

## TREASURER'S REPORT

1. **Division and Department:** Finance and Administration, Budget and Financial Planning, Treasury Management, and Facilities Management
2. **General Fund Budget Performance:** Oakland University's (University) FY2017 full-year enrollment is projected to be slightly lower than budget, while tuition revenue projections are comparable to budget due to an increase in student credit hours. Monthly State appropriation payments, \$4,538,245, are being received according to State of Michigan's Public Act 249 of 2016. General Fund expenditures are tracking consistent with budget and historical spending patterns at this point in the fiscal year, with no major spending variances in any division or unit.

A monthly budget monitoring process managed by the Office of Budget and Financial Planning helps ensure budget management accountability.

3. **Investment Performance:** A summary of the results of the University's working capital and endowment investment activities is presented in Attachments A and B.

Investment performance associated with the working capital pool for the quarter ended September 30, 2016 was mixed. Equity performance was off from benchmark, while fixed income investments outperformed respective benchmarks for the quarter.

The endowment portfolio realized positive investment income for the September 30 quarter end, earning nearly 3.6% for the quarter. The University's total endowment balance increased by more than \$7 million from the September 30, 2015 balance.

Liquidity of both the working capital and endowment investments remains strong. The University's investments are being managed according to the Board's policies and approvals.

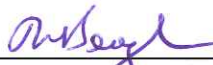
The University's Investment Advisors continue to adhere to a long-term investment strategy that focuses on outperforming identified benchmarks over time. The Advisors will make their annual presentations to the Board at the October 24, 2016 Formal Session.

4. **Debt Management:** The *Capital Debt Report, September 30, 2016* (Attachment C) shows the University's outstanding principal, rate of interest, weighted average cost of capital, type of debt, annual debt service, maturity, and purpose of each debt issuance, and information about the University's two swap arrangements. The University's debt, which has a weighted average cost of capital of 3.662%, is being managed according to the Board's policies and approvals.

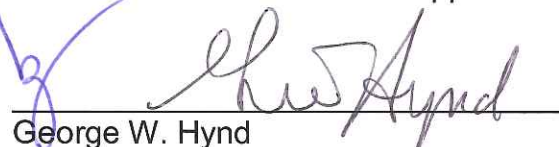
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5. **Construction Report:** The *Construction Report, September 30, 2016* (Attachment D) includes budget information, source of funding, forecasted final costs, and comments for all ongoing capital projects over \$500,000, as required by Board policy. All projects have been properly approved and are within budget.
6. **University Reviews/Approvals:** The Treasurer's Report and attachments were prepared by the Office of Budget and Financial Planning, Treasury Management, and Facilities Management, and reviewed by the Treasury Committee, Vice President for Finance and Administration and Treasurer to the Board of Trustees, and President.
7. **Attachments:**
- A. UBS Board Report, October 24, 2016
  - B. Commonfund Treasury+ Quarterly Investment Report, September 30, 2016
  - C. Capital Debt Report, September 30, 2016
  - D. Construction Report, September 30, 2016

Submitted to the President  
on 10/21, 2016 by

  
\_\_\_\_\_  
John W. Beaghan  
Vice President for Finance and Administration  
and Treasurer to the Board of Trustees

Recommended on 10/20, 2016  
to the Board of Trustees for Approval

  
\_\_\_\_\_  
George W. Hynd  
President



October 24, 2016

Presented By:

UBS Financial Services Inc.  
*The Wealth Strategy Group*

Rebecca Sorensen, CFP®, CIMA®  
Senior Vice President-Wealth Management  
Institutional Consultant

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Senior Vice President - Wealth Management  
Senior Portfolio Manager

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First Vice President-Wealth Management  
Senior Portfolio Manager



## Oakland University Endowment Market Overview

### Recap of the Fiscal Year ended June 2016

The one year period ended June 2016 was a difficult one for most investors. Throughout the year, markets were faced with a litany of worries: concern over China, the slumping price of oil, Brexit, an upcoming and troubling US presidential election, and uncertainty over the path of the US Federal Reserve policy makers.

Positive returns for this period were primarily limited to US Large Cap equities whose indices posted only modest returns with the S&P 500 and Russell 1000 benchmarks up 3.99% and 2.93%, respectively. US Small Cap markets represented by the Russell 2000 lost -6.73%. International markets incurred larger losses with MSCI EAFE down -9.72% and MSCI Emerging Markets off -11.71%.

Oakland University's endowment posted a loss for the period of -1.39%, in line with other endowments and non-profit organizations of similar size. The calendar second and third quarters of 2016 brought a turnaround in the markets and a positive investment return in the endowment portfolio.

