

**TREASURER'S REPORT**

1. **Division and Department:** Finance and Administration Division, Budget and Financial Planning, Treasury Management, and Facilities Management Departments
2. **General Fund Budget Performance:** Oakland University's (University) FY2015 year-to-date enrollment for the Summer II and Fall semesters is comparable to budget. Monthly State appropriation payments for FY2015 will begin in October and have been budgeted according to the State of Michigan's Public Act 196 of 2014, which includes performance funding of \$2,712,500. This equates to a 5.9% increase over FY2014 State funding. 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 Budget and Financial Planning Office helps ensure budget management accountability.
3. **Investment Performance:** A summary of the results of the University's working capital pool and endowment investment activities is presented in the *Cash and Investments Report, September 30, 2014 and 2013* (Attachment A). Reports from the University's investment advisors will be made by representatives from UBS (Attachment B, endowment) and the Commonfund (Attachment C, working capital).

Investment performance associated with the working capital pool for the month and quarter ended September 30, 2014 was down overall, but consistent with indices and the broader market for the same time periods. Performance in equities was unfavorable for the quarter ended September 30, 2014 however losses were not as weak as the benchmark. Fixed income performance for the quarter showed positive results, experiencing slightly higher returns compared to the benchmark.

The University's endowment portfolio performance for the quarter ended September 30, 2014 was unfavorable, exhibiting negative returns overall, but consistent with the benchmark. Hedge funds and Private Equity categories experienced positive returns for the quarter, with Hedge funds outperforming the benchmark by over 240 basis points. However, the fair market value of the University's endowment increased more than \$15 million compared to the value at September 30, 2013.

The University's investment managers continue to adhere to a long-term investment strategy that focuses on outperforming identified benchmarks over time.

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

4. **Debt Management:** The *Capital Debt Report, September 30, 2014* (Attachment D) 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

**Treasurer's Report  
Oakland University  
Board of Trustees Formal Session  
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issuance, and information about the University's two swap arrangements. The University's debt is being managed according to the Board's policies and approvals.

As authorized by the Board at the December 9, 2013 meeting, the University's General Revenue Bonds, Series 2009 (taxable - Build America Bonds), are being refunded with tax-exempt, fixed rate bonds. The pricing for the transaction occurred on October 16, 2014. Due to a favorable interest rate environment, the refunding transaction resulted in gross savings of \$3,016,291, with annual savings averaging \$124,000 until the bonds mature in 2039. The Net Present Value of the savings is \$2,250,515.


**5. Construction Report:** The *Construction Report, September 30, 2014* (Attachment E) 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 Budget and Financial Planning, Treasury Management, and Facilities Management Departments, and reviewed by the Treasury Committee, Vice President for Finance and Administration and Treasurer to the Board of Trustees, and President.


**7. Attachments:**

- A. Cash and Investments Report, September 30, 2014 and 2013
- B. UBS Board Report, October 22, 2014
- C. Commonfund Treasury 3<sup>rd</sup> Quarter 2014 Commentary
- D. Capital Debt Report, September 30, 2014
- E. Construction Report, September 30, 2014

Submitted to the President  
on 10/17, 2014 by

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

Recommended on \_\_\_\_\_, 2014  
to the Board of Trustees for Approval

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

**Oakland University  
Cash and Investments Report  
September 30, 2014 and 2013**

	Fair Market Value September 30, 2013	Fair Market Value September 30, 2014	Strategic Allocation 9/30/2014	Total Return Month Ending September 30, 2014	Benchmark Month Ending September 30, 2014	Total Return Qtr. Ending September 30, 2014	Benchmark Qtr. Ending September 30, 2014
<b>Working Capital <sup>(1)</sup></b>							
Equity Funds	\$ 52,085,658	\$ 40,377,459	22.50%	-2.59%	-2.44%	-0.74%	-0.93%
Fixed Income Funds	92,576,586	88,240,720	49.17%	-0.27%	-0.32%	0.18%	0.09%
Cash and Cash Equivalents	34,303,006	50,826,613	28.32%	0.00%	0.00%	0.00%	0.01%
Working Capital Pool Total	<u>\$ 178,965,250</u>	<u>\$ 179,444,792</u>	<u>100.00%</u>	<u>-0.72%</u>	<u>-0.71%</u>	<u>-0.07%</u>	<u>-0.16%</u>
<b>Endowment <sup>(2)</sup></b>							
Equity Funds	\$ 40,646,018	\$ 52,691,315	65.71%			-2.43%	-2.08%
Fixed Income Funds	16,275,392	15,603,465	19.46%			-0.57%	-1.38%
Hedge Funds	4,104,579	6,091,821	7.60%			2.98%	0.56%
Real Assets	3,288,070	5,104,171	6.37%			-7.46%	-5.65%
Private Equity	497,762	693,292	0.86%			4.25%	N/A
Cash	1,426	2	0.00%			0.02%	0.01%
Endowment Pool Total	<u>\$ 64,813,247</u>	<u>\$ 80,184,066</u>	<u>100.00%</u>			<u>-1.90%</u>	<u>-1.95%</u>

Comments:

The working capital pool is comparable to the previous year.

