



MINUTES

**Committee Members Present:** Patty Bedient (*chair*), Rani Borkar (*ex officio*), Darry Callahan (*vice chair*), Mike Green (*ex officio*), Khawater Hussein, Kirk Schueler, Stephanie Smith, and Mike Thorne

**Other Trustees Present:** Mike Bailey, Julia Brim-Edwards, Michele Longo Eder, Becky Johnson (*ex officio*), Lamar Hurd, Paul Kelly, Julie Manning, and Preston Pulliams

**University Staff Present:** Jennifer Almquist, Scott Barnes, Sherm Bloomer, Jon Boeckenstedt, Debbie Colbert, Ed Feser, Becca Gose, Dan Larson, Paul Odenthal, Jarrod Penttila, Heidi Sann, Lauren Skousen, Kelly Sparks, and Irem Tumer

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

Committee Chair Patty Bedient called the meeting to order at 8:30 a.m., asked the board secretary to call the roll, and noted a quorum. Bedient then made a land acknowledgement statement.

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

Vice President for Finance and Administration and Chief Financial Officer Mike Green provided an update on some of the major projects happening in the Division of Finance and Administration. He described the Framework for Success, an initiative intended to advance informed decision-making among employees and establish a system of performance metrics for units. The division is partnering on this work with Dr. Javier Calvo-Amodio, an OSU associate professor of industrial and manufacturing engineering focused on human systems, resulting in new research, published papers and a graduate student's dissertation. Green reported that a fully redesigned travel and expense system for university employees will be launched this summer. He reported that as part of the Talent Management Initiative, University Human Resources is modernizing the way OSU will recruit, develop and retain employees. Lastly, Green reported that the division kicked off work to develop an action plan for diversity, equity and inclusion with a panel discussion for all Finance and Administration employees. He noted that as the division seeks to create a more diverse workforce, it is important to help all employees feel a sense of belonging at work.

Following the report, trustees discussed the importance of diversity, equity and inclusion efforts and helping people thrive at OSU.

**3. Consent Agenda**

- a. Minutes of the April 1, 2021 Finance & Administration Committee Meeting
- b. FY2021 Q3 Investment Reports
- c. FY2021 Q3 OSU Operating Management Report

- d. **Capital Project Stage Gate II: Owen Hall Repairs**
- e. **Capital Project Stage Gate I: Valley Library Roof Replacement**
- f. **Capital Project Stage Gate I: HMSC Research Seawater System Renewal**

A motion was made and seconded to approve the items on the consent agenda.  
The motion carried.

#### 4. Action Items

##### a. **FY2022 Operating Budget**

Bedient asked Green and Associate Vice President for Budget and Fiscal Planning Sherm Bloomer to present this item. Green began by noting that there is still some uncertainty about the FY2022 operating budget, due to the ongoing impacts of the COVID-19 pandemic, indefinite enrollments for fall and the fact that the Legislature's funding to universities is still pending. Bloomer provided an updated budget projection, noting an anticipated modest increase in state funding, continued strength in Ecampus enrollments, and lower-than-normal revenues for self-support units (particularly University Housing and Dining Services and Athletics) due to ongoing public health restrictions. One of the largest uncertainties is enrollment yield—the number of today's applicants who will actually matriculate for fall term. Bloomer explained that federal funds and the university's cash reserves are being used to partially offset revenue losses. Bloomer illustrated with a graph how it will take time to recover the university's historical level of Education and General (E&G) revenue following the effects of the pandemic. Lastly, Bloomer noted that longer-term changes to OSU's student demographics is resulting in reduced tuition levels. Ecampus, non-traditional and part-time students generally take fewer credit hours so tuition revenue is lower, yet OSU's costs are largely driven by student headcount. Green stated that staff are considering how to reduce costs for support services so that as much revenue as possible goes to delivering the teaching, scholarship, research and engagement mission.

Following the presentation, trustees discussed details about the budget and the university's plans for fall term. Trustee Julie Manning asked how decisions are being made about increasing staffing for fall when the budget is not yet final. Bloomer discussed how the university made decisions early on to keep the workforce largely intact, choosing reductions in hours or salary over layoffs whenever possible. Bloomer anticipated the most challenging areas to restaff for fall will be University Housing and Dining Services and Athletics events. Trustee Rani Borkar asked how the trend of Ecampus enrollments growing while Corvallis enrollments remain flat, which started pre-pandemic, is impacting the university's long-term revenue outlook. Bloomer explained that many units are incorporating hybrid teaching, creating new programs to attract different types of students, and developing corporate partnerships to keep revenues up. Trustee Mike Thorne asked if the university has a strategy to increase grant revenues in a way that benefits E&G funds. Bloomer explained that there is not a simple relationship between those funding streams and described the complex interplay between attracting strong research faculty to OSU, convincing the state to invest in areas like agricultural research, and recruiting students to OSU's programs of study. Trustee Kirk Schueler asked if OSU is pricing its Ecampus tuition correctly, given that it has high costs for delivery. Bloomer explained that Ecampus pricing is constrained by market conditions, and nationally, institutions are working to

better assess costs for online class delivery. Trustee Michele Longo Eder asked whether the capital project investment program is being reassessed considering a long-term decline in resident students. Green replied that large housing projects have been put on hold temporarily during the pandemic, and he anticipates that investments in research infrastructure need to continue largely as planned at this point. Eder suggested it may be time for the Board to discuss target student ratios—previously trustees reached a consensus to maintain a certain percentage of Oregon resident students. Bloomer noted this is one of the assumptions of the Ten-Year Business Forecast and that an alternative might be to reserve a certain number of seats for resident Oregonians each year as a way to remain committed to that aspect of OSU's mission as the mix of student types evolves over time.

