



OFFICE OF THE BOARD OF TRUSTEES

Public Meeting Notice

January 14, 2021

TO: Southern Oregon University Board of Trustees, Finance and Administration Committee

FROM: Sabrina Prud'homme, University Board Secretary

RE: Notice of Regular Meeting of the Finance and Administration Committee

The Finance and Administration Committee of the Southern Oregon University Board of Trustees will hold a regular meeting on the date and at the location set forth below.

Topics of the meeting will include a vice president's report with a discussion on the JPR Paycheck Protection Program Forgivable Loan. Other topics will include a year-to-date financial update including COVID and wildfire impact and a state funding update; a presentation on the University Properties Task Force; an early retirement analysis; and the budget forecast. There also will be discussion on North Campus Village refinancing.

The meeting will occur as follows:

Thursday, January 21, 2021

4:00 p.m. to 6:00 p.m. (or until business concludes)

Visit governance.sou.edu for meeting materials.

To join or view the proceedings, visit <https://sou.zoom.us/j/89133432400> at the time of the meeting.

If special accommodations are required or to provide written public comment or testimony, please contact Kathy Park at (541) 552-8055 at least 72 hours in advance.

Public Comment

Members of the public who wish to provide public comments for the meeting are invited to submit their comments or testimony in writing. Please send written comments or testimony to the Board of Trustees email address: trustees@sou.edu. Public comments also may be sent to the board via postal mail addressed to SOU Board of Trustees, 1250 Siskiyou Boulevard, Ashland, OR 97520.



Board of Trustees
Finance and Administration Committee Meeting
January 21, 2021

Call to Order / Roll / Declaration of a Quorum



**Board of Trustees
Finance and Administration Committee Meeting**

**Thursday, January 21, 2021
4:00 p.m. – 6:00 p.m. (or until business concludes)
<https://sou.zoom.us/j/89133432400>**

AGENDA

Persons wishing to provide public comment shall do so in writing during COVID-19 protocols.
Please note: times are approximate and items may be taken out of order.

- | | | | |
|---------|----------|---|--|
| | 1 | Call to Order/Roll/Declaration of a Quorum | Chair Sheila Clough |
| | 1.1 | Welcome and Opening Remarks | |
| | 1.2 | Roll and Declaration of a Quorum | Sabrina Prud'homme,
SOU, Board Secretary |
| | 1.3 | Agenda Review | Chair Clough |
| | 2 | Public Comment | |
| 5 min. | 3 | Consent Agenda | Chair Clough |
| | 3.1 | October 15, 2020 Meeting Minutes | |
| | 3.2 | Financial Dashboard | |
| | 3.3 | Tuition-Setting Update | |
| 5 min. | 4 | Vice President's Report | Greg Perkinson, SOU, Vice
President for Finance and
Administration |
| | 4.1 | JPR Paycheck Protection Program Forgivable Loan | |
| | 5 | Action, Information and Discussion Items | |
| 25 min. | 5.1 | Year-to-Date Financial Update | Greg Perkinson; Josh
Lovern, SOU, Director of
Budget and Planning |
| | 5.1.1 | COVID Impacts | |
| | 5.1.2 | Wildfire Impact | |
| | 5.1.3 | State Funding Update | |

**Board of Trustees
Finance and Administration Committee Meeting**

**Thursday, January 21, 2021
4:00 p.m. – 6:00 p.m. (or until business concludes)**

AGENDA (Continued)

15 min.	5.2	University Properties Task Force	President Linda Schott; Greg Perkinson; Cynthia Ferrendelli, SOU, Associate Director and Deputy Controller, Business Services
15 min.	5.3	Early Retirement Analysis	Greg Perkinson; Alana Lardizabal, SOU, Director of Human Resources; Nicole Blodget, SOU, Benefits Officer
15 min.	5.4	North Campus Village Refinancing	Greg Perkinson; Jason Catz, SOU, General Counsel
25 min.	5.5	Budget Forecast	Greg Perkinson
5 min.	5.6	Future Meetings	Chair Clough
	6	Adjournment	Chair Clough

Public Comment

Consent Agenda

Board of Trustees
Finance and Administration Committee Meeting
Thursday, October 15, 2020
Videoconference

MINUTES

Call to Order/Roll/Declaration of a Quorum

Committee Members:

Sheila Clough	Present	Megan Davis Lightman	Present
Les AuCoin	Absent	Bill Thorndike	Present
Shaun Franks	Present	Steve Vincent	Present
Lyn Hennion	Present		

Chair Sheila Clough called the meeting to order at 4:01 p.m. The secretary recorded the roll and a quorum was verified.

Other trustees in attendance: Paul Nicholson, Deborah Rosenberg, Daniel Santos, President Linda Schott, Barry Thalden and janelle wilson.

Other attendees and Zoom webinar panelists included: Greg Perkinson, Vice President for Finance and Administration; Jason Catz, General Counsel; Dr. Neil Woolf, Vice President for Enrollment Management and Student Affairs; Dr. Susan Walsh, Provost; Janet Fratella, Vice President for University Advancement; Jeanne Stallman, Associate Vice President for Government and Corporate Relations; Penny Burgess, University Shared Services Enterprise; Sabrina Prud'homme, Board Secretary; Josh Lovern, Budget Office; and Kathy Park, Office of the Board Secretary.

Public Comment

There was no public comment.

Consent Agenda

Trustee Vincent moved to approve the consent agenda as presented. Trustee Hennion seconded the motion and it passed unanimously.

Vice President's Report

Committee Dashboard

Greg Perkinson reviewed the financial dashboard, emphasizing how the pandemic has affected SOU's financial condition. Operating cash is down due to decreased revenue. Mr. Perkinson said enrollment was down 10.9 percent as of the end of September and the board approved a budget assuming a 10 percent decrease. Fiscal year (FY) 21 revenue is trailing FY20 revenue by \$1.1 million. Mr. Perkinson noted that Labor, Other Personnel Expenses, and Supplies & Services are down, reflecting effective cost cutting. Regarding ending fund balance, the fiscal year started with a \$5 million.

COVID-19 Update

Reviewing the fiscal impact of COVID-19, Greg Perkinson said revenue is down \$10 million, half of which is in housing. There is almost \$6 million in cost avoidance,

especially in travel expenses. Mr. Perkinson pointed out that normal revenue and expenditure patterns will vary this year; for example, athletic travel will shift from the fall to the spring. He reviewed other expense categories, as included in the meeting materials. The net effect is that SOU is down about \$2.9 million.

Responding to Chair Clough, Mr. Perkinson said the data is collected by activity as well as index and is very precise. The data can be evaluated by fiscal or academic year.

Enrollment Update

Mr. Perkinson mentioned enrollment data earlier in the meeting.

Action, Information and Discussion Items

Investment Update: Fiscal Year 2019-20 Fourth Quarter

Penny Burgess provided the investment report for FY 2020, noting the major economic impact the coronavirus had on the global investment landscape. She said the market highlights for the year included the global central bank support and fiscal stimulus that helped stabilize the volatility in the fixed income and equity markets. She reviewed various market indicators, the US Treasury yield curve and international fiscal responses to COVID-19, as included in the meeting materials.

Ms. Burgess then turned to SOU's operating assets that are invested in the Public University Fund (PUF). The PUF gained 1.1 percent for the quarter and 4.2 percent for the FY, most of it being driven by the performance in the core bond fund. SOU ended the FY with \$18.9 million in total operating assets invested in the PUF, which generated interest earnings of \$767,000.

Ms. Burgess said Will Hampson and John Lutkehaus are new investment officers at the Oregon State Treasury and they will have oversight of SOU's endowment assets.

The PUF investment policy is up for its 2-year review in 2021. There are no major changes from a strategic perspective. The State Treasury did recommend a benchmark change for the core bond fund to more closely reflect the original intent of the fund in light of changes to the portfolio.

Turning to SOU's endowment assets, Ms. Burgess said the fund increased by 16.1 percent for the quarter and 3.2 percent for the fiscal year. The fund had a balance of \$2.5 million in market value at the end of the fiscal year

Responding to Chair Clough's inquiry, Sabrina Prud'homme said the committee and the board would review the Board Statement on Investments for the SOU Endowment Fund in March 2021.

Revenue Report

Greg Perkinson presented information on the revenue picture and SOU's forecast. In May, the state's revenue forecast and the impact on funding for universities was rather doom and gloom; however, it has improved with some projections increasing funding for the public university support fund (PUSF) of 3.5 to 5 percent. With tuition and fee revenue comprising about two-thirds of SOU's revenue, enrollment and retention are

critical. Mr. Perkinson added that it looked like SOU would receive \$187,000 in this year's true up.

Mr. Perkinson informed the committee of current efforts to refinance the bonds for the North Campus Village to accelerate savings. He explained that if revenue losses in housing were sustained, it would put the North Campus Village project at risk.

Budget Update

Greg Perkinson provided a snapshot and highlights of the budget, saying SOU closed FY20 with 7.9 percent operating revenue in the Education and General fund. He then mentioned the reductions needed to achieve the board's minimum ending fund balance [of 8 percent]: \$6.4 million in June, \$4.4 million in July and then \$1.9 million in September. The cuts decreased based on more funding than expected in the PUSF, savings from furloughs and other cuts.

Mr. Perkinson then reviewed the updated pro forma and mentioned some of the integrated assumptions, including the PUSF being held harmless, faculty and staff furloughs, labor cuts, freezing travel, no catering at campus functions, continuing the hiring freeze, and transforming processes. Chair Cough and Trustee Hennion stressed that, although the cuts needed may be realized, it does not help SOU in the long term as it attempts to deliver its product and retain the workforce necessary to do so.