The endowment pool is higher than the prior year due to increases in market values and contributions.

<sup>(1)</sup> The Commonfund serves as the advisor for the University's Working Capital pool.

<sup>(2)</sup> UBS serves as the advisor for the University's Endowment pool.

Benchmarks for Investments are:

For Equities: S&P Smallcap 600 Index, S&P 500 (Relative Weighted)

For Fixed Income: Barclays Capital Aggregate Bond Index, Merrill Lynch 1-3 Treasury Index, Barclays Capital 1-3 year US Gov./Credit Bond Index (Relative Weighted)

For Overnight Sweep - Money Market Fund: Lipper Institutional Money Market Fund Index

For Endowment Equities: Russell 2000, Russell Mid Cap Growth & Value, Russell 1000 Growth & Value, MSCI EAFE International MSCI Emerging Mkts (Relative Weighted)

For Endowment Fixed Income: Barclays Government Corporate Index, Barclays US Tips, Merrill Lynch High Yield, Citigroup World Government Bond (Relative Weighted)

For Endowment Hedge Funds: HFRI Fund Wgt Comp Index, HFRI Fund of funds Diversified Index, Barclay's CTA Index, HFRX Eq Hedge (Relative Weighted)

For Endowment Real Assets: NAREIT and Lipper Glb Nat Res

For Endowment Cash: City Group T-Bill (90 Day)

Benchmark Performance Comments:

Pooled cash and endowment investment funds include both managed and indexed funds. They are expected to exceed their benchmarks over time.

They will not necessarily meet or exceed the benchmarks for specific periods of time. Returns are reported net of fees, benchmarks are shown gross.

\* Private Equity commitment is \$1 million. Private Equity performance is not benchmarked.



**Board Report**  
**October 22, 2014**

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

Mark Anderson  
Senior Vice President - Wealth Management



**OAKLAND UNIVERSITY**  
**Endowment Investment Review**  
**Periods ending June 30, 2014 and September 30, 2014**

**Market Review:**

Equity markets are close to all-time highs and volatility has increased substantially over the past few months. That being said, valuation metrics suggest that equity markets are likely to move higher as corporate earnings continue to rise and we experience continued recovery in the labor market. At UBS, we have a preference for US equities and believe that small and mid-cap stocks hold the highest long-term potential based on current valuations. The OU Endowment Equity portfolio is broadly diversified but we maintain a slight overweight to US equities versus international holdings.

We continue to have concern in the fixed income area and hold the lowest allocation allowed by the Board's Investment Policy (Policy). We have also shortened durations as much as possible to protect the portfolio. We believe that the Fed is likely to begin raising interest rates in mid 2015 but that they will take a measured approach in doing so and are unlikely to jeopardize the US economy.

In the fixed income area we prefer high yield over government bonds and are at the highest level in this area as allowed by Policy. Our high yield bonds are of higher quality than the broader index. The high yield managers we use for the Endowment Plan will not invest in or hold bonds that are in default.

We continue to slowly increase exposure to alternative assets. Positive performance in this area aided returns in the quarter ended September 30, 2014.

**UBS Platform Ability:**

UBS is one of the world's largest wealth managers in the world with the highest capital ratio among our peers. UBS manages more than \$2 trillion in wealth management assets globally – with \$987 billion in the Americas alone. UBS was named Best Global Wealth Manager by Euromoney for Excellence in both 2013 and 2012.

At UBS, we provide our clients access to the best solutions in the world – not just our solutions. Our open architecture plan allows clients to choose from a wide range of customizable options both inside and outside of UBS.

**Investment Performance:**

For the fiscal year ended June 30, 2014, the Oakland University Endowment returned just under 16% net of fees. These numbers compare well against the benchmarks used. The S&P 60%/BC Agg 40% was up 16.24% for the period. The 60% MSCI World/40% BC Int Gov-Credit Index returned 15.62% for the same period. The portfolio grew by a total of \$10,366,457 through investment performance during this time frame.

The quarter ended September 30, 2014 was not as favorable. The portfolio was down 1.90% net of fees. This compares to the S&P60%/BC Agg 40% return for the same period of .75%. The 60% MSCI World/40% BC Int Gov-Credit Index was down 1.24% for the quarter ended September 30, 2014. The underperformance of the OU portfolio can be attributed to negative returns in small and mid-cap US equities and international developed and emerging markets. The majority of these indices were down considerably in September but offer substantial long term growth prospects at current valuations and should continue to be part of the OU Endowment portfolio.



