



The Board of Trustees of Oregon State University

Regular Meeting of the Finance & Administration Committee

January 19, 2017

Horizon Room, Memorial Union
Corvallis, Oregon

MINUTES

Committee Members Present: Mark Baldwin, Patty Bedient, Julia Brim-Edwards, Darry Callahan, Mike Green (*ex officio*), Brett Morgan, Laura Naumes (*by phone*), Pat Reser (*ex officio*), and Kirk Schueler (*chair*)

Other Trustees Present: Mike Bailey, Rani Borkar, Michele Longo Eder, Paul Kelly, Preston Pulliams, and Ed Ray

University Staff Present: Ron Adams, Jennifer Almquist, Anita Azarenko, Sherm Bloomer, Susan Capalbo, Steve Clark, Debbie Colbert, Becca Gose, Mark Huey, Jan Lewis, Jock Mills, Cindy Sagers, Clay Simmons, Patti Snopkowski, Marcia Stuart, and Marianne Vydra

Guests: Richard Devlin (*senator and co-chair, Joint Ways & Means Committee, Oregon State Legislature*) and Shawn Scoville (*executive vice president, Oregon State University Foundation*)

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

Committee Chair Kirk Schueler called the meeting to order at 3:17 p.m., asked Assistant Board Secretary Mark Huey to call the roll, and noted a quorum.

2. Interim Vice President for Finance and Administration's Report

In lieu of the report, Chair Schueler called upon Jock Mills, director of government relations, to brief the committee on the Legislature's Joint Ways & Means Committee 2017-19 state budget that had just been released. Mills asked Interim Associate Vice President for Finance and Administration and Controller Jan Lewis to join him. Mills and Lewis provided an overview of the budget noting that, unlike the Governor's Recommended Budget, the co-chairs of the Joint Ways & Means Committee drafted a budget framework that assumes no new revenue. They added that the framework does propose more support for higher education overall, but still falls short in meeting OSU's funding needs. Mills encouraged the committee to further explore details of the framework in their forthcoming conversation with Senator Richard Devlin, co-chair of the Legislature's Joint Ways & Means Committee.

3. Consent Agenda

a. Minutes of the December 1, 2016 Finance & Administration Committee Meeting

A motion was made and seconded to approve the minutes of the December 1, 2016, Finance & Administration Committee meeting. The motion carried.

4. Action Item

a. Framework to Guide Evaluation of Investment Policy Change Requests

Schueler reminded the committee that they had discussed the development of a framework to guide evaluation of investment policy requests during the December 2016 telephonic meeting following a request made by the Board in October 2016. Schueler asked Green and Lewis to lead the discussion of edits made to the draft in response to the committee's December discussion. Lewis drew the committee's attention to Tab R for a list of proposed edits to Exhibit A of Attachment 1. The committee reviewed the edits and indicated support for the revised framework overall. Board Secretary Debbie Colbert noted a minor correction needed in the cross-referenced sections described in the process for requesting changes.

Following a brief discussion, a motion was made and seconded that the Finance & Administration Committee recommend to the Board that it adopt the resolution establishing a framework to guide evaluation of requests to change the university's investment policy as amended. The motion carried.

5. Education/Discussion Items

a. Intercollegiate Athletics Financial Sustainability Plan

Schueler asked Green, Director of Budget and Fiscal Planning Sherm Bloomer, Interim Vice President and Director of Intercollegiate Athletics Marianne Vydra, and OSU Foundation Executive Vice President Shawn Scoville to present the plan from the Intercollegiate Financial Sustainability Work Group. Green described intercollegiate athletics as adding significant value to Oregon State University while noting that the program has operated at a deficit for the last three fiscal years. In order to make recommendations to President Ray on strategies to develop a sustainable operating model, Green and Interim Provost Ron Adams convened a workgroup that presented a report to Ray in December 2016. Green noted that Ray has endorsed the recommendations.

Bloomer acknowledged the efforts of work group members and then described their recommended actions to establish a consistently balanced operating budget. He provided an overview of changes to be made by Athletics such as identifying operating efficiencies and cost reductions, funding construction of future new facilities by new revenues, and renegotiating local media rights. Bloomer then described changes to be made by the university and the OSU Foundation, including increasing annual unrestricted giving and increasing institutional support. Scoville said the OSU Foundation is working to identify opportunities to increase unrestricted giving and pursuing other options, such as enhancing the existing Our Beaver Nation program, which presents an opportunity to raise funds for scholarships. This would free up funds that can be directed to balancing the budget. Bloomer stated that the committee was clear that student incidental fees that support Athletics should not be increased as a strategy to balance the budget. Vydra noted that these changes serve as a basis for continuing the strong partnerships between Athletics and the university and OSU Foundation.

Ray provided additional information about the Pac-12 requirements for Division I programs, which impact the options available for cost cutting strategies. He added that increasing revenue streams is important, noting that the newly hired Vice President and

Director of Intercollegiate Athletics Scott Barnes would have an important role in fundraising efforts.

Trustees expressed interest in the connection between ticket sales and revenue, noting a national trend toward decreased attendance at intercollegiate athletics events. Scoville and Vydra stressed the importance of creating unique game day experiences as a strategy for engaging supporters. Trustees expressed appreciation for the work group and thanked them for being responsive to previous discussions by the committee and the Board, adding that the collaboration had produced a strong set of recommendations. Ray also expressed gratitude for Vydra's leadership and service as Interim Vice President and Director of Intercollegiate Athletics.

Because the committee was awaiting the arrival of the next speaker, Chair Schueler decided to adjourn the meeting and provide the Academic Strategies Committee the opportunity to conclude business remaining from their earlier session. He adjourned the meeting at 4:05 p.m.

b. 2017 Legislative Session

Chair Schueler reconvened the meeting at 4:26 p.m. and welcomed Senator Devlin. He thanked Devlin for taking time to meet with the committee and for his ongoing support of higher education. Devlin provided an overview of the co-chair's framework for the 2017-19 state budget. He noted that the budget in the coming biennium would require significant additional resources to achieve current service levels, adding that the co-chairs' budget outline uses only existing state resources to fill the anticipated \$1.8 billion deficit. Trustee Callahan thanked Devlin for his efforts in 2015 to increase funding for the Statewide Public Service programs and expressed concern that the Governor's proposed budget appeared to put those gains at risk. Devlin noted that, unlike the budget proposal released by Governor Brown, which keeps operating funding flat for public universities, the co-chairs' budget plan increases overall funding for higher education and Statewide Public Service programs. Trustee Reser acknowledged the investment made by the Governor's proposed budget in site preparation and infrastructure for OSU-Cascades but noted that more investment is needed to keep pace with the growth in the state's fastest-growing region. Devlin said that creative solutions will be required to meet the state's needs, and he noted the cooperation among the seven university presidents as critical to addressing the issue of funding for higher education. Devlin concluded by encouraging trustees to talk with other state legislators about the importance of investing in higher education. Schueler again thanked Devlin for his time with the committee.

6. Adjournment

With no further business proposed, Chair Schueler adjourned the meeting at 5:00 p.m.

Respectfully submitted,



Jennifer M. Almquist
Assistant Board Secretary