### Third Quarter Calendar 2016

#### The Good

As we move into the last quarter of the calendar year, we maintain a preference for US Equities, Emerging Market Equities, and Corporate Fixed Income. We expect U.S. equity earnings growth of 3% this year and as much as 6.5% next year.

We have moved to an underweight recommendation for international developed markets and have decreased our suggested allocation to US Government bonds and international fixed income. We believe that US equities are less expensive, less vulnerable, and have greater upside than fixed income, especially Government bonds. We believe that Government bonds may be vulnerable to falling prices.

We also see opportunities in Emerging Markets as their currencies rally, economies continue to gain momentum, and profits begin to stabilize.

#### The Not So Good

Stocks and bonds have become increasingly correlated, more so than they have been in the last eight years, causing investors to experience greater exposure to short-term volatility.

We anticipate an interest rate hike in December but do not expect that the overall loose global monetary conditions we now experience to end anytime soon. We also believe that Fed Chair

Janet Yellen will continue to take a cautious policy stance. The ten-year U.S. treasury yield has increased 35 basis points from the July low, causing negative returns on government bonds. We see some risk of sharp drawdowns in fixed income valuations if interest rates were to rise quickly.

### **Part of the Solution**

We continue to believe that alternative investments, primarily hedge funds and private equity, are additive to long-term portfolios and should be considered as a way to broaden diversification and to reduce the risk of the increased correlation of stocks and bonds. Hedge fund return expectations have been tempered since the financial crisis and subsequent Fed intervention but continue to be a vital part of a well-diversified portfolio.

The hedge funds held within the Oakland University Endowment portfolio are broadly diversified and are all top quartile ranked. When viewed over a five year time horizon, the length of time since OU first invested in alternative investments, the funds have provided returns exceeding that provided by the fixed income allocation.

We recently added a second Private Equity Allocation as the first position managed by Neuberger Berman is close to its end date. The Neuberger Berman investment provided an IRR of approximately 11% annually since inception to the University. We are optimistic about the opportunities of the new manager, Portfolio Advisors, which focuses on buyout, special situations, and venture capital.

Over the past fifteen months we have made a number of changes to the portfolio, replacing underperforming managers in the areas of small and mid-cap growth and commodities and natural resources and eliminating the allocation to global fixed income.

### **The Ugly**

Most Americans are pessimistic with only 31% of those polled believing our country is headed in the right direction. The majority believe we are on the wrong track. This is evident in the continued interest of investors to hold significant cash and low yielding bonds as "safe havens." Concern continues over the upcoming election, with voters choosing the candidate they see as "least negative." We believe that a Clinton win is priced into the markets. A Trump victory may cause significant short-term volatility.

UBS believes that the House of Representatives is likely to remain Republican but the Senate is more difficult to call at this point.

We believe the best defense is to maintain a well-diversified portfolio and continue to take a long-term outlook.



