



MINUTES

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

Other Trustees Present: F. King Alexander (*ex officio*), Michele Longo Eder, Paul Kelly, and Julie Manning.

University Staff Present: Charlene Alexander, Jennifer Almquist, Sherm Bloomer, Debbie Colbert, Bruce Daley, Ed Feser, Becca Gose, Paul Odenthal, Lauren Skousen, Patti Snopkowski, and Irem Tumer

Guests: Shawn Scoville (*president and chief executive officer, OSU Foundation*)

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

Committee Chair Patty Bedient called the meeting to order at 1:00 p.m., asked the board secretary to call the roll, and noted a quorum.

2. Vice President for Finance and Administration's Report

Vice President for Finance and Administration and Chief Financial Officer Mike Green began with an update on the bond sale approved by the Board in September 2020, which authorized issuance of revenue bonds up to \$366M. Green said that Moody's Investors Services was engaged to provide a required credit rating update, and they affirmed the university's Aa3 rating. President F. King Alexander added that the maintenance of a stable rating amidst the uncertainty of the pandemic was noteworthy. Green summarized the recent sale, noting that he was pleased with the results given the volatility of the market. Bedient acknowledged the great staff work on this effort.

Green summarized a possible loan program being considered by the Pac-12 to help address revenue shortfalls resulting from the pandemic. He also provided an update on long-term efficiency projects, including division-wide efforts stemming from the business operations review, summarized projects underway to modernize and realize cost savings in administrative functions, and spoke about work with the university's Impact Studio to improve systems in support of unit-level budgeting and planning. Green referenced the fourth quarter management and investment reports included as part of the consent agenda, highlighting several items of note and describing a revision to the operating management report to reflect actions to help mitigate the revenue impacts of COVID-19.

Following the report, Trustee Darry Callahan asked about the application of the budgeting and planning tools being developed to support units. Green said the tools are being designed to support unit leaders' short- and long-range planning and decision-making.

3. Consent Agenda

- a. **Minutes of the May 26, 2020 Finance & Administration Committee Meeting**
- b. **FY2020 Q4 OSU Operating Management Report**
- c. **FY2020 Q4 Investment Reports**

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

4. Action Items

a. **Adjustment of Fall 2020 Incidental Fees**

Bedient asked Green and Associate Vice President for Budget and Fiscal Planning Sherm Bloomer to present this item. Green reminded trustees of the Board's approval in April 2020 of a resolution to adjust incidental fees for the spring 2020 term to reflect reduced service levels due to COVID-19 restrictions. Bloomer said that staff had been coordinating with the Associated Students of OSU (ASOSU) and the Associated Students of Cascades Campus (ASCC) to propose to the Board revised incidental fees for fall term, consistent with continued reductions in service levels.

A motion was made and seconded to recommend to the Board approval of the resolution in Attachment 1 adjusting certain incidental fees for the fall 2020 term. The motion carried.

b. **FY2021 Revised Operating Budget**

Bedient began by recognizing staff for efforts to manage the budget through the challenges and uncertainties presented by the pandemic. She then asked Green and Bloomer to present this item. Green noted the effect of the current public health circumstances on the budget planning process, adding that while budget scenarios have converged since the spring, significant uncertainties remain. He described some of the major changes since spring that have impacted budget planning, including the university's decision to deliver most courses remotely in the fall and a decision made in a special session of the Legislature to hold constant funding for the Public University Support Fund. Bloomer began by providing additional context for the budget and reminding trustees that the university had been planning using a scenario-based approach. He described changes since May, including stronger than expected credit hour enrollment, stabilization in University Housing and Dining Services (UHDS) contract numbers, and implementation of a university-wide salary reduction program. In response to a question by Trustee Kirk Schueler about assumptions in the budget related to Athletics, Bloomer said that there was some improvement in self-support funds overall from previous projections with the planned resumption of fall sports. In response to a follow on question from Schueler about possible financing through the Pac-12, Bloomer noted that the budget considered several strategies to address the projected operating shortfall. Bloomer provided an update on the projections since spring, noting across fund types some of the remaining uncertainties and the proposed balancing strategy and multiple actions to address shortfalls. He then described changes since May across all fund types, noting some improvements in the Education & General Funds for Corvallis and OSU-Cascades. Bloomer added that the self-support funds present the largest challenge for FY2021. He said some fund balance would be needed to

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close projected gaps between expenses and revenues for some fund types. Green noted some limitations of relying on financing to bridge gaps, including leaving some units with a negative net asset value that would need to be addressed in future fiscal years. Bloomer concluded by summarizing some of the uncertainties that remain and highlighting key dates and next steps.

