

**Western Oregon University Board of Trustees:
Finance & Administration Committee (FAC)
Meeting No. 17 – November 8, 2019
Public Site: Hamersly Library, Room 301-A
12:00 PM – 4:00 PM**

AGENDA

I. CALL TO MEETING/ ROLL CALL

II. COMMITTEE CHAIR’S WELCOME / ANNOUNCEMENTS

III. CONSENT AGENDA

- 1) [Approval June 3, 2019 Meeting Minutes](#)

IV. REPORTS & DISCUSSION ITEMS:

- 1) Emergency Operations Preparedness | *Rebecca Chiles, Director Campus Public Safety*
- 2) University Budget Advisory Committee (UBAC) | *co-chairs Cheryl Beaver & Richard Kavanagh*
- 3) [University Technology Advisory Committee \(UTAC\)](#) | *co-chairs Chelle Batchelor & Bill Kernan*
- 4) Capital Maintenance Updates | *Michael Smith, Director Facilities Services*
 - a. Natural Sciences Building (photos courtesy of Dr. Steve Taylor)
 - b. WOU Welcome Center (formerly Oregon Military Academy)
 - c. Instructional Technology Center (ITC)
 - d. WOU:Salem – Vick Building
- 5) [Finance & Administration Report](#) | *Dr. Ana Karaman, Vice President for Finance & Administration*
 - a. [Introduction of New Staff:](#) *Shadron Lehman, Internal Auditor & Ashley Wolfe, Controller*
 - b. External Audit update
 - c. [2019-2021 Biennium Capital Projects Request](#)

d. [Quasi-Endowment Investment report](#)

V. ACTION ITEMS:

- 1) [Revolving Line of Credit Recommendation](#) | *Dr. Ana Karaman, Vice President Finance & Administration and Darin Silbernagel, Treasurer*
- 2) [FY2020 Management Report \(as of Sept 30, 2019\)](#) | *Camarie Moreno, Director of Budget & Planning*
- 3) [FY2020 Budget Revision](#) | *Dr. Ana Karaman, Vice President Finance & Administration and Camarie Moreno, Director of Budget & Planning*

VI. NOVEMBER 20, 2019 BOARD MEETING PREPARATION

VII. UPDATES AND AROUND-THE-TABLE

VIII. ADJOURNMENT



Western Oregon University Board of Trustees:
Finance & Administration Committee (FAC)
Meeting No. 16 – June 3, 2019
Public Site: Hamersly Library, Room 301-A
12:00 PM – 4:00 PM
MINUTES

I. CALL-TO MEETING/ ROLL CALL

Committee members present: Jaime Arredondo, Gayle Evans, Ana Karaman, Gavin Keulks, Cec Koontz

Others present: Cheryl Beaver, Scott Beaver, Camarie Campfield, Rebecca Chiles, Reina Daugherty, Rex Fuller, Hilary Holman Kidd, Richard Kavanagh, Bill Kernan, John Leadley, Dave McDonald, Sue Monahan, Darin Silbernagel, Michael Smith, Michele Van Deusen, Dona Vasas, Christeena Whitfield

II. COMMITTEE CHAIR'S WELCOME / ANNOUNCEMENTS

Chair Koontz welcomed everyone to the meeting.

III. CONSENT AGENDA

1) Approval April 4, 2019 Meeting Minutes

Keulks made a motion to approve the minutes. Evans seconded the motion and all were in favor.

IV. DISCUSSION ITEMS:

1) Emergency Operations Plan – *Rebecca Chiles, Director Campus Public Safety*

Chiles provided an update on the status of the Emergency Operations Plan. After final edits it will be published. Chiles presented one of the emergency supply bags that were purchased with the money that was awarded for upgrading our emergency equipment. There is a bag for each floor of each building. The supplies include a defibrillator, escape ladders, a water purification system, beans and rice, among other things.

2) University Budget Advisory Committee – *Richard Kavanagh and Cheryl Beaver, Co-Chairs*

Kavanagh and Beaver shared that they received mainly positive feedback from the campus survey on the UBAC process. The committee received a memo



from President Fuller that outlined the funded proposals. The results were mostly aligned with what the committee had recommended.

3) [University Technology Advisory Committee](#) – *Bill Kernan, Co-Chair*

Kernan shared that UTAC is currently discussing DUO two factor authentication, learning management system options, WOU mobile, and a technology plan. Sub-committees have been formed to carry out the work and make recommendations.

4) [Modernizing Accounting & Business Services](#) – *Christeena Whitfield, Controller*

Whitfield shared that the office has been discussing objectives around improving process efficiencies and establishing best practices. They are also working on improving quality of receivables, educating campus on accounting processes, and increasing financial reporting and process self-sufficiency.

5) [Capital Projects](#) – *Michael Smith, Director Facilities Services*

A website was created to showcase the capital projects. A new space advisory committee was formed. Smith provided an update on summer projects.

6) [Salem Capital Project](#) – *Dr. Ana Karaman, Vice President Finance & Administration*

Karaman shared that we found a building in Salem that meets the needs of WOU: Salem. It is a great location, has parking on site, is across from green space and near Starbucks. The building is being sold for considerably less than the \$4m it was last sold for. Multiple funding options were provided and discussed.

7) [Quasi-Endowment Update](#) – *Dr. Ana Karaman, Vice President Finance & Administration*

The quasi-endowment is now two-thirds invested and is already making money.

8) [Bond Proceeds & Transfer Back Date](#) – *Camarie Campfield, Budget Manager*

This will be completed by the end of the fiscal year.

V. ACTION ITEMS:

1) [FY2019 Financial Update](#) – *Camarie Campfield, Budget Manager*



a. FY19 Management Report (as of April 30, 2019)

Campfield shared that revenue is down due to low enrollment. Auxiliaries are on par and there are no red flags in designated operations. A discussion took place about enrollment. Arredondo made a motion to recommend the management report to the full board for approval. Keulks seconded the motion and all were in favor.

2) FY2020 Budget – *Dr. Ana Karaman, Vice President Finance & Administration*
Camarie Campfield, Budget Manager

McDonald provided a legislative update. The budget is \$100-120m over the Governor's Recommended Budget. If we get the full 1% for sports lottery it will nearly double what we have been receiving. Moreno shared that fee remissions are up \$1.6m. We will have an adjusted budget in the fall once enrollment and state funding are known. Keulks made a motion to recommend the budget to the full board for approval. Evans seconded the motion and all were in favor.

3) Fund Balance Target – *Dr. Ana Karaman, Vice President Finance & Administration*

A discussion took place about changing the fund balance target. Now that the promise rate is being phased out such a large fund balance is not as necessary. Decreasing it would allow us to invest in strategic initiatives and keep tuition rates lower.

Arredondo made a motion to recommend lowering the fund balance target to the full board for approval. Evans seconded the motion. Koontz was in support. Keulks was in opposition.

VI. June 12, 2019 BOARD MEETING PREPARATION

The committee discussed the action items that will be brought forward to the full board.

VII. ADJOURNMENT

The meeting was adjourned at 3:46pm.

Apple Campus Pilot Update

Chelle Batchelor, Dean of Library & Academic Innovation



Apple Partnership

- Reduce the divide between students
 - Equitable access to productivity tools, WOU apps, etc.
 - Replace graphing calculators
 - Enable all students to take homework on the road
 - Opportunities to learn tech skills (app dev/coding)
- Provide access to online content
 - Moodle
 - Open Textbooks (goal: 20 new adoptions by Fall 2020)
 - Ebooks and articles
- Notifications & nudges



Why Apple?

- AppleCare
- Commitment to accessibility and user centered universal design
- Opportunities for students
 - IOS coding skills = jobs
- Simple and seamless device management
 - Consistent experience for all students
 - Ability to reach students with well-timed nudges
- Simple tech integration in course design and the classroom
- Professional development & free curricula



Classroom Pilot goals

- Student success
- Explore innovative, tech-enhanced pedagogy
- Collect local data for decision-making
- Develop appropriate services, service levels
- Build faculty buy-in
- Surface infrastructure needs



Apple Pilot Status Update – Summer 2019

- Apple Professional Learning Workshop
 - 2 days with an Apple trainer, Aug 28 & 29
 - 20 staff and faculty attended
- Strong Start
 - 20 students assigned iPads
 - MTH 95/111
 - WR 121
- Student Enrichment Program
 - 25 iPads on a cart
 - Used for 3 SEP FYS courses



Apple Pilot Status Update – Fall 2019

- 21 Strong Start students have their iPads (woohoo!)
- 20 iPads are available for checkout to WR 121 students in a class co-mingled with Strong Start
- Cohort 1 faculty will meet on Nov 1 to debrief
- President's Cabinet approved an expanded pilot



"Graffiti in Düsseldorf 2011" by kami68k [Graz] is licensed under CC BY-NC-ND 2.0



Expanded Apple Campus Pilot

- Focus on undergraduates
- 75 additional iPads with keyboard & pencil
- 60 available for checkout to students
 - Laurie Burton and Katherine Schmidt - FYS 107 and 207 linked learning community
 - Darryl Thomas and Breeann Flesch - FYS 207 Illuminating the Code of Dance
 - Tandy Tillinghast - WR 121 College Writing I
- 15+ available for 2nd faculty cohort



Next Steps

- Open Call for Cohort 2 Faculty
- UTAC Subcommittee
 - Explore and engage in reviews of new developments in university and academic technologies for potential use, relevance and future needs of the university.
 - Evaluate the progress and success of technology initiatives.
- Winter Quarter 2020
 - 3-4 classroom pilots (Cohort 1)
 - Professional development opportunities for Cohort 1 & Cohort 2
- Spring Quarter 2020
 - 3-4 classroom pilots (Cohorts 1 & 2)



Questions?