High-level Cost Containment Update

Greg Perkinson referred trustees to the chart in the meeting materials summarizing cost management strategies, saying SOU is doing all the right things to improve its financial position. Responding to Chair Clough's inquiry, Mr. Perkinson said some of the positive opportunities realized while making cuts include increases in fiscal awareness, a focus on efficiency and creating process improvements.

Higher Education Coordinating Commission Update

Greg Perkinson provided an update on the possible revisions to the Student Success and Completion Model (SSCM). The series of weekly task force meetings is now over and it was a fairly contentious process. He said Jason Catz advocated very well for solutions that would improve equity and stability in the funding model. One of the main areas that SOU may have made progress in was mission differential funding. Mr. Catz provided some details on the two recommended approaches to mission differential funding (viz flat funding or simplified funding through category reduction) while still maintaining an outcomes-based funding model.

Currently, about 17 percent of the total PUSF funding is being put into the pool for mission differential funding; Mr. Catz said he and Mr. Perkinson have been advocating for an increase to 20-25 percent. Mr. Catz said he argued repeatedly that the impact of increasing the amount to 23 percent is significant in terms of what it does for the institutions but the change to the character of the model is minimal.

The next steps in the process include the HECC staff assembling a report and recommendation for the HECC's Funding and Achievement Subcommittee to review in November or December.

President Schott said that, based on her readings, allocating 25 percent to outcomes is considered the most advanced type of outcomes-based funding model. The HECC's allocation of 49 percent to outcomes is very skewed to one end of the spectrum of funding models. Further, research on this topic is clear that it often works against equity and against trying to serve underrepresented populations.

Mr. Perkinson mentioned the recent meeting with the HECC's executive director, Ben Cannon, saying Mr. Cannon has publicly recognized that he appreciates the transparency and effort that SOU has gone through to communicate, work through and own its financial challenges. Board Chair Nicholson added that he was surprised by Mr. Cannon's comment that the model was not set up to be equitable to the institutions but rather to support success of students; Board Chair Nicholson said he now understands why SOU's argument that the SSCM was not equitable was falling on deaf ears. SOU needs to find a way to show the HECC that equity to institutions translates into equity for students. President Schott said she reminded Mr. Cannon during the meeting that SOU has been making reductions for years and has already been through two retrenchments. At the end of the meeting, Mr. Cannon said SOU has provided everything needed for the HECC to advocate on SOU's behalf with others.

Proposed 2021-2022 Committee Meeting Schedule

Chair Clough referred to the proposed committee meeting schedule included in the meeting materials and pointed out the February meeting has been removed from the schedule for various reasons. She also noted the committee can call a special meeting if needed. None of the committee members had any questions about or concerns with the proposed schedule.

Future Meetings

The committee's next meeting will be on January 21, 2021.

Adjournment

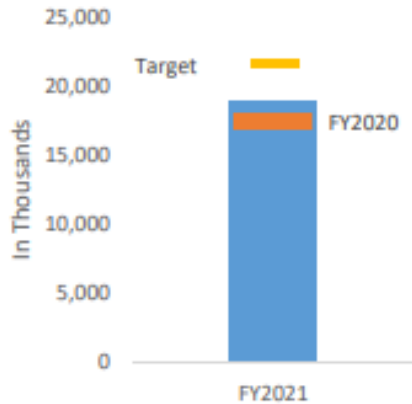
Chair Clough adjourned the meeting at 5:48 p.m.

Financial Dashboard

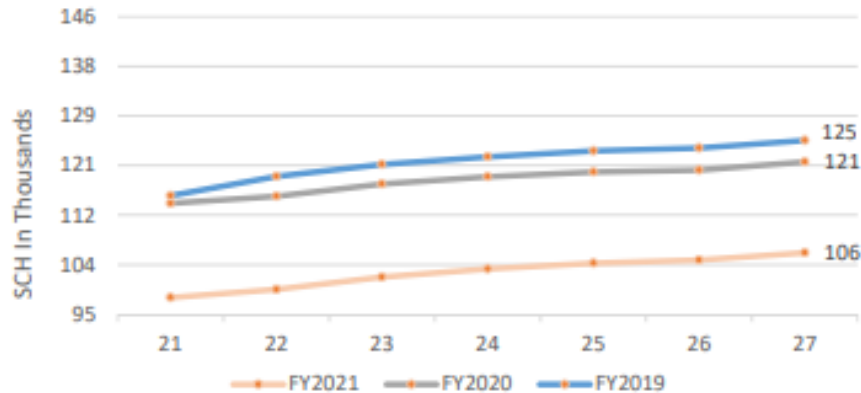
For FY2021

As of December 31, 2020 (with closed)

