



**Board of Trustees
Special Meeting**

**Tuesday, September 1, 2015
11:30 a.m. – 2:00 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 11:55 a.m. The chair opened the meeting and recognized the life of Orcilia Zúñiga Forbes, a fellow trustee at Oregon State University and a great loss to the people of Oregon. The chair called for a moment of silence to honor the deceased.

The following trustees were in attendance and a quorum was established: Bill Thorndike, Les AuCoin, Filiberto Bencomo, Sheri Bodager, Lyn Hennion, Paul Nicholson, Jeremy Nootenboom, Teresa Sayre, Judy Shih, Dennis Slattery and Steve Vincent. Shea Washington joined the meeting by telephone.

The following trustees were absent: April Sevcik and Joanna Steinman.

Others in attendance included: Roy Saigo, SOU President; Liz Shelby, Chief of Staff and Director of Government Relations; Craig Morris, Vice President for Finance and Administration; Matt Sayre, Director of Athletics; Brian Caufield, USSE, Director of Labor Relationships; Jody Waters, Associate Provost; Karen Stone, Associate Vice President for Curricular Management; Ryan Brown, Head of Community and Media Relations; Mark Denney, Associate Vice President for Budget and Planning; John Stevenson, IT User Support Manager; Olena Black, League of Women Voters; Giovanna Fox, SOU; Sherritta Guzman, SOU; Anne Wadley, SOU; David Coburn, OSA; Vicki Purslow, SOU; Frederick Creek, SOU Campus Public Safety; Drew Gilliland, SOU; Shane Hunter, SOU; Steve Larvick, SOU; Larry Shrewsbury, SOU; Kemble Yates, SOU; David Humphrey, Director of the Center for the Arts; Craig Switzler, SOU; Torii Uyehara, ASSOUP President. Mira Theisen and Chris Kastelic of Sink Combs Dethlefs, joined the meeting by telephone.

The minutes of the June 26, 2015 meeting were amended to correct the spelling of names for Jennifer Fountain and Lisa Garcia-Hanson. Pending the changes, the minutes were approved.

Lunch and President's Update

Providing an update to the board, President Saigo recalled 2014 when the university was in trouble, as enrollment was declining and the university was in retrenchment for the second time. The retrenchment pointed to further cuts in staff, courses, and departments if the university did not meet specified benchmarks for improvement.

On July 1, 2014, when the president met with his cabinet, enrollment was down by 9 percent from the previous year. With campus-wide teamwork, this changed to a plus 2 percent enrollment in only 2.5 months. That drastic turnaround avoided the need to re-open the retrenchment plan and marked SOU as the only institution in the system to

increase its undergraduate full-time enrollment. As SOU no longer has the safety net of the Oregon University System, he stated that SOU is on its own and it's up to "us" to succeed or fail.

Emphasizing his personal philosophy, he noted a plan of increasing and retaining students, bringing in more income than SOU spends, and having greater accountability. From his perspective, President Saigo identified the following major issues or needs of SOU.

1. Increase enrollment by at least 100 students per year. This is essential because of the expected annual increase (mainly personnel costs) of approximately three to five percent per year. This means we cannot stay flat in enrollment and expect to be in the black.
2. Maintain retention at around 70 to 75 percent per year. Every department has plans for increasing retention.
3. Build a new culture of open communication, respect and trust. Share information, planning, and expectations for engagement and success. We must have full university buy-in for SOU to prosper.
4. Assist the university in building an environment of scholarship. One measure of this is the number of professional publications and presentations; another measure is external funding through grants and contracts.
5. Increase diversity. We must expand a welcoming environment to all aspects of the campus and the Rogue Valley community to broaden and sustain the institution.
6. Expand relationships and support within our community. Faculty, staff, and administrators must continue to expand our activities and interactions in the Rogue Valley.
7. Build additional relationships and agreements with community colleges and high schools. To President Saigo, this is of the highest priority for Southern Oregon University. Achieving this goal has been an intense effort for him this past year.
8. Increase SOU Foundation relationships and donations.
9. Continue to engage the new Board of Trustees in their service to SOU. A retreat is being planned. President Saigo invited and encouraged the Board's presence on campus and attendance at university events.
10. Continue to attract top talent and develop staff. New hires in the past year have already begun to change the culture of the university.