With no further discussion, a motion was made and seconded to recommend to the Board that it approve the proposed operating budget for FY2022 as presented in Tables 2 through 6. The motion carried.

**b. Capital Project Stage Gate II: Reser Stadium West Grandstands**

Bedient asked Green, Vice President and Director of Athletics Scott Barnes, Vice Provost for Student Affairs Dan Larson, Vice Provost for Enrollment Management Jon Boeckenstedt, and Senior Associate Vice President for Administration Paul Odenthal to present this item.

Green explained the goals for this project, which has been included on the Ten-Year Capital Forecast since 2019: the renewal of the west side of Reser Stadium to underpin Athletics revenues; the construction of a wellness clinic to support student, faculty and community healthcare in partnership with Samaritan Health Services; and the development of a new student welcome center to aid in recruitment. These outcomes will result in year-round use of the stadium. Barnes described updates to the football venue, based on a market study with input from OSU Athletics fans and donors, which includes increased and improved accessibility, expanded concessions and restrooms, and new premium seating, all connected with a 360-degree open concourse that allows views of the field. Barnes explained that since football drives 70% of Athletics revenue, it is important to make improvements to the stadium and that the stadium project is conservatively anticipated to generate over \$5M in net annualized revenue. Larson explained that the project includes building a 32,000 square foot healthcare facility to replace outdated Student Health Services facilities, providing modern clinical spaces and integrated services for student wellness. The space will be shared with Samaritan under a lease arrangement, creating a health and wellness hub for students, faculty, staff and community members. Larson explained that the health facility will be open and accessible on football game days. Boeckenstedt described the Student Welcome Center, which addresses a critical need for OSU's student recruitment in a competitive national environment by providing a space for prospective students to be inspired about the OSU experience. Green reviewed project financing, including an analysis of cash flow projections during construction and estimated net new revenues for each aspect of the project. Green noted that net new revenues are sufficient to cover all incremental operating, maintenance, renewal, and debt service costs, with additional revenue available for other purposes. Green stated that without the new revenue generated by this project, it is possible that COVID-related

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operating deficits in the Athletic budget would need to be covered by other university resources. He stated that the project leverages a generous donation to address about \$70M in deferred maintenance and other longstanding needs in Student Health Services and Enrollment, while also strengthening OSU's position in the Pac-12.

Following the presentation, trustees discussed aspects of the project in more detail. Trustee Mike Bailey asked how revenue estimates were made; Green explained that the university used consultants to help determine numbers for the stadium and the wellness clinic, and internal experts used historical data to make other estimates. All estimates were made conservatively. In answer to Trustee Stephanie Smith's question, Green explained that the wellness center lease terms are still under negotiation with Samaritan Health Services. In answer to another question from Smith, Green and Barnes stated that this project pro forma does not address concessions revenues because OSU is continuing a long-term contract with the current vendor. Schueler asked about risk mitigation strategies for construction and debt repayment in case revenues do not meet expectations. Green stated that alternatives include using new Athletics media rights revenues, anticipated to start in 2024, for debt service; restructuring Athletics debt payments using the internal bank; or utilizing central E&G funds to fill the gap. Thorne asked about the potential costs to the university if this project does not proceed. Green expressed concern over the Athletics operating deficit, compounded by the COVID-19 pandemic—new revenues are required to address this. Green also noted that the project removes \$70M from OSU's total deferred maintenance backlog; and the project is a one-time opportunity to amplify OSU's \$68M investment with a \$50M philanthropic gift. Bedient asked for an update on the fundraising goal. Barnes reminded trustees that the goal was to raise a total of \$85M; pledges are currently at \$73M. Trustee Darry Callahan asked what type of work is included in the \$70M deferred maintenance reduction. Odenthal explained that the final project will meet modern seismic and accessibility standards and include new elevators and updated ventilation systems. Schueler asked if the plan for bond funds requires legislative approval. Green explained that OSU is seeking legislative approval for Article XI-F(1) bonds; if that is not approved, there are funds available from the university's previous revenue bond sale. Schueler asked how the welcome center incremental revenue was calculated. Boeckstedt stated that staff estimated 20 new students per year for the first four years (totaling 80 new students in the fourth year) as a result of the welcome center; each student is assumed at four-year tuition. Bloomer noted that calculations accounted for institutional discounting on tuition and some loss of students who do not continue for four years.