Finance & Administration Committee
Vice President for Finance & Administration
November 8, 2019

Summer

- Submitted 2020-21 capital project proposals for HECC review
- Acquired Vick building
- Hired internal auditor and controller
- Apple phase 1. Apple Professional Learning Workshop 2 days with an Apple trainer, Aug 28 & 29. 20 staff and faculty attended. Strong Start: 20 students assigned iPads (MTH 95/111, WR 121). Student Enrichment Program: 25 iPads on a cart, used for 3 SEP FYS courses
- Participated in Oregon Higher Education (FEMA) Leadership Tabletop Exercise

Accounting & Business Services

The office continues to adopt and roll out best practices. Below are examples:

- E-Bills started at the end of August. Successfully sent to students at the beginning of September. Estimated annual savings \$38K.
- Electronic REVCs beginning July, 2019. Better customer service and gained efficiencies.
- Shared FERPA with Financial Aid. Improved customer service and efficiency
- Implemented credit card transactions beginning mid-September. . We take credit cards at the windows now

Treasurer

The office continues to become self-sufficient with respect to treasury services. Below are examples:

- Took over bank reconciliation proof of cash process, annual savings \$40K
- Completed initial cash flow projections

Budget & Planning

The office continues to shift towards multi-year planning and implement transparent budgeting process. Below are examples:

- Assisted with year-end closing entries
- Continuous training of new and existing employees
- Prepared budgets for IFC
- Augmented existing metrics with markers tailored to WOU's circumstances
- Developed and planned for implementation of campus wide budget conversations
- Presented at NACUBO Budget and Planning Forum
- Respond to HECC requests

Facilities

The office continues to implement 2018 Campus Master Plan. Below are examples:

- Built 2 new Computer Labs in Todd Hall.
- Completed Natural Science Project. Including the Grounds crew building a new pond. Replaced old roof separate from the overall project.
- Remodeled Old Ed to house ITC faculty and Staff displaced by the seismic upgrade.
- Completed Cottage Roof and siding project.
- Completed Admin Building HVAC modifications and improvements.
- Completed Rice Hall Lighting upgrades.
- Relocated and set up a new playground for CDC.
- Completed \$300K in modifications to Campus Boilers which will save 6-7% in energy costs.
- Relocated and remodeled the 1st-floor wing of Todd Hall to accommodate MARCON and OCOPS.
- Successfully began online sales for Campus Surplus of unused office equipment, generators, and even vehicles.
- Completed 90K of campus sidewalk repairs.
- Remodeled and relocated personnel in Legal and Finance and Administration.

University Computing Solutions

The office continues to strengthen cybersecurity efforts, improve infrastructure, and to develop Campus Technology Plan with UTAC. Below are examples:

- Completed the technology updates to Natural Science on a very tight deadline.
- Completed the initial evaluation of CIS20 (computer information security)
- Implemented myWOU (Ellucian mobile)
- completed performance, reliability, and security update to the SAN (storage area network)
- Implemented DUO (multi-factor authentication) for 383 faculty and staff.
- 1,277 computers upgraded to Windows 10. 100 left to go before January 10.
- New Parking application developed and implemented.

Public Safety

The office continues to implement campus-wide training and innovative solutions to improve student services and affordability. Below are examples:

- Earthquake drill and tabletop exercise
- Implemented zone parking to improve affordability and neighborhood relationships
- Fire extinguisher training

Internal Audit Collaboration

Working with internal auditor to enhance internal controls. Below are examples:

- Working with accounting services to implement best practices in p-card program
- Evaluate external agency requests for information
- Review change orders for major capital projects

Looking forward

- Update cash projections based on enrollment
- Emergency and cybersecurity tabletop exercise
- Campus Safety Academy
- Tuition workgroup starting back up
- Tuition & Fee Advisory Committee, Incidental Fee Committee, University Budget Advisory Committee and University Technology Advisory Committee starting back up
- OMA: We have finalized GMP and still working on a few value engineering opportunities. The demo has begun and the first part will focus on the new Print and Mailroom area. The budget is still tight but we are on target.
- ITC: All departments, faculty, and staff have been relocated to the Old Education building in preparation for construction. The Print and Mailroom will still occupy the basement space until their new space is ready in OMA no later than the end of January. We are doing an asbestos survey and making wall penetrations to gather more information prior to demo and construction which should start in a month.
- WOU Salem: We are scheduling the roof to be completed no later than the end of December. The cost will be \$375,000. We have selected Soderstrom to be the Architect for this project. Once we get the Architect on board we will firm up construction schedule and budget. However, with a 700K budget that will include FF&E, Low Voltage, Security, ADA, and all other improvements, the scope will be limited. The roof is being paid for separate from the 700K available.
- Roll out annual audit plan



New Staff Introductions

Shadron Lehman, Internal Auditor

Shadron Lehman joined WOU in July 2019. As the internal auditor he will provide an independent, objective assurance and consulting activity designed to add value to and improve WOU's operations.

Shadron is a WOU alumnus. He graduated in 2001 with a BA in Business with a concentration in accounting and a minor in economics. For 18 years he worked in public accounting firms in the Salem area. His auditing career has focused on governmental auditing.

Shadron has been married to his wife Tracy for 20 years. They have lived in Independence since 2005. They have two daughters and one grandson. Their family loves to go camping and hiking.

Ashley Wolfe, Controller

Ashley Wolfe joined WOU in October 2019 as the Controller in the Accounting and Business Services department. Ashley graduated from WOU in 2010 with a bachelor's degree in Business with a focus in accounting. She is a Certified Public Accountant and has worked in public accounting for the past 9 years, where she gained experience in financial statement preparation and governmental auditing.

Ashley grew up in Monmouth. She moved to Keizer after getting married in 2011, and spent a couple years living in Kalama, Washington, but decided to move back to Monmouth after her son was born to raise him in her hometown. Outside of work, Ashley enjoys spending time with family, including her husband, Jeremy, and three-year old son, Jackson.

FY2019 Q4 Investment Report

BACKGROUND

The Western Oregon University (university) investment report for the fourth quarter (Q4) of FY2019 is presented in the following sections:

- **FY2019 Q4 Western Oregon University Investment Report** – This section includes a report on the investments of the operating and endowment assets of the university. This report reflects the university’s operating assets that are invested in the Public University Fund and the university’s quasi-endowment investments managed by the Oregon State Treasury.
- **FY2019 Q4 Market Commentary** – This section provides a general discussion of the investment markets and related performance data for the fourth quarter of FY2019 (i.e., April 1 – June 30, 2019).

FY2019 Q4 WESTERN OREGON UNIVERSITY INVESTMENT REPORT

The schedule of Western Oregon University’s investments is shown in the investment summary below.

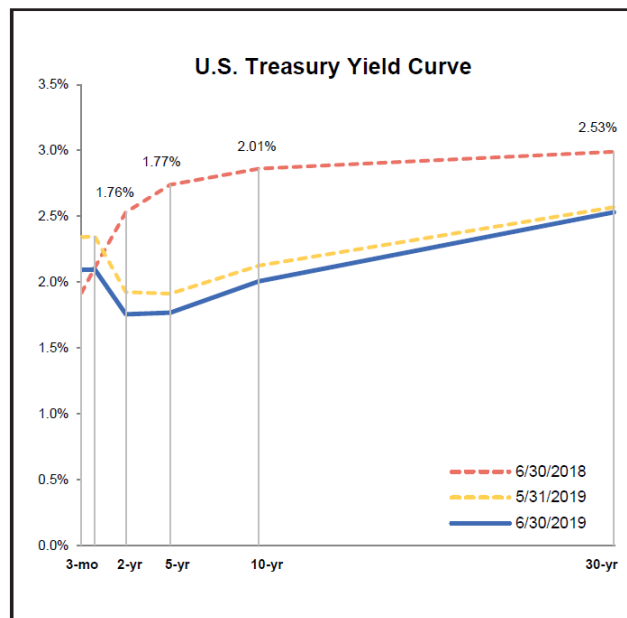
Public University Fund

(Prepared by the Public University Fund Administrator)

Western Oregon University’s operating assets are invested in the Public University Fund (PUF). The PUF gained 1.6% for the quarter and 5.0% for fiscal year 2019. The PUF’s three-year average return was 2.2%.

The Oregon Short-Term Fund (OSTF) returned 0.7% for the quarter, outperforming its benchmark by 10 basis points. The Core Bond Fund returned 2.2% for the quarter, underperforming its benchmark by 10 basis points. The investment yield on the PUF portfolio was 0.7% for the quarter and 2.7% for fiscal year 2019.

In July, Oregon State Treasury fixed income portfolio manager, Tom Lofton, conducted a quarterly performance review with Oregon State University staff. The fixed income markets posted strong returns during the quarter as short to intermediate-term interest rates declined as slowing global manufacturing data and hints of a possible Federal Funds rate cut in July fueled a market rally. To mitigate risk in the portfolio, Mr. Lofton continues to diversify the number of issuers held in the portfolio and maintain



an average portfolio duration in-line with the stated benchmark.

Segments of the yield curve remain inverted for a third consecutive quarter, particularly the 6-month to 5-year maturities. As depicted by the blue line in the graph (above), the yield on the 3-month Treasury bill (2.09%) was higher than the 5-year Treasury note (1.77%), as of June 30, 2019.

During the quarter, the PUF Administrator sold \$52 million from the Core Bond Fund to meet anticipated liquidity requirements during fiscal year 2020.

A factsheet detailing each investment pool's portfolio characteristics and market exposures is included with this report.

Western Oregon University Quasi-Endowment Fund

Western Oregon University established its Quasi-Endowment during the third fiscal quarter of 2019. Initial funding of \$1 million from university operating cash occurred on March 16, 2019, and investment purchases of BlackRock All-Country World Index (\$370,000) and Western Asset Core Plus Bond Fund (\$270,000) were transacted during the fourth fiscal quarter of 2019. As of June 30, 2019, two of three planned installment purchases were completed. The remainder of the endowment assets were invested in the Oregon Short Term Fund (OSTF).

The WOU Quasi-Endowment Fund (Fund) gained 2.0% for the quarter and fiscal year 2019. While the stated benchmark gained 3.2% during the same time period, comparison of the two portfolios provides little value for the period given the Fund was not fully invested during the quarter. The Fund ended the quarter with a balance of \$1.0 million.

