Portland State University
Board of Trustees
Finance & Administration Committee
April 24, 2014

10 am – noon
MCB 541

Committee members present: Chair Rick Miller, Erica Bestpitch, Gale Castillo, Pete Nickerson (ex-officio, by video conference), Peter Stott, Christine Vernier, Wim Wiewel, Monica Rimai (ex-officio, non-voting)

University staff present: David Reese, Rachel Martinez, Alan Finn, Sarah Kenney, Cathy Kirchner, Dan Zalkow, Vickie Ellig, Darin Matthews, Jeff Wright

Others present: Simon Robins

1. **Call to Order/Roll Call/Declaration of Quorum**
   Chair Miller called the meeting to order at 10 am and took roll. A quorum was present, and the meeting, having been duly convened, was ready to proceed.

2. **Housekeeping**
   Approval of Minutes: Minutes from March 6 were presented to the committee with a discussion about content and format. Most agreed that summary of discussions was preferable, and asked that the minutes from March 6th be revised to reflect that. Rimai asked that any additional comments be emailed to her, and that minutes for March 6 and April 24 would be approved at the May meeting.

   Proposed 2014-15 meeting dates: Revised schedule was presented, based on Doodle poll taken. Rimai noted that the one date still in question was for a meeting in August, but also noted that meeting might not be necessary.

   Update on state appropriation request to the HECC: Rimai noted that there was not much to update. The request has been submitted, and PSU is in the ballpark with their request compared to the other schools. She noted that HECC has realized that a more developed template will be necessary going forward, and that they now have a better understanding of the issues that universities face. She noted that the discussion at the most recent HECC meeting was more Community College focused. There was a question about tuition. Rimai noted that the PSU Board had approved Tuition for 2014-15, and that OUS was acting as a pass through in their fee book. It was noted that the student review committees did not approve a tuition increase, but were in favor of raising student fees by $2/credit hour per term.
Update on 3rd quarter budget vs actual: Rimai stated that the University was about where it was expected to be in budget to actual. She noted that there was nothing unusual in any of the reports she had reviewed.

3. Capital Budget Background
Rimai noted that the bulk of the discussion today was around the capital budget request. She reported that the HECC wanted their first look tomorrow, but that this was just a first look, so the F&A committee were not expected to take a vote today. She said that the final submission dates were uncertain, but if the need arose, the request would be presented to the Board’s Executive Committee for their recommendation.

She summarized the history of capital budgets, and referred to the deferred maintenance list. She stated that the length of the list is depressing, but the good news is that there is one, and PSU is aware of what we need to do. She noted that there is a direct correlation between the list of deferred maintenance and capital request. Today’s deferred maintenance project becomes a capital request, once enough time passes.

There was discussion about the ongoing deferred maintenance needs on campus. Rimai noted that most buildings at PSU were at the end of their life span due to when they were built or because we acquired them in that state. She noted that most buildings on campus were built in the 50’s, 60’s and 70’s and are significantly showing their age.

Chair Miller noted that many other K-12 school districts are in the same position as PSU. The allocation from the state is not enough to keep up with the need, especially for deferred maintenance. Rimai noted that at PSU as in other places, dollars get moved around to improve the student experience rather than on maintenance expenses.

She reported that PSU would have an annual need of $14 million to make headway on deferred maintenance to move items off of the list.

4. 2015-17 Capital Budget Request
Rimai noted that PSU has a Capital Advisory Committee (CAC), comprised of almost 2 of every unit on campus. It is chaired by the Provost and the Vice President of Research. She said that she is a non-voting member, and that no one in the capital planning department is a voting member. Rimai noted that even with this diverse group, they were fully aligned around the process and recommendation, and that they were able to be absolutely clear on priorities and recommendations.

She noted that there most projects are on both the Capital Project List and the Deferred Maintenance List.

Rimai said that the CAC also has subcommittees, which involve even more individuals on campus, increasing the range and impact on projects ultimately recommended.

She said that everything on the list starts with a Physical Needs Assessment, and that it starts with users, and that anyone and everyone who wants to comment on the space has
the opportunity to do so. The themes throughout relate to deferred maintenance and no ideas were excluded. Priorities were developed and evaluated. Opportunities were developed, along with discussions around how to implement, what school and college initiatives were, and that specific projects were generated around wants and desires.

She reviewed how to read the document, and noted that this division allows PSU to be nimble and opportunistic. The list of projects is divided into three groups. Questions that were asked were: How does it enhance what’s already happening? Does it drive student success? Does it meet a programmatic need? It was a matrix analysis, with no one project more important than another. Some rise to the top, based on objective evaluation.

Other factors were sustainability, efficiency, fit with the mission of the university, equity – accessibility, social justice. Rimai mentioned that the CAC owed the student space committee a great deal for infusing and reinforcing these concepts.

The three groups were broken out as A, B, C.

Group A is the list of projects to be put forward for the 15-17 request. She noted that this was a fairly bold request.

Group B is a list of high priority projects, but not ones that are at the critical stage.

Group C is everything else.

Rimai noted that this list will be updated annually, and that the process for doing that will be the same process as created the list.

She said that the two highest priority items on this biennium’s request are Neuberger Hall and Extended Studies Building. Rimai reminded everyone that Neuberger is the workhorse of the university. Every student and every employee will at some point be inside the building. She noted that there are about $25 million in deferred maintenance, but that if we had to start from scratch, with the variety of activities in the building, the cost for a new building would be in excess of $100 million.

The reason for the capital improvements in Extended Studies Building is so that Graduate School of Education (GSE) can be moved to that location. Rimai said that because of the School of Business expansion, GSE will have to move. She noted that funding for this building had been requested this past short session, but that funding was not granted. This meant that GSE will have to move twice – once to a temporary location, and again when Extended Studies Building is completed. She noted that this was a project that could be completed quickly, and a much lower cost than Neuberger – that’s why it was in the previous request.

There was discussion about the variety and types of Bonds available, and what the plusses and minuses were to the university. Rimai did not discuss lottery bonds.
There was also discussion about the naming of the buildings on campus. Rimai and President Wiewel noted that to date, buildings have not been named because of a financial contribution, but that they have been named in honor of particular individuals, for their contribution to the university.

After further discussion about funding,

It was moved by Gale Castillo and seconded by Peter Stott that the Finance and Administration Committee supported the 2015-17 capital budget request of $162 million; comprised of $93 million in state bonds, $13 million in matching funds, and $53 million of university funding.

The motion carried unanimously.

5. Questions and Comments
Chair Miller thanked staff for their work, and thanked all for their attendance. He noted that for future meetings, the goal is to have a draft agenda sent out to committee members two weeks prior to the meeting, and then final agenda and supporting documents sent to the committee one week prior to the meeting.

6. Adjourn
With no further comments or questions, Chair Miller adjourned the meeting at 11:37 am.