He concluded with appreciation for the trustees' work in guiding the university.

Public Comment

There was no public comment.

McNeal Pavilion Project – Budget Scope Increase (Action)

Craig Morris reminded the group of the July presentation from the architects on the proposed design for McNeal. As the construction market continues to grow, and after decreasing the project 1,000 sq. ft., it is still \$2 million over budget. Mr. Morris explained key modifications to the project since the board last discussed the topic. He then recounted the deliberations of the Finance Committee immediately preceding this meeting, which considered increasing the scope of the project by \$2 million and adding additional scope up to \$1 million to construct locker rooms and offices under the stadium.

Mira Theisen and Chris Kastelic focused on changes to the project, starting with the site plan and noting there weren't many changes in this area. Reviewing the main level floor plan, the biggest change was the access to the main gym, which is no longer from the top of the gymnasium. On the Student Recreation Center (SRC) side, changes were minimal with the recreation gym relocated to the lower level while the track came to the main level. Answering capacity questions, Ms. Theisen and Matt Sayre noted that capacity is 1,392, which is close to the current capacity of 1,400, and that reaching capacity is a possibility.

The lower level has four instead of three classrooms on the west wall where natural light will enter from a light well. A big change is the two locker rooms where each gender would share a wet area among a couple of different sports for each. There is also a gender-neutral locker room plus two separate locker rooms for visitors, one of which will be shared with the soccer team.

Due to level changes, the upper level is mostly SRC, with an open fitness area and open-to-below spaces, along with two group exercise rooms and shared storage. All the changes together helped reduce the exterior wall area and make the project more efficient without making more program eliminations. Ms. Theisen then showed the outside of the building and elevations. The goal has been to preserve the outside aesthetic with materials and maintain the presence of the building's scale and visual interest as a center of student activity. Responding to Trustee Nicholson's questions about the size of the light wells and whether the area could be used as an outdoor living space with landscaping, seats and tables, Ms. Theisen responded that they envisioned a lot of plantings and that the area could become an outdoor classroom.

Concluding the item, Mr. Morris thanked the architects for their ongoing work on the project. No action was taken, pending the discussion on financing.

McNeal Pavilion Project – Financing (Action)

Mr. Morris recommended that SOU put preapproved financing in place at \$3 million and draw down only on amounts needed, which, hopefully would be offset by funds from other sources, if available. Chair Thorndike asked if other universities were experiencing the cost escalations and, if they were, was it possible to go back to the legislature as a group to pursue funding. Mr. Morris knew of at least one other institution experiencing these cost escalations and noted that he would be surprised if the issue and request didn't come up in the February session. Responding to Trustee Slattery regarding donor funding and naming rights, Mr. Sayre said he was exploring this with Janet Fratella.

Trustee Nicholson moved that, based upon the recommendation of the Finance Committee, the board increase the scope of the McNeal Pavilion project by \$3 million to be increased and allocated as follows: \$2 million to increase the building project from \$21.3 to \$23.3 million; and approval of the stadium improvement portion of the project with a budget up to \$1 million for locker rooms under the stadium. With this increase in scope, the board increases contract authority for all contracts to implement the project in an amount not to exceed the additional \$3 million scope, with that authority being delegated to the vice president for finance and administration. Chair Thorndike added that Mr. Morris shall return to the Board with major elements. The motion was seconded by Trustee AuCoin and passed unanimously.