## Oakland University Endowment Review - Periods Ending June 30 and September 30, 2016

Manager	September 30, 2016 (QTR end)			June 30, 2016 (Fiscal year)		
	Value	Category		Value	Category	
		% Alloc	Return		% Alloc	Return
Bahl & Gaynor SMA LCV	\$ 5,668,039	6.6%	1.14%	\$ 5,153,692	6.3%	8.65%
Sun America MF LCV	8,916,818	10.4%	3.41%	8,623,124	10.5%	6.71%
Alger MF LCG	2,729,309	3.2%	6.11%	2,572,185	3.1%	-3.80%
S&P 500 SPDR ETF	4,890,347	5.7%	3.83%	4,712,559	5.7%	3.90%
Loomis Sayles SMA LCG	6,330,520	7.4%	8.44%	5,997,999	7.3%	9.46%
MFS MCV MF	2,889,583	3.4%	4.22%	2,772,533	3.4%	-0.01%
Wm Blair MCG (1)	2,862,820	3.3%	2.78%	2,785,407	3.4%	-3.15%
Russell Mid Cap ETF	3,454,491	4.0%	4.45%	3,308,317	4.0%	0.39%
Nuveen NWQ SCV MF	2,381,408	2.8%	8.37%	2,197,540	2.7%	-4.37%
Russell 2000 ETF	2,774,861	3.2%	9.04%	2,548,237	3.1%	-6.63%
T. Rowe Price SCG MF (2)	2,371,435	2.8%	5.69%	2,243,719	2.7%	-13.24%
American Fds SCW MF	2,720,199	3.2%	8.70%	2,502,537	3.0%	-8.55%
American Fds Int Gr MF	2,530,758	3.0%	8.14%	2,340,249	2.8%	-9.89%
MFS Int Value MF	2,570,990	3.0%	5.35%	2,440,530	3.0%	5.37%
MSCI EAFE ETF	1,414,685	1.6%	6.36%	1,335,535	1.6%	-10.16%
Am Fds New Wld (3)	633,340	0.7%	6.32%	595,687	0.7%	-6.42%
Oppenheimer EM MF	1,323,719	1.5%	8.72%	1,217,497	1.5%	-10.36%
MSCI EM ETF	1,528,222	1.8%	8.84%	1,402,376	1.7%	-12.50%
<b>Equities Total</b>	<b>57,991,543</b>	<b>67.6%</b>	<b>5.39%</b>	<b>54,749,722</b>	<b>66.6%</b>	<b>-1.47%</b>
Western Asset Mgt SMA	2,986,159	3.5%	-0.24%	3,004,262	3.7%	3.36%
FCI SMA	6,882,181	8.0%	0.04%	5,125,664	6.2%	6.72%
Blackrock MF	2,413,335	2.8%	1.56%	2,376,077	2.9%	-0.57%
SEIX High Yield SMA	2,267,990	2.6%	3.28%	2,236,762	2.7%	1.64%
Templeton GI Bd MF(4)	-	N/A	N/A	1,732,785	2.1%	-4.07%
<b>Fixed Income Total</b>	<b>14,549,665</b>	<b>17.0%</b>	<b>0.38%</b>	<b>14,475,550</b>	<b>17.6%</b>	<b>2.31%</b>
Cohen&Steers REIT MF (5)	1,533,552	1.8%	0.00%	1,225,587	1.5%	N/A
Baron Real Estate MF	1,225,595	1.4%	2.15%	1,199,795	1.5%	-9.11%
Deutsche Comm/NR MF (6)	1,105,215	1.3%	-3.45%	1,144,670	1.4%	-21.97%
AG Energy Credit (6)	107,499	0.1%	7.12%	168,481	0.2%	-59.15%
<b>Real Asset Total</b>	<b>3,971,861</b>	<b>4.6%</b>	<b>-0.28%</b>	<b>3,738,533</b>	<b>4.6%</b>	<b>-16.42%</b>
Alphakeys HF	1,281,604	1.5%	1.68%	1,260,385	1.5%	3.84%
Skybridge/Arden	856,254	1.0%	0.72%	850,158	1.0%	3.86%
Abbey HF	1,459,035	1.7%	-5.83%	1,549,354	1.9%	5.28%
Alkeon HF	2,051,413	2.4%	2.64%	1,998,708	2.4%	-1.08%
Prisma HF	1,452,177	1.7%	0.21%	1,449,191	1.8%	-8.03%
Blue Mountain	764,197	0.9%	2.56%	745,150	0.9%	n/a
<b>Alternative Inv. Total</b>	<b>7,864,679</b>	<b>9.2%</b>	<b>0.15%</b>	<b>7,852,946</b>	<b>9.6%</b>	<b>0.60%</b>
Neuberger Berman	823,725	1.0%	0.00%	823,725	1.0%	16.53%
Portfolio Advisors PE (7)	558,009	0.7%	-8.71%	546,691	0.7%	n/a
<b>Private Equity Total</b>	<b>1,381,734</b>	<b>1.6%</b>	<b>-3.61%</b>	<b>1,370,416</b>	<b>1.7%</b>	<b>6.68%</b>
<b>Money Market Total</b>	<b>UBS</b>	<b>0</b>	<b>0.00%</b>	<b>1</b>	<b>0.0%</b>	<b>0.14%</b>
<b>Endowment Total</b>	Returns net of fees	<b>\$ 85,759,483</b>	<b>100.0%</b>	<b>\$ 82,187,168</b>	<b>100.0%</b>	<b>-1.39%</b>

This report is provided for informational purposes only at your request. Your UBS Financial Services Inc. account statements and confirmations are the official record of your holdings, balances, transactions and security values. The information is based upon the market value of your account(s) as of the close of business on 9/30/2016 and 6/30/2016 and is subject to daily market fluctuation. Past performance is no guarantee of future returns.