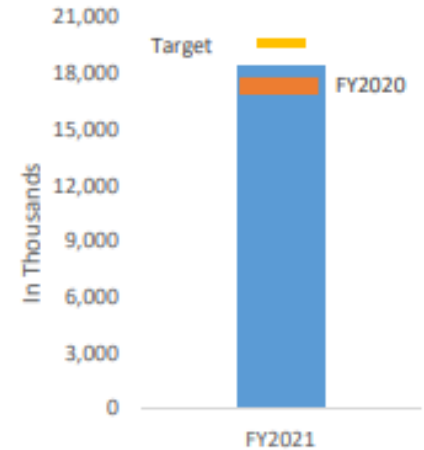
Public University Funds Operating Cash



Total Student Credit Hours by Week of the Fiscal Year

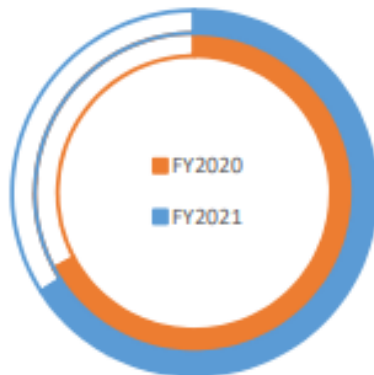


E&G Fund Balance

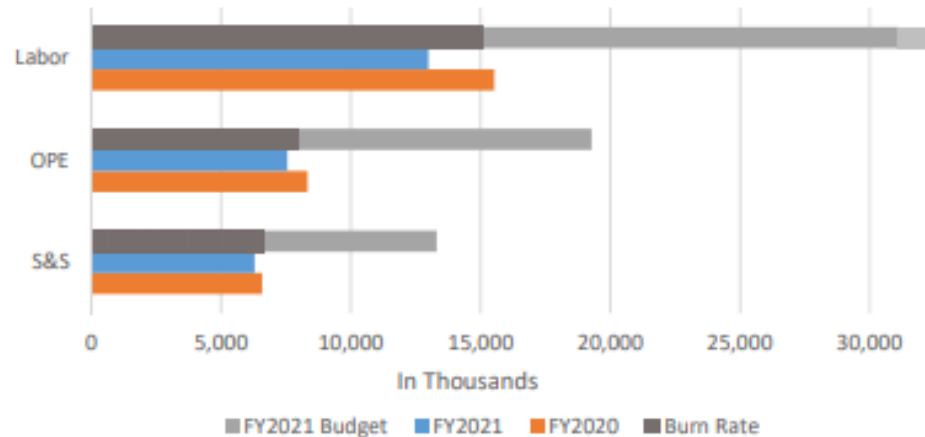


Continuing to Assess the COVID-19 Impacts

E&G YTD Revenues



E&G YTD Select Expenses

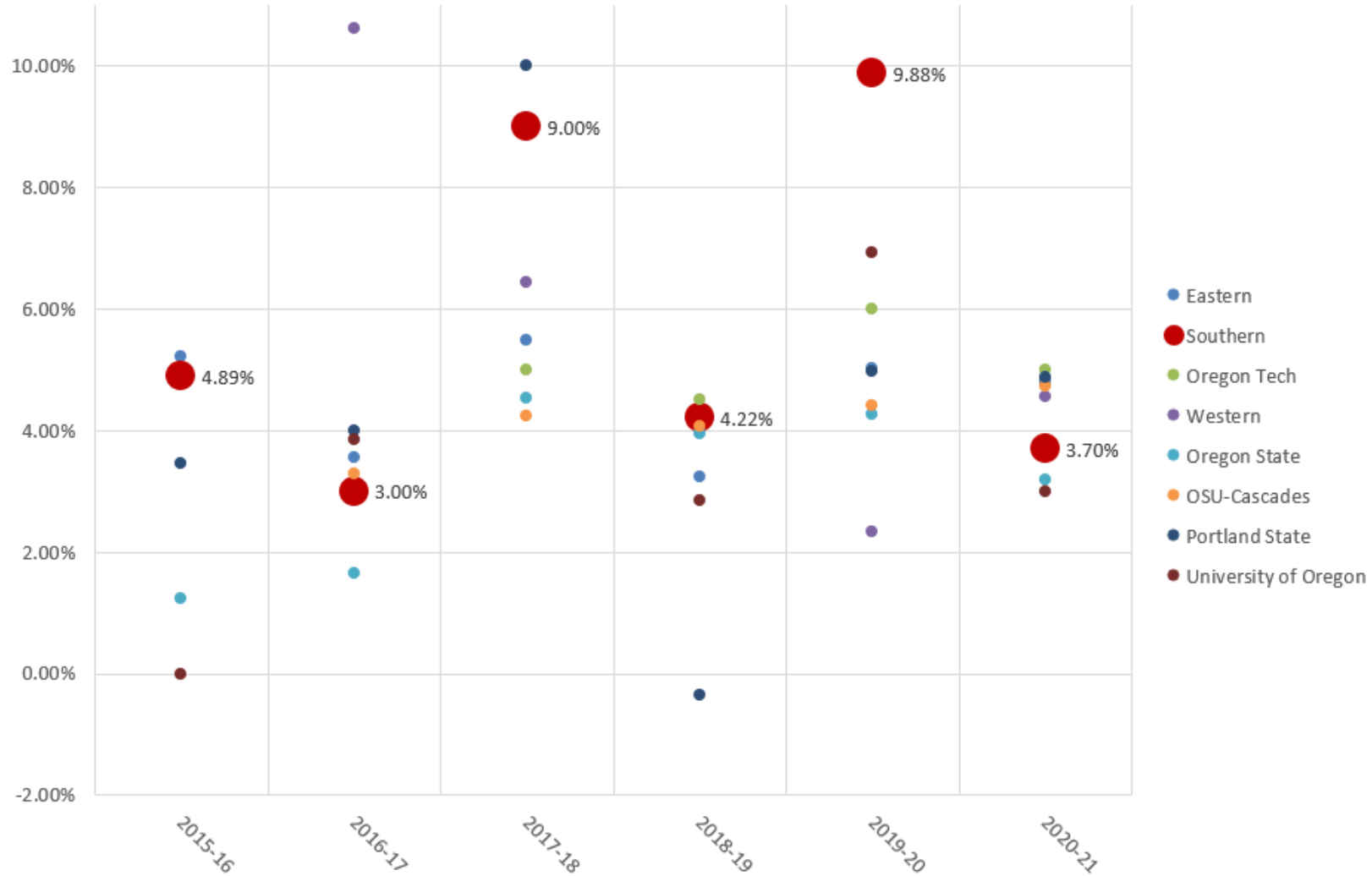


Tuition Setting Update

- Tuition Advisory Council update:
 - Working to set meeting schedule
 - Committee members have been confirmed
 - Financial status update will set the stage for tuition and fee discussion; and trend analysis (rate increases over time—see next chart for data)
- Next Steps:
 - Study price sensitivity; and
 - Integrate federal stimulus allocation into pro forma (when Department of Education releases rules)

Tuition Rate Increases Over Time

Relative % Change from Prior Academic Year



Vice President's Report

Year-to-Date Financial Update

Board Approved Scenario

(-10% Enrollment SCH)

- Includes 3% State budget rescission; revenue losses (\$1M + \$1.2M)
- Assumes Furlough savings through 12/31 (\$1.7M in E&G)
- Includes extension of hiring freeze through Summer term (\$300k)
- Includes 20% of CARES allocation (\$1.88M) to E&G (= \$253k)
- Outcome: **CUTS of \$6.43M to achieve minimum 8%**

	2018-19	2019-20	2019-20	2020-21
Education and General <i>(in thousands of dollars)</i>	Actual <i>(000's)</i>	BUDGET <i>(000's)</i>	ESTIMATE <i>(000's)</i>	FAST BUDGET <i>(000's)</i>
Revenue				
State Appropriations: SSCM	21,270	22,696	22,696	23,357
<i>Funding Changes</i>				(1,007)
Total State Funding (SSCM,ETSF,SELP)	21,651	23,072	23,074	22,710
Tuition	37,709	40,047	38,854	36,741
Fees	3,294	3,547	3,522	3,472
Raider Aid	(3,638)	(3,600)	(4,063)	(3,307)
<i>Oth tuition & fee adjustments</i>				
Tuition, net of Raider Aid	37,365	39,994	38,313	36,906
<i>Growth Opportunities</i>				
<i>Revenue External to modeling</i>				253
Misc. Other Revenue	3,013	2,950	2,706	2,767
TOTAL REVENUES	62,030	66,016	64,093	62,636
Personnel Services				
Faculty	(15,801)	(16,560)	(16,059)	(17,395)
Admin	(9,230)	(10,051)	(9,744)	(8,976)
Classified	(6,484)	(6,824)	(6,487)	(6,219)
Student (& Other)	(1,500)	(1,615)	(1,501)	(1,643)
Salaries Total	(33,014)	(35,050)	(33,792)	(34,233)
Retirement (PERS + ORP)	(7,007)	(9,142)	(7,917)	(8,214)
PEBB	(7,306)	(7,687)	(7,304)	(7,825)
Other	(3,018)	(3,502)	(3,088)	(3,420)
OPE	(17,331)	(20,331)	(18,310)	(19,460)
<i>Vacancy Adj.</i>				
<i>Other Adj. to Labor</i>			214	
Net Personnel	(50,344)	(55,381)	(51,887)	(53,693)
Supplies & Services	(11,732)	(11,116)	(10,705)	(11,370)
<i>Program Investment</i>			0	
<i>S&S Adjustments</i>			117	
Total Supplies and Services	(11,732)	(11,116)	(10,589)	(11,370)
Cost Reductions and Savings		2,380	As Modeled	6,430
TOTAL EXPENDITURES	(62,077)	(64,117)	(62,476)	(58,633)
Net from Operations Before Transfers	(47)	1,899	1,617	4,003
Budgeted Transfers	(1,739)	(1,971)	(2,330)	(2,411)
<i>Transfers Adjustments</i>				(1,220)
NET TRANSFERS	(1,739)	(1,971)	(2,330)	(3,631)
Change in Fund Balance	(1,786)	(71)	(713)	371
Beginning Fund Balance	7,139	5,352	5,352	4,639
Ending Fund Balance	5,354	5,280	4,639	5,010
% Operating Revenues	8.63%	8.00%	7.24%	8.00%

Year to Date Pro Forma

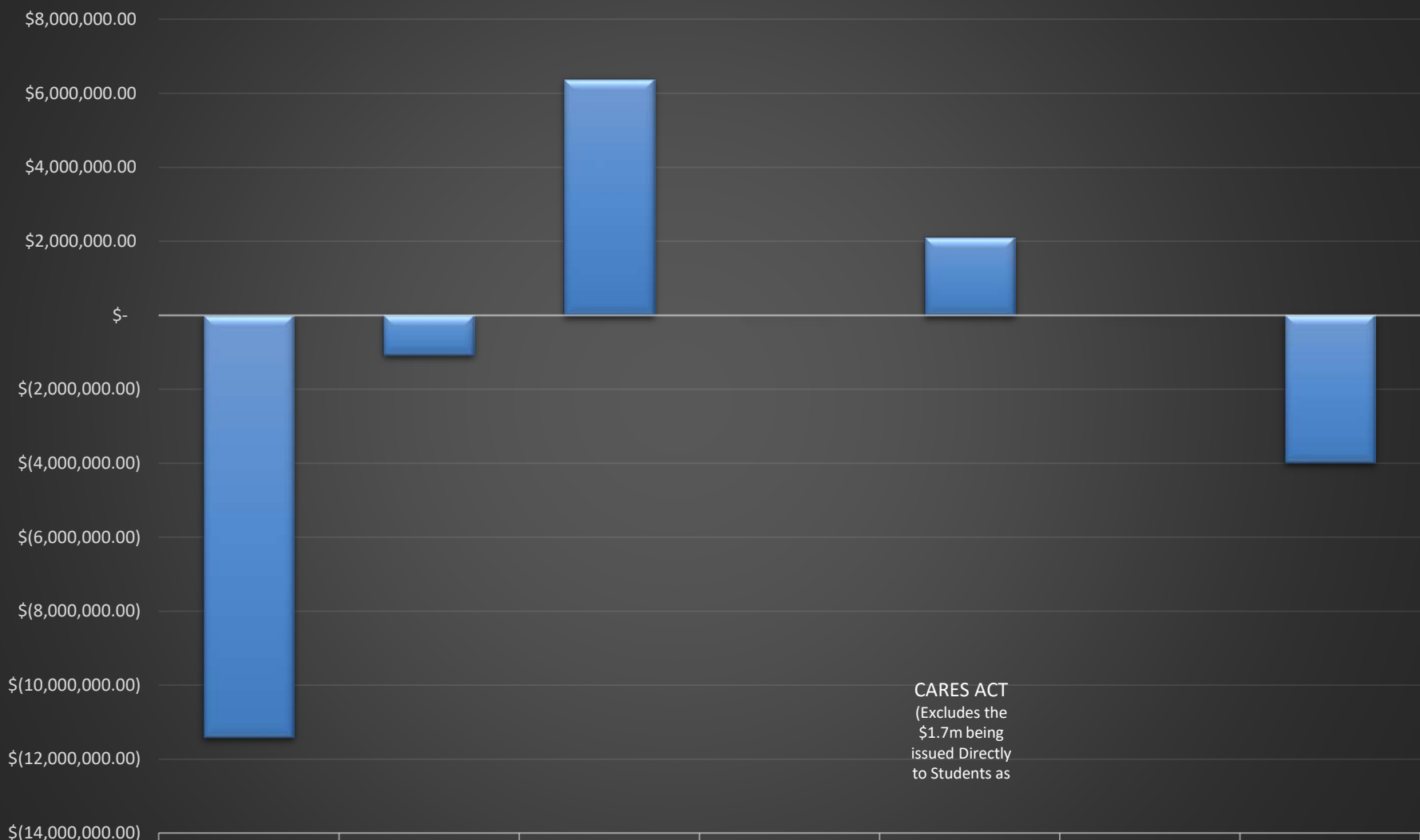
(Updated (1-10-21))

- Updates CAA Funding – \$1.1M to E&G – \$3.4M to Auxiliaries
- Assumes new furlough savings through 3/15 (\$700k in E&G)
- Includes Faculty furloughs (8 days totaling \$650K)
- Includes Hiring Freeze projection for 2 remaining quarters (600k)
- Transfer \$1.9M to return Building Fee loan and cover Childcare Ctr debt
- Outcomes: **9.5% Ending Fund Balance!**
- **CRITICAL** - create as much Fund Balance as possible prior to next two biennia

