



MINUTES

Committee Members Present: Mark Baldwin (*by phone*), Patty Bedient (*chair*), Rani Borkar (*ex officio*), Julia Brim-Edwards (*by phone*), Mike Green (*ex officio*), Angel Mandujano-Guevara, Laura Naumes (*by phone*), Kirk Schueler, and Mike Thorne (*vice chair*)

Other Trustees Present: Mike Bailey, Darry Callahan, Michele Longo Eder, Paul Kelly, Julie Manning, and Ed Ray

University Staff Present: Ron Adams, Charlene Alexander, Jennifer Almquist, Matthew Andrews, Scott Ashford, Sherm Bloomer, Susan Capalbo, Steve Clark, Debbie Colbert, Ed Feser, Becca Gose, Timothy Reidy, Alan Sams, Warren Sisson, Lauren Skousen, Patti Snopkowski, Suzy Tannenbaum, and Irem Tumer

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

Committee Chair Patti Bedient called the meeting to order at 12:46 p.m., asked the assistant 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 spoke first about the items on the consent agenda, noting an additional \$2M adjustment down in net tuition revenues in Education & General Funds, which he said was a result of awarding more in aid than anticipated. Regarding a question raised during the committee's discussion in January, Green explained that the Board considers the president's performance and compensation in January to align with the timing of evaluations and the consideration of salary increases for unclassified personnel. Green provided an update on finance and administration operations, including the recent hiring of two key leadership positions. He also discussed important operational improvements occurring in human resources and business services. Green noted that the discussion on strategic financial opportunities had been moved to the May meeting. He also spoke about the upcoming bond sale. Following the report, Bedient congratulated Green on the recent hires and added that she and Vice Chair Mike Thorne decided to postpone the strategic financial opportunities discussion to provide university staff adequate time to explore possible options.

3. Consent Agenda

- a. **Minutes of the January 17, 2019 Finance & Administration Committee Meeting**
- b. **FY2019 Q2 OSU Operating Management Report**
- c. **FY2019 Q2 Investment Reports**

A motion was made and seconded to approve the items on the consent agenda. During discussion, Trustee Kirk Schueler asked about the General Revenue Bond Report. Green noted that this report is newly included as required by the Board's updated investment policy. The motion carried.

4. Action Items

a. FY2020 Tuition Rates, Mandatory Fees and Student Incidental Fees and Operating Budget Outlook

Bedient asked Green and Director of Budget and Fiscal Planning Sherm Bloomer to present this item. Green began by noting that tuition and fees are part of the university's long-term financial strategy, which also includes implementing operational efficiencies to reduce costs, focusing commitments on strategic priorities, growing enrollment, and keeping tuition and fee rates affordable. He said the university's mission and strategic plan guide the budget and fiscal planning decisions.

Bloomer began with an overview of the process, which started the previous fall and involved multiple meetings of the University Budget Committee and Student Budget Advisory Committee. The Office of Budget and Fiscal Planning prepared projections of costs and budget projections with different assumptions, and the groups considered scenarios and then made recommendations to the president in February. In parallel, student committees both in Corvallis and at OSU-Cascades reviewed and recommended student incidental fee rates. Bloomer said that throughout the process, there were a number of conversations with stakeholders across the university community to gather questions and comments. He spoke about inflationary pressures and the effect on tuition, noting in particular the extent to which inflation is driven by employee benefit expenses. He added that major drivers of cost also include strategic commitments and enrollment growth. Bloomer described revenue assumptions, including modest enrollment growth, additional funds from the state for the biennium, and growth in other revenues. He then presented the president's recommendation for tuition and mandatory fees, as well as two other budget and tuition scenarios considered by the University Budget Committee. Bloomer also explained the rationale for these recommendations, summarizing themes from university stakeholder conversations and committee discussions.

Following the presentation, Bedient thanked Green and Bloomer. She then invited President Ed Ray to provide additional comments on his recommendation. Ray recognized the thorough work of the University Budget Committee and the thoughtful input provided across numerous sessions with stakeholders, adding that their work, along with the budget context for FY2020 and the key considerations summarized by Bloomer, led to the recommendation. During their discussion, trustees expressed concern that continued budget cuts to meet funding gaps would not be sustainable. Trustees also discussed their interest in maintaining educational quality and making decisions in alignment with the university's land grant mission. Trustees Darry Callahan and Rani Borkar emphasized the need to identify new approaches that transform the university's business model rather than rely on incremental changes. Overall, trustees agreed on the importance of continuing to pursue multiple strategies to address the funding gap.