With no further discussion, a motion was made and seconded to recommend to the Board approval of a total capital project budget of 153.0M for the Reser Stadium West Grandstands project and advancing the project to the construction phase. The motion carried.

**c. Capital Project Stage Gate I: OSU-Cascades Student Success Center**

Bedient asked OSU-Cascades' Associate Vice President for Finance & Strategic Planning Kelly Sparks and OSU-Cascades' Construction Project Manager Jarrod Penttila to present this item.

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Sparks began by explaining that this project depends on the approval of \$13.8M in legislative bond funding and is then ready to begin the design development phase. The total budget of \$18.8M includes \$5M in student fee-funded revenue bonds, which students voted for two years ago. One percent of construction costs will be set aside for a maintenance and capital renewal fund. Sparks described the project: a 22,500 square foot building that provides a one-stop shop for all student support services. This project is anticipated to improve graduation and retention rates by co-locating current and new services in one accessible location, and by providing diverse students with opportunities to connect with services and each other. In doing so, the Student Success Center address a need identified in the HECC's strategic capital development plan.

Following the presentation, Callahan asked if the building would accommodate OSU-Cascades' ultimate goal of 5,000 students. Sparks explained that this building will accommodate up to 2,500 students and is designed in modular fashion that will allow for a future second building to connect to a core elevator, mechanical systems and other building services. In answer to a question from Schueler, Sparks described the new building's location – to the east of the new Edward J. Ray Hall, across from a central amphitheater.

With no further discussion, a motion was made and seconded to approve advancing the OSU-Cascades Student Success Center project to the next phase of schematic design and design development. The motion carried.

## 5. Discussion Item

### a. **Research Infrastructure Needs, including risk management report**

Bedient asked Vice President for Research Irem Tumer and Senior Associate Vice President for Administration Paul Odenthal to present this item. Tumer began by explaining that having the right kinds of infrastructure is critical to the success of the research enterprise and is key to faculty and student retention. Tumer noted that this report provides insights into the ways the university is mitigating risk as it makes infrastructure investments that align with the research strategic plan. She explained that OSU and other institutions are advocating for increased federal funding for modernizing research infrastructure. Tumer noted that OSU spaces are being renovated with the goal of flexible use, and she highlighted areas where OSU has improved facilities, including the Food Innovation Center and the renovation of Cordley Hall that will allow for increased collaborations between botany and plant pathology researchers. Tumer noted that a great deal of coordination is required between the Research Office, the facilities and capital planning teams, and colleges in order to support the success of large research proposals. Odenthal explained that improvements in the university's space management systems are underway that will help maximize the use of physical resources, improve data accuracy and allow for more coordination and flexible uses to address research space needs. Odenthal noted that the Ten-Year Capital Forecast and the Research Strategic Plan help leaders prioritize projects and assess emerging opportunities.

Following the presentation, trustees discussed how infrastructure impacts future research opportunities. Bailey asked about the status of high-performing computing research; Odenthal explained that after an assessment of

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opportunities, the Research Data Center project was incorporated into the most recent Ten-Year Capital Forecast. Callahan asked for information about the capital projects that do not make it onto the capital forecast, noting trustees' interest in the trade-offs that are made. Borkar agreed this insight would be useful, as OSU needs to ensure we have the capacity to prepare students for such modern disciplines as Artificial Intelligence. Odenthal offered to provide the information at a future meeting, and Tumer stated that the Research Office priorities are in alignment with National Science Foundation priorities. Thorne asked if OSU is positioned to take advantage of national funding for climate change research. Tumer noted that staff is working on better coordination among researchers and government relations partners and have established a task force to identify opportunities where OSU can be competitive, such as environmental justice. Smith asked about research equipment that is purchased with grant funds and ownership after the research ends. Tumer noted that it depends on how the grant proposal is structured, which is driven by faculty; the Research Office works to coordinate equipment acquisition and support cost matching for purchases when necessary. Eder noted that OSU's work to develop research vessels for the NOAA fleet offers opportunities to do cross-disciplinary research in ways that may exceed OSU's current capacity. Tumer noted that researchers are anticipating opportunities to collaborate on ocean-based climate science research. Bedient asked for details about OSU faculty being recruited to work in federal administration. Tumer agreed that this is great recognition for OSU and it allows for more shared understanding about federal agency needs and OSU's research capacity; she noted that Dr. Rick Spinrad and Dr. Jane Lubchenco are two high profile scientist-administrators affiliated with OSU. Bedient asked for a high-level opinion about OSU's overall risk related to research infrastructure. Odenthal stated that he feels OSU still has work to do, but staff have matured in the approach to mitigating risk and are taking a more strategic approach. Tumer stated she appreciates the close work with administration and the creativity of OSU's faculty in finding solutions to issues. Bedient agreed with the overall risk assessment and recognized the collaboration and progress being made.

## 6. Adjournment

With no further business proposed, Chair Bedient adjourned the meeting at 11:36 a.m.

Respectfully submitted,



Debbie Colbert  
Board Secretary