The above values were taken from your June 30 and September 30, 2016 UBS statements

The above return percentages were taken from the portfolio management reports previously supplied & reports supplied by the managers:

- |  |  |
|--|--|
| (1) replaced MCG manager Alliance Bernstein with Wm Blair    | (4) Eliminated International Fixed Income Position             |
| (2) Replaced SCG manager Franklin with TR Price              | (5) Added new REIT manager Cohen & Steers                      |
| (3) Added American Fds Small Cap World to Em Market Equities | (6) Replaced and upgraded quality of the Commodity/NR managers |
|  | (7) Added a new Private Equity Position                        |

# Oakland University

## Treasury+ Quarterly Investment Report

September 30, 2016  
Board Report

commonfund

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## About Commonfund

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Commonfund was founded in 1971 as an independent nonprofit investment firm with a grant from the Ford Foundation. Commonfund today manages customized investment programs for endowments, foundations and pension funds. Among the pioneers in applying the endowment model of investing to institutional investors, Commonfund provides extensive investment flexibility using independent investment sub-advisers for discretionary outsourcing engagements, single strategies and multi-asset solutions. Investment programs incorporate active and passive strategies in equities and fixed income, hedge funds, commodities and private capital. All securities are distributed through Commonfund Securities, Inc., a member of FINRA. For additional information about Commonfund, please visit [www.commonfund.org](http://www.commonfund.org).



# Quarterly Investment Report

## Portfolio Highlights

- The Oakland University Treasury+ portfolio outperformed in a less volatile market environment in the third quarter of 2016, returning 1.09 percent for the quarter and 5.03 percent year-to-date 2016 net of fees. Overall, the portfolio has outperformed its goal of 3-month T-bill +150 basis points target by 70 basis points for the quarter. The final value of the Treasury+ portfolio was \$214,088,598. A detailed performance report begins on page three.
- Positioning in the portfolio shifted in late summer as we sought to harvest gains from the low volatility equity allocation and redeploy this capital, which included increasing allocations to low duration and high quality fixed income. As such, the operating pool continues to be overweight high quality fixed income and shorter duration fixed income and the equity allocation is now more balanced between the Core Equity Fund and the Strategic Solutions Equity Fund (low volatility equities). The fixed income portion of the portfolio, the Contingency Allocation, benefitted third quarter from the outperformance of the High Quality Bond Fund which returned 0.96 percent outperforming the Barclays Capital U.S. Aggregate Bond Index, which returned 0.50 percent. The Intermediate Term Bond outperformed the benchmark as exposure to corporates and securitized bonds was additive. Finally, Contingent Asset Portfolio and Limited Duration Funds also outperformed their benchmarks benefiting from quality security selection.
- The Core Equity Fund returned 5.61 percent for the quarter outperforming the S&P 500 by 176 basis points. The fund primarily benefited from strong stock selection and sector allocation also added value. Eight out of eleven sectors were relative contributors. The broad based rally following the Brexit sell-off helped large cap managers. The Strategic Solutions Equity Fund (low volatility equities) returned -0.13 percent for the quarter, underperforming the S&P 500 Index. The fund's underperformance was primarily attributable to stock selection. The divergence in performance for these two allocations supports Commonfund's view that high dividend/high cash flow strategies have become increasingly crowded and in a rising interest rate environment will struggle to beat broad based benchmarks.

Past performance is no guarantee of future results.

Depicted fund and portfolio returns are net of fees. Please see important notes.

- Over the past year, each quarter has been defined by event risk. Markets have reacted to numerous terrorist attacks, a meltdown in energy complex, Brexit, and a significant slowdown in the world's economic engine – China. This quarter was unique in that there wasn't a significant defining event that dictated the course of the global risk markets. This is the main reason for the relatively mild volatility in the risk markets this summer. That being said, the combination of a more-hawkish FOMC and the upcoming U.S. Presidential election will keep the markets on alert in the fourth quarter. In our view, equities are close to fully priced, but remain attractive on a relative basis when viewed in the context of historically low Treasury yields and muted inflation.

## TREASURY YIELDS

	6/30/2016	9/30/2016	Change
3 Month	0.26%	0.27%	0.02%
2 Year	0.58%	0.76%	0.18%
5 Year	1.00%	1.15%	0.15%
10 Year	1.47%	1.59%	0.12%
30 Year	2.28%	2.32%	0.03%

Source: Bloomberg

Past performance is no guarantee of future results.

Depicted fund and portfolio returns are net of fees. Please see important notes.

