

**Board of Trustees of Southern Oregon University
Finance and Administration Committee Meeting
Thursday, January 19, 2023**

MINUTES

Call to Order/Roll/Declaration of a Quorum

Committee Chair Franks called the meeting to order at 5:01 pm. He welcomed all to the new year, the Year of the Water Rabbit.

Board Secretary Sabrina Prud'homme called the roll and a quorum was verified.

Committee Members:

Katherine Cable	Present	Christina Medina	Present
Sheila Clough	Present	Liz Shelby	Present
Shaun Franks, Chair	Present	Bill Thorndike	Present
Andrew Gay	Present		

Other trustees in attendance: Daniel Santos and President Rick Bailey.

Public Comment

Student Chandler Campbell addressed the Board of Trustees regarding the ancillary services provided by SOU. When speaking with other students, he rarely hears complaints about the instruction and focused his comments on his dissatisfaction with SOU's dining options and food quality for students.

Consent Agenda (Action)

Trustee Gay moved to approve the consent agenda consisting of minutes of the October 20, 2023 meeting. Trustee Thorndike seconded the motion and it passed.

Vice President's Report

Organizational Updates

Vice President Greg Perkinson introduced SOU's director of facilities management and planning (FMP), Leon Crouch; SOU's new controller, Agnes Maina; and he welcomed SOU's new general counsel, Rob Patridge. Mr. Perkinson expressed appreciation for Vice President Cooper's work to include equity in the transformation process with the Core Information System Replacement System (CISR).

Higher Education Coordinating Commission (HECC) Updates

Mr. Perkinson reported that the HECC's focus on the community college funding model continues and has been a contentious dialog. The issue of transfers also has been a longstanding discussion which will require ongoing collaboration.

Innovations in Business Affairs Council

Mr. Perkinson expressed that the Facility Planning and Utilization Committee is maturing and the tri-chairs format that includes Provost Walsh, Vice President Woolf,

and himself is going well. He expressed appreciation for making issues more visible by bringing in additional stakeholders to gain a better understanding and involvement.

Update on Student-Requested Installation of Security Cameras

Students provided constructive input and would like to see improvements in both capability and scope of security cameras on campus. A lot of research was completed in order to put out a Request for Proposals (RFP); a technical evaluation committee was established to look at the proposals; and SOU received eleven responses with a median cost of approximately \$200,000. The plan is to use deferred maintenance bond dollars to pay for the replacement of the old system.

Core Information Replacement System (CISR)

Reviewing the CISR project status as presented in the materials, Mr. Perkinson showed that SOU has finished the configuration phase and has started testing and Agnes Maina is leading the test phase; Tom Battaglia later added that this marks a milestone. Finishing touches are being made to the configuration of the human resources module. The project is a heavy lift and therefore, Mr. Perkinson, Provost Walsh, and Dr. Woolf meet with Tom Battaglia every other week. An executive steering committee meets weekly to discuss the project, identify foreseeable issues, and work through any current issues. Mr. Perkinson stated that there are some issues as [CISR] is complex with a lot of moving parts. Responding to Vice Chair Clough, Mr. Perkinson said campus engagement is happening with configuration and testing. A separate group is focused on change management with Alchemy. Trustee Cable commended the collaboration with the student-side of Workday.

Vice Chair Clough honored student Chandler Campbell's bravery for his public comments during the prior meeting regarding internet issues. She urged that cybersecurity may be worthy to include as a future agenda item. Mr. Perkinson assumed that Tom Battaglia already has the technical data and is ready to discuss the internet comments. Vice Chair Clough also commented on her love of the food at The Hawk and appreciated their openness to feedback, while Mr. Perkinson expressed his appreciation for the chefs and their work with the students.

Action, Information, and Discussion Items

Financial Sustainability

President Bailey expressed his gratitude for an environment that allows for students to come speak their truths and where union partners, faculty, and staff members can speak their minds in a thoughtful, open manner. He commented that the [realignment] is complex and that there is much personal as well as emotional gravity to it. He acknowledged that not everyone will be happy but stated that efforts will be made to meet expectations and that he already is using feedback to tweak the process. He reiterated his appreciation for those who spoke to the board earlier.

Revenue Forecast

Mr. Perkinson reviewed SOU's major revenue streams, as presented in the meeting materials. Regarding enrollment, which makes up 51 of revenue from tuition and fees,

there are no changes to the model after a spring term review. SOU will receive 51 percent of its biennial allocation from the state in FY '23, which makes up 39 percent of revenue; and miscellaneous revenues make up 4 percent of SOU revenue.

Speaking about enrollment, Vice President Neil Woolf presented final Fall Term 2022 enrollment numbers. Headcount increased 1.9 percent with the total number of students at 5,182. However, full-time equivalency (FTE) is down by 1.2 percent. President Bailey added that SOU was one of only two universities in the state that had an increase in total headcount and that most other universities are seeing five to seven times the decline in FTE that SOU is experiencing. President Bailey acknowledged the hard work of everyone who had a hand in keeping enrollment from declining further.

