



OFFICE OF THE BOARD OF TRUSTEES

Public Meeting Notice

April 14, 2023

TO: Southern Oregon University Board of Trustees, Executive, Audit, and Governance Committee

FROM: Sabrina Prud'homme, University Board Secretary

RE: Notice of Regular Meeting of the Executive, Audit and Governance Committee

The Executive, Audit and Governance Committee of the Southern Oregon University Board of Trustees will hold a regular meeting on the date and at the location set forth below.

Action items on the agenda include a consent agenda consisting of meeting minutes, and amendments to the board's governing documents including Board Statements on Ethics and Conflicts of Interest; Policies; Recommending Candidates for At-Large Board Positions, and Investment for the SOU Endowment Fund.

Other topics of the meeting will include an internal audit report and SOU internet infrastructure and cybersecurity.

The meeting will occur as follows:

Friday, April 21, 2023

9:30 a.m. to 11:30 a.m. (or until business is concluded)

De Boer Room, 3rd Floor, Hannon Library, SOU Campus

Members of the public may view the proceedings at <https://sou.zoom.us/j/86968216478> at the time of the meeting.

Materials for the meeting are available at governance.sou.edu.

The Hannon Library is located at 1290 Ashland Street, on the Ashland campus of Southern Oregon University. **If special accommodations are required, please contact Christina Martin at (541) 552-8055 at least 72 hours in advance.**

Public Comment

Members of the public who wish to provide public comments for the meeting are invited to sign up to speak or to submit their comments in writing at least 24 hours in advance of the meeting to the Board of Trustees email address: trustees@sou.edu. Public comments also may be delivered by hand or mailed to SOU Board of Trustees, 1250 Siskiyou Boulevard, Churchill Hall, Room 107, Ashland, OR 97520.



Board of Trustees
Executive, Audit, and Governance Committee Meeting
April 21, 2023

Call to Order / Roll / Declaration of a Quorum



**Board of Trustees
Executive, Audit, and Governance Committee Meeting**

**Friday, April 21, 2023
9:30 a.m. – 11:30 a.m. (or until business concludes)
DeBoer Room, Hannon Library, SOU Campus
Zoom: <https://sou.zoom.us/j/86968216478>**

AGENDA

Persons wishing to provide public comment in the meeting or in writing may sign up at trustees@sou.edu.
Please note: times are approximate and items may be taken out of order.

5 min	1	Call to Order/Roll/Declaration of a Quorum	Chair Daniel Santos
	1.1	Welcome and Opening Remarks	
	1.2	Roll and Declaration of a Quorum	Sabrina Prud'homme, SOU, Board Secretary
	1.3	Agenda Review	Chair Santos
	2	Public Comment	
5 min.	3	Consent Agenda	Chair Santos
	3.1	January 20, 2023, Minutes	
20 min.	4	Reports	
	4.1	Internal Audit Report	David Terry, Portland State University, Internal Audit Contractor
20 min.	5	Action, Information and Discussion Items	
	5.1	SOU Internet Infrastructure and Cybersecurity	Tom Battaglia, SOU, Chief Information Officer
30 min.	5.2	Amendments to Board Governing Documents (Action)	Vice Chair Clough
	5.2.1	Board Statement on Ethics and Conflict of Interest	
	5.2.2	Board Statement on Policies	
	5.2.3	Board Statement on Recommending Candidates for At-large Board Positions	

**Southern Oregon University
Board of Trustees
Executive, Audit, and Governance Committee Meeting
Friday, April 21, 2023**

AGENDA (Continued)

5.2.4 Board Statement on Investments for the SOU
Endowment Fund

5 min.

5.3 Future Meetings

Chair Santos

6 Adjournment

Chair Santos



Public Comment

Consent Agenda

Southern Oregon University
Board of Trustees
Executive, Audit, and Governance Committee Meeting
January 20, 2023

MINUTES

Chair Daniel Santos called the meeting to order at 9:31 a.m. He welcomed everyone to the first meeting of the new year. He also welcomed Jean Bushong, SOU's external auditor, and David Terry, SOU's contracted internal auditor.

