

**Board of Trustees Meeting
Friday, January 22, 2021
Videoconference**

MINUTES

Call to Order/Roll/Declaration of a Quorum

Board Members:

Paul Nicholson	Present	Deborah Rosenberg	Present
Les AuCoin	Resigned	Daniel Santos	Present
Jonathon Bullock	Present	Linda Schott (ex officio)	Present
Sheila Clough	Present	Barry Thalden	Present
Shaun Franks	Present	Bill Thorndike	Present
Lyn Hennion	Present	Steve Vincent	Present
Megan Davis Lightman	Present	janelle wilson	Present
Dylann Loverro	Present		

Chair Nicholson called the meeting to order at 12:46 p.m. in the DeBoer Room of the Hannon Library. The board secretary recorded the roll and a quorum was verified.

Other attendees and Zoom panelists included: Dr. Neil Woolf, Vice President for Enrollment Management and Student Affairs; Greg Perkinson, Vice President for Finance and Administration; Dr. Susan Walsh, Provost; Jason Catz, General Counsel; Janet Fratella, Vice President for University Advancement; Jeanne Stallman, Associate Vice President for Government and Corporate Relations; Sabrina Prud'homme, Board Secretary; Josh Lovern, Budget Office; Niko Hatch, ASSOU; Kemble Yates, Faculty Senate; Jean Bushong, CliftonLarsonAllen; Jonathan Chavez Baez and Dr. Kylan de Vries, EDI Leadership Team; and Kathy Park, Office of the Board Secretary.

Trustee AuCoin announced that he very reluctantly needed to step down from his position on the board. Trustees and staff members expressed their appreciation for Trustee AuCoin's outstanding service and dedication to SOU.

The board recognized Trustee Franks, who recently received the Rising Star award from the Medford Chamber of Commerce.

Public Comment

There was no public comment.

Consent Agenda

Trustee Clough moved approval of the consent agenda, as presented. Trustee Lightman seconded the motion and it passed unanimously.

Reports

President's Report

President Linda Schott first addressed how campus is coping with the pandemic, saying people are hunkered down, persevering, stressed, still trying to do their best, and looking to the future. It is uncertain when SOU will be included in the vaccination plan but the Student Health and Wellness Center has been approved to administer

vaccinations when the time comes. Provost Susan Walsh and the division directors have contacted faculty members to determine who might want to teach in the classroom for the spring term, either a hybrid format or fully in-person.

Athletics was severely impacted by the pandemic. SOU has 406 active student athletes. Athletes and coaches are tested weekly for the coronavirus; there were 27 positive cases in the fall and 7 in the winter. Gyms and weight rooms are closed to students by order of the governor so the athletes have to do everything outside. Volleyball, basketball and cross country opted out of conference play. A 4-game football schedule was released and there is hope to have softball and soccer conference competitions starting in March. Student athletes continue their community service and are helping to rebuild Bear Creek Greenway.

Turning to commencement, President Schott said the University Ceremonies Committee is discussing options. There are so many unknowns, including the status of the governor's orders and of the virus. The goal is to preserve as much of a traditional ceremony as possible.

Regarding SOU's financial situation, President Schott said Greg Perkinson would provide details later in the meeting but said everyone is making sacrifices helping SOU's bottom line.

Work continues on how to best use all of SOU's assets. The SOU Properties Task Force has met twice and has discussed how SOU-owned property can be utilized to the service of SOU and the community; no decisions have been made yet but she is confident this is the right time to be having this discussion.

President Schott said the big question in her mind is what SOU will look like in the post-pandemic world and what it should look like. She is thinking about how the campus will have that conversation. She said the campus must take some time to think about what has been learned, what needs to be done differently, how the university can position itself in a world that is probably going to be even more competitive and where many will be challenged to afford higher education.

President Schott said work on the Staff Assembly is proceeding. The Staff Assembly Working Group, led by Jason Catz, has met several times and is now editing the draft bylaws. Once that is completed, this new shared governance body will be announced to campus and the process of launching the Staff Assembly will begin.

President Schott said she will be participating on a panel discussion for the American Association of State Colleges and Universities on sustainability on campuses. This is another way SOU is being positioned as a leader on the national stage.

Committee Reports

Academic and Student Affairs Committee - Trustee Bullock mentioned the theme of the committee's meeting: "SOU is on the forefront of rethinking liberal arts education." This gave the committee a context by which information and reports could be interpreted and to put a focus on the work that is happening across campus. He said the committee approved a Bachelor of Science in Sustainability and Certificates in

Geospatial Science and Cybersecurity. They also had discussions on micro-credential programs and the work of the Southern Oregon Higher Education Leadership Council to improve communication between K-12 and the university. The committee also heard about the work being done to reform the general education program. Dr. Neil Woolf provided a positive report on the post-graduation employment of SOU students.