## Investment Report

### PERFORMANCE - TREASURY SOLUTIONS PORTFOLIO

As of September 30, 2016

Performance Item	QTD	FYTD	CYTD	FY Ending (6/30/2016)	Treasury+ Inception (6/30/2014)
<b>State Street Inst US Govt Money Mkt Fund</b>	<b>0.06</b>	<b>0.06</b>	<b>0.17</b>		
ML 0-3 Month Treasury Bill	0.07	0.07	0.18		
<b>Liquidity Funds</b>	<b>0.06</b>	<b>0.06</b>	<b>0.18</b>	<b>0.18</b>	<b>0.15</b>
<b>Limited Duration</b>	<b>0.13</b>	<b>0.13</b>			
BofA Merrill Lynch 9-12 Month	0.10	0.10			
<b>Intermediate Term Fund</b>	<b>0.05</b>	<b>0.05</b>	<b>1.80</b>	<b>1.83</b>	<b>1.21</b>
ML 1-3 Yr Treasury	-0.11	-0.11	1.33	1.31	0.92
<b>Contingent Asset Portfolio, LLC</b>	<b>0.02</b>	<b>0.02</b>	<b>2.22</b>	<b>2.42</b>	
ML 1-3 Yr Treasury	-0.11	-0.11	1.33	1.31	
<b>High Quality Bond Fund</b>	<b>0.96</b>	<b>0.96</b>	<b>6.38</b>	<b>5.84</b>	<b>4.00</b>
Barclays Capital US Aggregate Bond Index	0.46	0.46	5.80	6.00	3.68
<b>Contingency</b>	<b>0.37</b>	<b>0.37</b>	<b>3.28</b>	<b>3.16</b>	<b>2.36</b>
<b>Core Equity Fund</b>	<b>5.61</b>	<b>5.61</b>	<b>7.30</b>	<b>0.00</b>	<b>5.92</b>
S&P 500	3.85	3.85	7.84	3.99	6.82
<b>Strategic Solutions Equity Fund, LLC</b>	<b>-0.13</b>	<b>-0.13</b>	<b>9.25</b>	<b>13.90</b>	
S&P 500	3.85	3.85	7.84	3.99	
<b>Core</b>	<b>2.23</b>	<b>2.23</b>	<b>8.33</b>	<b>7.26</b>	<b>7.93</b>
<b>Total Portfolio</b>	<b>1.09</b>	<b>1.09</b>	<b>5.03</b>	<b>4.69</b>	<b>4.15</b>
Policy Benchmark	1.02	1.02	3.39	2.57	2.71
Traditional Benchmark	0.39	0.39	1.32	1.69	1.60

#### Benchmark Scopes and Weightings:

Policy Benchmark: 7/1/2014 to current 35.0% ML 1-3 Yr Treasury; 25.0% S&P 500; 25.0% 3 Month Tbill; 15.0% Barclays Capital US Aggregate Bond Index

Traditional Benchmark: 7/1/2014 to current 100.0% 3 Month Tbill + 150

Source: Commonfund Client Reporting Portal. Please see Important Notes | Performance Comparisons.

Past performance is no guarantee of future results.

Depicted fund and portfolio returns are net of fees. Please see important notes.

## MANAGER ALLOCATION AND PERFORMANCE - TREASURY SOLUTIONS PORTFOLIO

As of September 30, 2016

Marketable Funds	AUM	Bucket % AUM	Fund % of Sub-Account	Manager % AUM	QTD Returns
<b>State Street Inst US Govt Money Mkt Fund</b>	<b>\$1,380,465.24</b>		<b>2.49%</b>	<b>0.64%</b>	<b>0.06%</b>
<b>Comerica Bank*</b>	<b>\$4,220.00</b>		<b>0.01%</b>	<b>0.00%</b>	
<b>Fifth Third Bank*</b>	<b>\$54,060,301.16</b>		<b>97.50%</b>	<b>25.25%</b>	
<b>Total Liquidity Funds</b>	<b>\$55,444,986.40</b>	<b>25.90%</b>			<b>0.06%</b>
<b>JPM Short - Term Bond Fund*</b>	<b>\$21,082,194.33</b>		<b>18.93%</b>	<b>9.85%</b>	
<b>Intermediate Term Fund</b>	<b>\$21,820,761.29</b>		<b>19.60%</b>		<b>0.05%</b>
IRM Inc	\$8,510,096.90			3.98%	0.09%
Logan Circle Partners	\$7,200,851.23			3.36%	0.14%
SIT Fixed Income Advisors	\$5,673,397.94			2.65%	-0.01%
Transition Account	\$436,415.23			0.20%	
<b>High Quality Bond Fund</b>	<b>\$27,434,019.44</b>		<b>24.64%</b>		<b>0.96%</b>
IRM Inc.	\$11,247,947.97			5.25%	0.69%
Rimrock Capital	\$4,663,783.30			2.18%	0.80%
Wamco	\$11,247,947.97			5.25%	1.47%
Transition Account	\$82,302.06			0.04%	
<b>Contingent Asset Portfolio</b>	<b>\$14,405,811.69</b>		<b>12.94%</b>		<b>0.02%</b>
SIT Fixed Income Advisors	\$14,261,753.57			6.66%	0.09%
Transition Account	\$144,058.12			0.07%	0.00%
<b>Limited Duration Fund</b>	<b>\$26,603,735.88</b>		<b>23.89%</b>		<b>0.13%</b>
Logan Circle	\$13,301,867.94			6.21%	0.23%
MD Sass Investors Services	\$13,301,867.94			6.21%	0.20%
<b>Total Contingency</b>	<b>\$111,346,522.63</b>	<b>52.01%</b>			<b>0.37%</b>
<b>Strategic Solutions Equity Fund</b>	<b>\$27,351,021.44</b>		<b>57.83%</b>		<b>-0.13%</b>
Martingale Asset Mgmt	\$27,351,021.44			12.78%	-0.06%
<b>Core Equity Fund</b>	<b>\$19,946,067.76</b>		<b>42.17%</b>		<b>5.61%</b>
Marsico Capital	\$4,188,674.23			1.96%	4.79%
Martingale Asset Mgmt	\$2,393,528.13			1.12%	4.49%
Levin	\$5,784,359.65			2.70%	7.99%
Martingale Core	\$7,380,045.07			3.45%	4.76%
<b>Total Core</b>	<b>\$47,297,089.20</b>	<b>22.09%</b>			<b>2.23%</b>
<b>Total Portfolio</b>	<b>\$214,088,598.23</b>	<b>100.00%</b>			<b>1.09%</b>

