



MINUTES

Committee Members Present: Mike Bailey, Mark Baldwin, Patty Bedient, Julia Brim-Edwards, Rani Borkar (*chair*), Darry Callahan (*vice chair*), Michele Longo Eder, Paul Kelly, Angel Mandujano-Guevara, Preston Pulliams, Ed Ray (*ex officio*), Kirk Schueler, and Mike Thorne

University Staff Present: Ron Adams, Charlene Alexander, Jennifer Almquist, Anita Azarenko, Sherm Bloomer, Susan Capalbo, Steve Clark, Debbie Colbert, Jon Dorbolo, Ed Feser, Becca Gose, Mike Green, Jock Mills, Cindy Sagers, Patti Snopkowski, and Marcia Stuart

Guests: Ben Cannon (*executive director, Higher Education Coordinating Commission*), Simon Brundage (*president, Associated Students of Oregon State University*), Jon DeVaan (*immediate past chair, OSU Foundation Board of Trustees*), and Jordyn Langeliers (*president, Associated Students of Cascades Campus, by phone*)

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

Chair Rani Borkar called the meeting to order at 9:46 a.m., asked the assistant board secretary to call the roll, and noted a quorum. Borkar welcomed the Board's newest trustee, Julie Manning, adding that while Julie could not attend the day's meeting due to a prior commitment she looked forward to working with her.

2. Opening Comments and Reports

a. Chair's Comments

Chair Rani Borkar thanked College of Public Health and Human Sciences Dean Javier Nieto for providing an overview of the college at the previous day's Academic Strategies Committee meeting and for organizing opportunities for trustees to interact with faculty and students. She remarked on the breadth of work undertaken in the college and the integration of teaching, research, and outreach and engagement. Borkar also said it was heartwarming to have seen through the previous evening's activities the impact of the college's efforts on students and the difference it is making in the community.

b. President's Report

President Ed Ray echoed Borkar's observations about the College of Public Health and Human Sciences, adding that the college is a leader in advancing public health in the rapidly evolving twenty-first century context. He reported that earlier in the week, the university started its 36th annual Dr. Martin Luther King, Jr. celebration with the Peace Breakfast, which drew hundreds of faculty, staff, students, community members, and trustees Mark Baldwin, Mike Bailey, Angel Mandujano-Guevara, and Preston Pulliams. Ray shared that the university had

recently announced a transformative commitment from a donor to the College of Veterinary Medicine. In recognition of the \$50M gift—the largest in the university's history—Oregon State will create the first named college in the university's 150-year history: the Gary R. Carlson College of Veterinary Medicine. He said Oregon State's priority during the 2018 legislative session is to secure bonding authority for a second academic building at OSU-Cascades, adding that the Board would hear a full update from Director of Government Relations Jock Mills later in the meeting. Ray then spoke about the university's efforts to support student success and retention, including the decision by the Board to dedicate 25% of the 2018 tuition increase for student financial aid and the provision of \$500K in one-time assistance to students with financial need. He reported that the university had recently adopted a policy that will provide eligible faculty with paid parental leave as part of broader efforts to support faculty recruitment and retention through fostering a healthy and balanced work environment. Ray noted several upcoming events, including his delivery of a keynote address regarding sexual violence at a conference in Portland and the upcoming "State of the University" address, which was expected to draw nearly 750 supporters, alumni, and community leaders. He then welcomed Julie Manning, adding that she will be a good colleague and asset to the Board. Lastly, Ray expressed his appreciation that the Executive & Audit Committee had voted to recommend to the Board a merit increase in his compensation. He added that should the Board approve the change in compensation, he would donate all of the increase approved to benefit student scholarships and other student success initiatives, as he had done the previous year.