## Oakland University Endowment Review - Periods Ending June 30 and September 30, 2014

	Manager	September 30, 2014 (QTR end)			June 30, 2014 (Fiscal year)		
		Value	Category % Alloc	Return	Value	Category % Alloc	Return
	Bahl & Gaynor SMA LCV	\$ 3,303,232	4.1%	0.00%	\$ 3,302,225	4.1%	18.95%
	Sun America MF LCV	3,204,454	4.0%	2.61%	3,122,917	3.9%	18.31%
	Alger MF LCG	5,159,274	6.4%	2.27%	5,181,755	6.4%	19.09%
	S&P 500 SPDR ETF	4,116,536	5.1%	1.10%	3,717,506	4.6%	19.09%
	Loomis Sayles SMA LCG	5,303,725	6.6%	0.87%	5,059,006	6.3%	26.90%
	MFS MCV MF	3,227,244	4.0%	-4.17%	3,216,941	4.0%	19.89%
	Alliance Bern MCG MF	4,183,136	5.2%	-3.34%	4,387,551	5.4%	25.44%
	Russell Mid Cap ETF	3,194,510	4.0%	-1.70%	3,042,961	3.8%	25.44%
	Nuveen NWQ SCV MF	2,345,785	2.9%	-6.57%	2,637,611	3.3%	16.24%
	Russell 2000 ETF	2,318,111	2.9%	-7.33%	2,321,666	2.9%	16.24%
	Franklin SCG MF	3,200,635	4.0%	-9.50%	3,484,584	4.3%	26.56%
	American Fds SCW MF	2,385,924	3.0%	-4.95%	2,509,756	3.1%	21.47%
	American Fds Int Gr MF	3,122,473	3.9%	-4.29%	3,338,456	4.1%	14.36%
	MFS Int Value MF	3,075,566	3.8%	-4.10%	3,207,227	4.0%	18.16%
	MSCI EAFE ETF	1,449,561	1.8%	-5.93%	1,429,412	1.8%	14.36%
	Oppenheimer EM MF	1,478,730	1.8%	-3.58%	1,733,527	2.1%	18.35%
	MSCI EM ETF	1,622,419	2.0%	-3.69%	1,475,786	1.8%	18.35%
<b>Equities Total</b>		<b>52,691,315</b>	<b>65.7%</b>	<b>-2.43%</b>	<b>53,168,887</b>	<b>65.8%</b>	<b>21.26%</b>
	PIMCO SMA	2,930,601	3.7%	-0.43%	3,144,282	3.9%	4.43%
	FCI SMA	3,908,353	4.9%	-0.16%	3,914,661	4.8%	3.36%
	Blackrock MF	2,363,931	2.9%	-0.17%	2,367,328	2.9%	n/a
	SEIX High Yield SMA	3,263,967	4.1%	-1.98%	3,330,163	4.1%	9.10%
	Templeton GI Bd MF	3,136,613	3.9%	0.00%	3,136,655	3.9%	6.66%
<b>Fixed Income Total</b>		<b>15,603,465</b>	<b>19.5%</b>	<b>-0.57%</b>	<b>15,893,089</b>	<b>19.7%</b>	<b>5.29%</b>
	Baron REIT MF	2,399,633	3.0%	-1.99%	1,600,516	2.0%	13.82%
	Prudential Nat Res MF	2,200,655	2.7%	-12.30%	2,509,383	3.1%	34.16%
	GoldmanSachs MLP MF	503,883	0.6%	0.78%	n/a	n/a	n/a
<b>Real Asset Total</b>		<b>5,104,171</b>	<b>6.4%</b>	<b>-7.46%</b>	<b>4,109,899</b>	<b>5.1%</b>	<b>23.80%</b>
	Alphakeys HF	1,088,986	1.4%	1.45%	1,073,448	1.3%	11.82%
	Arden HF	1,164,549	1.5%	1.32%	1,149,375	1.4%	3.03%
	Abbey HF	1,159,523	1.4%	10.74%	1,047,037	1.3%	-6.33%
	Alkeon HF	1,181,426	1.5%	3.43%	1,142,272	1.4%	7.16%
	Prisma HF	1,497,337	1.9%	-0.18%	1,500,018	1.9%	n/a
<b>Alternative Inv. Total</b>		<b>6,091,821</b>	<b>7.6%</b>	<b>2.98%</b>	<b>5,912,150</b>	<b>7.3%</b>	<b>4.48%</b>
	Neuberger Berman	693,292	0.9%	4.25%	665,053	0.8%	15.88%
<b>Private Equity Total</b>		<b>693,292</b>	<b>0.9%</b>	<b>4.25%</b>	<b>665,053</b>	<b>0.8%</b>	<b>15.88%</b>
<b>Money Market Total</b>	UBS	<b>2</b>	<b>0.0%</b>	<b>0.02%</b>	<b>1,013,065</b>	<b>1.3%</b>	<b>0.01%</b>
<b>Endowment Total</b>		<b>\$ 80,184,066</b>		<b>-1.9%</b>	<b>\$ 80,762,143</b>		<b>15.9%</b>

