



Board of Trustees Meeting

Friday, June 17, 2016

12:00 – 5:00 p.m. (or until business concludes)

DeBoer Room, Hannon Library

MINUTES

Call to Order and Preliminary Business

Chair Thorndike called the meeting to order at 12:02 p.m.

The following trustees were present: Bill Thorndike, April Sevcik, Les AuCoin, Paul Nicholson, Jeremy Nootenboom, Judy Shih, Dennis Slattery, Joanna Steinman and Steve Vincent; President Roy Saigo (ex officio) also was present. The following trustees were absent: Filiberto Bencomo, Lyn Hennion, Teresa Sayre and Shea Washington.

Other meeting guests included: Jason Catz, General Counsel; Craig Morris, Vice President for Finance and Administration; Dr. Susan Walsh, Provost and Vice President for Academic and Student Affairs; Fred Creek, Director of Campus Public Safety; Chris Stanek, Director of Institutional Research; Roxane Beigel-Coryell, Sustainability and Recycling Coordinator; Torii Uyehara, ASSOU President; Colin Davis, ASSOU; Larry Shrewsbury, Faculty Senate Chair; Dr. Jody Waters, Associate Provost; Mark Denney, Associate Vice President for Budget and Planning; Kelly Moutsatson, Director of Admissions and Co-Executive Director of Student Enrollment; Dr. Matt Stillman, University Registrar and Co-Executive Director of Student Enrollment; Ryan Schnobrich, Internal Auditor; Olena Black, League of Women Voters; John Stevenson, User Support Manager; Don Hill, Classroom and Media Services Manager; Sabrina Prud'homme, Board Secretary; and Kathy Park, Executive Assistant.

Chair Thorndike observed a moment of silence for the tragic death of Earl Potter, President of St. Cloud University and former Provost and Executive Vice President at SOU. Dr. Susan Walsh and Trustee Slattery shared their remembrances of Mr. Potter.

Chair Thorndike praised the graduation ceremony, saying it was a pleasure to watch over 1,000 graduates walk across the platform. He congratulated President Saigo and Dr. Walsh on the celebration and said the ceremony reemphasized the importance of replacing graduates with new students.

Chair Thorndike introduced Colin Davis, the incoming student body president. Mr. Davis shared some personal background information, saying he is from West Linn, Oregon; will be a senior; came here to play football; has been involved with many campus activities; and is excited to lead students.

Trustee Sevcik moved to approve the minutes, as drafted, from the following meetings: April 15, May 10, May 25, June 1, June 2 and June 6, 2016. Trustee Nicholson seconded the motion and it passed unanimously.

Public Comment

There was no public comment.

Lunch and Campus Update

Roxane Beigel-Coryell, SOU's sustainability and recycling coordinator, said SOU is a major leader in sustainability in higher education and is frequently recognized for its efforts.

Regarding sustainability infrastructure, she described the President's Sustainability Council, a fifteen-member council that advises the president and cabinet; she also described SOU's climate action plan including a comprehensive green purchasing policy and a policy that all new buildings must be at least LEED silver certified. She offered that residence halls and the new dining hall are LEED gold and the HEC in Medford is LEED platinum. SOU will start integrating climate resiliency, making sure the campus is adequately prepared for the future.

Ms. Beigel-Coryell explained that most students involved in the sustainability programs are not studying sustainability but are passionate about it. She discussed many of the opportunities in academic programs and student engagement. She further discussed the green fund, which is a student-imposed \$13 per student per term fee used to support the students' sustainability priorities. Many students staff the recycling center on campus, sorting the recycling by hand and improving the landfill diversion rate to 65 percent (compared to the county average of 45 percent).

SOU tries to do as much as possible with transportation because it is an important part of SOU's carbon footprint. These efforts include electric vehicles, bus passes, a bike program and ride-sharing. SOU also focuses on energy conservation.

Ms. Beigel-Coryell highlighted some of the opportunities in areas where SOU can do better: energy, academics and investments. Trustee Nicholson suggested that, from a profitability point of view, it seems Ms. Beigel-Coryell could probably make a good case for an additional position in terms of increased savings.

Responding to Chair Thorndike's inquiry, Ms. Beigel-Coryell said SOU had a great program during move-out with local Goodwill stores where SOU collected what students discarded and diverted a record 11,000 pounds of materials to Goodwill.