c. OSU Foundation Report

Borkar said it was her pleasure to welcome Jon DeVaan, immediate past chair of the OSU Foundation Board of Trustees, to deliver the first-ever standing report from the OSU Foundation. She noted that the addition of the report was part of efforts to maintain strong communication between the two boards, as discussed at the joint meeting in June 2017. DeVaan thanked Borkar and echoed her comments about the opportunity to foster a strong relationship between the boards. He also thanked everyone who attended the celebration of the gift to the College of Veterinary Medicine. DeVaan reported that a focus at the Foundation was the integration of the OSU Alumni Association into the organization. He shared that planning for the next comprehensive campaign was underway, beginning with efforts to align campaign priorities and college and department priorities. DeVaan added that the OSU Foundation Board had endorsed the preliminary campaign plan and that the Foundation was now working on ensuring staffing levels would be appropriate to achieve the desired goals. He then spoke about the OSU Foundation Board's engagement with the Association of Governing Boards of Universities and Colleges (AGB) and their launch of The Guardians Initiative, which seeks to engage trustees as advocates for the value of higher education. Lastly, DeVaan reported that the Foundation has moved to an outsourced chief investment officer model, considered a best practice by AGB, for management of the university's endowment. He said performance over the past two quarters has been better than average for benchmark institutions. Borkar thanked DeVaan, and she also recognized the leadership of the Board's inaugural chair, Pat Reser, for her commitment to creating a strong connection between the two boards.

d. Faculty Senate Report

Borkar welcomed new Faculty Senate President Jon Dorbolo and expressed her gratitude to former president Bob Mason for his partnership and service to the university. Dorbolo began by introducing himself. He shared that he started as a philosophy instructor in 1987, and after engaging with the university's early efforts in online learning, he became interested in uses of technology for educational objectives. That led to a position with Technology Across the Curriculum where he now serves as associate director. Dorbolo then spoke about his priorities for his time as president of the Faculty Senate, which include continuing the university's commitment to shared governance, engaging with efforts to review the baccalaureate core, and continuing discussions about student evaluations of teaching. Dorbolo also noted his support for the Board's action to amend the Public University Fund Investment Policy to divest the fund of fossil fuel-related securities, and he said he looked forward to continuing conversations about this action. Lastly, Dorbolo spoke about freedom of expression as essential to the university's commitment to ensure inclusive educational opportunities. He said freedom of speech is an important right and that the Faculty Senate will be working on a series of conversations on the topic. Trustee Paul Kelly echoed the value of such conversations and said the Board looked forward to learning the outcomes.

e. Higher Education Coordinating Commission Report

Higher Education Coordinating Commission (HECC) Executive Director Ben Cannon thanked the Board for their continued partnership. He reported that the HECC was preparing for the 2018 legislative session by reviewing bills and providing feedback to legislators and to the Governor's Office, noting the commission's role in the short session was primarily to provide technical and fiscal analysis. Cannon said the HECC sent a letter to the co-chairs of the Joint Committee on Ways and Means expressing support for Governor Brown's request for bond authorization to support three capital projects during the upcoming legislative session. He noted that the HECC reviewed each of the governor-recommended projects prior to the 2017 legislative session and believed they should be reconsidered in the 2018 sessions. Cannon reported that work was already underway to develop an Agency Request Budget for all seven public universities to submit to Governor Brown in August. He said the HECC was also working on a capital prioritization rubric and timeline, adding that the commission would be moving from a biennial focus toward articulating a ten-year view of capital planning to better inform strategic investments. Next, Cannon presented an overview of the commission's featured accomplishments since its launch in 2013 as Oregon's new higher education and training agency. In particular, he noted the HECC's responsibility for collecting data and reporting progress, its work to overhaul the formula for allocating state funding, and its efforts to streamline and foster learner pathways and expand opportunity to affordable postsecondary options. Cannon also noted that Oregon's national ranking for higher education funding per student has improved from 47th to 37th since 2015. Next, Cannon shared the Oregon Higher Education Strategic Framework prepared by the HECC to articulate the commission's mission, vision, strategic action areas, and goals through 2021. Vice Chair Darry Callahan asked about Oregon's 40-40-20 education goal, and Cannon said that it remained the

overarching guide for improving the education achievement levels of Oregonians by 2025; however, the goal had been modified during the 2017 legislative session to clarify that the expected high school class of 2025 and beyond should be educated to those proportions. He added that the Oregon Workforce Investment Board was in the process of creating a new set of goals for the adult population. In response to a question by Trustee Patty Bedient about progress toward the goal, Cannon said educational attainment rates for Oregon adults were at approximately 33% for a bachelor's or advanced degree, 17% for an associate degree or undergraduate certificate, 18% for some college but no degree, 22% for a high school diploma or alternative credential, and 10% for less than high school. He added that the HECC remains concerned about educational attainment disparities for young Oregonians currently in the education system. Ray echoed concern for students who are historically underserved in higher education, particularly low-income students and students of color.