Regarding the forthcoming alternative revenue streams that have been presented to the board, Mr. Perkinson discussed the solar energy project. He acknowledged the team, including Becs Walker, that secured a \$1M grant from the state and \$2M in federal funding. In response to Trustee Cable's question regarding the cost of solar and the cost-savings the project will bring, Mr. Perkinson stated that the numbers for the cost-savings had not yet been run and that supply chain issues are still a problem. President Bailey noted the increasing costs of electricity and the potential to eliminate or greatly reduce those. Trustee Medina asked if materials for the project were being sourced ethically and Mr. Perkinson reported on the newly implemented procurement policies that include sustainability requirements.

Mr. Perkinson also referred to the interim campus master plan, which was provided to the City of Ashland. It highlighted SOU's capital projects including the Cascade Project, the University District, updates at the Farm, near-term solar project sites, and other development opportunities. There was further discussion and excitement that the City Council is talking about this and already referring to the "University District."

Cost Management Update

Mr. Perkinson showed the projected expense elements for FY' 23, noting labor and related expenses at 78 percent of the total expense portfolio, leaving little availability for flexible spending. Supplies and Services (S&S) at 22 percent of expenses, is increasing. He showed the path forward including continued austerity, bending the cost curve, and stabilizing and increasing revenue. He also noted that the fuller cost management discussion would be discussed during the full board meeting.

President Bailey reflected on the board's listening session noting APSOU President Sara Adams' challenge to SOU not to make the same [fiscal] mistakes as in the past. President Bailey said the difference is that the cost management is only one of four strategies. Dr. Bailey also emphasized the cultural shift of requiring revenue to be greater than or equal to cost. Responding to trustees, President Bailey explained how the SOU realignment plan will be shared with the campus and expressed his reluctance to give details regarding positions that may be affected without first informing those individuals. Vice Chair Clough questioned how the input from campus is being utilized

in the plan. President Bailey reiterated that all thoughts, ideas, and plans are welcome and will be considered.

Budget Forecast and Review of Pro Forma

Greg Perkinson explained that due to a key staff member's absence, the pro forma forecast has not changed and he provided updates on revenue and expenses. While he previously was cautiously optimistic about tuition revenue, it is now softening and is \$2.3M less than forecasted. Miscellaneous revenue is up to \$3.3M due to the ground lease "reserve" transfer to the Education and General fund. Labor expenses are also coming in \$2.9M under budget as SOU is taking advantage of vacant positions.

Expenditure Authorization: Ruffalo Noel Levitz (RNL) Demand Builder Demand Builder

Vice President Neil Woolf described the RNL Demand Builder tool that helps universities build enrollment capacities. It helps to generate interest, applications, and enrollment for new freshmen. He reviewed numerous aspects of the proposal: what RNL does; the communication architecture to prospective students, parents, and counselors; examples of the inquiry emails; faculty highlights; the communication tracker; parent engagement strategies; and others.

SOU did a one-year trial contract with RNL and Dr. Woolf reviewed the results. For Fall Term 2022, there were 43,134 leads generated among seniors resulting in 76 enrolled students. For Fall Term 2023, RNL already has generated 77,995 leads. Much discussion with trustees ensued regarding the RNL capabilities, other lead-generations activities, SOU's recruitment capabilities, and the return on investment (ROI) for these. Regarding ROI, Dr. Woolf explained that \$541K in net revenue was generated from the \$249K cost of the 2021-22 trial year. Trustees further discussed ROI as well as SOU's own marketing capabilities and activities in contrast to those of the Demand Builder.

Trustee Gay moved to recommend to the full board, approval to enter into a three-year contract with RNL Demand Builder. Trustee Medina seconded the motion and it passed unanimously.

Facilities and Capital Projects Update

Mr. Perkinson discussed three upcoming projects: Central Hall; Cascade Hall demolition; and a proposed retirement living community (RLC). Leon Crouch, explained that the construction on Central Hall would begin in two days and should be complete by December 31. Supply chain issues with HVAC equipment, electrical equipment, and supplies could cause delays.

Mr. Perkinson acknowledged the \$3.5M award from the State of Oregon to demolish Cascade Hall. The university targets starting the project in the third quarter of 2024 and hopes to incorporate site planning [for the RLC] into demolition to save time and

money. Mr. Crouch said the hazmat survey has been completed and will be included in the RFP for bids. He described plans to relocate the departments in Cascade to Central Hall after that Phase II is complete. Responding to Chair Franks, Mr. Perkinson said the demolition of Cascade will result in operational cost savings of \$120,000.

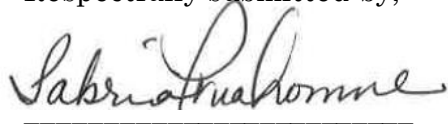
Regarding the RLC project, Mr. Perkinson said benchmarks are being developed. He and President Bailey visited Arizona State University (ASU), toured three sites, and learned about their business models. President Bailey said the RFP is still in draft form and that high-level discussions are beginning. He explained how ASU's Foundation had to restructure in order to house some entrepreneurial projects. Thoughtful conversations will continue to take place regarding how to structure this venture.

Adjournment

Chair Franks adjourned the meeting at 5:50 p.m.

Date: March 16, 2023

Respectfully submitted by,

A handwritten signature in cursive script that reads "Sabrina Prud'homme". The signature is written in black ink and is positioned above a horizontal line.

Sabrina Prud'homme
University Board Secretary