Western Oregon University
Investment Summary
as of June 30, 2019
(Net of Fees)

	Quarter Ended 6/30/2019	Current Fiscal YTD	Prior Fiscal YTD	3 Yr Avg	5 Yr Avg	10 Yr Avg	Market Value	Actual Asset Allocation	Policy Allocation Range
WOU Operating Assets Invested in Public University Fund									
Oregon Short - Term Fund	0.7%	2.6%	1.7%	1.8%	1.3%	0.9%	\$ 21,540,258	46.4%	1
Benchmark - 91 day T-Bill	0.6%	2.3%	1.4%	1.4%	0.9%	0.5%			
PUF Core Bond Fund	2.2%	6.3%	-0.3%	N/A	N/A	N/A	24,879,350	53.6%	1
Blended Benchmark ²	2.3%	6.7%	-0.6%	1.8%	2.8%	N/A			
Public University Fund Total Return	1.6%	5.0%	0.9%	2.2%			<u>\$ 46,419,608</u>	<u>100.0%</u>	
Public University Fund Investment Yield	0.7%	2.7%	2.1%	2.2%					
WOU Endowment Assets									
BlackRock ACWIIMI B ³	3.5%	3.5%	N/A	N/A	N/A	N/A	\$ 376,768	36.9%	55.0%
Benchmark - MSCI ACWIIMI Net	3.4%	3.4%	11.1%	11.4%	6.0%	10.3%			
Western Asset Core Plus Bond Fund ³	3.7%	3.7%	N/A	N/A	N/A	N/A	280,112	27.4%	40.0%
Benchmark - Bloomberg Barclays Aggregate Index	3.1%	3.1%	-0.4%	2.3%	2.9%	3.9%			
Cash ⁴	0.7%	0.7%	N/A	N/A	N/A	N/A	364,343	35.7%	5.0%
Benchmark - 91 day T-Bill	0.6%	0.6%	1.4%	1.4%	0.9%	0.5%			
Total Endowment Assets	2.0%	2.0%	N/A	N/A	N/A	N/A	<u>\$ 1,021,223</u>	<u>100.0%</u>	
Policy Benchmark ⁵	3.2%	3.2%	N/A	N/A	N/A	N/A			

Western Oregon University
Investment Summary
as of June 30, 2019

- ¹ The Public University Fund (PUF) policy guidelines define investment allocation targets based upon total participant dollars committed. Core balances in excess of liquidity requirements for the participants are available for investment in the Core Bond Fund. Maximum core investment allocations are determined based upon anticipated average cash balances for all participants during the fiscal year.
- ² Blended Benchmark Composition: 75% Bloomberg Barclay's Aggregate 3-5 Years Index, 25% Bloomberg Barclay's Aggregate 5-7 Years Index.
- ³ WOU Quasi Endowment investment purchases of BlackRock ACWIMI B and Western Asset Core Plus Bond Fund were transacted on March 29, 2019. The March 29th transactions represent the first of three planned installment purchases.
- ⁴ WOU Quasi Endowment initially funded from operating cash on March 16, 2019. Stated performance on Cash and the 91 day T-Bill (benchmark) reflect performance over the 16 day holding period.
- ⁵ Policy Benchmark Composition: 55% Morgan Stanley Capital Indices All-Country World Investable Market Index Net , 40% Bloomberg Barclays Aggregate Bond Index, 5% 91 day T-Bill.
Note: Outlined returns underperformed their benchmark.

Oregon Short Term Fund

June 30, 2019

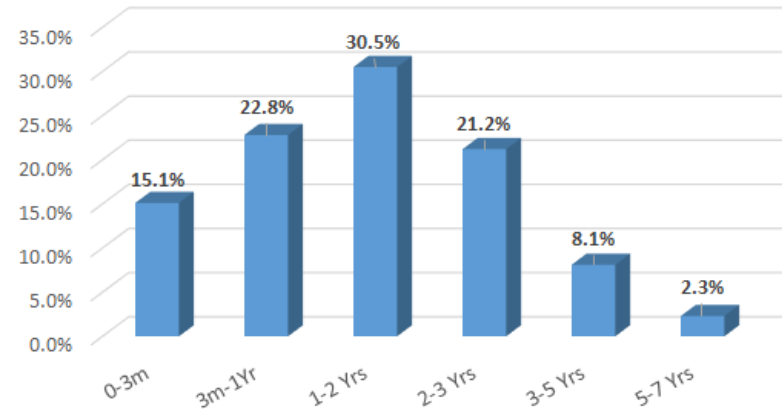
Portfolio Characteristics

Market Value 6/30/2019	\$ 292,937,813
Weighted Average Credit Quality	AA
Book Yield (%)	2.76
Weighted Average Maturity (years)	1.23
Duration (years)	0.57
Spread Duration (rate)	0.97

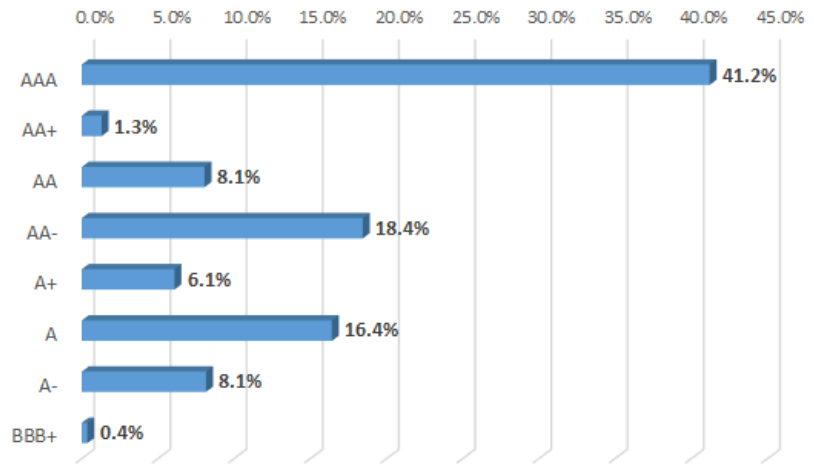
Top 10 Issuers

United States Treasury	14.4%
Citigroup Incorporated	3.3%
Wells Fargo & Company	2.9%
JP Morgan Chase & Co	2.9%
Barclays Plc	2.2%
Caterpillar Incorporated	2.2%
Goldman Sachs Group Incorporated (The)	2.1%
Toyota Motor Corporation	2.1%
Federal Farm Credit Banks Funding Corporation	1.9%
Morgan Stanley	1.8%
Total	35.8%

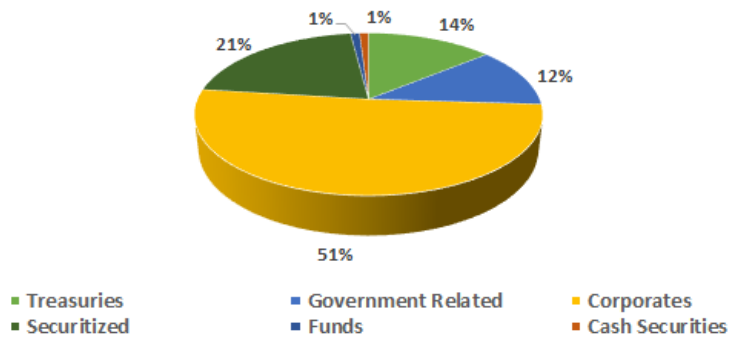
Maturity Breakdown



Credit Quality Distribution



Sector Allocations



Source: Oregon State Treasury

Core Bond Fund

June 30, 2019

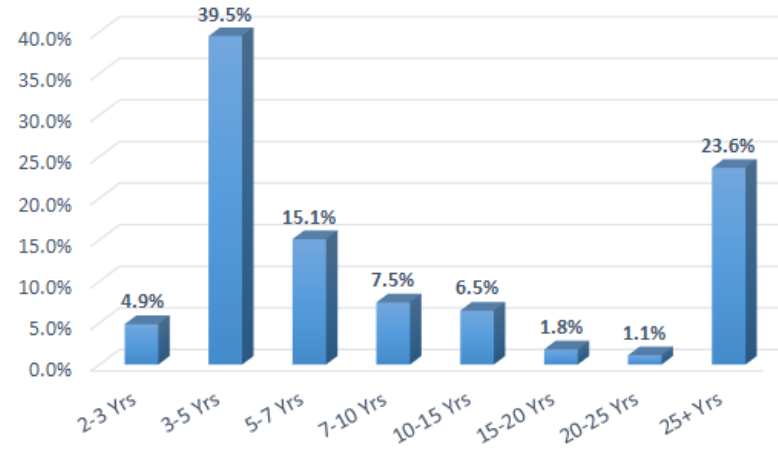
Portfolio Characteristics

Market Value 6/30/19	\$ 338,347,950
Weighted Average Credit Quality	AA+
Book Yield (%)	2.64
Weighted Average Maturity (years)	4.15
Duration (years)	3.15
Spread Duration (rate)	2.28

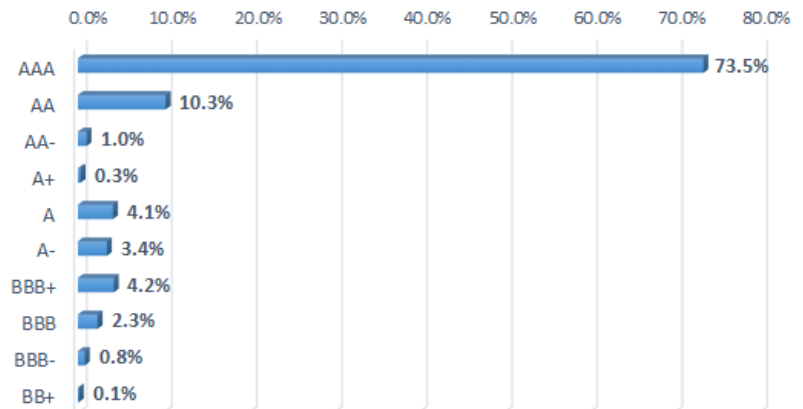
Top 10 Issuers

United States Treasury	48.1%
Oregon State Treasury (Oregon Short-Term Fund)	9.9%
Federal National Mortgage Association	8.6%
Federal Home Loan Mortgage Corporation	6.5%
European Investment Bank	1.7%
Capital One Multi-Asset Execution Trust	1.4%
Goldman Sachs Group Incorporated (The)	0.9%
Celgene Corporation	0.8%
JP Morgan Chase & Company	0.8%
Freddie Mac FHLMC Trust 4664	0.7%
Total	79.4%

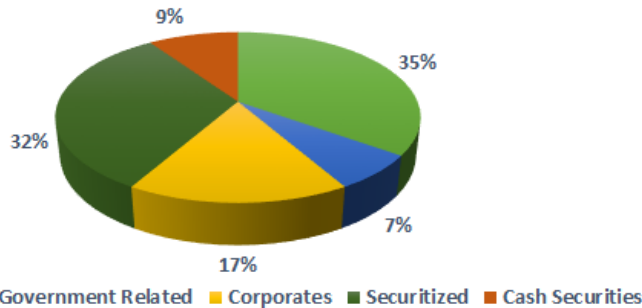
Maturity Breakdown



Credit Quality Distribution



Sector Allocations



Source: Oregon State Treasury

FY2019 Q4 MARKET COMMENTARY

(Prepared by Callan Associates, consultants to the Oregon Investment Council)

Macroeconomic Environment

Economists are fond of saying that expansions do not die of old age; they must be killed. As the U.S. enters its 121st month of expansion, the longest on record, and valuations are lofty across most markets, the eventuality and timing of a U.S. recession remains forefront on investors' minds. In its most recent meeting, the Federal Reserve (Fed) announced a relatively new policy objective – to “sustain the expansion” – and U.S. Treasury and stock markets rejoiced in tandem. Stock markets approached record highs, and the 10-year U.S. Treasury yield hit a multi-year low.