f. Associated Students of Oregon State University Report

Associated Students of Oregon State University (ASOSU) President Simon Brundage started his report by thanking trustees who had participated in the previous evening's student-trustee roundtable discussion. He said he spoke with several students following the event, and they agreed it was a positive experience. He added that he looked forward to holding similar conversations in the future. Brundage reported that the Student Fees Committee was in the process of reviewing student fee funded budgets for the 2018-19 academic year. He noted that ASOSU had developed a proposed budget that focused on maintaining critical resources and services without increasing associated fees. Brundage provided an update on development of a central database listing student housing options saying that the hope was to have the resource available in spring term. In response to a question from Ray, Brundage said the website would also connect students who had questions about tenant rights to ASOSU Student Legal Services. Brundage said that ASOSU was working on a Get Out the Vote campaign in advance of the January special election. He also said that voting in the ASOSU 2018 election would begin in February. Lastly, Brundage reported that the Valley Library had recently reduced hours and that ASOSU would be working with staff to identify options for maximizing service to students without straining the library's budget. Ray noted that while advocacy by students was important, the university also had a responsibility to help engage in broader conversations to resolve tensions between budget reductions and the continued provision of important university resources. Trustee Darry Callahan asked whether ASOSU was continuing to work on textbook accessibility and affordability, and Brundage said it remained a priority.

g. Associated Students of Cascades Campus

Associated Students of Cascades Campus (ASCC) President Jordyn Langeliers spoke by phone to the Board. Langeliers reported that the OSU-Cascades Student Fee Committee was in the process of proposing fees for the 2018-19 academic year. She said one focus of the committee has been revising the childcare subsidy process with the hope of continuing support for student parents in the next academic year. She also reported that ASCC's Textbook Lending Program received a grant from the OSU Women's Giving Circle to expand textbook access. Langeliers then spoke about the involvement of ASCC in OSU

Lobby Day, which include testimony by the director of legislative affairs on the importance of capital funding for OSU-Cascades. Langeliers noted that elections for executive officer positions would occur during spring term. She concluded by saying that formation of a student senate would not be pursued at this time but that ASCC would continue to work on identifying and addressing the needs of OSU-Cascades students.

3. Public Comments

The following individual spoke during the public comments period:

- Douglas Lownsbery said that he had previously opposed the selected location for the new marine studies building in Newport and encouraged the Board to reverse the decision and conduct a long-term cost-benefit analysis.

4. Education/Discussion Item

a. Outreach and Engagement

Borkar asked vice provost for university outreach and engagement and director of the OSU Extension Service Scott Reed to present this item. Reed said the university's outreach and engagement mission extends across all academic colleges and other relevant units of the university, noting that the university was awarded the Carnegie Community Engagement Classification in 2011. He shared that an Outreach and Engagement Council provides policy leadership and advice about priorities, and he also spoke about the Engagement Academy, which introduces new faculty to community issues, and a research impacts network, which connects researchers to outreach faculty. Reed provided an overview of the university's statewide presence, including a presence in every county, \$2.3M annual educational contacts, and 13,000 trained volunteers. He also spoke about OSU Open Campus, which is a community-based education partnership that provides local access to learning across Oregon's communities. Reed shared that current areas of focus include continued buildout of Open Campus and the associated Juntos program, implementation and accountability for Outdoor School, preparation for renewal of the Carnegie Foundation credential, and promotion of an innovation culture. Trustee Mike Bailey asked about other potential areas of focus, and Reed said that while it was positive to have tenured extension faculty in eight colleges, he would like to see faculty across all of the colleges. Reed then engaged trustees in a conversation about some of the key questions related to the university's outreach and engagement mission. In particular, trustees focused on how to connect effectively with Oregon's urban population and the new Portland Initiative while maintaining existing rural outreach programs. Reed said that the university's new downtown Portland location would be an important site for serving stakeholders in the region. Trustee Julia Brim-Edwards noted in particular the opportunity to advance the university's diversity and inclusion efforts through engagement with a wide range of stakeholders on the greater Portland region.