President's Report

Chair Thorndike thanked President Saigo for his service to SOU. President Saigo said he appreciated his farewell celebrations. He then recounted improvements and initiatives around campus. President Saigo stressed the ongoing need to focus on enrollment and retention as well as the importance of growing the fund balance.

Committee Reports

Chair Thorndike said the Executive and Audit Committee had two main agenda items: approval of the charter and work plan for SOU's internal audit function and a discussion regarding governance issues for the board. Regarding governance issues, the committee proposed the concept of an early working group, which Trustee Shih volunteered for, to look at issues such as the board's performance, bringing on new board members and creating expectations around attendance. The board concurred with that proposal and that an agenda item at the next board meeting would be the appointment of the members of the working group.

Trustee Nicholson said the Finance and Administration Committee had several items to report on including the committee's regular review of enrollment and financial dashboards. The financial dashboard looks at specifics such as the operating fund, the reserve allowed for doubtful debts, the fund balance on the E&G and the burn rate. Penny Burgess from USSE reviewed the performance of the public university fund where all of SOU's money is invested and also looked at the SOU endowment; she revised the endowment policy to make it SOU-specific and there is a working group evaluating the draft policy. SOU submitted two capital projects to the HECC for consideration in its consolidated request. Steve Larvick gave a presentation looking at SOU's performance to budget. Each time the committee meets, it reviews the pro forma, looking at where they expect to be this year and over the next three or four years based on the assumptions. The committee also had extensive discussions about athletics and the support necessary for a successful program. The committee spent much time developing the budget.

SOU is projecting an ending fund balance this year of 11.8 percent and 15 percent next year. Trustee Nicholson stressed, however, that if there is zero enrollment growth in each of the next four or five years, SOU will be back in retrenchment. A one percent enrollment growth in each of these years keeps SOU in the position it wants to be.

Trustee Steinman provided the update for the Academic and Student Affairs Committee. It received a comprehensive, impressive report entitled "Recruitment and Enrollment Theory of Action," which addressed the strategic and data-driven underpinning of SOU's recruitment and enrollment efforts. Dr. Walsh gave her Provost reports and mentioned ROARs. Chris Stanek discussed the enrollment dashboard and completions report, which now includes summer numbers. Dr. Jody Waters provided an accreditation update, which was timely because the report is due to the accreditation body in early September. The committee also recommended moving forward with staff rate privileges for Klamath and Rogue Community Colleges.

Student Leadership Report

Torii Uyehara began her report by saying it is a special experience for student leaders to have the opportunity to have strong relationships with their boards. She said, for her personally, the board gave her so many opportunities to gain skills and experiences she would not have otherwise and she greatly appreciated that. Ms. Uyehara said she was very excited for Colin Davis to be the incoming student body president. She has

worked with him for two and a half years and has seen him rise to every challenge he has been given. She thanked the trustees for an amazing year.

Faculty Senate Report

Larry Shrewsbury advised the board that Deborah Rosenberg would be the new faculty senate chair and Dennis Jablonski would be the vice chair. He praised the collaborative nature of the presidential search, which the faculty really appreciated. The faculty senate has been doing business as usual, with no dramatic issues. Faculty Senate had a retreat where they worked to reimagine what might be done differently but that is still a work in progress. With this meeting being Mr. Shrewsbury's last as the Faculty Senate Chair, Trustee Slattery took the opportunity to praise Mr. Shrewsbury's work over the past two years.

Fiscal Year 2016-2017 Budget (Action)

Trustee Nicholson summarized the extensive work the Finance and Administration Committee has done in each meeting since September to develop the budget and make the formal recommendation to the board for approval.

Partha Chatterjee then described the negative impact flat enrollment will have on the fund balance in future years and that even a small increase of 1 percent would sustain SOU in future years and the fund balance would exceed the retrenchment target. On the pro forma, he highlighted the vacancy factor, a \$1.3 million adjustment to the anticipated salary budget, which was added because SOU has not met or exceeded the actual budget for labor in prior years.