Education and General (in thousands of dollars)	2019-21 Biennium		
	2019-20 ACTUAL (000's)	2020-21 BUDGET (000's)	2020-21 FY Forecast (000's)
Revenue			
State Appropriations: SSCM	22,696	23,357	23,559
One-time Funding Changes			1,117
Total State Funding (SSCM,ETSF,SELP)	23,074	23,716	25,242
Tuition	39,365	36,945	35,968
Fees	3,167	3,373	2,895
Raider Aid	(3,965)	(3,325)	(3,498)
Oth tuition & fee adjustments			
Tuition, net of Raider Aid	38,567	36,993	35,365
Misc. Other Revenue	2,453	2,145	1,732
TOTAL REVENUES	64,095	62,855	62,339
<u>Personnel Services</u>			
Faculty	(16,083)	(17,419)	(17,419)
Admin	(9,617)	(9,097)	(7,219)
Classified	(6,362)	(6,203)	(5,724)
Student (& Other)	(1,445)	(1,643)	(1,176)
Salaries Total	(33,508)	(34,363)	(31,539)
Retirement (PERS + ORP)	(7,881)	(8,233)	(7,012)
PEBB	(7,312)	(7,613)	(7,110)
Other	(3,275)	(3,432)	(2,692)
OPE	(18,469)	(19,278)	(16,815)
Vacancy Adj.			
Other Adj. to Labor			1,350
Net Personnel	(51,977)	(53,641)	(47,004)
Supplies & Services	(10,477)	(11,683)	(10,533)
Capital Expenses			(174)
Program Investment			
S&S Adjustments			
Total Supplies & Services, Capital Expenses	(10,477)	(11,683)	(10,707)
Cost Reductions and Savings		4,108	
TOTAL EXPENDITURES	(62,454)	(61,216)	(57,710)
Net from Operations Before Transfers	1,641	1,638	4,629
Budgeted Transfers	(1,913)	(1,688)	(1,868)
Transfers Adjustments			(1,900)
NET TRANSFERS	(1,913)	(1,688)	(3,768)
Change in Fund Balance	✓ (273)	(50)	862
Beginning Fund Balance	5,354	5,079	5,081
Ending Fund Balance	5,081	5,029	5,943
% Operating Revenues	7.92%	8.00%	9.53%

COVID Update

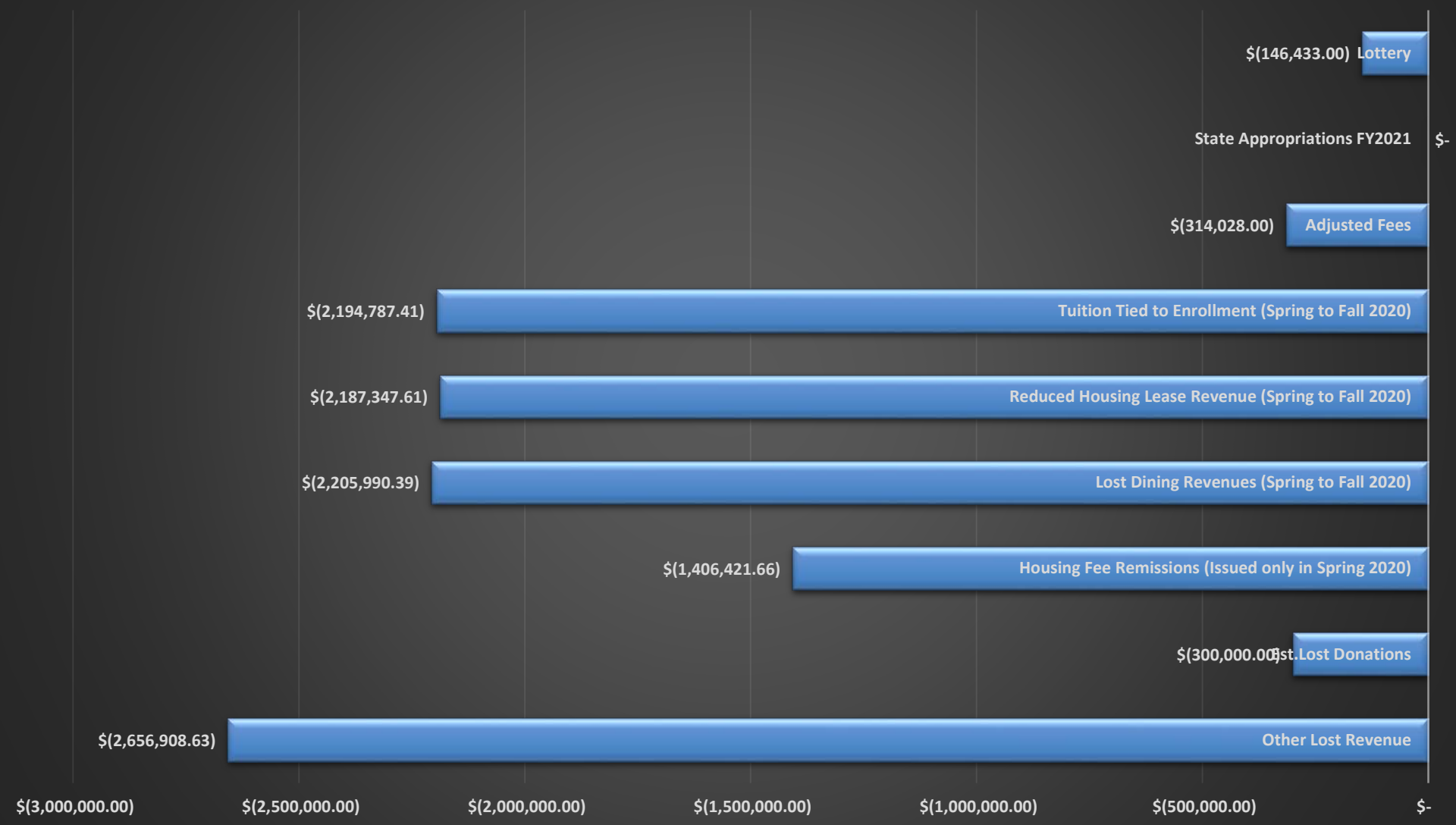
COVID-19 Fiscal Impact
12/31/2020



CARES ACT
(Excludes the \$1.7m being issued Directly to Students as

	Lost Revenues	Added Costs	Cost Avoidance	Insurance Recoveries	Federal Recoveries	State Recoveries	Total Impact
Series1	\$(11,411,916.71)	\$(1,071,232.94)	\$6,393,755.13	\$-	\$2,104,469.00	\$-	\$(3,984,925.51)

**COVID-19 Fiscal Impact
Lost Revenues
12-31-2020**



Wildfire Impact

Almeda and Obenchain Fire Impacts



- Revenue losses (initial FY21 estimate only)
 - Lost tuition/fees and housing & dining revenues \$892k
 - Cost Impacts (initial FY21 estimate)
 - Fire Response Labor Expenses \$475k
 - Restoration of IT firewall (software and hardware) \$225k
 - Building/Safety/Other Costs \$158k
 - \$858k
- FY21 Estimate: **\$1.75M**
- Year 2-6 projected revenue impacts \$3.5M
 - Total projected impact of fires **\$5.25M**

Almeda and Obenchain Fire Impacts



- Pipeline Losses
 - Advanced Southern Credit has lost over 145 FTE students
 - Many Latinx families directly impacted by fires
 - RCC transfers will show a decline from their fires as well

We must work together to restore local pipelines

- Best path for support?
 - ✓ Wildfire Recovery Council
 - Emergency Board
 - Federal Grants

Other Options Still Being Considered to Bring Additional Funding to Campus

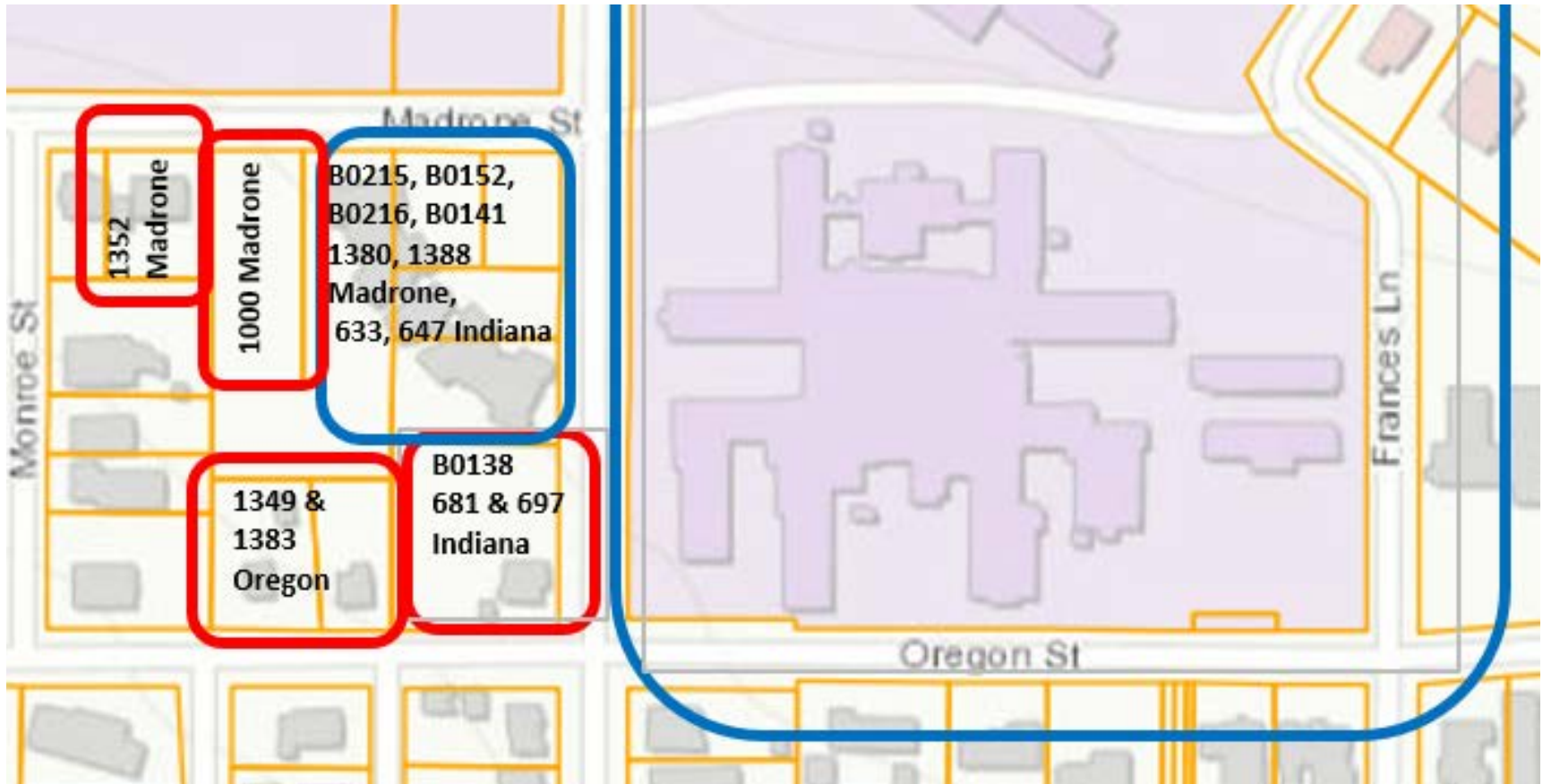
- Federal relief?
- State relief?