Accordingly, with the passage of the first motion, Trustee Nicholson moved that the finance committee recommends to the full board that the vice president for finance and administration, in consultation with the university president and the finance committee, be authorized to arrange and execute contracts for financing in the form of a pre-approved loan in the amount of \$3 million to cover increased scope costs. The motion was seconded by Trustee Nootenboom. Trustee Hennion abstained from the vote citing a possible conflict of interest if her firm were able to offer bonds for financing. The motion passed.

The board took a 10-minute break. Upon returning, the remaining agenda items were re-ordered, as Brian Caufield had not yet arrived to present the labor negotiations update.

Discussion of Possible Extension to SOU President's Contract (Action)

President Saigo left the meeting before Chair Thorndike opened this issue for discussion. Chair Thorndike introduced the topic noting that SOU has a short-term strategic plan and President Saigo was hired by the Oregon University System (OUS) to execute that. The board just completed its second month of governance, 260 policies transferred to SOU from the system, which the board can change or modify, and the learning is extensive. He noted that change takes time and the president's contract ends on June 30, 2016. The Chair spoke with trustees to see if there was interest in extending the president's contract for up to one year, giving the board time to find a president and for SOU to continue making progress. He reported overwhelming support as well as skepticism about extending the interim president's contract for a year. When reviewing OUS's evaluation of the president with him, the Chair also asked if he was interested in serving for another year and President Saigo said he was willing to entertain the opportunity.

The Chair was seeking from the board a pathway in considering whether or not the board wishes to extend the contract for one additional year in order to provide flexibility and increase preparedness to move forward with a presidential search. If so, the transferred OUS policy requires the board to consult with faculty and students and statute says the board also has to consult with the governor. If it pleases the board, this consultation process could be enacted. If the process is flexible and adaptable, it could allow the board to get the best possible candidate for SOU. Uncertainty of the timeline and its lengthiness was addressed. The Chair sought permission to consult with constituents and do preliminary negotiations with Dr. Saigo as to what changes the board might make to his existing contract, then return to the board to determine the path the board would follow. He expressed being open to other pathways and the collective decision-making of the group and opened the conversation for input.

Trustee AuCoin said the matter is one of great institutional importance. Since July, the board has discussed the matter and he felt the extension is unnecessary if a decision of the board also is delayed. He expected the board to be further along in the process than it is currently. He agreed with Trustee Sayre's earlier suggestion to develop a working group to help the board move close to a decision and that picking a new president in the ten months between now and the end of the president's contract seemed impossible. Trustee AuCoin stressed the need to move forward, stating the board needs to buy time to get a good search going, and should strengthen President Saigo's position so he can continue to build on the successes SOU already has seen with him. If the board embarks upon this process, which

he supports, any change in title marking President Saigo as transitional would harm his effectiveness.

Trustee Washington felt the board needed to first focus on retrenchment efforts before a search and had no issue with removing “interim” from the president’s title.

Trustee Nicholson noted a factor not to be overlooked is that SOU’s 2017 accreditation was moved to 2016. He noted an evolving opinion on the matter. SOU has enormous successes to point to and some disquieting factors exist as well. He agreed that the aforementioned consultation is necessary and should include faculty, students and staff as well.

Trustee Sayre echoed Trustee Nicholson’s comments and expressed that this is job number one for the board. She said she would not feel comfortable going forward without faculty, staff and student input. She appreciated hearing the ten goals the President outlined earlier in the meeting. However, with stated goals, there should be strategies and action steps.

Trustee Hennion thought the board should go ahead with a presidential search. She liked the ideas of a working group; consulting with constituent groups; and recommended that the board use this year for outreach and planning to figure out the right qualities to seek in the next leader and would not want to do a presidential search in a hurry. She recommended consultation with the governor then constituent groups.

Jason Catz clarified the statute on presidential searches and the requirement to consult with the governor.

Trustee Slattery cautioned that making a decision and then consulting with constituents is not a good idea. He said the prudent thing to do is establish a “date certain” that the board will begin a search. Later in the meeting, he suggested a date of March 2016. He also liked the idea of a working group.