NOTE: Manager Performance depicted is net of the sub-advisor's management fees and expenses, and gross of Commonfund Fund fees and expenses.

The Fund periodically makes changes to its managers. There can be no assurance that the Fund will continue to invest with any of the listed managers. Third party managers' investment approach and portfolio construction are subject to change and are governed by the Fund's Offering Documents or Investment Management Agreement.

Source: Commonfund Client Reporting Portal. Please see Important Notes | Performance Comparisons.

\*Asset balances outside of Commonfund are provided by Oakland University.

Past performance is no guarantee of future results.

Depicted fund and portfolio returns are net of fees. Please see important notes.

Oakland University  
Capital Debt Report  
September 30, 2016

	Principal Remaining	Rate of Interest	Interest Type	FY 17 Debt Service	Expires	Bond Rating	Purpose	Underwriter
<b>Bonded Indebtedness:</b>								
Variable Rate Demand Bonds, Series 1998	\$ 4,600,000	0.850%	Variable	\$ 6,624	2023	Aa3	Sharf Golf Course	Comerica
General Revenue Refunding Bonds, Series 2008	46,355,000	3.373%	Variable/Hedged	3,069,066	2031	Aa3	Refunded 2001 Bonds - Nicholson, Pawley, OC Expansion, Elec. Upgrade	Lehman
General Revenue Bonds, Series 2012	42,505,000 <sup>(1)</sup>	4.075%	Fixed	2,953,600	2042	A1	Engineering Center	Barclay's and 5/3rd
General Revenue Bonds, Series 2013A	56,825,000 <sup>(2)</sup>	4.028%	Fixed	3,892,000	2043	A1	Housing, Parking, Playing Fields	BOAML and 5/3rd
General Revenue Refunding Bonds, Series 2013B	19,455,000	2.995%	Fixed	2,304,673	2026	A1	Refunded 2004, 1995 Bonds - Sports, Recreation and Athletics Center	5/3rd and BOAML
General Revenue Refunding Bonds, Series 2014	26,565,000 <sup>(3)</sup>	3.562%	Fixed	1,969,900	2039	A1	Refunded 2009 Bonds - HHB, Infrastructure Projects	JP Morgan Chase
General Revenue Refunding Bonds, Series 2016	113,130,000 <sup>(4)</sup>	3.656%	Fixed	-	2047	A1	Housing, Oakland Center, Fitzgerald/Anibal House	Citigroup, PNC, Fifth Third, Stifel
<b>Other Capital Debt:</b>								
2005 ESA II Loan	11,919,445	3.785%	Fixed	1,302,687	2027		Energy Services Agreement II	
2012 Golf Car Lease	173,096	1.980%	Fixed	88,234	2017		Golf Cars	
2013 Golf Equipment Lease	14,656	1.980%	Fixed	25,754	2017		Golf Equipment	
2014 Central Heating Co-Gen	14,177,500 <sup>(5)</sup>	3.880%	Fixed	847,550	2031		Combined Heat and Power Co-Generation System	
2015 High Volume Digital Printer	52,057	4.940%	Fixed	23,665	2019		Replace Central Printing Services B/W Printer	
	<u>\$ 335,771,754</u>	<u>3.662%</u> <sup>(6)</sup>		<u>\$ 16,483,754</u>				

<sup>(1)</sup> The 2012 Bonds were issued with an original issue premium of \$4,970,795, resulting in total bond proceeds of \$49,125,795.