5. Consent Agenda

- Minutes of the October 18, 2017 Board Retreat**
- Minutes of the October 20, 2017 Board Meeting**
- Resolution Regarding Classified Information**

On a motion made and seconded, the Board approved the items on the consent agenda.

6. Reports of Standing Committees of the Board

a. Executive & Audit Committee

Executive & Audit Committee Chair Rani Borkar reported that the committee had a productive meeting, including a joint meeting with the Finance & Administration Committee where trustees received a thorough review of the external audit and accepted the university's 2017 financial report. She said the committee also reviewed the top risks identified by the university, noting that they will continue to provide oversight for the university's efforts to manage those risks. Vice Chair Darry Callahan added that the auditors' opinion as to the fair presentation of the financial statements was issued without modifications, and he recognized Vice President for Finance and Administration Mike Green and his team for their efforts to achieve this result.

b. Academic Strategies Committee

Academic Strategies Committee Chair Paul Kelly reported that the committee heard a report from Provost and Executive Vice President Ed Feser about the implementation of \$20M in reductions across academic and administrative units, the adoption of a new budget model, and development of the university's next strategic plan. Kelly noted the value of learning about some of the direct impacts of budget reductions, adding that the committee hoped the university would continue to support critical student success efforts. Kelly shared that Feser had also reported that the searches for deans of the Colleges of Agricultural Sciences and Pharmacy are underway, the university will be seeking to fill the position of vice provost for enrollment management, an accreditation kick-off meeting had been held earlier in the week, strategic efforts were in development to grow the university's presence in Portland, and OSU's online bachelor's programs were recently ranked sixth in the nation by U.S. News & World Report. Kelly said the committee heard a presentation on faculty excellence and an overview by Dean Javier Nieto of the work of the College of Public Health and Human Sciences. Lastly, Kelly reported that the committee approved the establishment of an instructional program leading to the Bachelor of Science in Public Policy.

c. Finance & Administration Committee

Finance & Administration Committee Chair Kirk Schueler reported that committee members approved via the consent agenda the fiscal year 2018 first quarter operating management and investment reports, as well as the fiscal year 2017 Internal Bank Annual Report. He said the committee reviewed two action items and are recommending them to the Board—approval of an amendment to the Oregon Forest Science Complex project budget and acceptance of the university's ten-year business forecast. The committee also undertook a preliminary review of planning for tuition recommendations for the 2019 fiscal year and discussed potential impacts on the Education and General (E&G) budget. Schueler reminded trustees that the topic will come before the Board for approval at the April meeting. He said the university began outreach and planning for 2018-19 tuition in September 2017, starting with discussions among the University Budget Committee, university leadership, the Faculty Senate, and the Student Budget Advisory Council. Schueler said the committee heard from Director of Budget and Fiscal Planning Sherm Bloomer how tuition rates affect the E&G budget and the university's future planning efforts. In considering possible tuition rates for 2018-19, university staff estimated state funding levels and projected upcoming costs and the strategic needs of the university and college programs. He reported that staff presented the committee a

scenario approach to tuition recommendations, which illustrated the impacts of different tuition rates on the university's overall budget. Staff also introduced some alternative strategies that arose from conversations with the Student Budget Advisory Council and the University Budget Committee, with the goal of managing the impact of tuition increases on students and finding alternative revenues that might decrease the need for tuition rate increase. Schueler noted that the committee invited public input during the tuition discussion, but no comments were made. He said discussion centered on considerations of longer-term tuition rates and the balance of institutional financial aid. Though some committee members expressed hesitation about guaranteeing tuition rates, several noted the benefit of transparent conversations with the university community around anticipated levels of annual increases, barring uncertainties. Committee members also discussed details around how institutional financial aid can be structured and targeted to most effectively help students in need, even those who may not qualify for traditional types of financial aid. Schueler concluded by saying that staff will share the committee's observations and input with university leadership and the budget advisory groups and will recommend tuition proposals to the Provost in February. They will invite the university community to comment on the recommended tuition scenarios, and the final proposals will be brought to the Board's April meeting.