Call to Order/Roll/Declaration of a Quorum

Committee Members:

Chair Daniel Santos	Present	Liz Shelby	Present
Jonathon Bullock	Present	Bill Thorndike	Present
Sheila Clough	Absent	Shaun Franks	Present

Other trustee in attendance: President Rick Bailey

Public Comment

No members of the public offered comments.

Consent Agenda

Trustee Thorndike moved to approve the minutes of the June 17, 2022 and October 21, 2022 meetings. Trustee Franks seconded the motion and it passed unanimously.

Reports

Internal Audit Report

David Terry reviewed two Internal Audit objectives: services provided to SOU and the status update on hotline activity since the last committee meeting. Mr. Terry held bi-weekly meetings with the Vice President for Finance and Administration to provide status updates on internal audit projects and consulting on other SOU topics. He also held an introductory meeting with the new general counsel. He continues to meet with Chair Santos periodically to discuss function and projects.

Mr. Terry and his team updated the Internal Audit website and met with SOU's information technology security staff to review specific cybersecurity controls and key takeaways from the Oregon Cyber Resilience Summit. He reviewed the 2023 projects: residency benchmarking, which is about 75 percent complete; equity, diversity, and inclusion in procurement, which is on hold due to the Workday implementation; and the process review of financial aid, which has started with quick response from the financial aid office. Finally, he reported that he is working with SOU management to help communicate about the EthicsPoint Hotline to university stakeholders.

In response to Trustee Franks' question regarding auditing SOU's budgeting and financial process, Mr. Terry said that each spring there is a risk assessment that

determines the projects for his review. He said this should be a discussion in an upcoming meeting with Chair Santos and/or SOU management to establish the path and timeline for such a project. In response to Trustee Thorndike's question on Workday, Mr. Terry said that although Workday is not a specific project, it is a topic of discussion during his bi-weekly meetings with Vice President Perkinson and it is on his radar for a future project.

Action, Information and Discussion Items

Review of Audited Financial Statements and Acceptance of Annual Financial Report for Fiscal Year 2021-22 (Action)

Jean Bushong from CliftonLarsonAllen (CLA), SOU's external auditor, explained the scope of what an external audit is and what it is not. CLA audits the financial statements to determine reliability and tests federal compliance for federal aid and COVID funds. The responsibility with Generally Accepted Auditing Standards (GAAS) is to tell readers if they can rely on numbers and disclosures free from material misstatements. CLA is not part of SOU's internal control system and as such, CLA opines on SOU's numbers but not the internal controls, as management is responsible for that. Unique items were a new suite of auditing standards, GASB 87 leases, and continued Higher Education Emergency Relief Funds (HEERF).

CLA issued an unmodified opinion that SOU's financial statements are free from material misstatements. There were no audit adjustments needed for CLA to provide their opinion. Management identified two past adjustments and all agreed that they didn't impact statements in a material manner. The first was \$1.5M in prior year operating expense flowing through current year to correct prior years' Public Employees Benefit Board expense. The second was year-end accruals understated by a range of \$200K to \$525K. CLA's recommendation was to review holding accounts and make sure they were cleared out at end of the year.

Ms. Bushong walked the committee through SOU's 2022 Annual Financial Report and commented that SOU management takes great pride and responsibility in the process. Regarding Management's Discussion and Analysis, CLA opines that SOU's financial statements can be relied upon, keeping in mind that these are management's financial statements, not CLA's. She reviewed the Independent Auditors' Report, which has changed due to new standards and looks more like a public company audit report. She highlighted the implementation of the GASB 87 standard.

In reviewing SOU's financial statements, Ms. Bushong commented on the statements of net position and pointed out that SOU's total assets increased slightly; there is a new asset, Leases Receivable, which is a direct result of GASB 87; and that liabilities decreased due to PERS liability as a result of the market in the previous year. She cautioned that this was only because the market performance was amazing and SOU should expect this liability to increase significantly. She then talked about net position which reflects capital assets. SOU's total equity increased to about \$3M.

Ms. Bushong reviewed SOU's Statement of Revenues, Expenses, and Changes in Net Position. She pointed out that operating revenues remained relatively unchanged although tuition revenue was down. Operating expenses increased and led to a \$50M loss. Public University statements do not have an income, and a large portion of revenues are nonoperating revenues.