<sup>(2)</sup> The 2013A Bonds were issued with an original issue premium of \$7,141,047, resulting in total bond proceeds of \$65,001,047.

<sup>(3)</sup> The 2014 Bonds were issued with an original issue premium of \$4,383,960, resulting in total bond proceeds of \$32,443,960.

<sup>(4)</sup> The 2016 Bonds were issued with an original issue premium of \$20,773,191, resulting in total bond proceeds of \$133,903,191.

<sup>(5)</sup> The 2014 Certificates of Participation were issued with an original issue premium of \$1,729,013 resulting in total proceeds of \$15,954,013.

<sup>(6)</sup> Weighted Average Cost of Capital

**Debt covenant compliance:**

The University has a general revenue covenant in many of its borrowing agreements including bonded debt and other capital debt. These covenants are consistent in all University debt agreements and commit the University to maintain "General Revenues" to exceed the sum of twice annual debt service on senior debt and one times annual debt service on subordinate debt each fiscal year. At June 30, 2016, the University recorded \$285,622,022 in qualified General Revenues, while the calculated debt service covenant requirement amounted to \$31,975,680. The University exceeds its debt covenant requirements by a multiple of 8.9.

	Counterparty	Current Notional Amount	Termination Present Value	Counterparty Rating	Purpose/Comment
<b>Debt-Based Derivatives:</b>					
Constant Maturity Swap (CMS)	JP Morgan Chase Bank	\$ 31,035,000	\$ 666,156	Aa3	Yield curve swap paying around \$10K per month.
Interest Rate Swap - Synthetically Fix 2008 Bonds	Dexia Credit Local	46,355,000	(10,247,430)	Baa3	Current low variable rates = High termination costs.

The CMS is performing as expected because the yield curve is relatively normal at this time. Cumulative realized earnings on the swap total \$3.9 million. Current extremely low variable interest rates (0.88% annualized) drives up the cost to terminate.

The Termination Present Value is dynamic, changing daily depending on interest rates and eventually becoming zero at the end of the swap agreement.

This Interest Rate Swap fixes the interest rate paid on the bond issue at 3.373% for the life of the bond issue (and the swap agreement).

Oakland University's underlying credit rating, according to Moody's Investors Service's Global Rating Scale, is A1 - Stable.

**Bond Ratings:**

The rating on the variable rate bonds reflects the current rating of the letter of credit provider, JP Morgan Chase Bank.

The rating on the fixed rate bonds reflects the University's underlying credit rating at the time the bonds were issued.

Oakland University  
CONSTRUCTION REPORT  
 September 30, 2016

Item	JCOS Approval/Notification Required	Original Budget	Revised Project Budget	Actual Expenditures to Date	Forecast of Final Cost	Source of Funding
1 <b>South Student Housing Complex</b> Fund Number: 70224 Status: Construction 5% Board of Trustees Approved: February 22, 2016 Projected Completion Date: September 2018	Yes	6/30/2016 \$ 3,720,860	\$ 78,000,000	\$ 4,111,147	\$ 78,000,000	\$78,000,000 - 2016 General Revenue Bonds
2 <b>Engineering Center</b> Fund Number 70494 Status: Closed Board of Trustees Approved: October 31, 2011 Projected Completion Date: New building August 2014 Dodge Hall renovation February 2015	Yes	11/4/2011 \$ 74,551,700	\$ 74,551,700	\$ 74,281,422	\$ 74,281,422	\$44,389,533 - 2012 General Revenue Bonds \$29,891,889 - State Appropriations
3 <b>Central Heating Plant Project - CoGen</b> Fund Number 70395 Status: Construction, waiting on punch list items & final invoices Board of Trustees Approved: October 7, 2013 Projected Completion Date: May 2016	Yes	12/1/2013 \$ 14,401,198	\$ 14,401,198	\$ 13,121,716	\$ 14,401,198	\$14,401,198 - 2014 Certificates of Participation
4 <b>East Vandenberg Hall Renovation</b> Fund Number: 70361 Status: Completed, waiting on punch list items & final invoices Board of Trustees Approved: October 7, 2013 & December 2, 2015 Projected Completion Date: September 2016	Yes	6/30/2016 \$ 515,620	\$ 11,875,343	\$ 9,530,885	\$ 11,875,343	\$ 644,920 - #45489 Residence Halls (A&E) \$ 11,230,423 - #45489 Residence Halls (CM) * See Note 5
5 <b>Upper Field Expansion</b> Fund Number: 70361 Status: Closed Board of Trustees Approved: February 12, 2013 Projected Completion Date: April 2015	Yes	6/30/2016 \$ 7,850,000	\$ 7,850,000	\$ 7,850,000	\$ 7,850,000	\$ 7,850,000 - 2013A General Revenue Bonds
6 <b>Oakland Center Expansion</b> Fund Number: 70232 Status: Design Phase Board of Trustees Approved: February 22, 2016 Projected Completion Date: January 2019	Yes	6/30/2016 \$ 3,281,000	\$ 3,281,000	\$ 855,005	\$ 3,281,000	\$ 3,281,000 - 2016 General Revenue Bonds
7 <b>Elliott Hall Expansion</b> Fund Number: 70233 Status: Design Phase Board of Trustee Approved: Design only February 22, 2016 Projected Completion Date: TBD	Yes	6/30/2016 \$ 1,968,500	\$ 1,968,500	\$ 415,935	\$ 1,968,500	\$ 1,968,500 - # TBD
8 <b>Dodge Datacenter Generator</b> Fund Number: 70248 Status: Construction 40% Board of Trustees Approved: June 6, 2016 Projected Completion Date: October 2017	Yes	6/30/2016 \$ 1,300,000	\$ 1,300,000	\$ 31,937	\$ 1,300,000	\$ 1,300,000 - #14362 FY16 Debt Services One Time Fund