Mark Denney said they used a 13.6 percent ending fund balance because it was within the guidance received from the Finance and Administration Committee and would not result in a balance lower than the retrenchment target in subsequent years. He reiterated that the proposed budget includes funding for all approved positions budgeted for the full year, known salary increases, anticipated supplies and services expenditures, student success initiatives and additional budget adjustments for strategic initiatives.

Mr. Denney explained the FY16 and FY17 budgets. Revenue is increasing about 5 percent compared to last year's budget. There are three revenue categories: tuition, state funding, and other revenue. Mr. Denney then explained the labor expenses, which show a 3 percent increase. There have been discussions about labor going up 5 percent. However, because SOU typically comes in under budget significantly each year on labor, with the inclusion of the vacancy factor, labor is more accurately reflected at a 3 percent increase. The vacancy factor reflects savings from budgeting approved positions for the full year without recognizing turnovers and the time lag between when employees leave and replacements are hired.

Next, Mr. Denney covered the significant changes in transfers. One was an accounting change regarding revenue from the North Campus Village. The transfer account now represents primarily university support to athletics and to designated operations. The

\$600,000 increase in support to athletics is divided into three elements: increased labor costs, a built-in post-season travel budget and building a post-season travel reserve.

Discussion ensued on funding additional expenses if there is enrollment growth, including who identifies the expenses; how they are identified and prioritized; whether they reflect strategic priorities; the impact on the fund balance of spending the additional revenue versus saving it; and the dividing line between the board versus staff responsibility.

Mr. Denney then provided a review of designated operations and auxiliary operations. Designated operations are projected to have an operating surplus; they are required to be self-supporting and their budgets ensure that. Auxiliaries also are required to be self-supporting and they generally operate at a surplus as well. He then addressed each of the individual auxiliaries: housing, student activities, athletics, student health center, parking and bookstore.

Referencing the proposed Resolution Adopting Fiscal Year 2016-2017 Budget, Trustee Nicholson said the Board of Trustees wishes to approve a budget and related expenditure authorizations for fiscal year 2016-2017. The Finance and Administration Committee has reviewed this extensively and referred the matter now to the full Board of Trustees as a seconded motion, recommending approval. Now, therefore, be it resolved the Board of Trustees approves and adopts the fiscal year 2016-2017 budget in the sum of \$77,197,828, inclusive of budgeted operations in the sum of \$57,800,315; an auxiliaries budget in the sum of \$15,804,321; and designated operations in the sum of \$3,593,192. Trustee Slattery seconded approval of the resolution and it passed unanimously.

Trustee Nicholson commended Mr. Denney for his extraordinary work the last couple of months and Mr. Morris for the guidance he has provided.

SOU - Klamath Community College / SOU - Rogue Community College Staff Rate Privileges (Action)

Trustee Steinman said the board and the Academic and Student Affairs Committee have been working on this agreement with Klamath Community College (KCC) since September and the draft MOU would mirror, or be very close to, the staff rates SOU has with the other public universities.

Trustee Steinman highlighted a few points in the MOU. After significant discussion by the committee, it was decided that a cap on the number of students or credit hours was not necessary. Since this would be a one-year pilot program, an assessment at the end of the first year would be necessary to evaluate whether or not the program was a success. There were also discussions on capacity and concerns for SOU students if a large number of students from KCC wanted to take courses here; Dr. Stillman pointed out controls in place in terms of when students could register and that SOU does have the capacity for more students.

Mr. Catz added that SOU has these agreements already with the other public universities to provide a benefit to SOU employees and to honor public service in the form of working for higher education institutions.

Dr. Stillman clarified that there is a supplemental fee for online coursework and that fee would still apply to this population as it does to all populations. There is no discount on that fee because it is not part of the tuition.

Trustee Nicholson pointed out that the proposed motion does not address whether SOU would pay the 70 percent balance for SOU employees taking courses at KCC. Mr. Catz confirmed that that issue has not yet been resolved internally. He added that it is perfectly appropriate for the board to speak to what it thinks that coverage should be and whether that influences the direction, if any, to proceed on this MOU.

Chair Thorndike thought the board should look upon this as a great opportunity for SOU, that the students who attend KCC should want to consider SOU as a university they want to attend. Building this relationship is at the core of what SOU is trying to develop with its community college partners.