Please note that many changes were made to the Endowment manager lineup in mid May 2014. Performance for June represents the investment category and should not necessarily be attributed to the manager held at the quarter end.

The above information does not supersede or replace your monthly UBS Financial Services Inc. customer statements.

The June ending returns for the accounts holding both mutual funds and ETFs show blended returns for the period to properly reflect the changes made to these accounts during the period.

commonfund

# Commonfund Treasury<sup>+</sup>

Oakland University  
3<sup>rd</sup> Quarter 2014 Commentary

September 30, 2014



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## About Commonfund

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-advisors 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).



## Commonfund | 3<sup>rd</sup> Quarter 2014 Commentary

### Highlights

- The Oakland University portfolio benefitted from generally good economic news in the U.S. Strong positive trends in domestic data encouraged some market participants that the U.S. economy is on better footing. The expectation is that 4Q2014 growth will be strong. However, this positive news took a backseat during the quarter to geopolitical events such as ISIS, the Russia/Ukraine battle, unrest in places such as Brazil, Argentina and Hong Kong and economic challenges in continental Europe. Select equity markets had positive returns in the third quarter. The S&P 500 Index increasing +1.12 percent during this period. The third quarter also saw the U.S. Treasury curve flatten, as yields between 1- and 10-years increased, while the back of the curve saw yields decrease. Looking ahead, positive earnings growth in real terms, combined with a better jobs market, and a drop in discretionary spending costs (due to lower energy and food prices), will be favorable events for the U.S. consumer in the all-important fourth quarter of this year.
- The construction of the Oakland portfolio encompasses Commonfund's diversified and open architecture approach to investing. The Liquidity Funds allocation, which is approximately 30 percent of the overall portfolio, consists of four managers. Three of the managers represent the Commonfund Treasury Access program while the fourth, Comerica, is an existing relationship for Oakland. The Contingency Funds allocation, which is approximately 50 percent of the overall portfolio, is allocated amongst three investments programs. This allocation consists of two Commonfund programs, a total of six underlying managers, and a pre-existing investment for Oakland in the J.P. Morgan Short-Term Bond Fund. The Core Funds allocation, which is approximately 20 percent of the overall portfolio, blends Oakland's pre-existing investment in the Huntington Situs Fund with an investment in the Commonfund Core Equity program. The Core Equity program consists of four managers that have been vetted and have long standing relationships with Commonfund. Overall, the portfolio is designed around maintaining Oakland's liquidity needs while incorporating a diversified investment approach. (Page 3)
- The Commonfund portfolio outperformed its benchmarks in the 3rd quarter of 2014, offering a strong start to the advisory relationship. This portfolio returned 71 basis points for the quarter versus a policy benchmark return of 29 basis points and a traditional benchmark return of 21 basis points. The biggest driver of portfolio performance for this time period was the Core Equity fund which returned 1.65 percent. The High Quality Bond Fund is also worth noting as it returned 45 basis points for the quarter. (Page 2)

### Treasury Yield Curve

	Jun. 30, 2014	Sep. 30, 2014	Change
3 month	0.02%	0.02%	-0.01%
2 year	0.46%	0.57%	0.11%
5 Year	1.63%	1.76%	0.13%
10 Year	2.53%	2.49%	-0.04%
30 Year	3.36%	3.20%	-0.16%