Oakland University  
**CONSTRUCTION REPORT**  
 September 30, 2016

Item	JCOS Approval/Notification Required	Original Budget	Revised Project Budget	Actual Expenditures to Date	Forecast of Final Cost	Source of Funding
<b>Item Projects in Progress - over \$500,000</b>						
9	<b>Furniture Replacement for Hill &amp; Van Wagner</b> Fund Number: 70378 Status: Closed Projected Completion Date: November 2015	\$ 856,915	\$ 856,915	\$ 818,427	\$ 818,427	\$ 856,915 - #45489 Residence Halls
10	<b>Replace Blue Light Phones on Campus</b> Fund Number 70325 Status: Construction 98% Project Completion Date: June 2016	\$ 281,292	\$ 855,637	\$ 735,684	\$ 855,637	\$ 855,637 - #24350 Capital Projects Supplement
11	<b>Athletic-Lepley Pool Renovation</b> Fund Number: 70241 Status: Design Phase Board of Trustees Approved: TBD Projected Completion Date: TBD	\$ 698,424	\$ 698,424	\$ 118,205	\$ 698,424	\$ 698,424 - #24350 Capital Projects Supplement
12	<b>Walton Adams Marquee Sign</b> Fund Number: 70373 Status: Closed Projected Completion Date: May 2016	\$ 573,223	\$ 573,223	\$ 505,446	\$ 505,446	\$ 573,223 - #43841 MBMF Administrative
13	<b>Pedestrian Exterior Lighting</b> Fund Number: 70258 Status: Engineering Phase Projected Completion Date: October 2017	\$ 550,000	\$ 550,000	\$ -	\$ 550,000	\$ 550,000 - #14685, FY17 Debt Services One Time Fund
14	<b>O'Rena Technological Upgrades</b> Fund Number: 70379 Status: Completed, waiting on final invoices Projected Completion Date: November 2015	\$ 377,800	\$ 502,066	\$ 466,496	\$ 502,066	\$ 377,800 - #34254 Golden Grizzlies Athletic Fund \$ 116,266 - #24350 Capital Projects Supplement \$ 8,000 - #42401 Instructional Technological Upgrades
<b>TOTAL PROJECTS IN PROGRESS</b>		<b>\$110,926,532</b>	<b>\$197,264,006</b>	<b>\$ 112,842,305</b>	<b>\$ 196,887,463</b>	

**Notes:**

1. Revised Project Budget equals the Original Budget plus all approved changes to the budget.
2. Projects are added to the report when a funding source has been identified, a plant fund is authorized for the project and the project is proceeding.
3. The project status will be reported as CLOSED when the Actual Expenditures to Date equals the Forecast of Final Costs, TMA work order system ties to Banner, and no additional expenditures or work is anticipated on the project.
4. A project whose status has been reported as CLOSED to the Board will be removed from the report for the next Board meeting.
5. Original budget was \$515,620, increased to \$644,920, for architectural and engineering services, within the scope and authorization of the President.  
Phase 1 construction manager budget is \$11,230,423 per 12/2/15 Board approval.