To clarify the record, Mr. Catz pointed out that paragraph 5 of the proposed resolution delegates to the Academic and Student Affairs Committee the responsibility to evaluate and approve or disapprove an extension rather than bring it back to the full board. It seemed that was the appropriate delegation of authority but, if anyone disagreed, it could be changed.

Referencing the proposed Resolution Approving Terms of a Memorandum of Understanding with KCC and Authorization to Enter MOU, Trustee Steinman said the Academic and Student Affairs Committee of the Board of Trustees has referred this matter to the full Board of Trustees as a seconded motion, recommending approval of these terms. Now therefore, be it resolved, the Board of Trustees authorizes SOU's provost to enter into an MOU with KCC, extending staff rate privileges to KCC and SOU employees on the terms set forth herein. Trustee Shih seconded approval of the resolution and it passed unanimously.

Dr. Walsh requested guidance on how the board wanted her to proceed when she extends the same offer to RCC. Trustee Steinman moved that the board allow the provost to extend the same privileges to Rogue Community College as are being extended to Klamath Community College. Trustee Vincent seconded the motion and it passed unanimously. Mr. Catz clarified that the motion, as passed, gives the provost the authority to execute a contract with RCC on the same terms as with KCC.

Internal Audit Charter and Internal Audit Plan (Action)

Chair Thorndike presented this item, saying the internal audit charter and plan for FY17 was presented to the Executive and Audit Committee. An excellent presentation was made on setting up this new internal audit function within the university and also a prioritization of efforts for 2017.

Chair Thorndike proposed the motion: Therefore, the Board of Trustees of Southern Oregon University hereby approves and adopts the Internal Audit Charter and the Fiscal Year 2017 Internal Audit Plan. The Board hereby instructs the officers of the university to take all actions and steps deemed necessary and proper to implement the Internal Audit Charter and the Internal Audit Plan. Trustee Nicholson moved the motion. Trustee Shih seconded the motion and it passed unanimously.

Chair Thorndike and Mr. Morris commented on the value internal auditor Ryan Schnobrich adds to the institution.

Board Appointment Recommendation Process (Action)

Introducing this item, Chair Thorndike said the Executive and Audit Committee and the board have discussed the process for making recommendations to fill board vacancies. Sabrina Prud'homme prepared a revised policy, incorporating requested changes. Ms. Prud'homme then discussed the policy provisions.

A concern was raised to make sure that membership does not reach the point that it feels like a seat on the board belongs to a certain industry, employer or constituent group outside of those that are legislatively mandated. The board will always be taking an assessment approach to determine the needs of the board, SOU students, work force, community and so on.

Another issue was determining what consultation consists of and avoiding the appearance of daisy-chaining any decisions. Mr. Catz added that the notion of the recommendation being made by the Board Chair is a form of delegation and it ceases to be a collective action of the board requiring a public meeting. In a communication to the governor's office, an individual could be named and reasons why he or she would be so fitting could be described; this could be shared with all the trustees.

Discussion ensued on the propriety of submitting names of potential candidates to the Executive and Audit Committee or having the Board Chair consult with or distribute information to members of that committee. The conclusion was to reword the language to reflect that the Board Chair would consult with members of the board.

Trustee Sevcik moved to approve the Board Statement on Recommending Candidates for At-Large Board Positions, with that one change. Trustee AuCoin seconded the motion and it passed unanimously.

Board Officer Elections (Action)

Chair Thorndike said that, according to the board's bylaws, there are two board officers who need to be elected or reelected annually: the chair and the vice chair. He added that both he and Vice Chair Sevcik were willing to serve if reelected. However, if others were interested in serving, he encouraged them to seek nomination.

There being no other trustees expressing interest, Trustee Vincent moved to reappoint Bill Thorndike as chair of the Board of Trustees for a one-year appointment. Trustee

Slattery seconded the motion. The motion passed unanimously, with Chair Thorndike abstaining. Trustee Vincent then moved to reappoint April Sevcik as vice chair of the Board of Trustees. Trustee Slattery seconded the motion. The motion passed unanimously, with Vice Chair Sevcik abstaining.

Chair Thorndike hoped the board's governance working group would look into the possibility of changing reelections to a two-year cycle, being aware of how that lines up with the state's biennial budget-making and actions related to SOU's strategy of moving forward.