Source: Bloomberg

## Investment Report

### Performance

#### Oakland University – Commonfund Treasury+ Only

As of September 30, 2014

Performance Item	MTD	FYTD	Since 12/31/2013	1 Year	Account Inception	Account Inception Date
<b>BlackRock TempFund</b>	<b>0.00</b>	<b>0.00</b>			<b>0.00</b>	<b>5/31/2014</b>
IMoney Net	0.00	0.00			0.00	5/31/2014
ML 0-3 Month Treasury Bill	0.00	0.01			0.01	5/31/2014
<b>State Street Inst Liquid Reserves Fund</b>	<b>0.01</b>	<b>0.03</b>			<b>0.04</b>	<b>5/31/2014</b>
IMoney Net	0.00	0.00			0.00	5/31/2014
ML 0-3 Month Treasury Bill	0.00	0.01			0.01	5/31/2014
<b>JP Morgan Prime MM Fund</b>	<b>0.00</b>	<b>0.00</b>			<b>0.00</b>	<b>5/31/2014</b>
IMoney Net	0.00	0.00			0.00	5/31/2014
ML 0-3 Month Treasury Bill	0.00	0.01			0.01	5/31/2014
<b>Total Liquidity Funds</b>	<b>0.00</b>	<b>0.01</b>			<b>0.01</b>	<b>5/31/2014</b>
<b>Core Equity Fund</b>	<b>-1.68</b>	<b>1.65</b>			<b>3.86</b>	<b>5/31/2014</b>
S&P 500	-1.40	1.13			3.22	5/31/2014
<b>Total Core</b>	<b>-1.68</b>	<b>1.65</b>			<b>3.86</b>	<b>5/31/2014</b>
<b>Intermediate Term Fund</b>	<b>-0.11</b>	<b>-0.09</b>	<b>0.54</b>	<b>0.76</b>	<b>1.02</b>	<b>8/31/2013</b>
ML 1-3 Yr Treasury	-0.05	0.03	0.44	0.50	0.68	8/31/2013
<b>High Quality Bond Fund</b>	<b>-0.55</b>	<b>0.45</b>	<b>5.16</b>	<b>5.65</b>	<b>6.25</b>	<b>9/30/2007</b>
Barclays Capital US Aggregate Bond Index	-0.68	0.17	4.10	3.96	4.95	9/30/2007
<b>Total Contingency</b>	<b>-0.35</b>	<b>0.21</b>	<b>3.05</b>	<b>3.42</b>	<b>5.89</b>	<b>9/30/2007</b>
<b>Total Portfolio</b>	<b>-0.69</b>	<b>0.71</b>	<b>4.22</b>	<b>4.58</b>	<b>6.06</b>	<b>9/30/2007</b>
Policy Benchmark1	-0.47	0.29				
Traditional Benchmark2	0.03	0.21				

#### Benchmark Scopes and Weightings:

<sup>1</sup>5/1/2014 to 9/30/2014 S&P 500 20.0; Barclays Capital US Aggregate Bond Index 25.0; ML 1-3 Yr Treasury 35.0; 3 Month Tbill 20.0

<sup>2</sup>5/1/2014 to 9/30/2014 100% 3 Month Tbill + 100

Source: Commonfund Client Reporting Portal

## Fund / Manager Allocation and Performance Summary

## Oakland University - Commonfund Treasury†

As of September 30, 2014

Marketable Funds	AUM	Bucket % AUM	Fund % of Sub-Account	Manager % AUM	QTD 9/30/2014 Returns
<b>Liquidity Funds</b>					
BlackRock TempFund	\$5,280,150.93		10.39%	2.94%	0.00
State Street Inst Liquid Reserves Fund	\$5,440,316.07		10.70%	3.03%	0.03
JP Morgan Prime MM Fund	\$5,280,199.11		10.39%	2.94%	0.00
Comerica Bank	\$34,825,947.00*		68.52%	19.41%	0.00*
<b>Total Liquidity Funds</b>	<b>\$50,826,613.11</b>	<b>28.32%</b>			
<b>Contingency</b>					
JPM Short - Term Bond Fund	\$20,406,357.28*		23.13%	11.37%	0.12*
Intermediate Term Fund	\$30,306,897.56		34.35%		-0.09
IRM Duration	\$1,212,276.00			0.68%	0.01
IRM Inc	\$15,759,587.00			8.78%	-0.05
Logan Circle Partners	\$13,031,966.00			7.26%	-0.02
Transition Account	\$303,069.00			0.17%	
<b>High Quality Bond Fund</b>	<b>\$37,527,465.57</b>		<b>42.53%</b>		<b>0.45</b>
IRM Inc.	\$15,386,261.00			8.57%	0.55
Rimrock Capital	\$6,379,669.00			3.56%	0.88
Wamco	\$15,386,261.00			8.57%	0.34
Transition Account	\$375,275.00			0.21%	
<b>Total Contingency</b>	<b>\$88,240,720.41</b>	<b>49.17%</b>			
<b>Core</b>					
Huntington Situs Fund	\$10,610,812.62*		26.28%	5.91%	-7.44*
<b>Core Equity Fund</b>	<b>\$29,766,645.97</b>		<b>73.72%</b>		<b>1.65</b>
Marsico Capital	\$8,036,994.00			4.48%	2.67
Martingale Asset Mgmt	\$2,976,665.00			1.66%	1.42
Levin	\$7,739,328.00			4.31%	0.18
Martingale Core	\$10,715,993.00			5.97%	2.20
Transition Account				0.00%	
Direct Futures Equity	\$297,666.00			0.17%	0.92
<b>Total Core</b>	<b>\$40,377,458.59</b>	<b>22.50%</b>			
<b>Total Portfolio</b>	<b>\$179,444,792.11</b>	<b>100.00%</b>			