7. Education/Discussion Items

a. Strategic Planning Update

Borkar asked Feser and Senior Vice Provost Susan Capalbo to present this item. Feser started by thanking the Board for the opportunity to provide an update on the university's strategic planning efforts. He said that he and Capalbo had provided updates on the process to a number of stakeholders, and now a steering committee chaired by Capalbo was preparing to lead an engagement process to solicit feedback on development of the plan. Feser noted that this engagement with the university and community stakeholders would extend through March. He and Capalbo would then return to the Board in April to present a summary of initial themes and engage trustees in a discussion of priorities. After that, they will draft the document, which will be presented back to the Board as a final version in June. Capalbo described the format that will be used for the forums, which will provide participants an opportunity to engage in small group conversations around key questions. She added that there has been a lot of excitement about the process. In response to a question from Callahan, Feser said that he had been surprised at the durability of the three signature areas articulated in Strategic Plan 3.0. Capalbo noted that while ideas were emerging about ways to evolve the three areas and to do more to work across them, there appeared to be a lot of support for their continued focus.

b. Advancing Equity, Inclusion, and Social Justice: Update on Goals & University Climate

Borkar asked Vice President and Chief Diversity Officer Charlene Alexander for an update on the strategic planning efforts she has been leading and the goals emerging from those efforts. Alexander reported that the university's annual celebration of Dr. Martin Luther King, Jr. started earlier in the week with a successful breakfast, keynote and march. She noted that, for the first time, stipends were associated with the awards distributed at the event. She also announced creation of a new Outstanding Diversity Advocate Award to be presented at University Day. Alexander said that the university had recently

formed a Black Alumni Constituent Society and hoped that it would serve as a model for other affinity groups. She also reported the President and Provost's Leadership Council on Diversity, Inclusion, and Social Justice was working on gathering data and forming recommendations. Alexander said the building name process undertaken in fall term had been a time intensive but valuable process. Lastly, she reported that the university would be conducting the next iteration of an employee campus climate survey later in the year. Next, Alexander provided an update on the development of a diversity strategic plan. She described the strategic planning process, which included two half-day retreats focused on identifying strengths, weaknesses, opportunities, and aspirations. She then discussed the development and review of the plan and presentations of the plan to stakeholders. Alexander also spoke about the five strategic plan goals and the possible actions associated with each goal. Trustee Preston Pulliams asked what was being done to realize the goal to improve recruitment of students and employees from underrepresented communities. As an example, she cited the university's efforts to organize a campus visit with students from Jefferson High School, Oregon's only majority-Black high school, noting the importance of the university becoming a respected partner to communities historically underserved by institutions of higher education. While the university continues to improve recruitment of employees from underrepresented communities, Callahan noted the opportunity available now to connect current students with alumni who can serve as mentors. Borkar asked about the goal of communicating Oregon State's accomplishments, initiatives, and innovations, and Alexander described short- and long-term actions including communicating current efforts through various media channels and seeking to increase communications highlighting success and accomplishments of students, employees, and alumni. Ray applauded Alexander for her leadership of the development of the diversity strategic plan adding that it is critical that the plan will align and integrate with Strategic Plan 4.0.

c. Legislative Update

Borkar asked Jock Mills, director of government relations, to present this item. Mills provided an overview of the upcoming legislative short session. He reported that the atmosphere will be determined by the January special election when voters determine whether to pass Measure 101, which would affirm the legislature's decision during the 2017 session regarding healthcare coverage for low-income Oregonians. If voters reject the measure, the legislature will need to re-balance the state budget to account for a \$200-300M shortfall that would result. Mills reported that the state's economic and revenue forecast was positive and that state revenues continue to grow; however, he noted that the state faces uncertainties about effects resulting from changes in the federal tax code. He reported that the legislative session will run at a rapid pace with little or no opportunities for amendments to policy bills. He added that budgetary issues will be addressed in a single omnibus appropriation bill.