Enrollment Report

Chris Stanek provided a detailed recap of enrollment for the entire academic year, showing where SOU has landed against its targets and prior year numbers. Looking chronologically, he said fall 2015 ended at 1.4 percent over the prior year, which was nice relative to established targets. That actually translates to a 4.8 percent increase over what was targeted for fall 2015.

Headcount was a bit flat, but considered okay because the FTE and the SCH pay the bills. The FTE for winter 2016 was 2.7 percent over the prior winter. Spring 2016 had a 1.8 percent increase in FTE over the prior year, another nice jump over what had been planned.

Responding to Trustee AuCoin's inquiry, Mr. Stanek said the number of resident students is decreasing and the proportion of residency is changing. Historically, SOU has been around a 60/40 split with resident to non-resident but that has been shifting over the last couple of years. This shift has consequences in terms of the criteria for state assistance. Dr. Walsh added that this might reflect the recruiting efforts from two or three years ago when the focus was pretty heavily on non-resident students. Recruiting is in the process of addressing that and the numbers will start to change.

Shifting to the summer numbers, Mr. Stanek said it is all very preliminary but, at this point in time, FTE is down compared to last summer. However, summer sessions are a different kind of animal and what is going on may be attributed to curriculum shifts, course offering shifts and cohorts starting at different times.

When the FTE for an entire academic year is annualized across all four quarters, for AY15-16, SOU is up over 2 percent, and that is using preliminary numbers for summer. Mr. Stanek thought those summer numbers would rise a little bit. From an annualized standpoint, the change in FTE from last academic year to this academic year would be around 2.5 percent.

Chair Thorndike expressed an interest in hearing from the academic side what steps are being taken strategy-wise relative to the faculty and building the programs, such as education, music and theater arts, that will provide the student numbers needed in the future. Mr. Stanek added the performing arts generates the highest level of funding that SOU receives through the appropriations model for SCH and degrees awarded.

Turning to the fall 2016 funnel, Mr. Stanek pointed out the number of applications is down. However, the number of confirmed students is holding steady. Ms. Moutsatson said she is convinced the Oregon Promise is having a very heavy impact on SOU. There were 971 students in Jackson and Josephine Counties who applied for the Promise; of that number, 832 of the applications had been correctly completed and 629 of those received the Promise. There are 203 students that SOU will hopefully be able to reach out to soon. She also mentioned the 177 students who checked in for the day's transfer ROAR, which is a 44 percent increase in attendance over last year for the same event. Dr. Stillman added that, although nobody wants to see applications down, every other indicator is dead even or slightly up. They are still in a cautiously optimistic mode and are working every day to try to shore those numbers up as best as they can.

Mr. Stanek clarified that they have been talking about new students coming in fall of 2016. Looking at the fall 2016 total enrollments that are on the books so far, the numbers are already up a percentage point over this time last year. The 2,108 FTE reflects all the pre-registration activity that took place during spring term and is a nice strong number at this early stage.

Discussing completions, Mr. Stanek said degree applications through the end of May are up over last year. Based on his preliminary mid-June report, the number of applications for both bachelor's and master's degrees are up 6 percent and graduate certificates are still around 7-8 percent. The degrees awarded are at 218, but they are in the middle of the evaluation process and there will be a lot of activity in that number over the next couple of months.

Accreditation Update

Dr. Jody Waters provided an update on accreditation. There are five standards to which the accreditation report is written but there are two where the bulk of the work over the past couple of weeks has been: (1) planning and implementation and (2) effectiveness and improvement.

Dr. Waters addressed the key points and processes in the year seven report. The team will prepare campus for the on-site visit at the end of October.

Responding to Trustee Steinman's inquiry about the board's involvement in the accreditation visit, Dr. Waters said she expected the Board Chair and the committee chairs would be invited to meet with the NWCCU team. Part of the accreditation process is to ensure the Board of Trustees is engaged at the appropriate level of governance with the institution and has appropriate interaction with the president and senior staff. The NWCCU team will know a lot about how the board functions as well as the events that occurred after the transition from a state board to a local board.