Ms. Bushong explained that the SOU Foundation must be included in the Statement of Financial Position but CLA does not audit the SOU Foundation. They verify independence and determine if they can rely on the data from the foundation's auditors. In answering Chair Santos' later question, Ms. Bushong said that Jefferson Public Radio is a related party and not a component unit; and therefore, is not required to be included. She highlighted the cash flow and pointed out SOU line items of government appropriations, financial aid grants, gifts, and COVID funding.

Turning to footnotes, Ms. Bushong pointed out the implementation of GASB 87, HEERF, and notes of key line items such a cash and investments, receivables, and capital assets. She referred to the footnote on expenses and said that of the \$95M in expenses, \$61M was spent on personnel. She also highlighted the pension liability and subsequent events, which relates to Workday.

Ms. Bushong reiterated that there were no difficulties encountered in performing the audit. Regarding uncorrected misstatements—the holding account and year end accruals previously mentioned—financial statements were not materially impacted. There were no corrected misstatements. There were no disagreements with management.

Ms. Bushong provided an update on the federal awards audit. In reference to the COVID monies SOU received, she explained that the federal government did not publish the standards until December 2021/January 2022 and therefore, the audit was not completed until August/September of 2022. CLA tested HEERF and student financial aid. Under HEERF, it is required to have four quarterly reports and these were not maintained on student website. Some of the supporting documents in the annual report were not supporting the report. In student financial aid, there were students whose status was not updated in a timely manner and a handful who were not certified within 60 days. Return of Title IV is complicated and errors were found in calculations based on withdrawal and attendance dates. Ms. Bushong reported that the Federal Awards Audit for 2022 is in progress and it is estimated to be completed by March 31, 2023.

Trustee Shelby moved to approve the Annual Financial Report for Fiscal Year 2021-22. Trustee Thorndike seconded the motion and it passed unanimously.

Amendments to SOU Board of Trustees Governing Documents (Action)

A workgroup was appointed in the fall to review board policies and suggest amendments to these documents as appropriate. In the absence of the workgroup chair, Trustee Bullock presented the item and acknowledged other members Vice Chair Clough, Trustee Lee, Sabrina Prud'homme, and Rob Patridge. The documents presented for consideration were the University Bylaws, Board Statement on Delegation of Authority, Board Statement on Board Committees, and Board Statement on the Conduct of Public Meetings. He reviewed the amendments redlined on the documents noting that most were stylistic. Across the statements, the significant changes were regarding the retention and delegation of capital project budgets; the addition of "governance" to this committee's name throughout the documents; and the further codification of the delegation of authority to the Academic and Student Affairs Committee to approve new curriculum.

Trustee Thorndike moved to approve the resolution to recommend the amendments to the governing documents to the board for approval. Trustee Shelby seconded the motion and it passed unanimously.

Secretary Prud'homme provided an update on an Honorary Degree Policy, noting that it is in draft stages.

Future Meetings

Chair Santos said the committee's next meeting would be on April 21, 2023 and asked that if any trustee on the committee has any ideas for agenda, to please send them to him or the board secretary.

Adjournment

Chair Santos adjourned the meeting at 11:01 a.m.

Internal Audit Report

Internal Audit Update



Objectives of Update

- 1) Update on services provided since last committee meeting.
- 2) Provide a status update on Hotline activity since last committee meeting.

Objective 1 – Internal Audit Update

- **Updates with SOU Management** – Held periodic meetings with Vice President of Finance and Administration and General Counsel to provide status updates on internal audit projects and provided consulting on other SOU topics.
- **Debrief Meeting with Chair Santos** – Continuing to meet with Chair Santos periodically to discuss function and projects. Periodic meetings will continue into the future as this practice helps to support internal audit standards for independence.

Objective 1 – Internal Audit Update

- **Updated Internal Audit Website** – Updated key information on the Internal Audit SOU website so that stakeholders are aware of the function at SOU and resources available.
- **Cybersecurity Exercise**– Amy Smith participated in cybersecurity tabletop exercise in April hosted by SOU’s Office of Information Technology.
- **Advertisement of Hotline Resource** – SOU General Counsel issued an informational email to SOU stakeholders on March 29th regarding the Hotline.