State Funding Update

University Properties Task Force

University Properties Task Force

- What is the “highest and best use” of these assets?



Early Retirement Analysis

Understanding Retirement Tiers



Program/Tier	Employer Rate	Normal Retirement Age	Effective Dates
PERS Tier 1	32.81%	58 (or 30-years of service)	Before 1/1/1996
PERS Tier 2	32.81%	60 (or 30-years of service)	
PERS/OPSRP	26.35%	65 (58 with 30-years of service)	After 8/29/03
ORP Tier 1	33.20%	55	Before 1/1/1996
ORP Tier 2	27.20%	55	
ORP Tier 3	9.85%	55	After 8/29/03
ORP Tier 4	12.00%	55	After 7/1/14

Criteria

- 10+ years of service at SOU;
- Retirement Eligible*; and
- At least age 63

*See normal retirement age on previous retirement chart

Why 10+ years?

> 15+ years - least eligible

≥ 10+ years - most eligible

< 10 years - no savings to institution since; incumbents already in newest retirement tiers

Incentive

\$32,400

Value of health benefits for two years until Medicare eligible (age 65), in two installments to off set tax implications

Analysis – 19 Eligible 10 Classified Employees

Current Employee Vacation Pay + Retirement	Incentive Pay	Total Expense	Current Employee Salary + Retirement	Future Employee Salary + OPSRP	Savings
\$62,641.62	\$ 324,000.00	\$ (386,641.62)	\$ 629,311.88	\$ 423,846.13	\$ (181,175.86)

- Assumptions

- Fill vacancy
- Compensate at lowest step on salary range
- Placement at PERS-OPSRP retirement tier
- Factored in annual step increases
- Does not consider economic changes in collective bargaining



	Current	Future	Savings
Year 1	\$ 629,311.88	\$423,846.13	\$ (181,175.86)
Year 2	\$ 636,957.68	\$ 442,017.79	\$ 13,764.03
Year 3	\$ 640,202.49	\$ 460,477.52	\$ 179,724.97
Year 4	\$ 640,202.49	\$ 481,037.19	\$ 159,165.30
Year 5	\$ 640,202.49	\$ 501,475.57	\$ 138,726.92

- Summary

- Yes, savings on labor initially
- Yes, savings on retirement (6.46% for PERS-OPSRP, more for ORP Tier 4)

Analysis Continued – 19 Eligible 9 Administrative Employees

Current Employee Vacation Pay + Retirement	Incentive Pay	Total Expense	Current Employee Salary + Retirement	Future Employee Salary + OPSRP	Savings
\$ 73,960.37	\$ 291,600.00	\$ (365,290.37)	\$ 1,052,034.33	\$ 1,025,466.96	\$ (338,722.99)

- Assumptions

- Fill vacancy
- Compensation remains at current incumbent CUPA market %
- Placement in PERS-OPSRP retirement tier
- Does not consider COLAs

- Summary

- No, savings on labor
- Yes, savings on retirement plan (6.46% for PERS-OPSRP, more for ORP Tier 4)



	Current	Future	Savings
Year 1	\$ 1,052,034.33	\$ 1,025,466.96	\$(338,722.99)
Year 2	\$ 1,052,034.33	\$ 1,025,466.96	\$(312,155.62)
Year 3	\$ 1,052,034.33	\$ 1,025,466.96	\$(285,588.25)
Year 4	\$ 1,052,034.33	\$ 1,025,466.96	\$(259,020.88)
Year 5	\$ 1,052,034.33	\$ 1,025,466.96	\$(232,453.51)
Year 6	\$ 1,052,034.33	\$ 1,025,466.96	\$(205,886.14)
Year 7	\$ 1,052,034.33	\$ 1,025,466.96	\$(179,318.77)
Year 8	\$ 1,052,034.33	\$ 1,025,466.96	\$(152,751.40)
Year 9	\$ 1,052,034.33	\$ 1,025,466.96	\$(126,184.03)
Year 10	\$ 1,052,034.33	\$ 1,025,466.96	\$ (99,616.66)
Year 11	\$ 1,052,034.33	\$ 1,025,466.96	\$ (73,049.29)
Year 12	\$ 1,052,034.33	\$ 1,025,466.96	\$ (46,481.92)
Year 13	\$ 1,052,034.33	\$ 1,025,466.96	\$ (19,914.55)
Year 14	\$ 1,052,034.33	\$ 1,025,466.96	\$ 6,652.82
Year 15	\$ 1,052,034.33	\$ 1,025,466.96	\$ 33,220.20
Year 16	\$ 1,052,034.33	\$ 1,025,466.96	\$ 59,787.57
Total	\$ 16,832,549.30	\$ 16,407,471.37	

Summary

- Excludes COLAs and cost to recruit, advertise, moving and relocation reimbursements, interviewing, etc.
- Classified savings realized at year 3; salary savings diminish due to annual step increases
- Administrative savings realized at year 15
- Combined savings realized at year 5
- Savings will eventually top out at about \$101,000 annually (equivalent to about 1 to 2 positions)

	Classified Savings	Administrative Savings	Accumulative Combined Savings
Year 1	\$ 205,465.75	\$ 26,567.37	\$ (519,898.86)
Year 2	\$ 194,939.89	\$ 26,567.37	\$ (298,391.60)
Year 3	\$ 179,724.97	\$ 26,567.37	\$ (92,099.26)
Year 4	\$ 159,165.30	\$ 26,567.37	\$ 93,633.41
Year 5	\$ 138,726.92	\$ 26,567.37	\$ 165,294.29
Year 6	\$ 125,726.92	\$ 26,567.37	\$ 152,294.29
Year 7	\$ 112,726.92	\$ 26,567.37	\$ 139,294.29
Year 8	\$ 99,726.92	\$ 26,567.37	\$ 126,294.29
Year 9	\$ 86,726.92	\$ 26,567.37	\$ 113,294.29
Year 10	\$ 73,726.92	\$ 26,567.37	\$ 100,294.29
Year 11	\$ 74,482.62	\$ 26,567.37	\$ 101,049.99
Year 12	\$ 74,482.62	\$ 26,567.37	\$ 101,049.99
Year 13	\$ 74,482.62	\$ 26,567.37	\$ 101,049.99
Year 14	\$ 74,482.62	\$ 26,567.37	\$ 101,049.99
Year 15	\$ 74,482.62	\$ 26,567.37	\$ 101,049.99
Year 16	\$ 74,482.62	\$ 26,567.37	\$ 101,049.99

North Campus Village Refinancing

Refinancing North Campus Village Bonds

- Liquidity
- Cash Flow
- Accelerate savings to develop Reserves; enabling recovery of COVID-19 losses



INTRODUCTION

The Project

- Financed with the proceeds of the Oregon Facilities Authority (“OFA”) Student Housing Revenue Bonds (CHF-Ashland, L.L.C. – Southern Oregon University Project), Series 2012 (the “Series 2012 Bonds”), Raider Village (the “Project”) opened for the Fall of 2013 and provides 700-beds of on campus housing and a related community center on the campus of Southern Oregon University (“SOU” or the “University”) in Ashland.
 - CHF-Ashland, L.L.C. (the “Borrower”), the sole member of which is Collegiate Housing Foundation, owns the Project.
 - The University is the property manager.

The Ground Lease

- The Project is located on SOU’s campus on land leased by the University to the Borrower through 2052.
- The Ground Lease contains certain provisions from SOU in support of the operation of the Project, including an agreement to maintain its freshmen “live on” requirement and a “first fill” to support occupancy at the Project.
- At the end of the term of the ground lease, ownership of the Project will transfer to the University.

The Refunding Plan

- In order to provide debt service relief during the pandemic, the Borrower is seeking to advance refund the outstanding Series 2012 Bonds.
 - OFA will issue approximately \$45 million* of taxable bonds to fund (along with existing funds on hand) (i) the defeasance escrow for the Series 2012 Bonds, (ii) a deposit to the Debt Service Reserve Fund, (iii) capitalized interest, (iv) the cost of the bond insurance policy from AGM and (v) issuance costs.
 - The proposed refunding is structured with accelerated savings during fiscal years ending June 30, 2021, 2022 and 2023 and would be issued with an extension in the final maturity to July 1, 2047, which is three years past the current final maturity.