Following the report, Schueler asked about planning underway to consider the mid-term impact of the pandemic over the next several biennia. Bloomer described the continued use of scenario planning and spoke about efforts to begin updating the Ten-Year Business Forecast. In a follow-on question, Schueler noted particular concern about the operations of the Auxiliaries, particularly the ability of Athletics to proceed with the Financial Sustainability Plan. Bloomer said Athletics continues to work toward a balanced annual operating budget. He added that the university would need to develop an institutional approach to addressing revenue losses in the self-support funds. Green noted particular challenges for UHDS given the use of fund balance to support capital investment and renewal shortly prior to the pandemic. He also spoke about potential increases in revenue as the Pac-12 enters into negotiations over a new round of media rights. Bedient reminded trustees that they would consider in January 2021 the Ten-Year Business Forecast. Trustee Rani Borkar asked about growth at OSU-Cascades and whether there are lessons to be learned that would inform recovery efforts university-wide. Bloomer said that much of the enrollment growth at OSU-Cascades could be attributed to resident students who may have been attracted to the opportunity to pursue higher education while remaining in Central Oregon, particularly given smaller class sizes and a higher percentage of in-person courses in fall term. He added that the experience of using mixed modalities over several terms offered some lessons for future course delivery to meet a wide range of needs. Alexander spoke to the potential at OSU-Cascades to develop innovative academic programs. Trustee Julie Manning asked what lessons had been learned about the experience of students during fall term that would inform plans for winter, particularly for those students who opted to live on campus. Bloomer said a number of surveys had been conducted to learn more about the experiences of undergraduate and graduate students to help identify opportunities for improvements. Provost and Executive Vice President Ed Feser added that results from recent surveys indicate that students remain dissatisfied with remote learning. He said the recent survey of graduate students indicates that many are struggling and have experienced disruptions in progress toward their degrees, particularly where they have been unable to complete field research. Alexander noted findings across surveys pointing to concerns about mental health and wellbeing. He spoke also about the possibility of another federal stimulus package that would include support for higher education. Bedient asked about any trends across peer institutions, and Green noted enrollment declines across a number of public institutions in Oregon. Alexander added that declines in enrollment were being seen across the country.

With no further discussion, a motion was made and seconded to recommend to the Board that it approve the revised FY2021 operating budget, as presented in Tables 3 through 7. The motion carried.

c. 2021 Finance & Administration Committee Work Plan and 2020 Board

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Bedient began by thanking trustees for their participation in the most recent self-assessment and their engagement throughout the year. She thanked former Vice Chair Mike Thorne for his leadership and current Vice Chair Darry Callahan for making a smooth transition to the role. Board Secretary Debbie Colbert remarked on the impressive amount of work accomplished by the committee and thanked trustees for their flexibility in adjusting to changes throughout the year given the move to remote meetings. Green added that the committee's thoughtful leadership was critical in guiding the university through the pandemic. Bedient thanked staff for their continued support of the committee's work. She added that the 2021 committee work plan was intended as a road map that could be adjusted as needed, and she encouraged trustees to continue to provide feedback on the work of the committee. Callahan remarked on the university's nimbleness in responding to the rapidly changing conditions of the pandemic and emphasized the importance of remaining flexible throughout the year ahead. Schueler said that while the Ten-Year Forecast is a helpful long-term planning tool, it also would be important to consider recovery in the near-term. Green said that the discussion in January of the Ten-Year Forecast would address the short and long-term financial challenges stemming from the pandemic. Bedient added that the discussion also would include an update to the capital forecast, because the capital and operating forecasts are closely related. Borkar remarked on the importance of the work plan in guiding the committee's work.

With no further discussion, a motion was made and seconded to approve the Finance & Administration Committee 2021 work plan. The motion carried.