Finance and Administration Committee - Trustee Clough said Dr. Woolf presented an enrollment overview. The programs SOU delivers impact enrollment and the ability to attract and retain students impacts financial health. The committee focused on the incredible work the administrative team has done since October, important activities culminating in action and a preview on how finances are shaping up going into the fiscal year 2022 budgeting process. Greg Perkinson provided positive financial news: Jefferson Public Radio has received a Paycheck Protection Program loan and SOU will receive \$6.2 million in funding from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), \$1.7 million of which will support financial aid for students and \$4.5 million will support operations. Regarding the impact of the wildfires, Mr. Perkinson provided a report on the modeling the team is doing to understand the financial impact and projecting how it may impact recruitment and retention of students; this is creating awareness at the state level and may be used for future relief funding. Trustee Clough mentioned the University Properties Task Force that is analyzing how SOU can best use the property it owns. The Human Resource Office provided a presentation on the possibility of offering early retirements; the conclusion was that there may be financial benefits in later years but it is not worth it. The committee received a presentation on refinancing the bonds for the North Campus Village and recommended that the board support the plan. The committee reviewed forecasting tools for next year's budget.

Executive and Audit Committee - Chair Nicholson said the committee discussed the audit function, including the possibility of working with the other technical and regional universities (TRUs) to share an internal auditor; two of the TRUs have indicated an interest. Jason Catz is drafting a request for proposals, which will come to the Executive and Audit Committee for approval. There has been little action on the hotline. The committee spent considerable time on the external audit with Jean Bushong and recommended the board's approval. The committee also discussed changes to the president's compensation and recommended the board take appropriate action. Vice Chair Santos updated the committee on the work of the Governance Work Group regarding a separate Governance Committee, which the board also will discuss.

Student Leadership Report

Niko Hatch, the new ASSOU President, delivered the student leadership report. He said the Student Incidental Fee Process has started and ASSOU hopes to present its recommendation to the board at the spring meeting.

Mr. Hatch said ASSOU is working with Sabrina Prud'homme to recommend a new student trustee for the 2021-2022 academic year to replace Trustee Loverro due to her upcoming graduation in June. Vice Chair Santos praised Trustee Loverro, saying she is an outstanding student and contributor on the board.

Mr. Hatch mentioned the many committee and task forces on which he serves as the

student member and hopes to be as helpful to students as he can be.

Faculty Senate Report

Kemble Yates said faculty continue to work on curriculum. Andrew Gay and Dr. Brie Paddock are leading the effort to propose a new general education structure, which would be effective in the fall of 2022. The real work of the faculty has been to figure out a way to deliver a good, quality education to students in a wild and unforeseen set of circumstances. Faculty are not only focused on how to do their jobs but also have personal issues to deal with (e.g., being parents and homeschooling their own children). Mr. Yates said everyone is yearning for the day when there will be enough vaccinations that everyone can return to a more normal world.

Responding to Chair Nicholson's inquiry about transitioning to hybrid classes, Mr. Yates said there would be a myriad of faculty responses. He appreciates how the academic leadership put out the call to determine who is eager to return to the classroom and is balancing differing interests. Some faculty are hesitant to return to face-to-face classes until there is widespread vaccination. Hybrid classes accommodate students who can and cannot come back face-to-face.

University Advancement Report

Janet Fratella reviewed the giving report, saying \$1.9 million has been raised compared to the goal of \$3 million. This is well ahead of last year at this point. Ms. Fratella highlighted some of the generous donors: Peg Evans, Jim Williams, the Olsrud family, the Columbia Pacific Foundation and Harold Warner. The donations will be used for various purposes, including scholarships, the SOU Cares program and SOU Fund.

Turning to grants, Ms. Fratella said grants have been received from the Department of Education, National Park Service, Oregon Department of Forestry and Oregon Cultural Trust. Since the beginning of the fiscal year, SOU has received \$2.2 million in competitive grants.

Regarding board giving, Ms. Fratella said the SOU Foundation and governing boards are at about 64 percent participation.

Ms. Fratella said David Stork from the Lithia Motors executive team is a new addition to the SOU Foundation Board. Mr. Stork has worked with Jeanne Stallman and Stacey Derrig to develop a six-figure contract for the professional development of the Lithia Motors workforce.

Ms. Fratella said SOU has started the Raider Advocates Program, a non-partisan network to add alumni voices to the work Ms. Stallman does. When work is being done in Salem and with legislators around the state, SOU will have a group of alumni who can speak with elected officials about the university and what it needs to be successful.