Outside of the U.S., global growth continued to decelerate but remained positive, though central banks generally expressed a willingness to engage in further stimulus measures as needed. A persistent lack of inflation, at least according to traditional measures, remains a conundrum and a key challenge for banks around the world. Away from data, trade talks with several countries are fluid; a no-deal British Exit this October is no longer a remote possibility; and tensions with Iran are mounting. All of these issues, added to the distractions associated with the 2020 election in the U.S., pose additional variables for investors to untangle.

The U.S. economic picture continues to be mixed. A strong labor market and rising personal income have supported consumer spending, which accounts for roughly 70% of gross domestic product (GDP). First calendar quarter 2019 real GDP was +3.1% (year-over-year(y-o-y)), though this figure is expected to slow. Additionally, unemployment hovers at a five-year low at 3.6%, although wage growth, as measured by private sector average hourly earnings, remains sluggish (+3.1% y-o-y in May). Meanwhile, manufacturing continues to be a point of weakness; the most recent (June) Purchasing Managers' Index continued to signal expansion (above 50), but only barely so with a reading of 51.7, which is sharply off its August 2018 peak of 60.8. As noted above, inflation remains elusive with the headline Consumer Price Index (CPI) up 1.8% in May (y-o-y) and core inflation (excluding food and energy) up 2.0%. The Fed's preferred inflation gauge, the Core PCE Deflator, is still falling short of its 2% target and rose only 1.6% over the trailing year.

The Fed left rates on hold at its June meeting, but comments from Chairman Powell were interpreted to be dovish and that cuts would be imminent. As of quarter-end, markets had priced in a 100% probability of a rate cut in July, and the probability of three additional 25 basis point (bps) cuts in calendar year 2019 was greater than 50%. But, there appears to be room for disappointment if economic data releases do not justify these moves.

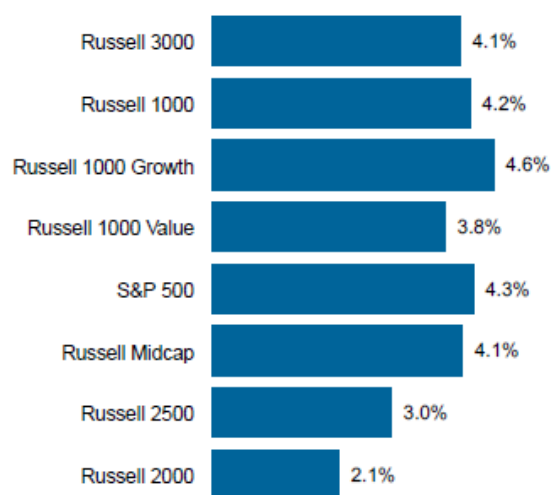
Overseas, European Central Bank (ECB) President Mario Draghi also emboldened investors with his comments that rates could be cut and/or asset purchase programs restarted if inflation does not reach the bank's target. Following those remarks, the German 10-year government bond yield hit a new record low and continued to trend lower into quarter-end, closing the quarter at negative 0.33%. (The policy rate remained unchanged at -0.40%) Inflation in the euro area was +1.2% (y-o-y) in May and the lowest monthly rate since April 2018. GDP was barely positive in the euro area (+1.2% y-o-y) and, while calendar Q1 GDP for Japan (+2.2% annualized) beat expectations, growth is expected to slow for the export-driven country. Inflation continues to be almost non-existent in Japan; +0.8% y-o-y in May. As in the U.S., manufacturing

remained a key source of weakness in Europe and Asia with trade tariffs and tepid global demand being key drivers.

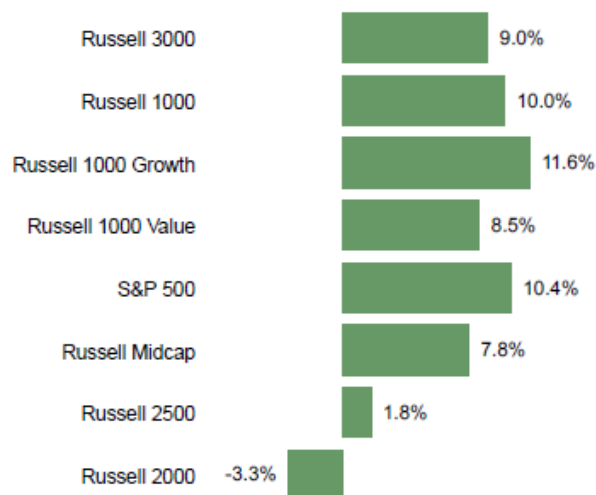
Equity Markets Results

U.S. equity markets approached record levels as investors were heartened by the potential for imminent Fed rate cuts. The S&P 500 Index rose 4.3%, bringing its calendar year-to-date return to 18.5%. Financials (+8.0%) were the best performers while Energy (-2.8%) was the only sector with a negative return. Small cap stocks (Russell 2000: 2.1%) underperformed large cap (Russell 1000: 4.2%) and growth continued its trend of outperformance across the capitalization spectrum, albeit only modestly in calendar Q2. In a reversal from calendar Q1, quality factors such as operating margin and return on equity contributed to performance. Value factors (Price/Book, Price/Equity trailing, and yield) were mixed while growth factors (Earnings Per Share growth, sales growth) were positive.

U.S. Equity: Quarterly Returns

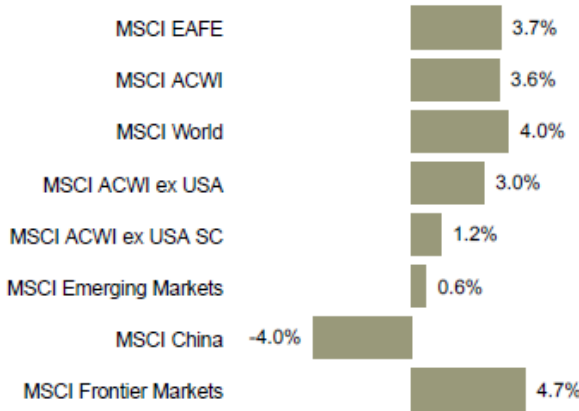


U.S. Equity: One-Year Returns

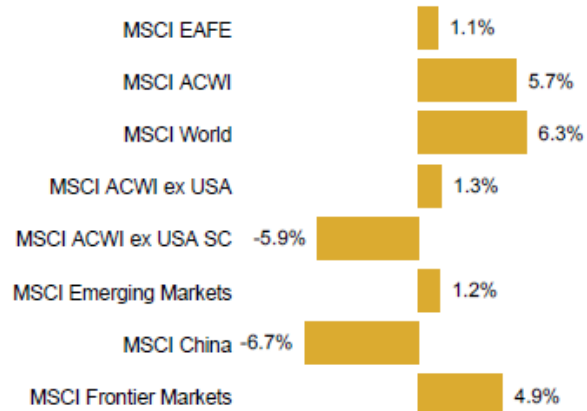


Developed markets were also buoyed by optimism for rate cuts. The Morgan Stanley Capital Indices (MSCI) All Countries World Index ex-USA rose 3.0%, with Canada (+4.9%), Pacific ex-Japan (+5.2%) and Europe ex-UK (+5.8%) leading the way. Japan (+1.0%) and the UK (+0.9%), at the lower end of the group, were able to eke out small positive returns. The Canadian dollar, yen and euro appreciated versus the U.S. dollar while the British pound and Australian dollar lost ground. Emerging markets (MSCI Emerging Markets: +0.6%) underperformed developed but returns across countries varied. Russia (+16.9%) was at the top while China (-4.0%) was among the few countries with negative returns for the quarter. Also worth mentioning are BRIC countries Brazil (+7.2%) and India (+0.5%). The U.S. dollar weakened versus most emerging market currencies as the prospect for rate cuts in the U.S. loomed large.