Source: Commonfund Reporting

\* Information provided by Oakland University

**Market Commentary**

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**Oakland University  
Capital Debt Report  
September 30, 2014**

	<u>Principal Remaining</u>	<u>Rate of Interest</u>	<u>Interest Type</u>	<u>FY 15 Debt Service</u>	<u>Expires</u>	<u>Bond Rating</u>	<u>Purpose</u>	<u>Underwriter</u>
<b>Bonded Indebtedness:</b>								
Variable Rate Demand Bonds, Series 1998	\$ 4,600,000	0.050%	Variable	\$ 3,220	2023	-	Sharf Golf Course	Comerica
General Revenue Refunding Bonds, Series 2008	49,295,000	3.373%	Variable/Hedged	3,064,612	2031	Aa3	USA, Pawley Hall, OC Expan, Elec Upgrade	Lehman
General Revenue Bonds, Series 2009 - BABs	30,815,000	4.427% <sup>(1)</sup>	Fixed	2,782,176	2039	A2	HHB, Infrastructure Projects	Bank of Montreal
General Revenue Bonds, Series 2012	44,155,000 <sup>(2)</sup>	4.075%	Fixed	1,882,013	2042	A1	Engineering Center	Barclay's and 5/3rd
General Revenue Bonds, Series 2013A	57,860,000 <sup>(3)</sup>	4.028%	Fixed	2,858,400	2043	A1	Housing, Parking, Playing Fields	BOAML and 5/3rd
General Revenue Refunding Bonds, Series 2013B	22,900,000	2.995%	Fixed	2,301,567	2026	A1	Sports, Recreation and Athletics Center	5/3rd and BOAML
<b>Other Capital Debt:</b>								
2005 ESA II Loan	13,557,168	3.785%	Fixed	1,302,687	2027		Energy Services Agreement II	
2012 Golf Car Lease	339,261	1.980%	Fixed	88,234	2017		Golf Cars	
2013 Golf Equipment Lease	100,590	1.980%	Fixed	44,149	2017		Golf Equipment	
	<u>\$ 223,622,019</u>	<u>3.742%</u> <sup>(4)</sup>		<u>\$ 14,327,058</u>				

<sup>(1)</sup> BABs subsidy reduced via sequestration. Estimated cost increase is \$26K/semi-annual interest payment. The Treasury Management Department will continuously review refunding opportunities.

<sup>(2)</sup> The 2012 Bonds were issued with an original issue premium of \$4,970,975, resulting in total bond proceeds of \$49,125,795.

<sup>(3)</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>(4)</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, 2014, the University recorded \$247,944,040 (unaudited) in qualified General Revenues while the calculated debt service covenant requirement amounted to \$28,518,513. The University exceeds its debt covenant requirements by a multiple of 8.7.

	<u>Counterparty</u>	<u>Current Notional Amount</u>	<u>Termination Present Value</u>	<u>Counterparty Rating</u>	<u>Purpose/Comment</u>
<b>Debt-Based Derivatives:</b>					
Constant Maturity Swap (CMS)	JP Morgan Chase Bank	\$ 32,465,000	\$ 2,176,716	Aa3	Yield curve swap paying about \$50K-\$60K per month.
Interest Rate Swap - Synthetically Fix 2008 Bonds	Dexia Credit Local	49,295,000	(7,487,271)	Baa2	Current low variable rates = High termination costs.

The CMS is performing as expected because the yield curve is relatively normal at this time.

Current extremely low variable interest rates (0.04 annualized) drive up present values 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:**

Series 2009, A2 based on the University's underlying credit rating at the time the bonds were issued.

Series 2012, A1 based on the University's underlying credit rating at the time the bonds were issued.

Series 2013A and 2013B, A1 based on the University's underlying credit rating at the time the bonds were issued.