Action, Information and Discussion Items

University President's Compensation (Action)

Chair Nicholson reminded the trustees that, last year, the board amended President Schott's compensation to reflect a 20 percent furlough consistent with actions taken to amend the compensation of other staff members. At that time, the board resolved to

revisit this issue no later than January of 2021. Also at that time, it was not clear if the furloughs would continue for the staff members. A decision has since been made to continue the furloughs through mid-March.

The Executive and Audit Committee reviewed the proposal to continue the reduction in the president's compensation and recommended it to the board for approval. Chair Nicholson said it is proposed that the board continue with this reduction and revisit the issue in April. At that time, if staff members' furloughs have been lifted, it would be appropriate for the board to consider the same for the president, making it retroactive if needed.

Trustee Bullock moved approval of the resolution included in the meeting materials. Trustee Loverro seconded the motion and it passed unanimously. Trustee Hennion shared her concern, saying the board has to take this action but does not like doing so. Chair Nicholson and Trustee Hennion thanked President Schott for her commitment.

Equity, Diversity, and Inclusion Update (Action)

Chair Nicholson said that, following the board's approval of its Board Statement on Black Lives Matter on Juneteenth last year, the board said it wanted a standing equity, diversity and inclusion (EDI) update on its agenda. Today's presentation includes an update on what the campus has been doing in this area, comments on the House Bill (HB) 2864 report and what else the board can do to fulfill the aims of the Board Statement on Black Lives Matter.

Jonathan Chavez Baez, a member of the EDI team, said some priorities for 2020-2021 have been achieved and others are still in progress. The pandemic, wildfires and civil unrest affected progress but the team is dedicated and moving forward. Ms. Prud'homme (another member of the EDI team) and Mr. Chavez Baez highlighted two training opportunities available on campus, one being mandatory and the other optional.

Mr. Chavez Baez said the EDI website would be updated and redesigned to improve communication and share information. The website will launch soon.

Trustee Wilson discussed steps and activities Student Life and the Social Justice and Equity Center is taking to promote student success, how those actions relate to strategic directions and how they are tracked. The activities include speaker series, luncheons, equity roundtables and the governor's food drive.

Responding to Trustee Clough's inquiry, Ms. Prud'homme said communicating progress in this area is critical and it is impossible to over-communicate. Information is being disseminated but communication needs to improve. On issues requiring a response or that are urgent, President Schott or the EDI team will send out the communication, after appropriate collaboration and coordination. Changes to the EDI website will also improve communication and make EDI more visible to the SOU community and the community more broadly. Trustee Vincent recommended following activities of the Racial Justice Council, a state level group.

Cultural Competency Report - The EDI team provided an overview on specific sections

of the cultural competency report. Ms. Prud'homme reviewed the cultural competency milestones and other requirements of HB 2864, as included in the meeting materials. The EDI team addressed how the requirements of the bill have been met, including the maintenance and expansion of the President's Committee for Equity and Diversity, expanding the equity-related objectives of the strategic plan and development of training for employees and students.

Chair Nicholson asked the trustees to consider how the board, within its areas of responsibility, could fulfill the aims of the Board Statement on Black Lives Matter. He recommended the creation of an EDI Work Group, comprised of 4-5 trustees, to develop recommendations on actions the board can take to further EDI objectives.

Trustee Rosenberg made a motion to approve the formation of an EDI Work Group of the Board of Trustees. Trustee Wilson seconded the motion and it passed unanimously.

The Big Question: Student Success

Chair Nicholson said this meeting's big question is "Student Success," and the lens of student success should be used to examine everything that is being done. Discussion later ensued on what comes to mind when trustees think about student success, including students' experiences at SOU; whether they are engaged and expanding their minds; whether they are healthy; making sure students understand their commitment to community and democracy and seeing students fulfill that through service, volunteer work, careers and service after graduation; whether they have learned to be adaptable and resilient, to fail and to succeed; the benefits of a community mentor program; and whether they have developed critical thinking skills. In wrapping up the discussion, Chair Nicholson believed the trustees need to focus on whether they are holding themselves and the students up to those definitions of success.

Student Success: Post-Graduation Employment - Dr. Neil Woolf said the National Association of Career Educators (NACE) conducts a first destination survey. According to NACE and some additional data mining, the percent of recent graduates from SOU who are employed within six months of graduation is 68, 10 percent higher than the national average. The data is for students who are employed in their field or a related one. The percent of graduates that go on to graduate school is 17 at SOU and 19 percent nationally.