Global Equity: Quarterly Returns



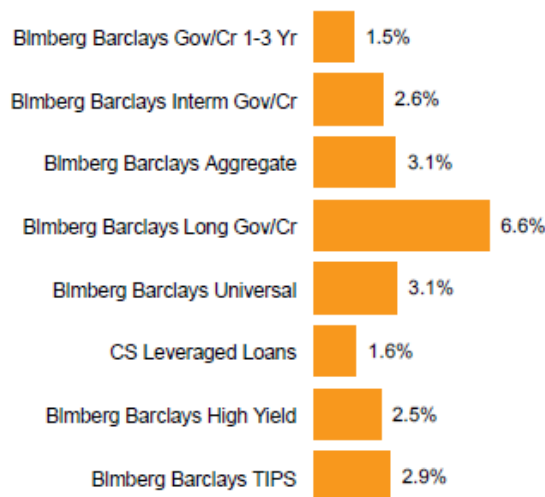
Global Equity: One-Year Returns



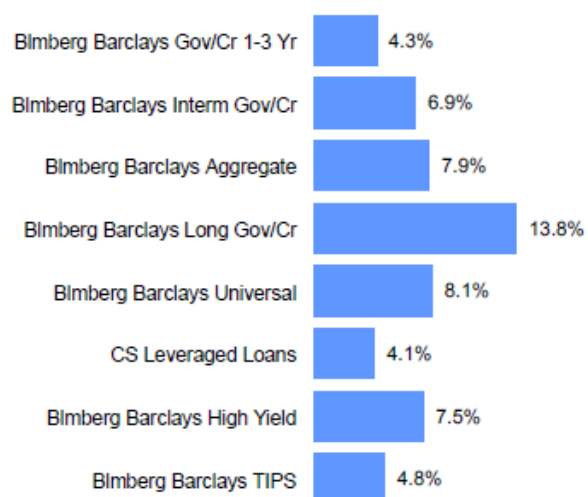
Fixed Income Markets Results

In the U.S., the Bloomberg Barclays U.S. Aggregate Bond Index rose 3.1% for the quarter, nearly mirroring its calendar Q1 result (+2.9%). U.S. Treasury yields hit multi-year lows in June, and the 10-year closed the quarter at 2.0% (lowest since November 2016). The curve remained inverted between the 90-day T-bill and the 10-year U.S. Treasury, but the more widely watched spread between the 2- and 10-year widened during the quarter to 25 bps. Investment grade corporate bonds performed best (+4.5%). Agency mortgages underperformed (+2.0%) as lower rates raised concerns around prepayment risk. Treasury Inflation-Protected Securities (Bloomberg Barclays TIPS: +2.9%) underperformed as inflation expectations fell; the 10-year breakeven spread was only 1.69% as of quarter-end versus 1.88% as of 3/31/2019. The high yield corporate bond market (Bloomberg Barclays High Yield: +2.5%) underperformed investment grade but is up nearly 10% calendar year-to-date. Leveraged loans (S&P Loan Syndications & Trading Association: +1.6%) held their own in spite of negative press and falling rates. Municipal bonds (Bloomberg Barclays Municipal Bond: +2.1%) underperformed U.S. Treasuries in calendar Q2.

U.S. Fixed Income: Quarterly Returns



U.S. Fixed Income: One-Year Returns



Overseas, yields across developed markets generally fell. The Bloomberg Barclays Global Aggregate Index rose 3.3% for the quarter on an unhedged basis. Hedged into dollars, the Index gained 2.9%. In a reversal from calendar Q1, the dollar lost ground vs. most currencies, with the pound being a notable exception. In Germany, the yield on the 10-year government bond hit an all-time low and closed the quarter at -0.33%. Negative yielding debt globally hit a new high of nearly \$13 trillion and is now roughly 25% of the Global Aggregate Index. Emerging market debt performed well; the U.S. dollar-denominated JP Morgan Emerging Market Bond Global Diversified Index gained 4.1%. Local currency emerging market debt, as measured by the JP Morgan Global Bond Emerging Markets Diversified Index, rose 5.6%.

Other Assets Results

The Bloomberg Commodity Index fell 1.2% in calendar Q2. Both the Precious Metals (+7.2%) and Agriculture (+4.5%) commodity sectors were positive performers, driven by strong individual returns for Gold (+9%) as well as Corn, Wheat, and Coffee, respectively. Meanwhile, Livestock, Energy and Industrial Metals commodity sectors all posted negative quarterly results. Oil pulled back but was roughly flat for the quarter, ending at \$58/barrel (WTI), while Natural Gas within the Bloomberg Energy Sub-index declined a precipitous -16.2%. Elsewhere, Master Limited Partnerships (Alerian MLP Index: +0.1%) were flat and Real Estate Investment Trusts saw modest gains (FTSE NAREIT Equity: +1.2%) but lagged listed infrastructure assets (Dow Jones Brookfield Global Infrastructure: +4.3%).

Closing Thoughts

With such a torrid start to the year for broad asset classes following an almost equally disappointing end to 2018, more periodic bouts of volatility seem inevitable. Central bank policies that portend lower rates have fueled gains in bonds and stocks globally, but much optimism in the way of stimulus has been priced into asset prices. Valuations are lofty, the certainty and timing of a U.S. recession are unknown, and numerous geopolitical events continue to loom. Thus, just as we have stated in the past, adherence to an appropriate and well-defined long-term asset allocation policy remains the best course of action to manage the path to successful attainment of long-term investment goals.

Finance & Administration Committee (FAC), Revolving Line of Credit Recommendation

Following the Board of Trustees June 3, 2019 decision to pursue a Revolving Line of Credit, staff engaged a procurement of proposals from financial institutions. The selection committee was comprised of Dr. Ana Karaman, VP Finance & Administration, Ashley Wolfe, Controller, and Darin Silbernagel, University Treasurer. The committee also consulted with financial advisors - North Slope Capital Advisors.

Comparison:

Terms	Washington Federal Bank	JP Morgan
Line of Credit Amount	\$5,000,000	\$5,000,000
Rate	2.51% Tax-Exempt Fixed Rate	LIBOR + 100 bps Variable Rate*
Unused Commitment Fee	\$5,000 – assessed annually if average annual utilization is less than \$3 Million	Assessed annually on unused portion at 10 bps (\$5,000 if none used)
Bank Legal Fee	\$5,000 one time	No fee if accept standard contract conditions
Term	5 Years + optional 2 year extension	Up to 3 years

* We would have the option to choose between the one, two, three, six or twelve month LIBOR Rates. As of 10/30/2019, the LIBOR Rates ranged between 1.79% and 1.99%, which would result in an interest rate on the line of credit of 2.79% to 2.99%.

Based on comparison of the terms and discussion with financial advisors, Staff identifies Washington Federal Bank proposal as offering more favorable terms. Washington Federal Bank has offered a fixed rate that is less than JP Morgan’s current variable rate for an unsecure line of credit. Washington Federal Bank has also offered a longer term of 5 years. JP Morgan is only able to offer a term of up to 3 years for an unsecured line, a longer term would require security.

STAFF RECOMMENDATION:

It is recommended that Western Oregon University Finance and Administration Committee establish a Revolving Line of Credit on the terms as presented on the Washington Federal Proposal dated October 28, 2019.

J.P.Morgan

Western Oregon University

Revolving Line of Credit

Summary of Terms and Conditions

October 15th, 2019

This Summary of Terms and Conditions (the "Term Sheet") is confidential and is intended as a statement of indicative terms only, and is provided to facilitate additional discussion. It is a proposal for your consideration only and not a commitment by JPMorgan Chase Bank, N.A. or its affiliates ("JPMorgan") to provide the financing described in this Term Sheet or any other financing. The rates and fees set forth in this proposal are indicative and are subject to market conditions at all times until JPMorgan would commit to such financing in writing and, in any event, should not be regarded as indicative after the date of this Term Sheet. Subject to the foregoing, the terms in this proposal shall expire on October 31st, 2019.

PRINCIPAL TERMS:

Lender	JPMorgan Chase Bank, N.A. (the "Bank").
Borrower	Western Oregon University (the "University" or the "Borrower").
Facility/Amount	Revolving Line of Credit Facility (the "Facility") in an amount not exceeding \$5,000,000.
Purpose	To replenish liquidity of the University and other general corporate purposes.
Interest Rates See attached Appendix for additional details	LIBOR + 100 bps
Fees	Unused Fee of 10 bps
Financial Covenants	None.
Term	Up to 3 years (the term is referred to herein as the "Maturity Date".)
Legal Fees	Legal documentation would be handled internally at no cost to the Borrower on the Bank's standard form. Material changes to the standard form may require the Bank to engage outside counsel. The Borrower shall pay any legal fees of the Bank.

Additional customary terms and explanations follow in the attached Appendix

APPENDIX

INTEREST RATES, PAYMENTS AND FEES

Variable Interest Rate: The loans (the “Loans”) under the Facility would accrue interest at a variable rate per annum equal to One, Two, Three, Six or twelve Month LIBOR (at the Borrower’s option) plus the applicable spread set forth below, based upon the tenor selected by the Borrower.

Initial Interest Rate Period *	% Spread over Libor	Unused Fee
3 Years	100 bps per annum	10 bps

* Any Loan may be repaid at par on the last day of any LIBOR interest rate period (each, a “LIBOR Contract Renewal Date”). Any repayment of any Loan on any date other than a LIBOR Contract Renewal Date shall be subject to the payment of the Bank’s standard LIBOR breakage costs, if any.

In the event that the Lender determines, based upon certain prescribed triggering circumstances, that LIBOR is no longer available or deemed to be an appropriate reference rate upon which to determine the interest rate on Eurodollar loans, Lender and the Borrower shall endeavor to establish an alternate reference rate to the LIBO Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for bank loans in the United States, provided that, until such alternative reference rate is determined as described herein, any such Eurodollar Borrowing shall be repaid or the interest rate on such Borrowing shall be converted to the Prime Rate on the last day of the then current Interest Period applicable thereto, and if any Borrowing Request requests a Eurodollar Borrowing, interest on such Borrowing shall be at the Prime Rate, provided that, if such alternate rate of interest shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

Lender does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to LIBOR or other rates in the definition of “LIBO Rate” or with respect to any alternative, successor rate thereto, or replacement rate thereof, including without limitation, whether the composition or characteristics of any such alternative, successor or replacement reference rate will be similar to, or produce the same value or economic equivalence of the LIBO Rate or have the same volume or liquidity as did LIBOR prior to its discontinuance or unavailability.

Loan Payments / Amortization:

Interest only until the Maturity Date; interest would be payable on the last day of each LIBOR interest rate period. Principal would be due in full on the Maturity Date.

Prepayment:

The Loans under the Facility may be prepaid in whole or in part, without premium or penalty, on any LIBOR Contract Renewal Date as defined above. Any prepayment on any date other than on a LIBOR Contract Renewal Date, irrespective of whether such prepayment is due to acceleration upon an Event of Default, is subject to breakage costs payable by the Borrower.

Facility Fees:

Unused Fee of 10 bps payable quarterly in arrears.