Objective 1 – Internal Audit Update

Projects for Fiscal Year 2023:

- 1) Residency Benchmarking – Draft report issued to management with planned meeting on 4/28/23.
- 2) Equity, Diversity, & Inclusion – Procurement – In progress.
- 3) Financial Aid – Process Review – In progress.
- 4) Special projects and reviews as needed.

Objective 2 – Hotline Update

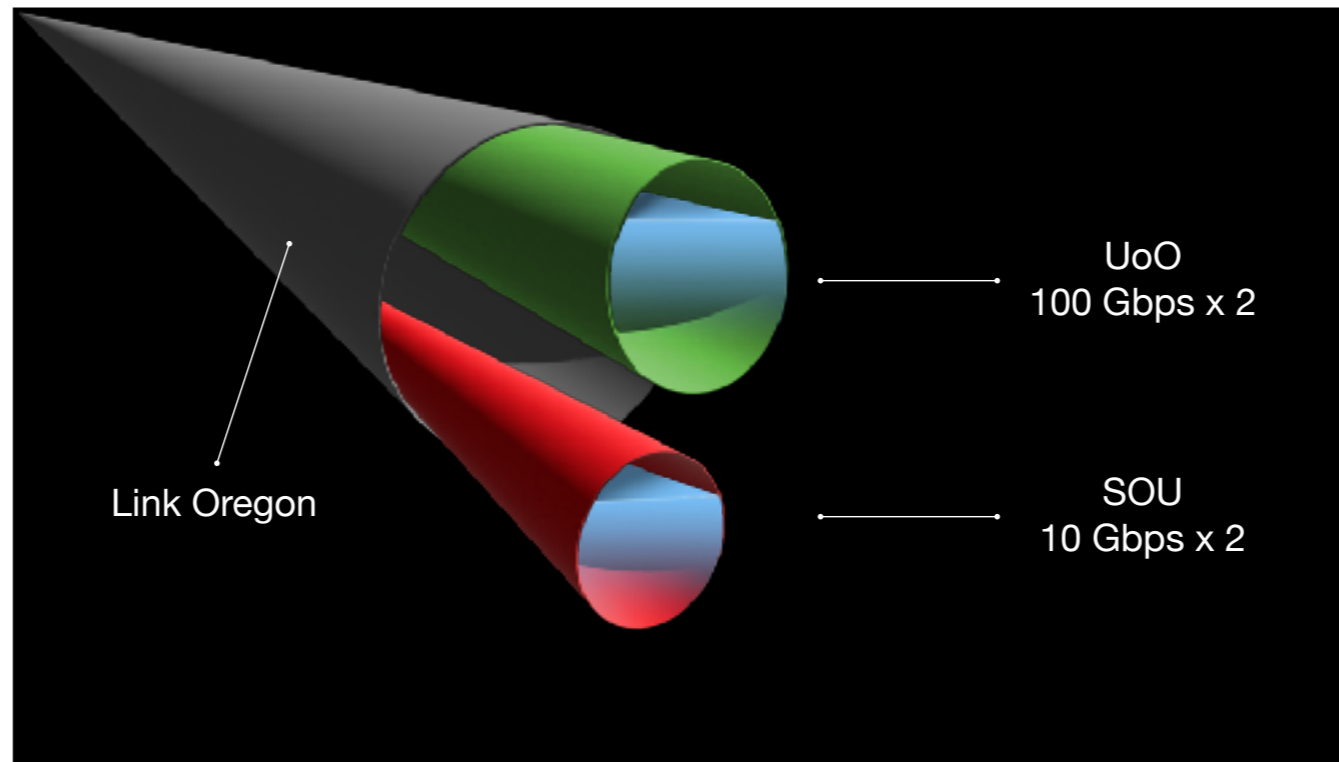
- 4 new Hotline reports and 2 management review requests since our last meeting and report out.
- Internal Audit worked with SOU management to triage and review the Hotline reports to help ensure the allegations received were thoroughly reviewed.