Trustee Vincent asked about the biggest risks in this accreditation process of which the board ought to be aware. Dr. Walsh said the NWCCU team will note items for which SOU should be commended. The team will also make recommendations on items SOU needs to either do better or put into place, which is what SOU will respond to. At this

time, she does not see anything concerning and added that it is okay to say in the report “We’re not completely doing this as well as we’d like to, but we’re working on it,” and the NWCCU team appreciates that and will acknowledge that. The accreditation report comes at a really positive time for SOU and could be a nice primer for the strategic planning process.

Presidential Search Update

Since Trustee Hennion, the chair of the Presidential Search Committee, was not present, Sabrina Prud’homme provided the update in her stead. The board appointed a new president a few days prior to the current meeting and she reviewed the many steps in the process beginning in the fall of 2015. Community engagement was a big take-away for Trustee Hennion, who believed it helped make the search very successful.

Trustee Hennion wanted to express thanks to Trustees Nicholson, Slattery, Sayre and Washington for the additional work they did as members of the Presidential Search Committee. She also wanted to thank all other committee members.

Ms. Prud’homme thanked the board for its confidence in her as the search coordinator and for the opportunity to help lead this really important effort. She also thanked Mr. Morris for lending his assistant, Treasa Sprague, and her own assistant, Kathy Park, who both dedicated much of their time in support of the board and the search process.

Ms. Prud’homme then reviewed plans for the incoming president’s transition and onboarding process to ensure that the board, the institution and the right people in the community are providing support for Dr. Schott’s successful transition. Ms. Prud’homme and Liz Shelby, who was engaged to aid in this transition for the president, will incorporate meetings with trustees and discuss priorities with Dr. Schott, to ensure inclusion of items she deems important. Trustees were encouraged to submit recommendations of any specific items or meetings.

Responding to Trustee Steinman’s inquiry, Ms. Prud’homme said the best feedback from the search firm regarding the search process was that the pool the search committee had to choose from was a great pool. One piece of feedback she thought was interesting was that, instead of viewing SOU as an ugly duckling, many candidates saw this presidency as a good opportunity to be able to come in where a lot of the tough work has already been done. She also said most of the feedback she received about the search was very positive and many thanked the board for the inclusive process.

Chair Thorndike praised the dinners held at the Schneider Museum of Art because of the great exhibit and it was a comfortable environment where everyone got to know each other a little better. He was also extremely pleased with the participation at the breakfasts held in Medford for all the candidates. Ms. Prud’homme recognized Jeanne Stallman for the terrific work she did in helping to get that group together and to make the candidates’ time in Medford successful.

Trustee AuCoin praised Trustee Hennion's leadership on the search committee and acknowledged the incredible hours and work of Ms. Prud'homme.

Presidential Evaluation Discussion

Chair Thorndike led the discussion on the president's evaluation. He talked about his negotiations with the incoming president, Linda Schott, and said the presidential evaluation was an interesting portion of those negotiations. Both parties desired to define, as quickly as possible, the areas for which she would be responsible.

Mr. Catz discussed the possible need for a board policy on presidential evaluation, how that process should work and when the right time is to bring that forward. In the contract negotiations, Dr. Schott asked about the evaluation. Mr. Catz said he and Chair Thorndike told Dr. Schott that they anticipated her providing some leadership and guidance as an ex officio member of this board and also as someone with experience as a president. Dr. Schott was very positive about the prospect of helping in that effort.

Other Business

Chair Thorndike and Ms. Prud'homme led a discussion on the fall meeting schedule. They discussed the quarterly reporting requirement to the Executive Appointments Office; the requirement that the board meet quarterly; the sensitivity to meeting and taking action in the summer while the campus is essentially bare; the board's desire to have a fall retreat; the new president's arrival on August 1; and the trustees' involvement in the accreditation visit. Discussion ensued on having a short meeting of the full board in September, the regularly-scheduled meeting in October and/or an October retreat.

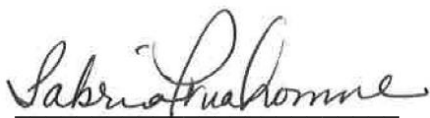
The trustees discussed the retreat being the board's opportunity for strategic planning and brainstorming. It would also give the trustees the chance to ask questions on how the board is doing and what it could do better.

Adjourn

Chair Thorndike adjourned the meeting at 5:01 p.m.

Date: September 15, 2016

Respectfully submitted by,



Sabrina Prud'homme
University Board Secretary