Day Basis/Year:	Actual number of days elapsed in a year of 360 days.
Maximum Interest Rate:	No limitation would exist in the applicable Facility documentation or authorizing resolution that restricts the interest rate to any rate lower than the maximum rate permitted by law.
Default / Default Rate:	The then applicable interest rate + 4.00%

OTHER TERMS AND PROVISIONS

Security:	<p>Unsecured obligation of the Borrower on parity with other obligations of the Borrower both present and future.</p> <p>Should the University like to explore facilities of longer tenor than presented above, the Bank would be willing to provide pricing options on a secured basis.</p>
Extension of Expiration Date:	Extensions of the Maturity Date would be within the sole discretion of the Bank and subject to its timely receipt of advance notice of request for an extension a more particularly described in the Loan Documents.
Required Documents:	The terms of this financing would be evidenced by agreements, instruments and documents (collectively, the "Loan Documents") that are usual and customary for a Revolving Line of Credit transaction. The required documentation would include, but not limited to, the terms and conditions outlined herein as well as the Bank's standard provisions with respect to representations and warranties, covenants, events of default, remedies, conditions precedent, indemnification (gross negligence standard), right of set-off, waiver of sovereign immunity, waiver of jury trial, compliance with anti-corruption laws, protections against increased costs and other general provisions that the Bank and its counsel deem necessary and would otherwise be satisfactory in form and substance to the Bank and its counsel.
Conditions Precedent:	<p>Usual and customary representations and warranties and other conditions prior to the issuance of the Facility for like situated borrowers and for the type and term of the Facility, including absence of default, absence of material litigation and absence of material adverse change from the Borrower's financial conditions and operations as reflected in the financial statements of the Borrower June 30th, 2018.</p> <p>Additional conditions precedent would include delivery of acceptable loan documentation and legal opinions, including an opinion of legal counsel as to the validity and enforceability of the Borrower's obligations under the Loan Documents and an opinion of the Borrower's legal counsel as to the Borrower's ability to enter into the agreement outlined herein.</p>
Reporting Covenants:	<p>The Borrower would provide the following items in an electronic format acceptable to the Bank:</p> <ol style="list-style-type: none"> 1. Annual, audited, consolidated and consolidating financial statements of the Borrower within 150 days of the fiscal year end. 2. Annual Statistics: Annual enrollment statistics, including number of FTE students (undergraduate and graduate), undergraduate applications and admissions, average

SAT/ACT scores, freshman retention rate, graduation rate (5 years) and faculty data (% full-time and tenured)

3. Additional information as reasonably requested by the Bank.

Yield Protection:

The Facility would contain customary provisions that require the Borrower to reimburse the Bank for any increased costs or loss of yield due to a change in law, rule or regulation imposed upon the Bank after execution of the Loan Documents, including but not limited to changes in reserve requirements, tax code, capital adequacy and other requirements of law or governmental authority and in connection with the Dodd Frank Wall Street Reform and Consumer Protection Act and Basel III.

Waiver of Jury Trial:

The Borrower and the Bank would waive, to the fullest extent permitted by applicable law, any right to have a jury participate in resolving any dispute in any way related to this Term Sheet, any Loan Documents, related documentation or the transactions contemplated hereby or thereby.

Governing Law:

All aspects of the Facility being discussed including this Term Sheet and any Loan Document would be governed by the laws of the State of Oregon.

OTHER BANK REQUIREMENTS

Municipal Advisor Disclosure:

The Borrower acknowledges and agrees that (i) the transaction contemplated herein is an arm's length commercial transaction between the Borrower and the Bank and its affiliates, (ii) in connection with such transaction, the Bank and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), agent or a fiduciary of the Borrower, (iii) the Bank and its affiliates are relying on the Bank exemption in the Municipal Advisor Rules, (iv) the Bank and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the Borrower with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Bank, or any affiliate of the Bank, has provided other services or advised, or is currently providing other services or advising the Borrower on other matters), (v) the Bank and its affiliates have financial and other interests that differ from those of the Borrower, and (vi) the Borrower has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

Expenses:

The Borrower would pay or reimburse the Bank for all its out-of-pocket costs and expenses and reasonable attorneys' fees where not prohibited by applicable law and incurred in connection with (i) the development, preparation and execution of the Loan Documents, and (ii) in connection with the enforcement or preservation of any rights under any agreement, any amendment, supplement, or modification thereto, and any other loan documents both before and after judgment.

Information Sharing:

The Borrower would agree that the Bank may provide any information or knowledge the Bank may have about the Borrower or about any matter relating to the Facility described

in this Term Sheet to JPMorgan Chase & Co. or any of its subsidiaries or affiliates or their successors, or to any one or more purchasers or potential purchasers of the Facility, or participants or assignees of the Facility described in this letter.

Website Disclosure: As a best practice to maintain transparency, final loan documentation may be posted by the Borrower on a national public bond market repository provided that certain information is redacted by the Borrower as directed by the Bank consistent with the requirements of MSRB and SEC regulations. Items that should be redacted include signatures/names, account numbers, wire transfer and payment instructions and any other data that could be construed as sensitive information.

Confidentiality: This Term Sheet is for Borrower’s confidential review and may not be disclosed by it to any other person other than its employees, attorneys, board members and financial advisors (but not other commercial lenders), and then only in connection with the transactions being discussed and on a confidential basis, except where disclosure is required by law, or where the Bank consents to the proposed disclosure.

Bank Credit Decision: Satisfactory final due diligence, in the Bank’s sole discretion, would be required consisting of, but may not be limited to, full review of requested financial statements and financing documents and discussions with management and other background due diligence of the Borrower and its management. Should the Borrower request financing substantially on the terms and conditions described in this Term Sheet, the Bank’s credit decision would be made promptly after receipt of such request and completion of due diligence.

Bank Contacts:

Ryan Neumeister
 Commercial Banker
 1301 2nd Ave, Floor 24
 206.500.4621
 ryan.neumeister@jpmorgan.com

Blake Reeves
 Underwriting Associate
 300 S Grand Ave, Floor 3
 213.621.8173
 blake.j.reeves@jpmorgan.com

If you have any questions regarding the above indicative terms, please do not hesitate to contact either of us.

Sincerely,

Ryan Neumeister

 Ryan Neumeister

Blake Reeves

 Blake Reeves

Pete Sullivan
Vice President
425 Pike Street
Seattle, WA 98101
206-626-8111
pete.sullivan@wafd.com

October 15, 2019

Tatyana (Ana) Karaman, Ph.D.
VP for Finance and Administration & CFO
Western Oregon University
345 Monmouth Ave N
Monmouth, OR 97361
karamana@mail.wou.edu

Regarding: \$5,000,000 Revolving Line of Credit

Dear Dr. Karaman:

We enclose a summary of terms and conditions outlining the proposed terms under which Washington Federal Bank N.A. (Wafd Bank) may extend credit to the Western Oregon University (WOU). Please note that this is not a commitment to lend.

Wafd Bank appreciates the opportunity to provide our financing proposal. Please call Pete Sullivan at 206-626-8111 to discuss any questions or comments you may have regarding our proposal. We look forward to working with you.

Sincerely,



Pete Sullivan
Vice President

Parties to the Transaction:

BORROWER: Western Oregon University (the “Borrower”)

LENDER: Washington Federal Bank N.A. (the “Bank”)

The Facility:

FACILITY: Revolving Line of Credit (the “Credit Facility”)

FACILITY AMOUNT: \$5,000,000 (not to exceed)

CLOSING DATE: November 22, 2019 (estimated)

DRAWS Draws under the Credit Facility may be requested on any banking day with minimum draw amounts of \$100,000.

INTEREST CALCULATION: All calculations of interest and fees shall be made on the basis of actual number of days elapsed in a 360-day year.

REPAYMENT: The Borrower must repay the Credit Facility in quarterly payments of accrued interest (January 1, April 1, July 1 and October 1).

PREPAYMENT: The Borrower may prepay the Credit Facility at any time without penalty.

MATURITY: Unless extended, the Credit Facility will mature, and all unpaid principal and interest will be due and payable at maturity on 12/31/2024.

CAPACITY INCREASE Borrow may request that the Bank increase the amount of the Credit Facility up to \$10 million, however the Bank will require a separate credit approval before the commitment can be increased.

CAPACITY DECREASE: Borrow may elect a “step down” option on the Facility Amount, which would allow the Borrower to reduce the Facility Amount of the line. One such step down is permitted during the initial term of the line. The Borrower may decide the amount and the timing of the step down.

EXTENSION: Upon achieving the criteria described below, the maturity date of the line may be extended for one 2-year period (total of 7 years from origination).

All of the following must be attained to qualify for the extension:

- 1) Borrower's Change in Net Position minus depreciation, amortization and pension expense for the 12-month period just ending is 110% of annual debt service;
- 2) Borrower's GO debt rating is A or better (or equivalent);
 - a. If the Borrower does not have a bond rating at the time of the extension, the rating requirement will be waived.
- 3) Compliance with all other terms of the Credit Agreement.

If the line is extended, the Facility balance amount in place at the time of the extension:

- (a) The rate will convert to a 2-year fixed interest rate based on the 2-year Bloomberg Swap Rate (or comparable index), plus 1.55%, multiplied by the calculation of 100 minus the highest marginal tax rate applied to subchapter C corporations, expressed as a decimal (currently 0.79);
- (b) If LIBOR is no longer available, then the rate will be based on the Secured Overnight Financing Rate (or comparable index) plus 1.55%, multiplied by the calculation of 100 minus the highest marginal tax rate applied to subchapter C corporations, expressed as a decimal (currently 0.79).

SECURITY:

The Credit Facility is a general revenue obligation of the Borrower. Legally available revenues include all tuition, fees, charges, rents, revenues, receipts and other income (including interest and dividends) of the Borrower if and to the extent such funds are not restricted in their use by law, regulation or contract. The Credit Facility is to be issued on parity with the Borrower's current and future obligations.

Fees and Expenses:

ORIGINATION FEE: \$0.00

UNUSED COMMITMENT FEE: \$5,000 - assessed annually

- (a) The unused commitment fee will be waived in 2019.
- (b) The unused commitment fee will be waived in subsequent years if the average annual utilization is \$3 million or more.
 - i. Average Annual Utilization means the sum of the daily aggregate principal amount of all revolving credit advances for the year, divided by 360.

BANK COUNSEL FEE: \$5,000 – Hillis, Clark, Martin & Peterson

Rates:

INTEREST RATE: One week prior to closing the Borrower may choose to either:
(a) Accept the rate below, which will be held firm until closing; or
(b) Elect to reset the rate below based on the formula below.
i. Either rate choice will become a fixed rate from closing until the line of credit's initial maturity on 12/31/2024.

