds to establish quasi-endowments of \$6.3M, which occurred in the second quarter and were not budgeted. For Restricted funds, Green reported that no items were flagged for the second quarter because the burn rates, realization rates and changes in projections were within the established tolerances.

Following discussion of the report, a motion was made and seconded to accept the FY2016 Q2 Operating Management Report. The motion carried.

b. FY2016 Q2 Investment Reports

Chair Schueler asked Green to report on the FY2016 second quarter results for the Public University Fund and the investments of the operating and endowment assets of the University. Green reported that the Public University Fund earned a total return of -0.2% for the second quarter ending December 31, 2015. He noted that during the quarter, the Oregon Short-Term Fund, the Oregon Intermediate-Term Pool and the Long-Term Pool each outperformed their respective benchmarks by 10 basis points. Green also noted that the OSU Endowment Assets earned a total of 1.6% during the second quarter. He said that the majority of the University's endowment assets are managed by the OSU Foundation under an investment management contract and asked OSU Foundation Vice President and Chief Financial Officer Steve Schauble to present the foundation-managed endowment report to the Committee.

Following the reports, a motion was made and seconded that the Committee accept the FY2016 Q2 Investment Reports, which included the FY2016 Q2 OSU Foundation-Managed Endowment Report. The motion carried.

4. Adjournment

With no additional business proposed, Schueler adjourned the meeting at 1:45 p.m.

Respectfully submitted,



Mark C. Huey
Assistant Board Secretary