**Oakland University**  
**CONSTRUCTION REPORT**  
September 30, 2014

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>							
1	Yes	11/4/2011	\$74,551,739	\$74,551,739	\$56,551,979	\$74,551,739	\$44,551,739 - 2012 General Revenue Bonds \$30,000,000 - State Appropriations
<p><b>Engineering Center</b>  Fund Number 70494  Status: Renovation in Dodge Hall 2% and New Construction 99%  (foundations, concrete flooring, steel, drywall, stairs, duct work,  curtain wall, equipment &amp; furniture 100%, mechanical systems  98%, landscaping 95%, irrigation 98%)  Board of Trustees Approved: October 31, 2011  Projected Completion Date:  New building August 2014  Dodge Hall renovation February 2015</p>							
2	Yes	6/30/2013	\$29,950,000	\$29,950,000	\$29,440,484	\$29,950,000	\$29,950,000 - 2013A General Revenue Bonds
<p><b>New Student Housing</b>  Fund Number 70459  Status: Construction 100%, working on Punch List  Board of Trustees Approved: December 3, 2012  Projected Completion Date: August 2014</p>							
3	Yes	6/30/2013	\$22,831,000	\$22,831,000	\$16,575,966	\$22,831,000	\$22,831,000 - 2013A General Revenue Bonds
<p><b>P-32 Parking Structure</b>  Fund Number 70468  Status: Construction 100%, working on Punch List  Board of Trustees Approved: February 12, 2013  Projected Completion Date: August 2014</p>							
4	Yes	2/4/2010	\$11,000,000	\$11,000,000	\$10,808,985	\$11,000,000	\$11,000,000 - 2009 General Revenue Bonds
<p><b>HTHW / UTS / O'Dowd Windows</b>  Fund Number: 70849  Status: Construction 100%; working on warranty to refit windows  in summer 2014  Board of Trustees Approved: July 2, 2009  Projected Completion Date: November 2014</p>							
5	Yes	6/30/2013	\$7,850,000	\$7,850,000	\$3,811,427	\$7,850,000	\$ 7,850,000 - 2013A General Revenue Bonds
<p><b>Upper Field Expansion</b>  Fund Number 70469  Status: Construction 77% (hill removed, rough grading 99%, finish  grading 90%, foundations 100%, walls 95%, electrical 90%, lighting  10%, tennis courts 75%, track surface 80%, turf 99%, landscaping  2%)  Board of Trustees Approved: February 12, 2013  Projected Completion Date: October 2014</p>							
6	Yes	6/30/2012	\$6,575,150	\$6,575,150	\$6,560,572	\$6,560,572	\$ 6,575,150 - Capital Projects Supplement
<p><b>Hannah Hall of Science Anatomy Lab</b>  Fund Number: 70402  Status: CLOSED  Board of Trustees Approved: March 28, 2012  Project Completion Date: August 2013</p>							
7	Yes	12/21/2012	\$6,500,000	\$6,500,000	\$5,406,751	\$6,500,000	\$ 6,500,000 - #39641 Elliott Tower Gift
<p><b>Elliott Tower</b>  Fund Number: 70448  Status: Construction 90% (foundations, steel, bells, fountain,  roofing, clock and brick 100%, limestone 99%, controls delivered,  plaza 55%, sidewalks 70%, landscaping 40%)</p>							

**Oakland University**  
**CONSTRUCTION REPORT**  
 September 30, 2014

Item	JCOS Approval/Notification Required	Original Budget	Revised Project Budget	Actual Expenditures to Date	Forecast of Final Cost	Source of Funding		
Board of Trustees Approved: December 21, 2012 Projected Completion Date: October 2014								
8	<b>Athletic Dome Replacement</b>	Yes	6/30/2014	\$4,829,419	\$4,829,419	\$640,157	\$4,829,419	\$ 4,829,419 - #24556 Athletic Dome Financing
	Fund Number: 70453 Status: Construction 8% (foundations and form work 70%, rough grading 95%, masonry 20%, delivery of dome October 14) Board of Trustees Approved: May 7, 2014 Project Completion Date: December 2014							
9	<b>Hamlin Hall Plumbing Renovation Phase I</b>	Yes	6/30/2013	\$3,976,575	\$3,976,575	\$3,972,181	\$3,972,181	\$ 3,976,575 - #45489 Residence Halls
	Fund Number: 70899 Status: CLOSED Board of Trustees Approved: June 30, 2012 Projected Completion Date: December 2013							
10	<b>ODH SOM</b>	Yes	6/30/2012	\$3,751,217	\$3,751,217	\$3,732,764	\$3,732,764	\$ 3,751,217 - #26010 Rainy Day Fund
	Fund Number: 70401 Status: CLOSED Board of Trustees Approved: March 28, 2012 Projected Completion Date: March 2014							
11	<b>Hamlin Hall Plumbing Renovation Phase II</b>	Yes	6/30/2014	\$2,895,000	\$2,895,000	\$2,588,736	\$2,895,000	\$ 2,895,000 - #45489 Residence Halls
	Fund Number: 70317 Status: Completed, waiting on final invoices Board of Trustees Approved: February 24, 2014 Projected Completion Date: November 2014							
10	<b>NFH Renovation of Communication Core</b>	Yes	12/21/2012	\$2,425,533	\$2,425,533	\$793,463	\$2,425,533	\$ 1,012,782 - #70956 IT Infrastructure Projects \$ 1,024,219 - #70955 IT Strategic Planning \$ 388,532 - #12147 Technology Fund
	Fund Number: 70956 Status: Construction 30% Board of Trustees Approved: December 3, 2012 Projected Completion Date: December 2014							
11	<b>Library Drive Extension</b>	Yes	6/30/2013	\$1,950,000	\$1,950,000	\$1,767,099	\$1,950,000	\$ 1,950,000 - 2013A General Revenue Bonds
	Fund Number: 70466 Status: Completed, except traffic light that is contingent on study that is under way; waiting on final invoices Board of Trustees Approved: February 12, 2013 Projected Completion Date: August 2014							
13	<b>Facilities Management Building</b>	Yes	6/30/2013	\$1,750,000	\$1,750,000	\$1,673,167	\$1,750,000	\$ 1,750,000 - 2013A General Revenue Bonds
	Fund Number: 70467 Status: Completed, waiting on final invoices Board of Trustees Approved: February 12, 2013 Projected Completion Date: August 2014							
14	<b>Vandenberg Lower Level Dining</b>	Yes	6/30/2014	\$1,431,536	\$1,431,536	\$1,235,425	\$1,431,536	\$1,431,536 - #45489 Residence Halls Rooms
	Fund Number: 70323 Status: Completed, waiting on final invoices Board of Trustees Approved: May 7, 2014 Projected Completion Date: October 2014							