2.51% Tax-Exempt Fixed Rate

Interest Rate Formula: The 5-year rate will be based on the 5-year Bloomberg Swap Rate (or comparable index), plus 1.75%, multiplied by the calculation of 100 minus the highest marginal tax rate applied to subchapter C corporations, expressed as a decimal (currently 0.79).

Rates quoted are for the WOU, a Tax-Exempt entity.

EXPIRATION: This proposal letter shall automatically expire on November 22, 2019.

Covenants and Financial Reporting Requirements:

COVENANTS: Usual and customary for transactions of this type.

REPORTING REQUIREMENTS: The Borrower shall provide the following information and statements in form and content acceptable to the Bank:
(a) Within 270 days after the close of each financial year of the Borrower, the complete audited financial statements of the Borrower.

Description of Basic Terms and Conditions

DOCUMENTATION: Documentation will be usual and customary for transactions of this type, including:

- (a) A copy of the Resolution passed by the Council/Board authorizing the issuance of the Credit Facility;
- (b) A receipt of the original signed Note or Bond at closing;
- (c) The resolution or financing/bond purchase agreement ("Agreement"), prepared by bond counsel and subject to approval by Bank Counsel.
 - i. The Agreement will include, but is not limited to, the terms and conditions outlined herein, as well as provisions that are customary and standard with respect to conditions precedent, representations and warranties, covenants, events of default and remedies;
- (d) An unqualified legal opinion of nationally recognized bond counsel, in form and substance acceptable to Bank and its legal counsel that:

- i. The resolution and all documents related to the Credit Facility have been properly adopted, authorized and executed; and
- ii. The resolution and all documents related to the Credit Facility constitute a legally binding obligation of the Borrower and enforceable according to their terms (subject to standard exceptions).
- iii. Opinion of counsel that the term portion of the loan under the revolving line of credit option will be treated in parity with all other senior lien holders at the time of conversion.

EVENTS OF DEFAULT: Usual and customary in transactions of this type including, without limitation the following:
 (a) Nonpayment of principal, interest, fees or other amounts; or a
 (b) Failure to perform or observe covenants/reporting requirements set forth in the loan documentation;

Description of the Process:

THE PROPOSAL: This summary of terms is not a commitment. It represents a willingness on the part of the Bank to seek approval to provide the commitment indicated herein and consummate a transaction based on the terms and conditions outlined in the proposal and is subject to:
 (a) Final credit approval (see “Credit Process” below),
 (b) Such any due diligence as Bank may require, and
 (c) Agreement as to all final terms and conditions and satisfactory documentation thereof (including satisfactory legal opinions).

CREDIT PROCESS: The credit process will take approximately 4-weeks from the point at which the Bank is officially awarded the transaction and has in its possession all materials necessary to undertake a full credit analysis.

Washington Federal is a Seattle based; FDIC insured financial institution with total assets in excess of \$16 billion. Washington Federal and assigned contacts have specific experience in lending to governmental issuers.

BILLING STATEMENTS: Unfortunately, the Bank is unable to provide separate account and billing statements for each respective project.

Contacts:

BANK: Washington Federal N.A.
 Pete Sullivan
 425 Pike Street
 Seattle, WA 98101
 206-626-8111

pete.sullivan@wafd.com

BANK COUNSEL:

Hillis Clark Martin & Peterson P.S.
Brandon Pond
999 Third Avenue, Suite 4600
Seattle, Washington 98104
206.470-7623
brandon.pond@hcmp.com

Agreement by the Borrower:

By signing below, the Borrower agrees to engage the Bank to provide the Credit Facility pursuant to the terms and conditions stated in this proposal, including the Borrower's responsibility for the Bank's legal fees even if closing & funding does not occur.

Please evidence your agreement with the foregoing by signing and returning a copy of this document to the Bank.

Accepted and Agreed to:

Western Oregon University

Signature: _____ **Date:** _____

Printed Name: _____

Disclosure:

The transaction contemplated by this term sheet is an arm's length, commercial transaction between you and the Bank, in which the Bank (i) is acting solely as a principal and for its own interest; (ii) is not acting as a municipal advisor or financial advisor to you; (iii) has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to you with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto; and (iv) is not recommending that you take any action with respect to the transaction contemplated by this term sheet, and before taking any action with respect to the contemplated transaction, you should discuss the information contained herein with your own legal, accounting, tax, financial and other advisors, as it deems appropriate.

The only obligations the Bank has to you with respect to the transaction contemplated hereby are set forth in this term sheet. If you would like a municipal advisor in this transaction that has legal fiduciary duties to you, you are free to engage a municipal advisor to serve in that capacity. This term sheet is provided to you pursuant to and in reliance upon the "bank exemption" provided under the municipal advisor rule of the Securities and Exchange Commission, Rule 15Ba1-1 et seq.

UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY US CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE BORROWER'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY US TO BE ENFORCEABLE.

Finance & Administration Committee (FAC), November 8, 2019 Management Report

Period 3 Actual to Actual and Percent Variance Education & General Fund:

This report provides three months of actual revenue and expense activity (as of September 30, 2019) as compared to the same period in prior fiscal year.

Revenues:

Student fees & tuition (net of remissions) are \$1.808 million less than the prior year due to an approximate 5% decrease in fall term enrollment this academic year. Government resources & allocations have increased by \$1.012 million from prior year based on the HECC's Public University Support Fund (PUSF) allocation.

Expenses:

Personnel expenses include the second and final retirement window program payment of \$783k. Personnel expenses increased from prior year due to the increases in salary rates and retirement contributions. Total increase in personnel expenses is \$569k. Services and supplies expenses are on par with the prior period.

Net Revenues less Expenses:

Net revenues less expenses have decreased by \$1.281 million.

FY20 Projected Year-End for Education and General Fund:

The projected year-end methodology is a combination of actual revenues and expenses for the first three months of operations and projections for the remaining nine months of FY20. Projections for periods four through twelve are based on the actual FY19 realization/burn rates for period three, which are applied to FY20 revenues and expenses.

Revenues:

Total revenues are projected to be \$69.419 million, \$3.799 million less than the FY20 adopted budget. Tuition is projected to be \$3.586 million less than the adopted budget, due to an approximate 5% decrease in enrollment.

Expenses:

The first quarter data in relation to expenses to the full year is quite volatile, since the first quarter is primarily summer activity which is not reflective of normal operations. Due to this, total expenses are projected to be the proposed adjusted budget amounts.

Operating Net Revenues less Expenses:

Net revenues less expenses is projected to be a loss of \$1.051 million versus the FY20 adopted budget of \$1.311 million.

Transfer Schedule:

A projected transfer schedule is attached to provide details for the projected transfers in and out.

Net Revenues less Expenses and Transfers:

Net revenues less expenses and transfers is projected to be a loss of \$5.379 million versus the FY20 adopted budget of \$2.282 million. This is primarily due to the transfer out of \$3.5 million for the purchase and remodel of the Salem Vick Building. Projected year end fund balance is \$7.829 million, or 11.28% of projected revenues.

STAFF RECOMMENDATION:

It is recommended that the Western Oregon University Finance and Administration Committee accept the FY20 Projected Year-End Report and the overall Management Report as of September 30, 2019.

Western Oregon University
P3 YTD Actual to Actual Variance Education & General Fund
(Unaudited, non-GAAP, for management purposes only)
(in thousands)

As of September 30, 2019
For the Fiscal Year Ended June 30, 2020

	P3 YTD FY19	P3 YTD FY20	Variance	Note
	Actuals	Actuals		
Revenues				
Student Fees & Tuition (net of remissions)	16,546	14,738	(1,808)	Lower enrollment/earlier disbursement of fee remissions
Government Resources & Allocations	8,852	9,864	1,012	HECC higher allocation
Gift Grants and Contracts	184	190	7	
Other Revenue	893	835	(58)	
Total Revenues	26,475	25,627	(848)	
Expenses				
Personnel	9,900	10,469	569	Salary rate & retirement contribution increases
Service & Supplies	2,012	2,015	3	
Capital Expense	146	7	(139)	
Total Expenses	12,058	12,491	434	
Net Revenues less Expenses	14,417	13,136	(1,281)	

Western Oregon University
P3 Percent Actual Variance Analysis Education & General Fund
(Unaudited, non-GAAP, for management purposes only)
(in thousands)

As of September 30, 2019
For the Fiscal Year Ended June 30, 2020

	P3 FY19 Realization/ Burn Rate %	P3 FY20 % of Adopted 2020 Budget	Variance
Revenues			
Student Fees & Tuition (net of remissions)	41.57%	36.48%	-5.09%
Government Resources & Allocations	34.92%	35.87%	0.95%
Gift Grants and Contracts	21.66%	18.83%	-2.83%
Other Revenue	21.21%	19.40%	-1.81%
Total Revenues	37.71%	35.00%	-2.71%
Expenses			
Personnel	16.62%	16.83%	0.21%
Service & Supplies	27.54%	23.67%	-3.87%
Capital Expense	32.18%	3.64%	-28.54%
Total Expenses	17.91%	17.62%	-0.30%

	FY19 Year-End Actuals	FY20 Adopted Budget	FY20 Year-End Projected	Variance FY20 Projected Year-End to Adopted Budget	FY20 Proposed Adjusted Budget	Variance FY20 Projected Year-End to Proposed Re-Budget	Note
Education & General Fund							
Recurring Operating Activities							
Student Fees & Tuition (net of remissions)	39,804	40,405	36,820	(3,586)	36,820	0	Lower enrollment/adjusted for timing difference in fee remission disbursement.
Government Resources & Allocations	25,348	27,500	27,512	12	27,512	0	Projection is based on amount provided by HECC.
Gift Grants and Contracts	848	1,010	878	(132)	850	28	Timing difference.
Other Revenue	4,209	4,303	4,209	(94)	4,209	0	Timing difference. Adjusted projection to prior year actuals.
Total Revenues	70,209	73,218	69,419	(3,799)	69,391	29	
Personnel	58,712	62,196	59,240	2,956	59,240	0	Adjusted to proposed adjusted budget.
Service & Supplies	7,304	8,511	7,640	871	7,640	0	Adjusted to proposed adjusted budget.
Capital Expense	454	203	203	0	203	0	Adjusted to proposed adjusted budget.
Total Expenses	66,470	70,910	67,083	3,828	67,083	0	
Interfund Transfers In	(12,350)	(841)	(1,081)	240	(841)	240	Projection is based on transfer schedule.
Interfund Transfers Out	16,971	4,460	4,468	(9)	4,460	(9)	Projection is based on transfer schedule.
Total Expenses and Transfers	71,091	74,529	70,471	4,059	70,702	231	
Operating Net Revenues less Expenses	(883)	(1,311)	(1,051)	(260)	(1,311)	(260)	
Other Activities							
Investment in Salem Building	0	0	(3,500)	3,500	(3,500)	0	
Retirement Window Payment	(840)	(838)	(783)	(55)	(783)	0	
Other	(213)	(133)	(45)	(88)	(45)	0	
Total Other Activities	(1,052)	(971)	(4,328)	3,357	(4,328)	0	
Total Net Revenues less Expenses	(1,935)	(2,282)	(5,379)	3,097	(5,639)	(260)	
Fund Balance at the Beginning of the Year	15,143	13,208	13,208		13,208		
Fund Balance at the End of the Year	13,208	10,926	7,829		7,569		
Fund Balance as a Percentage of Revenues	18.81%	14.92%	11.28%		10.91%		