* Preliminary, subject to change

FINANCING SUMMARY

Key Assumptions

- Unit Mix comprised of 206 units with 702 beds;
- Assumed vacancy rate of 43.4% for fiscal year 2021 and 5% thereafter;
- Revenues and expenses escalating at a rate of 3% annually; and
- No distribution from the Surplus Fund until the audits for each fiscal year through June 30, 2023 show compliance with all covenants
 - ↳ Annually, if the Surplus Fund balance is in excess of maximum annual debt service during the interest-only period, the difference may be distributed to SOU

Temporary COVID-19 Waivers & Allowances

(In effect until June 30, 2021)

- Waiver of SOU's obligations to assign all students on first priority basis to the Project and to require freshmen to live on-campus (*Ground Lease Amendment Section 9*)
- Waiver of 1.20x Rate Covenant (*Loan Agreement Section 8.06*)
 - ↳ AG retains right to require that a consultant be hired if actual DSCR for 2020/21 Annual Period is below 1.0x
- Waiver of requirement to prepare a 2020/21 Annual Budget that projects meeting a 1.20x (*Loan Agreement Section 8.07*)
- Allow the Project to permit partial refunds to tenants provided that the Rider to the lease is only to be given to students who request a rent deferment and is not otherwise to be widely distributed on-campus (*Ground Lease Amendment Section 9*)
 - ↳ Deferrals must comply with the agreed upon temporary Housing Guidelines and refunds are only payable from available Surplus Funds
- Waiver of Manager requirement to set housing rental rates in an amount sufficient to meet a 1.20x (*Loan Agreement Section 8.06*)
 - ↳ Rental rates can be no less than the prior fiscal year adjusted for inflation
- Allow students the ability to defer their obligation under their lease until the succeeding term and receive a refund of any rent paid either at the time of housing assignment or if they make the election within 14 days after moving into the Project (in which case the students are charged a pro rata amount of 14 days rent) (*Ground Lease Amendment Section 9*)
 - ↳ Deferring students must vacate the unit, the school must make the unit immediately available to other students and must communicate to the student that, upon the student's return, there is no guarantee that any housing will be available
 - ↳ Limited cancellations or deferments are permitted for medical exemptions or upon a COVID-19 outbreak having been declared by SOU
- If the COVID-19 circumstances are continuing to effect the Project after June 30, 2021, SOU may request an extension of the temporary waiver and the application of the Temporary Housing Guidelines if a sufficient balance is then on deposit in the Surplus Fund, subject to AG's approval

TRANSACTION SUMMARY

Project Overview

Project:	Raider Village 702-Bed Student Housing and Community Center
Location:	On-Campus
Owner:	CHF-Ashland, L.L.C.
Manager:	SOU
Ground Lease Term:	31 Years
Project Opening:	Fall 2013
Occupancy Rates:	
Fall 2019	96.3%
Spring 2020	84.2%
Fall 2020	59.5%
2020 Coverage:	1.64x

Financing Projections*

Par Amount:	\$45,485,000
Interest Mode:	Fixed Rate
Tax Status:	Taxable
Term:	26 years
Security:	Project Financing Enhanced with Bond Insurance
Bond Insurer:	Assured Guaranty
Insured Ratings:	A2 / AA
Underlying Ratings:	Baa3 / BBB-
True Interest Cost (TIC):	4.86%
Projected Coverage:	Minimum 1.60x
Pricing Date:	January 27, 2021
Closing Date:	February 4, 2021

Taxable Advance Refunding

The 2021 Series A Bonds are being issued to advance refund the Outstanding Bonds to provide the Project debt service relief during the pandemic.

Outstanding Bonds: Oregon Facilities Authority Student Housing Revenue Bonds (CHF-Ashland, L.L.C. – Southern Oregon University Project), Series 2012

Uses of Refunding Proceeds: Proceeds of the 2021 Series A Bonds (along with existing funds on hand) will be use to fund (i) the defeasance escrow for the Series 2012 Bonds, (ii) a deposit to the Debt Service Reserve Fund, (iii) capitalized interest, (iv) the cost of the bond insurance policy from AGM and (v) issuance costs.

Refunding Structure: The proposed refunding is structured with accelerated savings in 2021, 2022 and 2023 with an extension in the final maturity to July 1, 2047, which is three years past the current final maturity.

The University

- Founded in 1872, SOU is a four-year public university specializing in liberal arts, sciences and select graduate and professional programs.
- Total headcount enrollment at SOU in fall 2020 was 4,850 students, consisting of 4,273 (88.1%) undergraduate students and 577 (11.9%) graduate students.
- COVID-19: In the Fall term, 88% of courses transitioned to distance learning.

The Ground Lease

- The Project is located on SOU’s campus on land leased by the University to the Borrower through 2052.
- The Ground Lease contains certain provisions from SOU in support of the operation of the Project, including an agreement to maintain its freshmen “live on” requirement and a “first fill” to support occupancy at the Project.
- At the end of the term of the ground lease, ownership of the Project will transfer to the University.

Cash Flow Forecast*

Fiscal Year Ending June 30,	2021	2022	2023	2024	2025	2026
Projected Average Occupancy	56.7%	95.0%	95.0%	95.0%	95.0%	95.0%
Net Rental Revenue	\$3,804,163	\$6,570,248	\$6,767,355	\$6,970,376	\$7,179,487	\$7,394,872
Other Income	120,000	123,600	127,308	131,127	135,061	139,113
Total Revenues	\$3,924,163	\$6,693,848	\$6,894,663	\$7,101,503	\$7,314,548	\$7,533,985
Operating Expenses	\$1,799,088	\$2,127,467	\$2,191,291	\$2,257,030	\$2,324,741	\$2,394,483
Net Operating Income	\$2,125,075	\$4,566,381	\$4,703,372	\$4,844,473	\$4,989,807	\$5,139,501
Annual Debt Service	932,500	2,020,413	2,020,413	3,025,413	3,117,750	3,211,025
Debt Service Coverage	2.28	2.26	2.33	1.60	1.60	1.60
Break-Even Occupancy	38.89%	58.19%	57.34%	70.21%	70.23%	70.23%
Retained Ground Rent	1,747,816	2,020,413	2,020,413	0	0	0
Adjusted Debt Service Coverage	4.15	3.26	3.33	1.60	1.60	1.60
Capital Reserve Deposits	155,623	160,292	165,100	170,053	175,155	180,410
Capital Reserve Balance	1,109,485	1,269,777	1,434,877	1,604,931	1,780,086	1,960,495
Surplus Cash Flow	\$1,036,952	\$2,385,676	\$2,517,859	\$1,649,007	\$1,696,902	\$1,748,067
Additional Holdback	272,597	0	0	0	0	0
Payable Ground Rent	\$764,355	\$2,385,676	\$2,517,859	\$1,649,007	\$1,696,902	\$1,748,067



* Preliminary, subject to change

Budget Forecast

21 – 23 Biennium

0% Resident tuition increase

- Updates SSCM funding to latest published release
- 0% Resident increase
- 5% Non-resident increase
- 3% Labor Increases
- PEBB rates ‘holding steady’
- PERS rates increased
- Outcomes: if we hold tuition down and allow labor increases, creates a **\$3M disconnect**

	2019-20	2020-21	2021-22	2022-23
	ACTUAL	FY Forecast	FORECAST	FORECAST
	(000's)	(000's)	(000's)	(000's)
Education and General				
<i>(in thousands of dollars)</i>				
Revenue				
State Appropriations: SSCM	22,696	23,559	23,958	24,936
<i>One-time Funding Changes</i>		1,117		
Total State Funding (SSCM,ETSF,SELP)	23,074	25,242	24,336	25,313
Tuition	39,365	35,968	41,454	44,813
Fees	3,167	2,895	3,627	3,921
Raider Aid	(3,965)	(3,498)	(4,057)	(4,386)
<i>Oth tuition & fee adjustments</i>				
Tuition, net of Raider Aid	38,567	35,365	41,024	44,348
Misc. Other Revenue	2,453	1,732	1,771	1,811
TOTAL REVENUES	64,095	62,339	67,131	71,472
Personnel Services				
Faculty	(16,083)	(17,419)	(17,615)	(18,418)
Admin	(9,617)	(7,219)	(9,798)	(10,062)
Classified	(6,362)	(5,724)	(7,030)	(7,270)
Student (& Other)	(1,445)	(1,176)	(1,746)	(1,801)
Salaries Total	(33,508)	(31,539)	(36,189)	(37,551)
Retirement (PERS + ORP)	(7,881)	(7,012)	(9,362)	(9,714)
PEBB	(7,312)	(7,110)	(7,466)	(7,839)
Other	(3,275)	(2,692)	(3,089)	(3,205)
OPE	(18,469)	(16,815)	(19,917)	(20,759)
<i>Vacancy Adj.</i>				
<i>Other Adj. to Labor</i>		1,350		
Net Personnel	(51,977)	(47,004)	(56,106)	(58,310)
Supplies & Services	(10,477)	(10,533)	(11,946)	(12,245)
Capital Expenses		(174)		
<i>Program Investment</i>				
<i>S&S Adjustments</i>				
Total Supplies & Services, Capital Expenses	(10,477)	(10,707)	(11,946)	(12,245)
Cost Reductions and Savings			As Modeled	As Modeled
TOTAL EXPENDITURES	(62,454)	(57,710)	(68,052)	(70,555)
Net from Operations Before Transfers	1,641	4,629	(921)	918
Budgeted Transfers	(1,913)	(1,868)	(2,143)	(2,227)
<i>Transfers Adjustments</i>		(1,900)		
NET TRANSFERS	(1,913)	(3,768)	(2,143)	(2,227)
Change in Fund Balance	✓ (273)	862	(3,064)	(1,309)
Beginning Fund Balance	5,354	5,081	5,943	2,879
Ending Fund Balance	5,081	5,943	2,879	1,570
% Operating Revenues	7.92%	9.53%	4.29%	2.20%