In discussions about potential ways to reduce expenses, several trustees expressed support for maintaining certain strategic investments, such as funding for capital renewal. Trustees Mike Thorne and Mike Bailey asked about the potential to grow endowments or offer retirement incentives to help address the

gap in state funding, both of which staff said typically have only modest impacts on operating costs. Trustees also asked questions about how the money would be used if universities end up with more state funding than assumed in the scenarios presented by Bloomer. Staff recommended retaining the tuition rates established by the Board and using any additional funds for targeted strategic investments. Several trustees agreed with this approach, especially since there is no guarantee that higher funding would continue into the future. Trustee Angel Mandujano-Guevara emphasized the importance of accessibility and affordability, and trustees discussed the financial pressures that students at the margins often experience with even the smallest increases in tuition rates. Given these impacts, Mandujano-Guevara and Trustee Mark Baldwin stated their desire to see no increase in tuition and fees.

Following discussion, a motion was made and seconded to recommend to the Board that it approve the resolution in Attachment 1 establishing the academic year 2019-20 and summer 2019 tuition and mandatory fees as provided in Exhibit A, at the rates in Scenario B in Table 1 for resident undergraduates (4.29%) and for non-resident undergraduate students (3.81%). The motion carried.

b. Capital Project Stage Gate: Cordley Hall

Bedient asked Interim Senior Associate Vice President for Administration Ron Adams, Dean of the College of Agricultural Sciences Alan Sams, and Executive Associate Dean in the College of Science Matthew Andrews to present this item. Adams reminded trustees that the Cordley Hall renovation project is included in the Ten-Year Capital Forecast. He provided an overview of the project description, scope, and program, noting that the renovation will be accomplished through three funding phases, focusing first on core systems, and then on renovating the two sides of the building sequentially. Adams added that the university has completed the schematic design phase. Andrews presented artistic renderings and spoke about how the renovation will support research excellence and enhance success for faculty and students in the Department of Integrative Biology. Sams described how the renovation will advance pre-eminence and innovation and enhance collaboration for faculty and students in the Department of Botany and Plant Pathology. In response to a question from Bailey, Andrews said the university's newly acquired building on Research Way would serve as surge space for faculty displaced during the renovation. Trustees discussed the opportunities and challenges of renovating versus constructing a new building, noting interest from the Higher Education Coordinating Commission (HECC) in prioritizing capital projects that retrofit existing spaces. Following discussion, a motion was made and seconded to approve advancing the Cordley Hall renovation project to the design development phase.

c. Capital Project Stage Gate: Cascade Hall

Bedient asked Adams, Executive Officer Commander Timothy Reidy, Commanding Officer Captain Warren Sisson, and Chief of Public Safety Suzy Tannenbaum to present this item. Adams reminded trustees that the Cascade Hall renovation project is included in the Ten-Year Capital Forecast. He provided an overview of the project description, scope, and program, noting that the current project focuses on the western side of the building that is vacant. Adams

said the renovated space would provide a new home for the Navy ROTC program on the lower floor, following removal of the program's current location to enable the rebuilding of Washington Way per the Ten-Year Capital Forecast. The upper, west side would provide space for the Department of Public Safety. Reidy described how the renovated space would serve the university's active duty students. Tannenbaum spoke about how the renovation would enable the Department of Public Safety, already located on the east side of the upper floor, to accommodate staff and program growth. Adams described the total project budget, funding, and timeline and he addressed identified risks and proposed mitigation strategies. Following brief discussion, a motion was made and seconded to approve advancing the Cascade Hall renovation project to the design and development phase. The motion carried.

d. Capital Project Stage Gate: Merryfield Hall

Bedient asked Adams and Dean of the College of Engineering Scott Ashford to present this item. Adams said the university was seeking permission to advance the Merryfield Hall renovation project to the construction phase. The project would renovate part of a College of Engineering building that dates from the 1920s to modernize classrooms and laboratories, update fire alarms and install sprinklers, and house some faculty and graduate students from the School of Nuclear Science and Engineering. Adams said the project, scheduled for completion in summer 2020, has an estimated cost of \$6.2M. It is being funded primarily by college and gift funds of \$5.9M, plus \$300,000 in state-paid bonds allocated for capital improvements and renewal. Ashford explained the programmatic need the project would fulfill and outlined the benefits to student success and retention that would result from the renovation. In response to a question by Trustee Julie Manning, Ashford noted that the college has already renovated a portion of the building. Adams discussed the project's risks and the actions the university is taking to mitigate those risks. Trustees asked about details of the renovation and about the possibility of the City of Corvallis asking for additional improvements. Following the discussion, a motion was made and seconded to recommend to the Board approval of a total capital project budget of \$6.2M for the Merryfield Hall project and advancing of the project to construction phase.

5. Adjournment

With no further business proposed, Chair Bedient adjourned the meeting at 3:33 p.m.

Respectfully submitted,

Jennifer M. Almquist
Assistant Board Secretary