Next, Mills spoke about the university's pursuit of two provisions for inclusion in the omnibus bill, beginning with expansion of the OSU-Cascades campus. He reported that in December, Governor Kate Brown issued a letter to legislative leaders seeking a state bonding package that includes \$39M for a second academic building at OSU-Cascades, \$40M for the Knight Campus for

Accelerating Scientific Impact at the University of Oregon, and \$9M for a new fieldhouse at Eastern Oregon University. Mills noted that the three universities are working together on a unified effort to secure approval of the three projects, and he added that the HECC had also submitted a letter of support for the three projects. He said OSU will also be seeking \$4.6M in general fund expenditures to match \$35M in funding from the U.S. Department of Energy for the university's marine energy initiative. Mills also spoke about some of the policy bills affecting OSU and higher education, including a bill that seeks to alter both the process and the standards by which public universities consider and approve tuition increases, a bill that seeks a technical change in statutes to ensure that university-based financial aid can continue to be provided in a manner that reflects statutory policy for the Oregon Opportunity Grant program, and a bill related to the regulatory threshold for carbon dioxide emissions. Lastly, Mills provided a preview of some of the changes anticipated in the membership of the two legislative chambers in 2019.

Following the report by Mills, Callahan asked what could be done to improve state support for higher education. Mills pointed to broader efforts, such as the initiative led by AGB to reclaim the value proposition of higher education. He also noted that, historically, in the pre-millennium natural resources-based economy, Oregonians did not necessarily need to pursue education beyond high school in order to earn a living wage. Bedient asked about the appointment by Governor Brown of a task force to review and propose options for addressing the Oregon Public Employees Retirement System (PERS) unfunded actuarial liability and whether the Board should be doing anything now to address the issue. Mills noted that it would be important to consider alignment with other universities, and Green added that staff would be discussing the topic at the April meeting of the Finance & Administration Committee. Pulliams asked how the proposed tuition setting bill would affect the Board's process. Mills said that Rep. Diego Hernandez was working with the Oregon Student Association to prescribe a uniform committee process across all campuses for setting tuition and would codify standard criteria. Brim-Edwards noted that a bill related to accelerated credit reporting was of particular interest to K-12 institutions, and she encouraged further discussions led by postsecondary institutions to explore the complexity of credit transfer issues.

8. Action Items

a. Presidential Compensation Adjustment

Borkar stated that the Executive & Audit Committee reviewed the president's compensation and is recommending to the Board an adjustment of 6%. She said that the university approved merit raises to a maximum of 6% for unclassified employees in January 2018. Borkar reported on the committee's discussion, noting that this level of merit increase reflects Ray's outstanding performance based on the Board's recent assessment; his length of service, especially compared to his peers nationally; and the value his experience brings to the university. She also noted that Ray's compensation is in the range of compensation seen for presidents at the Oregon State's national peer comparators, in the Pac-12, and at the university's aspirational peer institutions. During the discussion, Callahan shared that Ray had committed to donating all of the increase approved to benefit student scholarships and other student success

initiatives, adding that, while this should not affect the Board's decision, it was important to note this commitment. Trustee Mark Baldwin thanked Ray for his leadership; however, he indicated that he would not be voting in favor of the proposed compensation adjustment given the overall state of the university's budget and his concerns about growing economic inequality. Following discussion, a motion was made and seconded to approve a 6% adjustment to President Ray's current compensation, effective January 1, 2018, recognizing that adjustments to compensation provided by the OSU Foundation are subject to approval by the OSU Foundation Board. The motion carried. Following the vote, Callahan noted the importance of expressing divergent views, particularly when dissent leads to new solutions. Ray also acknowledged the value of differing views, adding that he was aware that declining the compensation adjustment could adversely affect other leaders by suggesting that they should decline increases. Trustee Paul Kelly noted that in the future, the Board would have to consider presidential compensation in the larger context of trying to attract the university's next president. Borkar added that the strength of the Board is in the ability to engage in meaningful discussion on complex topics.

