



## The Board of Trustees of Oregon State University

---

### Special Meeting of the OSU Board of Trustees

July 8, 2025

1:00 – 2:10 p.m.

Virtual Meeting held by Zoom

### MINUTES

- Trustees present: Kasaundra (Kassy) Bonanno, Julia Brim-Edwards, Stephanie Bulger, Kate Carter-Cram, Karla Chambers, Maria Chávez-Haroldson (*vice chair*), Susan Clark, Lisa Hale, Grant Kitamura, Toby Luther, Greg Macpherson, Julie Manning, Elise McClure, Marlena (MJ) Mirho (*nonvoting member*), Jayathi Murthy (*ex officio*), Camille Palmer
- Trustees absent: Román Hernández (*chair*)
- University staff: Jackie Bangs, Bruce Daley, Becca Gose, Brent Gustafson, Carla Ho‘ā, Jen Humphreys, Stacy Jeffries, Paul Odenthal, Heidi Sann, Irem Tumer
- Invited guests: Stacey Lewis (Pacifica Law Group), Thomas Toepfer (PFM Financial Advisors LLC)

#### 1. Call to Order / Roll Call / Declaration of a Quorum / Land Acknowledgement

Board Vice Chair Maria Chávez-Haroldson called the meeting to order at 1:03 p.m. Board Secretary Jackie Bangs called the roll and verified a quorum.

Vice Chair Chávez-Haroldson noted that the purpose of the special meeting of the full board is to vote on whether to advance a capital project for the Corvallis Campus Housing and Dining Vision to the construction phase, which also requires the board to vote on a bond issuance tied to the project. She added that the board would also vote on the Ten-Year Business Forecast, including a capital forecast, which was originally expected at the May 9 meeting of the board.

She added that members of the public would be able to provide testimony before the board votes on any of the action items on the agenda.

Chávez-Haroldson then delivered the university's land acknowledgment statement.

#### 2. Consent agenda

- a. **Minutes of the May 9, 2025, Meeting of the Board of Trustees**
- b. **Minutes of the May 9, 2025, Executive Session of the Board of Trustees (Federal Landscape)**
- c. **Minutes of the May 7, 2025, Joint Meeting of the Board of Trustees and the OSU Foundation Board of Trustees**
- d. **Fiscal Year 2025 Q3 Investment Report**

Vice Chair Chávez-Haroldson sought a motion to approve the consent agenda. A motion was made by Trustee Manning, seconded by Trustee Brim-Edwards and approved by all board members in attendance: Trustee Bonanno, Trustee Brim-Edwards, Trustee Bulger, Trustee Carter-Cram, Trustee Chambers, Vice Chair Chávez-Haroldson, Trustee Clark, Trustee Hale, Trustee Kitamura, Trustee Luther, Trustee Macpherson, Trustee Manning, Trustee McClure and Trustee Palmer.

### **3. Action items**

#### **a. Ten-Year Business Forecast (including capital forecast)**

Vice President for Budget and Resource Planning Brent Gustafson presented the Ten-Year Business Forecast, and Senior Associate Vice President for Administration Paul Odenthal provided an overview of the capital forecast.

Gustafson emphasized that the Ten-Year Business Forecast was not a budget or plan, but a passive projection based on current trends and assumptions that covers the Education & General (E&G) fund, Self-Support funds and Restricted funds, using the fiscal year (FY) 2026 budget as a baseline. He noted that total revenue for FY26 is \$1.85B, with E&G funds counting for \$1B of that amount.

Gustafson reported that the forecast for E&G funds had been adjusted downward from last year's optimistic assumptions in *Prosperity Widely Shared* and was closer to Huron Consulting's more conservative outlook due to slower Ecampus growth and lower tuition revenue projections.

Gustafson noted the impact of reduced Athletics revenue due to Pac-12 changes and slower campus housing expansion on Self-Support funds, adding that the university's long-term growth is tied to increased housing capacity.

He also reported a reduction in federal research funding that will affect Restricted funds, noting again that projections aligned more closely with Huron Consulting's original estimates.

Gustafson stated that E&G expenses are projected to outpace revenue starting in FY30-31, with personnel costs being the largest driver. He added that self-support and restricted expenses remain aligned with revenue.

He provided an update on financial metrics, noting that most remain within board-approved ranges but that the EBITDA margin (Earnings Before Interest, Taxes, Depreciation and Amortization) declines in later years due to E&G expense growth.

Gustafson covered the following topics in discussion with trustees:

Trustee Chambers asked about the EBITDA decline and the role of interest, saying she suspected that decline would be a reason to back off capital expenses. Gustafson clarified the forecast only included interest expense on projects the board has approved. He said the decline in EBITDA was mainly due to personnel cost growth and not interest. Odenthal added that he preferred to have more capital projects in the pipeline than the university can execute, because it's easier to delay planned projects than to advance them.