Trustee Nootenboom echoed the sentiments of Trustees Sayre and Slattery, noting that the most important things the board will do are hire and fire a president for SOU. He stated the right thing to do is hire a good president and do it right, expecting a good search might take longer than a year. As such, he felt the issue of a possible extension was not the question, but whether the board could do a good job of finding the right president without extending.

Trustee Bodager noted that when the board hears reports on accomplishments, it must also question what the president may not be doing, and provide direction in that area in case he needs to stay longer than what the current contract outlines. Chair Thorndike noted that the current president has a different style than a typical chief executive. However, on an external basis, President Saigo has done more to connect SOU to the community than anyone has done in a very long time.

Trustee Sayre inquired about the money the system set aside for SOU to conduct a presidential search and Mr. Morris replied that it is in SOU’s fund balance and will stay there until the board is ready to use it.

Trustee AuCoin noted the importance of awaiting decision making until the constituency groups are back on campus, and questioned the timeline of these actions. Other timeline issues were raised among the trustees as well.

Trustee Vincent voiced support for a year of continuity. He agreed there should be a date certain for establishment of a working group to begin. He also would like to see a 360-degree type of review and thinks it will inform the board on the president and/or the new hire. He would also like to see a “dashboard” that offers the metrics most boards see regularly. His final suggestion was to give the board chair the discretion to meet with the constituencies and if anything material is discovered, he will bring it back to the board to ensure their voices in the process.

Trustee Shih felt the board should extend the president’s contract another year and start the search as soon as possible. She also stated the importance of the board clarifying its own expectations of the president. Earlier in the meeting, she also questioned if the extension needed to be a full year.

The board secretary recorded the suggestions and requests of the board, and read the proposed motion that the Board Chair be authorized by the Board of Trustees to:

1. Contact the faculty leadership, student leadership and staff for the purpose of consulting with these important constituencies regarding the possible extension of President Saigo’s employment agreement for up to one year beyond the term of his present employment agreement;
2. Contact the Governor, as required by ORS 352.096(1), for the purpose of consulting with her regarding President Saigo’s employment; and
3. In light of these consultations, the chair will negotiate the terms of an amended employment agreement with President Saigo;
4. Except, however, the Board Chair shall be required to return to the full Board of Trustees at its regular, quarterly October meeting to:
 - a. Report on his consultation with faculty leadership, student leadership, staff and the Governor;
 - b. Request approval of the length and compensation for any employment agreement negotiated with President Saigo; and
 - c. Obtain the Board’s final approval to execute such an amended employment agreement.

The motion was moved by Trustee Vincent, seconded by Trustee Shih, and passed unanimously.

Labor Negotiations Update

As Brian Caufield had arrived, Chair Thorndike announced that, pursuant to ORS 192.660 (2)(d), the board will meet in executive session to conduct deliberations with persons designated by the governing body to carry on labor negotiations. Pursuant to ORS 192.660 (4), representatives of the news media are not allowed to attend this executive session. Pursuant to ORS 192.660 (6), no final action will be taken or final decision made in the executive session. Pursuant to ORS 351.020 (1), Trustees Slattery and Steinman will be kindly excused from the session as they may not participate in any discussions or action by the board or attend any executive session of the board involving collective bargaining issues that affect faculty or staff at any public university listed in ORS 351.011. In addition to the non-faculty/staff board members, the following persons were permitted to remain for the

executive session: Director of Labor Relationships, Brian Caufield; Jason Catz; Sabrina Prud'homme; Kathy Park; Craig Morris; and Ryan Brown.

In concluding the executive session, the meeting was re-opened and interested parties were invited back into the room.

Adjourn

Chair Thorndike adjourned the meeting at 2:55 p.m.

Date: October 16, 2015

Respectfully submitted by,

A handwritten signature in cursive script, appearing to read "Sabrina Prud'homme", is written above a horizontal line.

Sabrina Prud'homme
University Board Secretary