b. Election or Re-election of Board Officers

Borkar asked Callahan to introduce this item. Callahan began by reminding trustees that every two years, under its policies, the Board must elect a chair and vice chair. He reported that the Executive & Audit Committee discussed the recommendations received and forwarded to the Board a unanimous recommendation to elect Trustee Rani Borkar as Chair and Trustee Kirk Schueler as Vice Chair. Callahan shared that the committee thought Borkar and Schueler would make a strong team and expressed confidence in their leadership. He noted that he would step down as Vice Chair but would fulfill the remainder of his term as a trustee. Callahan said it had been his privilege to serve as the Board's inaugural Vice Chair, and he thanked his fellow trustees. In the discussion that followed, trustees thanked Callahan for his leadership and expressed their support for Borkar and Schueler. Following discussion, a motion was made and seconded to re-elect Rani Borkar as Chair and elect Kirk Schueler as Vice Chair, commencing July 1, 2018. The motion carried. Following the vote, Schueler thanked his fellow trustees for their support. Borkar thanked the inaugural Chair, Pat Reser, and Vice Chair, Darry Callahan, for establishing a strong foundation for the Board. She also thanked Schueler for accepting the nomination as Vice Chair.

c. Capital Project Budget Amendment

Borkar asked Schueler to introduce this item. Schueler said the Finance & Administration committee voted to recommend that the Board increase the capital budget for the Oregon Forest Science Complex to \$79.5 million dollars. This is an increase of \$11.5 million over the budget approved in June 2016. He reminded trustees that the Oregon Forest Science Complex includes the Advanced Wood Products Lab (AWP), the Field Instrument Room (FIR), and the George W. Peavy Forest Science Center (Peavy). He then asked Green and Anita Azarenko, associate vice president for university facilities, infrastructure and operations, to present an abbreviated version of the presentation they made to the committee. Green said that staff were asking the Board to approve an amendment to the project budget. Azarenko said that in June 2016, the Board approved a total

project budget of \$68.0M for the entire complex; however, subsequent to that approval, the total project costs for the Peavy portion were adjusted to \$68.0M, which include \$51.5M in direct construction costs and \$16.5M in indirect owner costs. As a result, staff proposed an amendment to add \$11.5M in OSU funds in order to complete the AWP and FIR. Azarenko explained that the increase was due in part to delays in the project, which pushed construction into a period of unprecedented and unpredictable escalation in construction costs. She said that the College of Forestry will be covering the additional \$11.5M through an internal bank loan, which will be repaid using assets including OSU Foundation sources and funds obtained from an accelerated harvest of over-mature timber on the Blodgett Tract. Ray said it was important to see the College of Forestry assuming the additional costs so as not to set a precedent of the university stepping in to cover overages on other college- or unit-level projects. Next, Azarenko described some of the lessons learned from the project that were now being integrated into university processes and protocols to improve capital project management in the future. Schueler noted that the private sector is experiencing similar escalation in construction costs, and he encouraged staff to think about accounting for a more substantial contingency when calculating project costs. Following discussion, a motion was made and seconded to increase the capital budget for the Oregon Forest Science Complex to \$79.5M. The motion carried.