Trustee McClure asked about the impact of federal student loan policy on enrollment, and Gustafson said the topic was under review and would be addressed in the October update to the board.

Trustee Luther asked about scenario planning for downside and upside risks. Gustafson said scenario planning has been done in the past and would likely be resumed moving forward, though he stressed the difficulty of quantifying downside risks like federal research funding.

Trustee Manning asked about the continued growth and competitiveness of Ecampus, given its importance to the strategic plan. Gustafson noted slower program rollout and increased competition, emphasizing that strategic marketing and targeted partnerships with corporations are key focus areas.

Odenthal gave a presentation on the capital forecast, which prioritizes alignment with *Prosperity Widely Shared*, the university's strategic plan.

He gave an overview of current projects, including

- Newport Housing (expected to be ready for move-in this fall)
- Jen-Hsun Huang and Lori Mills Huang Collaborative Innovation Complex (expected completion in winter 2026-2027)
- Kelly Engineering District Utility Plant (expected completion in Nov. 2025)
- Richardson Hall Mid-Life Renewal (expected completion in Oct. 2025, about two months ahead of schedule)
- Sinnhuber Aquatic Research Laboratory Modernization (stage gate II request expected to come to the board in Oct.)
- Gilkey Hall Renovation (structural issues have doubled the cost to ~\$30M; update to the board expected in Oct.)

Odenthal noted that OSU's capital projects did not fare well during the most recent legislative cycle. He mentioned good news about capital investment and renewal for deferred maintenance to universities, which was increased from \$100M to \$120M, with OSU receiving over a third of those funds. He noted that future capital projects will focus on research infrastructure renewal and academics.

He provided an update on projects on the Cascades campus, mentioning the student health and recreation center – a critical project that was not funded by the legislature this cycle – and the innovation district, noting solicitation for a developer is expected soon.

Odenthal reported that the total capital forecast had been reduced from \$3.4B to \$2.5B, with legislative funding shortfalls impacting several projects and deferred maintenance a continued challenge at ~\$60M per biennium.

Trustee Chambers requested more information in future meetings on diversity of revenue and AI opportunities for increasing operational efficiencies.

Trustee Macpherson asked about planning for philanthropic opportunities like the Huang Collaborative Innovation Complex and if there is capacity to embrace such opportunities if they arise. Odenthal emphasized flexibility in the capital forecast to accommodate such opportunities.

With no further questions and no public comment on this action item, Vice Chair Chávez-Haroldson sought a motion to accept the fiscal year 2025 through 2034 ten-year business forecast, including the ten-year capital forecast.

A motion was made by Trustee Chambers, seconded by Trustee Hale and approved by all board members in attendance: Trustee Bonanno, Trustee Brim-Edwards, Trustee Bulger, Trustee Carter-Cram, Trustee Chambers, Vice Chair Chávez-Haroldson, Trustee Clark, Trustee Hale, Trustee Kitamura, Trustee Luther, Trustee Macpherson, Trustee Manning, Trustee McClure and Trustee Palmer.

**b. Capital Project Stage Gate II: Corvallis Campus Housing and Dining Vision Phase I**

Bruce Daley, associate vice president for University Facilities, Infrastructure and Operations, presented the capital project at stage gate II for phase one of the Corvallis campus housing and dining vision, which is part of OSU's Ten-Year Capital Forecast and follows stage gate I approval by the board in May.

Daley provided an overview of the project scope, which includes:

- \$168.9M for construction of a new 175,000 square-foot residence hall with 680 student beds near Western Blvd. and the Alumni Center
- \$21M for an off-site dining production kitchen to centralize and streamline dining operations, support increased on-campus housing and serve as the new home for OSU Catering.

He noted that the scope, budget and schedule for the project remain unchanged since the board's approval at stage gate I in May. He emphasized that the project would not exceed the approved budget and added that design and construction teams are in place and performing well.

Daley outlined key milestones for the project as follows:

- August 2025: Submit foundation permits
- October 2025: Begin site excavation
- Spring 2026: Begin vertical construction
- Fall 2027: Targeted project completion and opening

He addressed the topic of parking mitigation, noting that Adams Hall, the custodial house and the Cascade annex would be demolished and that 210 spaces would be added near Cascade Hall to offset the impact of construction.

Trustee Chambers asked how the project would handle potential cost increases like the proposed 25% tariffs on imports. Daley said OSU is proactively managing risks by prioritizing domestic and readily available materials; buying materials early to avoid price hikes; and maintaining design flexibility to adjust interior finishes or scope without reducing bed count. He added that these strategies were successfully used during COVID-era supply chain disruptions.