5. Discussion Items

a. Capital Project Status Report

Bedient asked Senior Vice President for Administration Paul Odenthal and Associate Vice President of University Facilities, Infrastructure and Operations Bruce Daley to introduce this item. Odenthal started with an overview of total active capital projects, noting that a majority were focused on improvements to existing assets. He spoke about the alignment between capital projects and the university's strategic priorities and provided an update on investments in deferred maintenance. Daley spoke about efforts to reduce the university's carbon footprint, noting that the university's carbon emissions are trending downward even as gross square footage has increased. He provided highlights on major projects, including the Gladys Valley Marine Studies Building, the Oregon Forest Science Complex, and the second academic building at OSU-Cascades. Daley said the impact of the pandemic could be seen across projects, particularly with regard to supply chains.

Following the report, Bedient asked whether staff anticipated any changes to the university's approach to capital planning as a result of the pandemic. Odenthal said that while it was too early to predict the long-term effects the pandemic might have on higher education, he anticipated a reassessment of the use of classroom space to accommodate a range of teaching modalities and an examination of office space as conversations continued about the future of remote work. Green added that it would be important to take a holistic approach to improving the university's research infrastructure. Borkar asked about efforts to communicate the university's carbon reduction efforts and asked about any plans to reduce water consumption. Odenthal described outreach underway to

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communicate sustainability plans and actions and said additional sustainability goals would be included in the rollout of the Corvallis Campus Vision. He said that while water consumption was minimized as systems were upgraded or new systems were installed, staff would consider more specific water reduction goals. Green noted efforts to improve and create a more resilient energy grid. Odenthal noted that this work had resulted in fewer power outages, and he said that work would continue to improve the safety and functioning of the university's energy systems. In response to a question from Callahan about OSU-Cascades, Odenthal said the site reclamation project is going well. Schueler asked about the status of the Upper Division and Graduate Student Housing project, and Odenthal said work on that project and on the Newport Housing project had slowed because of the pandemic. Bedient concluded by thanking staff for the update.

b. OSU Foundation Report

Bedient welcomed OSU Foundation President and Chief Executive Officer Shawn Scoville. Scoville began by expressing gratitude for the strong relationship between the university and the foundation and thanking Callahan for serving as a liaison to the OSU Foundation Board of Trustees and Jon DeVaan for his role as a liaison to the OSU Board of Trustees. He spoke about the impact of the partnership with the university, citing as examples the effort to secure funding for the Arts and Education Complex, the work to reach the fundraising goal to support student success, and development of the Beavers Care initiative to support those impacted by the pandemic. Scoville summarized national trends in philanthropy and alumni engagement and spoke about strategies being developed by the OSU Foundation. He described ways the pandemic had altered the work of the OSU Foundation both in the short and longer term, and he noted ways that the OSU Foundation continued to emphasize a commitment to diversity, equity, and inclusion. Scoville concluded by thanking the Board for the inclusion of the OSU Foundation in their presidential transition efforts and expressing his appreciation for President Alexander's leadership.

Following the report, Schueler congratulated Scoville for the continued success of the OSU Foundation. In response to a question by Callahan about collaborating with academic colleges, Scoville said that the model of co-funding positions between the university and the OSU Foundation was working well. Alexander added that this model was important in helping to leverage resources and build synergies. Bedient concluded by thanking Scoville and complimenting the OSU Foundation on its efforts to emerge from the pandemic as a stronger organization.

6. Other business

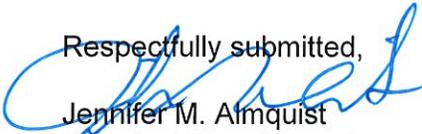
Bedient invited closing comments from trustees. Trustee Khawater Hussein remarked on the university's efforts to navigate the pandemic and remain committed to providing access to high-quality educational programs. Trustee Stephanie Smith thanked her fellow trustees for robust discussion throughout the meeting. She added that she would look forward to continuing to discuss plans to manage shortfalls in self-support funds, particularly Athletics.

7. Adjournment

With no further business proposed, Chair Bedient adjourned the meeting at 3:09 p.m.

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Respectfully submitted,



Jennifer M. Almquist
Assistant Board Secretary