d. Ten-Year Business Forecast

Borkar asked Schueler to introduce this item. Schueler said that the Finance & Administration Committee had heard a presentation from staff on the university's ten-year business forecast, which is updated every two years. The purpose of the forecast is to identify long-term trends in the university's finances that support or jeopardize the goals of the Strategic Plan. He said that looking this far ahead provides the opportunity to consider the long-term impacts of current decisions, such as tuition rates, and take corrective action or plan for additional investments if necessary. The forecast considers enrollment projections, tuition rates, institutional financial aid, expense projections, and costs related to capital construction, renovation and debt. He said that Green reviewed the financial metrics that indicate the university's fiscal health, noting that FY 2017 performance is within the Board-approved ranges for all of the metrics except the Debt Service Coverage Ratio. Green also summarized the university's financial position as of June 30, 2017 as strong, with low leverage and adequate reserves, noting that the university is making strategic budget decisions that are expected to bolster net revenues and improve the university's financial position over time. Schueler said Bloomer explained the assumptions that were used in building the forecast, which take into account the university's strategic plans at an institutional level, and he showed how the forecast can be used to project the outcomes of assumptions about tuition rates, enrollment levels, and state funding dollars. Schueler then asked Bloomer to provide a summary of what he presented to the committee.

Bloomer started his summary by reiterating the purpose of the ten-year forecast and emphasizing the opportunity to look far enough ahead to take corrective action or to plan for additional investments and to carefully consider the long-term impacts of current programmatic and financial decisions. Bloomer then provided an overview of the critical assumptions in the forecast, including the number of

students projected, the anticipated growth in state funding, and the predicted effect of new enrollment initiatives. Lastly, Bloomer presented principal conclusions from the forecast.

Schueler thanked Bloomer for his summary. He said that it was suggested that the Finance & Administration Committee and the Academic Strategies Committee, over the next year, review the key assumptions of the forecast to make sure they align with the university's strategic plan and values. He said this should be an ongoing process, because the university's plans must constantly adapt to changing economic and academic realities. Schueler then noted that instead of recommending that the Board approve the Ten-year Business Forecast, a motion was made to recommend that the Board accept the Ten-year Business Forecast. He said this more clearly addresses the fact that the committee is not approving the assumptions that were used in developing the forecast; rather, they are accepting the forecast as a tool that helps validate that management decisions are moving the institution in the direction the Board wants to go. Schueler reported that the motion to accept the ten-year forecast passed unanimously.

During the discussion, trustees noted the importance of doing more to consider the assumptions included in the forecast, noting decisions about tuition rates, financial aid, and enrollment in particular. Trustees also expressed support for accepting versus approving the ten-year business forecast as a way to encourage further conversations about assumptions within committees. Kelly thanked Schueler for his summary and acknowledged Green and his staff for their work to outline a long-term view of the impact of operating and capital decisions. Following discussion, a motion was made and seconded to accept the ten-year business forecast. The motion carried.

9. Executive Session

At 2:37 p.m. Chair Borkar announced that the Board of Trustees was moving into an executive session pursuant to Oregon Revised Statutes 192.660(2)(e) to conduct deliberations with persons designated by the governing body to negotiate real property transactions. Borkar stated that representatives of the news media and designated staff would be allowed to attend the executive session. All other members of the audience were asked to leave the room. She directed representatives of the news media not to report on or otherwise disclose any of the deliberations or anything said about these subjects during the executive session, except to state the general subject of the session as previously announced. Borkar also noted that no decisions would be made in executive session. Borkar closed the executive session at 2:57 p.m. and invited members of the public back into the room.

10. Closing Thoughts

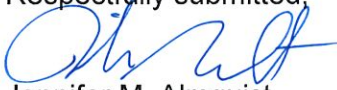
In their closing thoughts, trustees expressed their appreciation of the opportunity to participate in the student-trustee roundtable discussion. They shared their enjoyment at learning more about the College of Public Health and Human Sciences and in interacting with students and faculty from the college. Trustees also said it was beneficial to engage in conversations about the Ten-Year Business Forecast and the remarked on the benefits of considering the long-term impacts of current programmatic and financial decisions. They thanked Vice Chair Callahan for his leadership and expressed their support for the re-election of Borkar and the election of Schueler, acknowledged Ray for his leadership, and recognized the important contributions by Student Trustee Angel Mandujano-Guevara.

Lastly, Borkar noted the Board's ability to respectfully and productively engage in discussions on a range of complex topics.

11. Adjournment

With no further business proposed, Chair Borkar adjourned the meeting at 3:22 p.m.

Respectfully submitted,



Jennifer M. Almquist
Assistant Board Secretary