With no further questions and no public comment on this action item, Vice Chair Chávez-Haroldson sought a motion to approve a capital project budget of \$189.9M for the Corvallis

campus housing and dining vision phase I project and advance the project to the construction phase.

A motion was made by Trustee Macpherson, seconded by Trustee Chambers and approved by all board members in attendance: Trustee Bonanno, Trustee Brim-Edwards, Trustee Bulger, Trustee Carter-Cram, Trustee Chambers, Vice Chair Chávez-Haroldson, Trustee Clark, Trustee Hale, Trustee Kitamura, Trustee Luther, Trustee Macpherson, Trustee Manning, Trustee McClure and Trustee Palmer.

**c. Debt Issuance Related to Corvallis Campus Housing and Dining Vision Phase I**

Heidi Sann, associate vice president for finance and controller; Thomas Toepfer, managing director, PFM Financial Advisors; and Stacey Lewis, partner, Pacifica Law Group, presented information on the debt issuance related to the Corvallis campus housing and dining vision project.

Sann provided an overview of the debt issuance, with the board being asked to approve a resolution authorizing the issuance of up to \$219M in general revenue bonds to fund the Corvallis Campus Housing and Dining Vision Phase I project, including construction, interest during construction and issuance costs.

Sann noted that the resolution delegates authority to the vice president for Finance and Administration and allows the university to issue bonds within a specific set of parameters, with the principal not to exceed \$219M; the interest rate not exceed 6.5%; and the maximum term not to exceed 40 years.

She reported that the debt issuance would increase OSU's outstanding debt from \$900M to \$1.1B. She further noted that a credit rating review would be done by Moody's Investors Service in advance of the issuance. Sann said there are no guarantees, but that the university expects to retain its AA3 rating. She added that three of the university's six approved investment banks were selected to underwrite the transaction, contingent on the board's approval.

Sann provided an overview of the debt service, noting that the first two years would be interest payments only, funded by the bonds during the construction period. She said there would be an increase in 2029 reflecting a principal maturity of \$20M relative to funding a portion of the Administrative Modernization Program, followed by increased debt service payments in 2043 relative to the 2020 issuance. She noted that the university created a \$38.7M bond repayment reserve in 2020 to help manage future obligations.

Sann said that net operating income from the project is expected to exceed debt service for most of the bond term and that OSU would be able to adjust the repayment structure based on market conditions. She noted that the debt service coverage ratio (DSCR), one of the board's financial metrics, would decline slightly with the new debt and was projected to dip below board targets in 2033-2034, adding that the long-term strategy includes aligning expenses with revenues to improve EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) and DSCR.

Thomas Toepfer, managing director at PFM Financial Advisors, provided information on the current market environment.

Toepfer noted that current interest rates are higher than in 2020 and that OSU may consider shorter-term borrowing to reduce costs, with future refinancing. He said higher education bond issuance is up 35% year-over-year, with institutions borrowing to invest in infrastructure and bolster liquidity amid federal funding uncertainty, adding that OSU is positioned to time when it's most opportune to enter the market.

Trustee Chambers expressed concern about the pressure on debt service coverage and bond rating due to rising expenses and capital needs. Sann emphasized that OSU is actively managing EBITDA and adjusting forecasts, using scenario planning to assess risks. She added that the current issuance is smaller than originally planned to maintain financial flexibility.

Lewis said she would gladly answer questions about the resolution, which outlines the parameters for the bond issuance. She added that the resolution pledges the university's general revenues as security for the bonds, which is on par with the university's existing general revenue bonds and includes the same covenants that protect current bondholders, ensuring consistency and reliability for new investors.

Vice President for Finance and Administration Carla Ho'ā provided comments in support of the project moving forward, emphasizing a long-term strategic perspective focused on the net income potential and benefits to student success and retention over the full life of the project – benefits that may not be immediately reflected in short-term forecasts.

With no further questions and no public comment on this action item, Vice Chair Chávez-Haroldson sought a motion to adopt the General Revenue Bonds resolution authorizing the university to execute a bond transaction to issue general revenue bonds with the aggregate principal not to exceed \$219M.

A motion was made by Trustee Hale, seconded by Trustee Brim-Edwards and approved by all board members in attendance: Trustee Bonanno, Trustee Brim-Edwards, Trustee Bulger, Trustee Carter-Cram, Trustee Chambers, Vice Chair Chávez-Haroldson, Trustee Clark, Trustee Hale, Trustee Kitamura, Trustee Luther, Trustee Macpherson, Trustee Manning, Trustee McClure and Trustee Palmer.

#### **4. Adjournment**

With no further discussion or business before the board, Vice Chair Chávez-Haroldson adjourned the meeting at 2:27 p.m.

Respectfully submitted,



Stacy Jeffries  
Executive Assistant, Office of the Board of Trustees