	FY19 Year-End	FY20	FY20 Year-End	Variance FY20	FY20 Proposed	Variance FY20	
	Actuals	Adopted Budget	Projected	Projected Year-End to Adopted Budget	Adjusted Budget	Projected Year-End to Proposed Re-Budget	Note
Auxiliary Enterprises Funds							
Enrollment Fees	7,125	7,032	6,460	(573)			
Sales and Services	14,341	14,339	13,036	(1,303)			
Other Revenue	1,923	1,723	3,454	1,731			
Total Revenues	23,389	23,094	22,950	(144)			
Personnel	11,374	12,089	11,921	168			
Service & Supplies & Capital Expense	12,719	13,490	12,943	546			
Total Expenses	24,093	25,579	24,864	715			
Interfund Transfers In	(12,736)	(10,703)	(3,673)	(7,030)			Projection is based on transfer schedule.
Interfund Transfers Out	9,850	8,691	522	8,168			Projection is based on transfer schedule.
Total Expenses and Transfers	21,207	23,566	21,713	1,853			
Net Revenues less Expenses	2,182	(472)	1,237	1,708			
Additions/Deductions to Fund Balance	(2,487)		(2,423)				
Fund Balance at the Beginning of the Year	12,851		12,546				
Fund Balance at the End of the Year	12,546		11,359				
Fund Balance as a Percentage of Revenues	53.64%		49.50%				
Designated Operations, Service Departments, Clearing Funds							
Enrollment Fees	107	113	99	(14)			
Sales and Services	288	174	216	43			
Other Revenue	2,337	2,046	1,917	(129)			
Total Revenues	2,732	2,333	2,233	(100)			
Personnel	1,144	1,011	966	45			
Service & Supplies & Capital Expense	1,226	1,312	2,234	(922)			
Total Expenses	2,371	2,323	3,200	(877)			
Interfund Transfers In	(343)	0	(16)	16			Projection is based on transfer schedule.
Interfund Transfers Out	299	1	6	(5)			Projection is based on transfer schedule.
Total Expenses and Transfers	2,327	2,324	3,190	(866)			
Net Revenues less Expenses	405	9	(957)	(966)			
Additions/Deductions to Fund Balance	(420)		(348)				
Fund Balance at the Beginning of the Year	2,965		2,951				
Fund Balance at the End of the Year	2,951		1,646				
Fund Balance as a Percentage of Revenues	108.01%		73.74%				

Western Oregon University
Transfers Schedule - Projected
(Unaudited, non-GAAP, for management purposes only)

	E&G			Auxiliary			Des Ops - Serv Dept.	Plant fund		Endowment	Total
Transfers In E&G	(a)			(b)			(b)			(c)	
Actual				237,322			2,638				239,960
Upcoming	831,735									8,893	840,628
Transfers Out E&G	(a)			(d)	(e)	(f)		(g)	(h)	(c)	
Actual						53,777			2,698,042		2,751,819
Upcoming	831,735			3,298,158	150,000			175,000	801,958	4,804	5,261,655
Transfers In AUX	(d)	(e)	(f)				(i)	(j)			
Actual			53,777				3,336	167,612			224,725
Upcoming	3,298,158	150,000									3,448,158
Transfers Out AUX	(b)						(k)	(j)			
Actual	237,322						10,000				247,322
Upcoming								275,000			275,000
Transfers In DO, SD				(k)			(l)				
Actual				10,000			6,440				16,440
Upcoming											-
Transfers Out DO, SD	(b)			(i)							
Actual	2,638			3,336							5,974
Upcoming											-

Type	Description
(a)	HECC Specific Targeted Funding
(b)	Return of FY19 'loans' to cover cash deficits in Athletics, Conference Services, Sundry & Rainbow Dance
(c)	Endowment matches
(d)	Athletic operations support
(e)	Child Development Center support
(f)	Werner University Center Pacific Room remodel support
(g)	Small-Scale Energy Loan Program debt service
(h)	Purchase & remodel of Vick Building in Salem
(i)	Close out old library service index
(j)	Building & equipment replacement reserves for Housing, Dining, Parking, Health & Wellness Center, and the Werner University Center
(k)	Vending income sponsored scholarships
(l)	Close out grant

Finance & Administration Committee (FAC), FY2020 Budget Revision

Based on the first quarter management report, in combination with actual tuition and fee revenues for summer and fall terms and projected for winter and spring terms, staff developed several budget scenarios. Due to enrollment decline, all scenarios result in less budgeted revenues. To contain the projected budget deficit not to exceed the \$1.311 million budget deficit as approved by the Board of Trustees in June 2019, staff incorporated a series of cost containment scenarios across personnel and service and supplies expenses. In order not to exceed \$1.311 million budget deficit, expenses would need to be reduced by \$3.828 million, as reflected in scenario 3. These cost savings are allocated \$2.956 million in personnel savings and \$871k in service and supplies reductions.

The staff has taken initial steps to achieve these savings. \$2.956 million in personnel savings includes an estimated \$2 million in savings attributed to typical turnover and vacant positions. \$871k in service and supplies reduction represents a total 10% reduction. Thus far, campus budget managers have been informed that their service and supplies budgets will be reduced by 4.5% and salary savings will be held centrally. In addition, the budget and planning office is in process of meeting with budget managers across campus to identify additional savings to achieve the target of \$3.828 million.

STAFF RECOMMENDATION:

It is recommended that the Western Oregon University Finance and Administration Committee adopt the FY20 Proposed Adjusted Budget.

Western Oregon University
Proposed Adjusted FY20 Budget

	Adopted FY20 Budget	Scenario 1 Down ~5% enrollment	Scenario 2 Balanced Budget	Scenario 3 Same Deficit - Proposed	Scenario 4 In Between	Note
Revenues						
Tuition						
UG Resident	20,551,684	17,690,000	17,690,000	17,690,000	17,690,000	
UG WUE	7,586,660	6,500,000	6,500,000	6,500,000	6,500,000	
UG NonResident	4,001,638	2,610,000	2,610,000	2,610,000	2,610,000	
UG Online	6,288,571	7,940,000	7,940,000	7,940,000	7,940,000	
Summer UG Resident	372,896	275,000	275,000	275,000	275,000	
Summer UG NonResident	446,829	310,000	310,000	310,000	310,000	
G Resident	1,127,548	750,000	750,000	750,000	750,000	
G NonResident	413,822	325,000	325,000	325,000	325,000	
G Online	3,489,789	3,630,000	3,630,000	3,630,000	3,630,000	
Summer G Resident	170,182	135,000	135,000	135,000	135,000	
Summer G NonResident	39,431	5,000	5,000	5,000	5,000	
Fac/Staff	219,362	130,000	130,000	130,000	130,000	
Total Gross Tuition	44,708,412	40,300,000	40,300,000	40,300,000	40,300,000	
Fees	1,966,865	1,868,522	1,868,522	1,868,522	1,868,522	Adjusted down by 5%
Fee Remissions	(6,270,000)	(5,349,000)	(5,349,000)	(5,349,000)	(5,349,000)	Adjusted down \$400k due to fewer students, \$521k to reallocated lottery
Total Net Tuition & Fees	40,405,277	36,819,522	36,819,522	36,819,522	36,819,522	
State	27,499,859	27,512,295	27,512,295	27,512,295	27,512,295	Adjusted to actual by HECC
Gifts Grants & Contracts	1,010,336	850,000	850,000	850,000	850,000	Adjusted based on actual earnings to date.
Investment	3,815,203	3,659,000	3,659,000	3,659,000	3,659,000	
Sales & Services	383,172	450,000	450,000	450,000	450,000	
Other Revenues	104,628	100,000	100,000	100,000	100,000	
Total Revenue	73,218,475	69,390,817	69,390,817	69,390,817	69,390,817	
Expenses						
Personnel	62,196,159	62,196,159	62,196,159	62,196,159	62,196,159	
Savings in Personnel	-	-	(4,267,119)	(2,956,246)	(2,487,846)	0%/6.86%/4.75%/4.00% Savings
Service & Supplies	8,714,119	8,714,119	8,714,119	8,714,119	8,714,119	
Reduction in S&S	-	-	(871,412)	(871,412)	(871,412)	10% Reductions
Net Transfers	3,619,069	3,619,069	3,619,069	3,619,069	3,619,069	
Total Expenses	74,529,347	74,529,347	69,390,816	70,701,689	71,170,089	
Net Revenues less Expenses	(1,310,872)	(5,138,530)	0	(1,310,872)	(1,779,272)	
Beginning Fund Balance FY20	13,207,619	13,207,619	13,207,619	13,207,619	13,207,619	
One-time Use of Fund Balance	(4,470,863)	(4,383,000)	(4,383,000)	(4,327,798)	(4,383,000)	Includes \$3.5M for Vick building, retirement window payment, textbook initiative, and hybrid courses.
Projected Ending Fund Balance	7,425,884	3,686,089	8,824,620	7,568,950	7,045,347	
Fund Balance as a Percent of Revenues	10.14%	5.31%	12.72%	10.91%	10.15%	
Fund Balance at 10%	7,321,848	6,939,082	6,939,082	6,939,082	6,939,082	
Difference	104,037	(3,252,992)	1,885,538	629,868	106,266	