Student Success and Completion Funding Model Update - Greg Perkinson and Jason Catz provided an update on the new Student Success and Completion Funding Model (SSCM). Mr. Perkinson said the HECC staff made their recommendation and the process has transitioned to rulemaking. SOU made the most headway in the mission differentiation category; SOU may receive an increase in funding from the transition of dual credit from the mission differentiation category to the activity category. The big open issue is still stop loss - stop gain, which may only be for a one-year period.

Mr. Perkinson said the HECC would meet in February to review the rules that have been vetted through the process then, hopefully, release the new model. The new model could result in a \$1.5 million increase in funding for SOU. President Schott said that, once the model is finalized, SOU must think about how to optimize performance and maximize benefits under this model without changing its fundamental mission.

Governance Work Group Discussion

Vice Chair Santos provided an update on the Governance Work Group, saying the group started and ended with the same question: What is the problem they are trying to solve? The work group observed that this work has been taking place already within the Executive and Audit Committee. At SOU and five of the other Oregon public universities, an Executive and Audit Committee addresses governance issues.

The Governance Work Group concluded that, while a Governance Committee could be useful, creating a new stand-alone committee was not seen as a readily apparent solution. The work group posed three questions for the board's consideration: What problem do trustees believe the board will solve with the creation of a Governance Committee? Do trustees believe a stand-alone Governance Committee is the best way to solve it? What else should the work group explore before bringing back a recommendation to the board? Discussion ensued and trustees commented that governance is not given sufficient attention under the current structure, questioned whether the Executive and Audit Committee has the capacity to include more focus on governance issues, and mentioned the possibility of having the entire board address governance issues once or twice a year or convening a Governance Work Group on a regular basis. Following further discussion, Vice Chair Santos said the group would like to return with a final recommendation in April.

Fiscal Year 2019-20 Audited Financial Statements (Action)

Jean Bushong presented the FY 2019-20 financial audit results, as included in the meeting materials. CliftonLarsonAllen's (CLA's) responsibility is to determine if SOU's financial statements are accurate. CLA is not part of SOU's internal control structure. Management is responsible for having controls in place to prevent and detect fraud, error and noncompliance but the auditors would report any material weaknesses or significant deficiencies with SOU's internal control system.

The scope of the engagement included a financial statement audit and a compliance audit of the spending of federal dollars, including CARES Act funds. Ms. Bushong said the auditing guidance for CARES Act funds was issued in late December so that portion of the audit is not yet completed. COVID-19 presented unique audit items this year.

Summarizing the results of the financial statement audit, Ms. Bushong was pleased to report that CLA offered an unmodified opinion, which is the expectation. Importantly, there were no actual adjustments that changed the bottom line of the financial statements but there were three reclassifications and one past adjustment. These findings were presented in CLA's letter to governance. There were no material weaknesses or significant deficiencies in internal controls but there was a letter to management which included operational recommendations regarding information technology access rights.

Ms. Bushong explained the impact of Governmental Accounting Standards Board standard 84 on accounting for fiduciary activity, such as the North Campus Village, which necessitated the inclusion of a new financial statement in the report. Ms. Bushong then provided the required communications to governance, as included in the meeting materials.

Vice Chair Santos moved to approve the resolution accepting the FY 2019-20 audited financial statements and the 2020 Annual Financial Report for SOU, as included in the meeting materials. Trustee Franks seconded the motion and it passed unanimously.

North Campus Village – Bond Refinancing (Action)

Chair Nicholson said the board's action on this refinancing item is being taken as a "belt and suspenders" approach for bond financing to provide any needed proof of the board's approval. Greg Perkinson said the option is being pursued at this time because of the low interest rates, the pandemic, the loss of millions of dollars in revenue because of the pandemic, and the need for liquidity.

Jason Catz said that, although the North Campus Village (NCV) is owned by a private entity, SOU benefits the most financially it. NCV is a net revenue project, so after expenses are taken care of, the university gets most of the revenue. With very few students in the residence halls because of the pandemic, there was very little revenue. Even so, SOU funded the refunds to students who no longer lived in the residence halls. Mr. Catz mentioned the uncertainties and the risks that existed in June and July of 2020, when the administration first began to evaluate this option.

Mr. Catz said some allowances in the existing bond relationship were negotiated. Additionally, to manage the \$2.8 million mortgage payment, SOU was able to take advantage of the lower interest rate currently on bonds. There is an estimated savings of \$3-4 million in the first 3 years. However, over the 40 years left on the bonds after refinancing, it will cost SOU more overall. However, those savings were front-loaded in the first three years. The savings will help with risk mitigation if there is a resurgence in the coronavirus or will allow SOU to retain profit if the situation improves.

