1. Call to Order/Roll/Declaration of Quorum

2. Consent Agenda
   Approval of the December 2, 2015 meeting minutes
   Final Minutes 12_02_2015 - Page 2


4. Quarterly Update Formats

5. 2017 Budget Planning Steps

6. 2016 Recap
   a. Budget to Actual
   b. HECC Report
   c. Standard & Poor’s Report

7. Three Year Forecast

8. Detailed Analysis FY 17

9. Dashboard Discussion/Guidance

10. Reserve Policy Check-in

11. Compensation Philosophy

12. Questions and Comments

13. Adjourn
Minutes

Committee Members Present: Rick Miller, Christine Vernier, Pete Nickerson, Gale Castillo, Erica Bestpitch, Irving Levin

Board of Trustees Member Present: Tom Imeson

Committee Members Not Present: Peter Stott, Wim Wiewel (ex officio)

University Staff Present: David Reese, Kevin Reynolds, Susan Klees, Shelley Winn, Andria Johnson, Jennifer Kahl, Don Forsythe, Dan Zalkow, Scott Marshall, Cathy Kirchner, Leann Serbulo, Michael Bowman, Vickie Ellig, Gergana Petcova, Beth King, Kathi Ketcheson, Jason Abbott

1. Call to Order/Roll/Declaration of Quorum
   Chair Miller called the meeting to order at 1:02 pm. Roll was called and a quorum was established.

2. Consent Agenda
   ACTION: Castillo moved to approve the minutes of the November 3, 2015 meeting. Vernier seconded. The motion passed unanimously.

3. Vice President’s Report:
   a. Moody’s reaffirmed our A1 status and moved us to stable status.
   b. Vice President Reynolds acknowledged the work of staff in FADM who contributed to the work presented today.

4. 2015-2017 Capital Projects Approval and Debt Issuance
   a. Project Presentations
      i. Neuberger Hall Renovation and Deferred Maintenance
         The State legislature approved funds for this $70 million project which will not involve additional debt to the university. The project will begin when the Board of Trustees has approved the project.
      ii. The Broadway Housing Building
The building was financed through the City of Portland in 2003 and refinanced with disadvantageous terms during the financial crisis. There has been a $9 million outflow of university resources to support the building. Together the interest savings and savings in fees will result in $1.3 million in savings annually. Currently the building appears on the PSU Foundation balance sheet, but the debt is reflected on the university’s financial statements. The transaction will result in a slight increase in principal.

b. Debt Portfolio and Review of Ratios
Ratios and graphs were provided as handouts. Overall, principal and annual debt service paid by the State increases. Institutionally paid debt increases with the Broadway housing building purchase.

c. Resolution Recommending Approval
**ACTION:** Vernier moved to approve the resolution recommending approval of the projects to the full Board of Trustees. Bestpitch seconded. The motion passed unanimously.

5. **2017-2019 Capital Project Prioritization**

   a. Reviewed the prioritization process for capital projects, which takes about two years.

   b. The President, with advice from the Executive Committee and the Capital Advisory Committee, is recommending a single project to develop a new building on the 4th and Montgomery block that would likely house the Graduate School of Education and one or more other partners. The Portland Development Commission has offered to give the land to PSU if it is developed, the City of Portland has agreed to occupy 30,000 sf, reducing the need for leased space, and a non-profit organization that works closely with GSE has signed a letter of intent to be co-owner of the building.

   c. Other high priority projects include new construction on the 4th/5th and Lincoln block, of a building for the School of Public Health, and on the Honors College block. High priority renovations include Science Building One, Parkmill, Cramer Hall, and Smith Memorial Student Union.

   d. Lease space costs come out of operating budget. PSU’s growth dictated use of leased space, but to the extent possible, utilizing state financing alleviates pressure on the E&G budget to support space needs. The proposed project may allow PSU to end some of its existing leases.

   e. Approval for this project will be brought back to the committee in March, 2016.
f. Discussion focused on priorities identified in the Strategic Plan including viewing projects through an equity lens, establishing a goal for using Minority, Women, and Emerging Small Businesses (MWESB).

6. Budget Updates
   a. 4th Week Fall Enrollment
      
      Total headcount is down .6% as of the end of the 4th week of fall term, and student credit hours are down by .2%, while the original forecast for FY16 anticipated growth of approximately 1%. The mix of students, driven by domestic non-resident students, moderates the revenue implications of not meeting the growth forecast.

   b. FY16 Budget to Forecasted Actuals
      
      Focusing on E&G, revenue in total is tracking up for the year although tuition and fees are down as a result of summer SCH having been down and the reduction in undergraduate tuition implemented after the FY16 budget was set. The increased State allocation, as expected, allows for the positive variance reflected on the current forecast for the year.

   c. Updated cash flow forecast presented.

   d. First Quarter Financials
      
      First quarter financials are not presented on an accrual basis, instead are based on operating ledger results, which is consistent with the Q1 financial results presented in FY15.

7. Financial Dashboard Components

   Discussion: Work on dashboard components continues. It would be helpful to have a smaller group meet to review components. Miller and Nickerson agreed to participate.

8. Adjourn

   Chair Miller adjourned the meeting at 3:00 p.m.