21 – 23 Biennium

3% Resident tuition increase

- Updates SSCM funding to latest published release
- 3% Resident increase
- 5% Non-resident increase
- 3% Labor Increases
- PEBB rates ‘holding steady’
- PERS rates increased
- Outcomes: if we hold tuition down and allow labor increases, creates a **\$1.9M disconnect**

	2019-20	2020-21	2021-22	2022-23
	ACTUAL	FY Forecast	FORECAST	FORECAST
	(000's)	(000's)	(000's)	(000's)
Education and General				
<i>(in thousands of dollars)</i>				
Revenue				
State Appropriations: SSCM	22,696	23,559	23,958	24,936
<i>One-time Funding Changes</i>		1,117		
Total State Funding (SSCM,ETSF,SELP)	23,074	25,242	24,336	25,313
Tuition	39,365	35,968	42,605	45,945
Fees	3,167	2,895	3,728	4,020
Raider Aid	(3,965)	(3,498)	(4,170)	(4,497)
<i>Oth tuition & fee adjustments</i>				
Tuition, net of Raider Aid	38,567	35,365	42,163	45,469
Misc. Other Revenue	2,453	1,732	1,771	1,811
TOTAL REVENUES	64,095	62,339	68,270	72,593
Personnel Services				
Faculty	(16,083)	(17,419)	(17,615)	(18,418)
Admin	(9,617)	(7,219)	(9,798)	(10,062)
Classified	(6,362)	(5,724)	(7,030)	(7,270)
Student (& Other)	(1,445)	(1,176)	(1,746)	(1,801)
Salaries Total	(33,508)	(31,539)	(36,189)	(37,551)
Retirement (PERS + ORP)	(7,881)	(7,012)	(9,362)	(9,714)
PEBB	(7,312)	(7,110)	(7,466)	(7,839)
Other	(3,275)	(2,692)	(3,089)	(3,205)
OPE	(18,469)	(16,815)	(19,917)	(20,759)
<i>Vacancy Adj.</i>				
<i>Other Adj. to Labor</i>		1,350		
Net Personnel	(51,977)	(47,004)	(56,106)	(58,310)
Supplies & Services	(10,477)	(10,533)	(11,946)	(12,245)
Capital Expenses		(174)		
<i>Program Investment</i>				
<i>S&S Adjustments</i>				
Total Supplies & Services, Capital Expenses	(10,477)	(10,707)	(11,946)	(12,245)
Cost Reductions and Savings			As Modeled	As Modeled
TOTAL EXPENDITURES	(62,454)	(57,710)	(68,052)	(70,555)
Net from Operations Before Transfers	1,641	4,629	218	2,038
Budgeted Transfers	(1,913)	(1,868)	(2,143)	(2,227)
<i>Transfers Adjustments</i>		(1,900)		
NET TRANSFERS	(1,913)	(3,768)	(2,143)	(2,227)
Change in Fund Balance	✓ (273)	862	(1,925)	(189)
Beginning Fund Balance	5,354	5,081	5,943	4,018
Ending Fund Balance	5,081	5,943	4,018	3,829
% Operating Revenues	7.92%	9.53%	5.89%	5.27%

21 – 23 Biennium

4.9% Resident tuition increase

- Updates SSCM funding to latest published release
- 4.9% Resident increase
- 5% Non-resident increase
- 3% Labor Increases
- PEBB rates ‘holding steady’
- PERS rates increased
- Outcomes: if we hold tuition down and allow labor increases, creates a **\$1.2M disconnect**

	2019-21 Biennium		2021-23 Biennium	
Education and General (in thousands of dollars)	2019-20 ACTUAL (000's)	2020-21 FY Forecast (000's)	2021-22 FORECAST (000's)	2022-23 FORECAST (000's)
Revenue				
State Appropriations: SSCM	22,696	23,559	23,958	24,936
<i>One-time Funding Changes</i>		1,117		
Total State Funding (SSCM,ETSF,SELP)	23,074	25,242	24,336	25,313
Tuition	39,365	35,968	43,368	46,692
Fees	3,167	2,895	3,795	4,086
Raider Aid	(3,965)	(3,498)	(4,245)	(4,570)
<i>Oth tuition & fee adjustments</i>				
Tuition, net of Raider Aid	38,567	35,365	42,918	46,207
Misc. Other Revenue	2,453	1,732	1,771	1,811
TOTAL REVENUES	64,095	62,339	69,024	73,332
Personnel Services				
Faculty	(16,083)	(17,419)	(17,615)	(18,418)
Admin	(9,617)	(7,219)	(9,798)	(10,062)
Classified	(6,362)	(5,724)	(7,030)	(7,270)
Student (& Other)	(1,445)	(1,176)	(1,746)	(1,801)
Salaries Total	(33,508)	(31,539)	(36,189)	(37,551)
Retirement (PERS + ORP)	(7,881)	(7,012)	(9,362)	(9,714)
PEBB	(7,312)	(7,110)	(7,466)	(7,839)
Other	(3,275)	(2,692)	(3,089)	(3,205)
OPE	(18,469)	(16,815)	(19,917)	(20,759)
<i>Vacancy Adj.</i>				
<i>Other Adj. to Labor</i>		1,350		
Net Personnel	(51,977)	(47,004)	(56,106)	(58,310)
Supplies & Services	(10,477)	(10,533)	(11,946)	(12,245)
Capital Expenses		(174)		
<i>Program Investment</i>				
<i>S&S Adjustments</i>				
Total Supplies & Services, Capital Expenses	(10,477)	(10,707)	(11,946)	(12,245)
Cost Reductions and Savings			As Modeled	As Modeled
TOTAL EXPENDITURES	(62,454)	(57,710)	(68,052)	(70,555)
Net from Operations Before Transfers	1,641	4,629	973	2,777
Budgeted Transfers	(1,913)	(1,868)	(2,143)	(2,227)
<i>Transfers Adjustments</i>		(1,900)		
NET TRANSFERS	(1,913)	(3,768)	(2,143)	(2,227)
Change in Fund Balance	✓ (273)	862	(1,170)	550
Beginning Fund Balance	5,354	5,081	5,943	4,772
Ending Fund Balance	5,081	5,943	4,772	5,322
% Operating Revenues	7.92%	9.53%	6.91%	7.26%

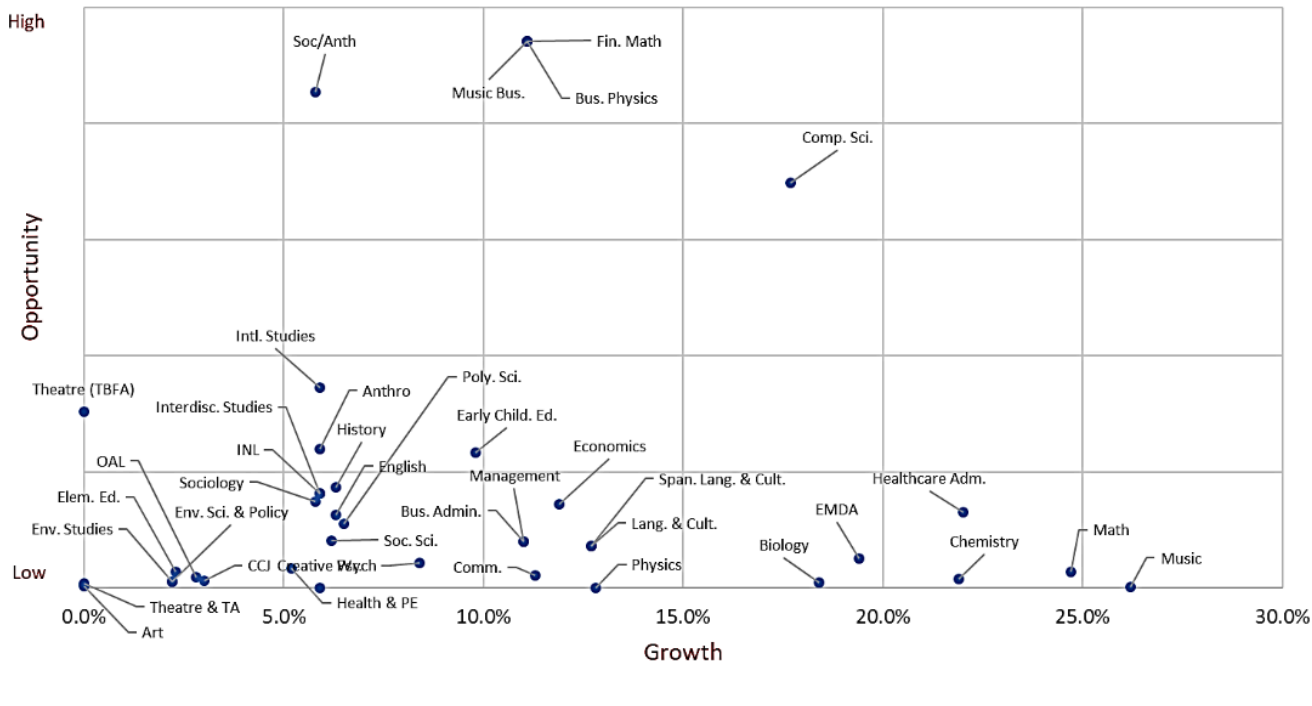
Enrollment Expansion

- Lead Generation (new and existing markets)
 - Cappex
 - ACT, SAT
- Kings
- Adult leads
 - Registration process improvements
 - New website
 - Certificates and badges
- Transfer
 - Raider Transfer Program
- Southern Oregon Education Leadership Council
 - Information share agreement
 - Southern Oregon College Access Network