Since SOU is not the borrower, Mr. Catz said the only documents SOU is executing are amendments to the management agreement and the ground lease. In this transaction, SOU is not actually incurring any debt or any cost that would normally require the board's approval. However, the bankers and underwriters will feel much better knowing the board voted on and supported this action.

Trustee Hennion moved approval of the resolution approving the refinancing of the North Campus Village, as included in the meeting materials. Trustee Clough seconded the motion and it passed unanimously.

Budget Update and Review of Pro Forma

Greg Perkinson reviewed the year-to-date pro forma, as included in the meeting materials. SOU will receive \$6.2 million in the next round of federal funding from the CRRSAA. All of the restrictions on how those funds must be allocated are still unclear. However, it is known that SOU must allocate directly to students an amount at least equal to that allocated from CARES Act funds, which was \$1.7 million.

In reviewing the pro forma, Mr. Perkinson stressed that the figures are notional and could change. One strategy would be to allocate \$1.1 million to the Education & General (E&G) fund and \$3.4 million to auxiliaries. This would allow a repayment of the \$1 million internal loan from the physical plant debt service fund and of the debt

incurred by the Schneider Childcare Center. These repayments would very modestly help SOU's overall net position. Including the savings from furloughs and the hiring freeze, this notional strategy may result in a 9.5 percent ending fund balance and would help SOU create as much fund balance as possible prior to the next two biennia.

Mr. Perkinson then reviewed three scenarios for the budget forecast, as included in the meeting materials: a 0 percent resident tuition increase, a 3 percent increase and a 4.9 percent increase. Assumptions for all three scenarios include: funding from the SSCM is modeled on the latest data available; enrollment is projected on a mathematical model of the trend line over the last 5 years; a 5 percent increase in nonresident tuition; a 3 percent increase in labor costs; and PEBB and PERS rates are modeled as projected.

Responding to Trustee Thalden's inquiry about the previous \$1.6 million shortfall in the budget, Mr. Perkinson explained that the additional funding from the CRRSAA helps by infusing the institution with \$4.5 million that it can allocate to either the auxiliaries or the E&G fund. The Paycheck Protection Program loan for Jefferson Public Radio also infuses designated operations with additional funds and gives the institution some flexibility moving forward.

Responding to Vice Chair Santos' inquiry, Mr. Perkinson said a tuition increase of approximately 8 percent would be needed to eliminate budget shortfalls. Dr. Walsh later reminded the trustees that any tuition increase over 5 percent must go to the HECC for approval. Chair Nicholson added that each 1 percent change in tuition represents \$400,000-\$450,000.

Responding to Trustee Wilson's inquiry, Mr. Lovern explained that the \$1.7 million in savings already identified was incorporated into the pro forma on the administrative and classified salary lines as well as retirement savings and, for the faculty and continued staff furloughs, in the line for other adjustments to labor. Mr. Perkinson added that other savings also were incorporated into the pro forma, such as those created in academic affairs.

Government Relations Update

Jeanne Stallman said the universities' common advocacy has been well received in the legislature and has been effective. The common asks include the financial request for \$900 million for the public university support fund, capital, sports lottery and research innovation funding. There will also be common support for some key bills. SOU's Cascade demolition project is still on the priority list, but with less state revenue, it is less likely to be funded.

Ms. Stallman said the 2021 legislative session will be very different, although one advantage is that students and other advocates are able to participate remotely in the legislative process, which the legislators find beneficial. Ms. Stallman stressed that, since the number-one voice with legislators is students, the goal is to find more opportunities for students to be involved.

Ms. Stallman then highlighted a few bills and concepts of interest, describing those that limit the ability of the board to refuse new mandatory incidental fees that student government passes; permit the merger of community colleges and Oregon public

universities [Senate Bill (SB) 1]; common course numbering (SB 233); create a commission to advocate for better funding for higher education (HB 2590); create a position on campus to help students access food and housing benefits to which they are entitled (HB 2835); require universities to display the cost of course materials (HB 2919); modify the HECC's membership (SB 712); and prohibiting questions about criminal backgrounds on higher education applications for admission (SB 713). She said the provosts are working on common course numbering which will help counter the perception and unsupported assertions that transfers are a problem.

Responding to Trustee Franks' inquiry, Ms. Stallman said priorities are being set now. She and her peers reviewed about 1000 of 1800 bills and prioritized 367 of them, with 60 being top priority. By end of the month, about 3000 bills will have been released and the prioritization process will continue.

Future Meetings

The board's next meeting will be on April 16, 2021.

Adjournment

Chair Nicholson adjourned the meeting at 5:36 p.m.