Oakland University  
**CONSTRUCTION REPORT**  
 September 30, 2014

Item	Projects in Progress - over \$500,000	JCOS Approval/Notification Required		Original Budget	Revised Project Budget	Actual Expenditures to Date	Forecast of Final Cost	Source of Funding
15	<b>Golf Course Banquet Facility</b> Fund Number: 70460 Status: Completed, waiting on final invoices Board of Trustees Approved: December 21, 2012 Projected Completion Date: April 2014	Yes	12/21/2012	\$1,300,000	\$1,300,000	\$1,299,839	\$1,300,000	\$ 500,000 - #24350 Capital Project Supplement \$ 800,000 - Golf & Learning Center
16	<b>KL SOM Expansion</b> Fund Number: 70690 Status: Completed, waiting on final invoices Projected Completion Date: July 2014	No		\$850,000	\$850,000	\$802,431	\$850,000	\$ 850,000 - #24350 Capital Project Supplement
17	<b>OUPD Renovation Phase 2</b> Fund Number: 70940 Status: CLOSED Projected Completion Date: October 2013	No		\$795,000	\$817,870	\$816,215	\$816,215	\$ 795,000 - #24350 Capital Project Supplement \$ 22,870 - #23380 Police Parking Citations
18	<b>BRS HTHW Replacement</b> Fund Number: 70447 Status: Construction 98% (piping, insulation, tunnel 100%), remainder of work (paving & landscaping to be done in July 2014) Projected Completion Date: November 2014	No		\$750,000	\$750,000	\$604,285	\$750,000	\$ 750,000 - #24350 Capital Project Supplement
19	<b>Campus VOIP &amp; Connectivity</b> Fund Number: 70487 Status: CLOSED Projected Completion Date: July 2014	No		\$600,573	\$600,573	\$594,763	\$594,763	\$ 600,573 - #24350 Capital Project Supplement
20	<b>Temporary Parking for FY13/14</b> Fund Number: 70689 Status: Completed, waiting on final invoices Projected Completion Date: August 2014	No		\$560,000	\$575,000	\$547,192	\$575,000	\$ 560,000 - #24350 Capital Project Supplement \$ 15,000 - #24350 Capital Project Supplement
21	<b>Repair Bridges Entrance Hill &amp; Van Wagoner</b> Fund Number: 70338 Status: Completed, waiting on final invoices Projected Completion Date: September 2014	No		\$571,800	\$571,800	\$492,469	\$571,800	\$ 571,800 - #70206 University Housing Reserve
22	<b>Meadowbrook Hall Elevator Upgrade</b> Fund Number: 70455 Status: Phase 1 - Completed & Phase 2 for Service Elevator - Construction 80% Project completion: December 2014	No		\$120,000	\$512,257	\$479,052	\$512,257	\$ 120,000 - #43725 MBH Facility Operations \$ 119,696 - #43760 MBH Finance & Administration \$ 272,561 - #33751 Matilda R. Wilson Matching Gift Fund
<b>TOTAL PROJECTS IN PROGRESS</b>				\$187,814,542	\$188,244,669	\$151,195,402	\$188,199,779	

**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 and a plant fund is authorized for the project.
3. The project status will be reported as "completed" when the "actual expenditures to date" equals the "forecast", 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 complete to the Board will be removed from the report for the next Board meeting.