Enrollment Expansion

- New Academic Programs
- Future Potential Programs

Opportunity vs. Growth Undergraduate Programs



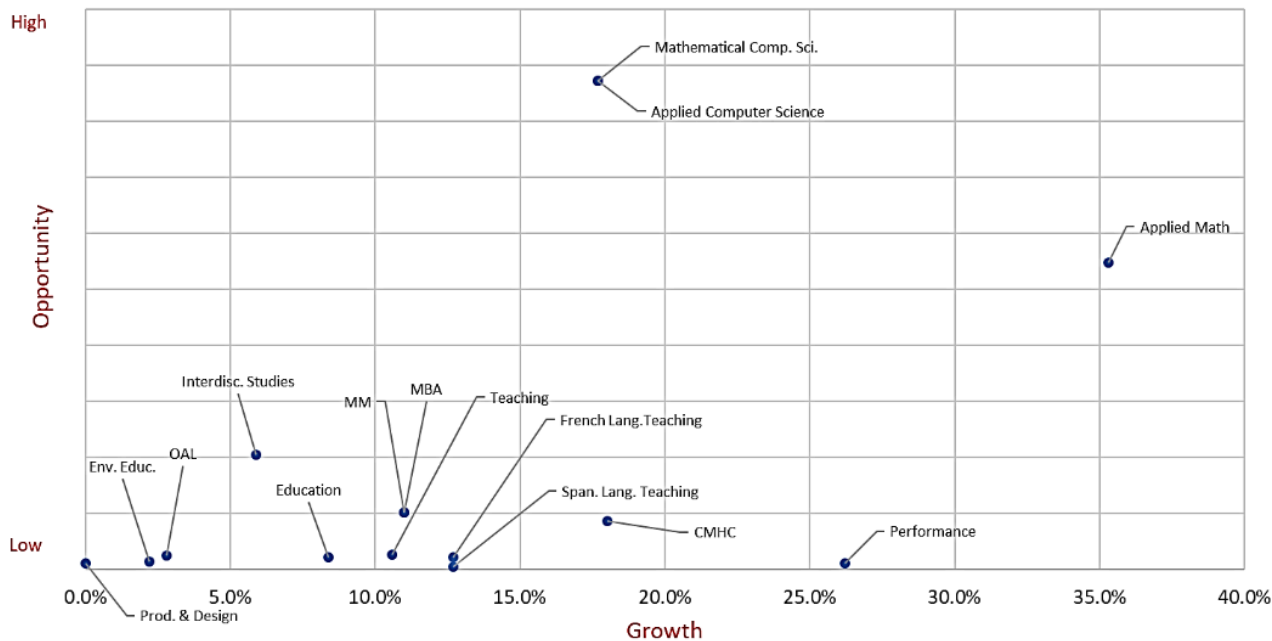
UG Programs		
Program	Growth	Opportunity Index
Fin. Math	11.1%	235.3
Music Bus.	11.1%	235.3
Bus. Physics	11.1%	235.3
Soc/Anth	5.8%	213.5
Comp. Sci.	17.7%	174.5
Intl. Studies	5.9%	86.1
Theatre (TBFA)	0.0%	75.8
Anthro	5.9%	59.9
Early Child. Ed.	9.8%	58.2
History	6.3%	43.4
INL	5.9%	40.8
Interdisc. Studies	5.9%	40.8
Healthcare Adm.	22.0%	32.7
Economics	11.9%	36.1
Sociology	5.8%	37.1
English	6.3%	31.4
Poly. Sci.	6.5%	27.4
Bus. Admin.	11.0%	20.1
Management	11.0%	20.1
Lang. & Cult.	12.7%	18.0
Span. Lang. & Cult.	12.7%	18.0
Soc. Sci.	6.2%	20.2
EMDA	19.4%	12.7
Math	24.7%	7.0
Psych	8.4%	10.9
Chemistry	21.9%	3.9
Health & PE	5.2%	8.4
Music	26.2%	0.5
Comm.	11.3%	5.3
Biology	18.4%	2.1
Elem. Ed.	2.3%	6.9
OAL	2.8%	4.7
Physics	12.8%	0.1
CCJ	3.0%	3.0
Env. Sci. & Policy	2.2%	2.7
Env. Studies	2.2%	2.7
Theatre & TA	0.0%	1.9
Art	0.0%	0.6
Creative Wr.	5.9%	NA

Opportunity scale: Index of job postings per degrees awarded within the state of Oregon only

Expected Growth scale: Burning Glass' projected growth between 2012 and 2026

NA: Burning Glass' data had either no job postings or degree information for this program.

Opportunity vs. Growth Graduate Programs



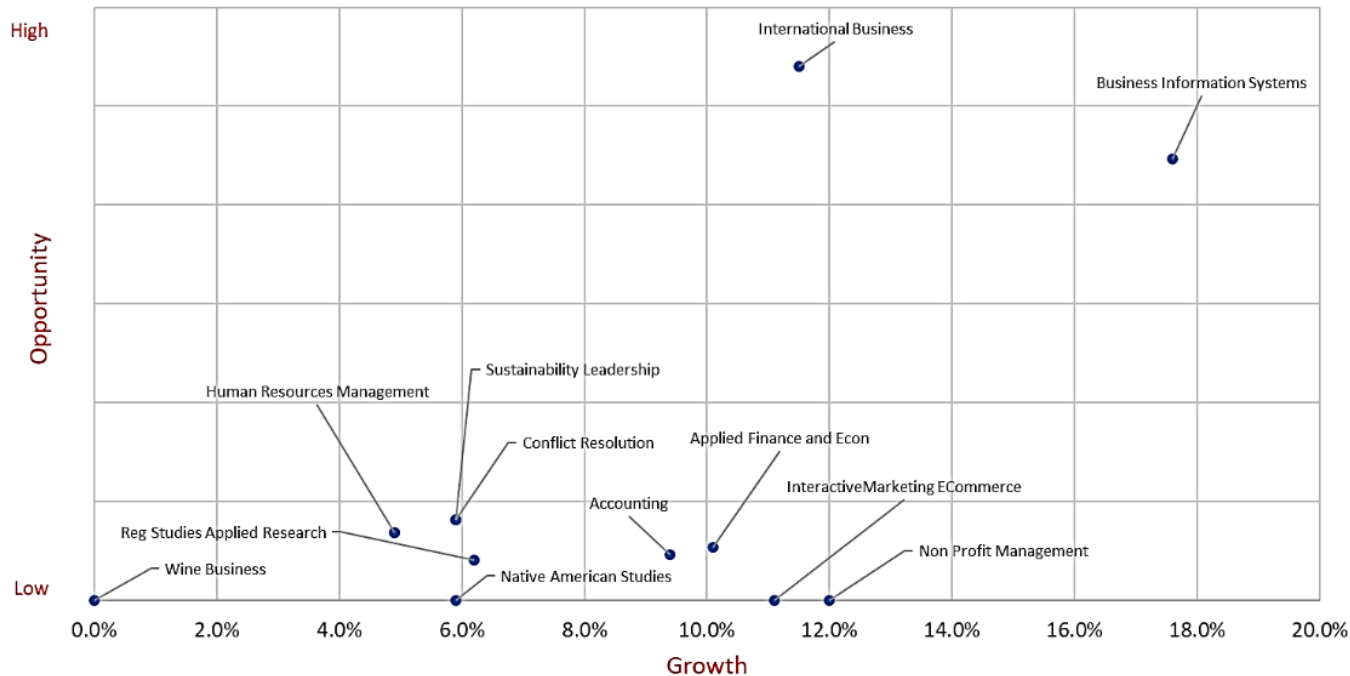
GR Programs		
Program	Growth	Opportunity Index
Applied Computer Science	17.7%	174.5
Mathematical Comp. Sci.	17.7%	174.5
Applied Math	35.3%	109.5
CMHC	18.0%	17.1
Interdisc. Studies	5.9%	40.8
MBA	11.0%	20.1
MM	11.0%	20.1
Performance	26.2%	2.0
French Lang. Teaching	12.7%	4.1
Education	8.4%	4.1
OAL	2.8%	4.7
Span. Lang. Teaching	12.7%	0.8
Teaching	10.6%	5.0
Env. Educ.	2.2%	2.7
Prod. & Design	0.0%	1.9

Opportunity scale: Index of job postings per degrees awarded within the state of Oregon only

Expected Growth scale: Burning Glass' projected growth between 2012 and 2026

NA: Burning Glass' data had either no job postings or degree information for this program.

Opportunity vs. Growth Certificate Programs



CERT Programs		
Program	Growth	Opportunity Index
International Business	11.5%	270.3
Business Information Systems	17.6%	223.2
Conflict Resolution	5.9%	40.8
Sustainability Leadership	5.9%	40.8
Management of Human Resources	4.9%	34.3
Human Resources Management	4.9%	34.3
Applied Finance and Econ	10.1%	26.9
Accounting	9.4%	23.2
Reg Studies Applied Research	6.2%	20.2
Wine Business	0.0%	NA
Native American Studies	5.9%	NA
Non Profit Management	12.0%	NA
InteractiveMarketing ECommerce	0.111	NA

Opportunity scale: Index of job postings per degrees awarded within the state of Oregon only

Expected Growth scale: Burning Glass' projected growth between 2012 and 2026

Future Meetings

Adjournment