Internal Audit Update



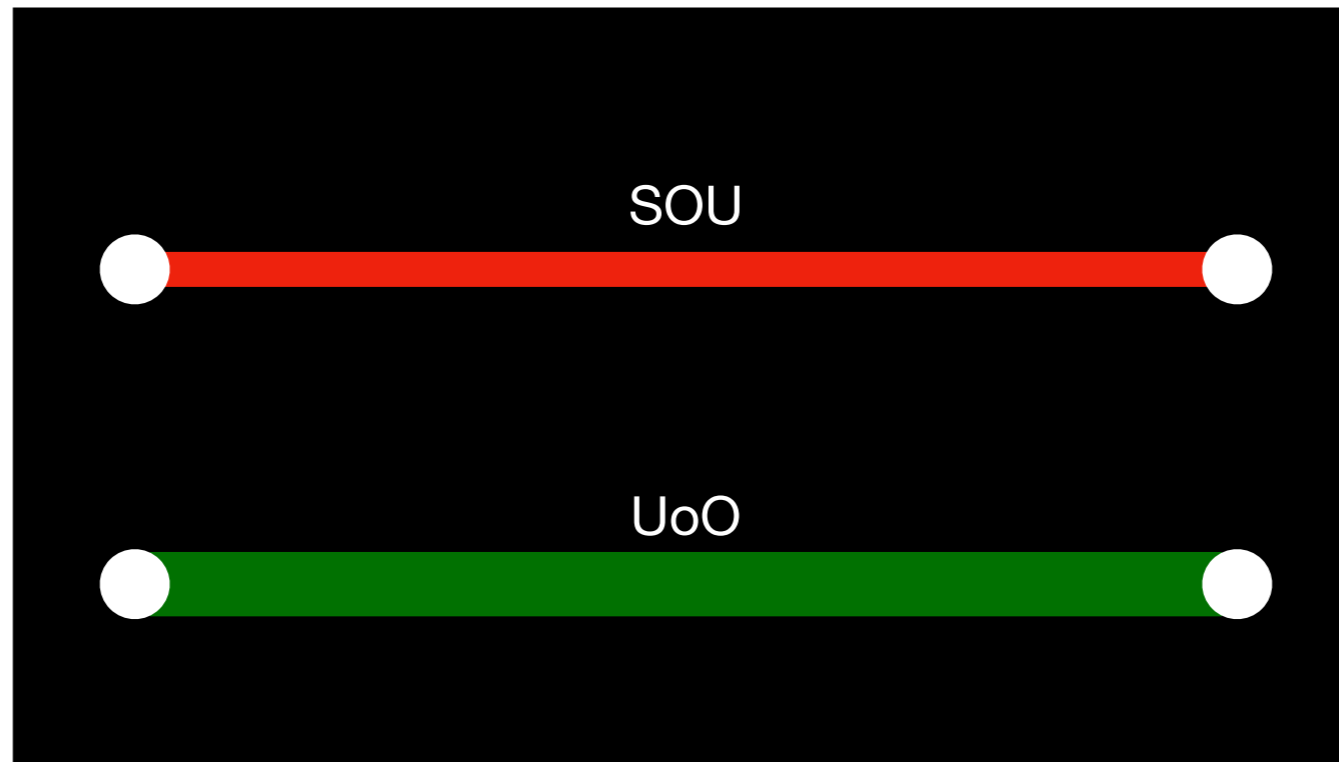
Questions?

SOU Internet Infrastructure and Cybersecurity



In order to address the concerns given in January's public statement by Chandler Campbell, I want to give you a brief explanation about how SOU's internet access is constructed and how the concept of "speed" is really not an accurate description of how internet traffic works.

1. Our internet provider is not actually the UofO. UofO as well as the other OPUs get their internet access from a non-profit spun out of the state named, Link Oregon.
2. Link Oregon confirmed what the throughput for all the OPUs is for me just the other day. The UofO, being a large R-1, has two 100 Gbps circuits. You can see that they actually don't use all of this. It is their capacity.
3. Here at SOU, we have two 10 Gbps circuits, and we don't come close to using up this capacity.



It is important to note that these numbers and the numbers you hear from competing internet service providers are really not speed. You may have also heard the term “bandwidth.” This is closer, but throughput or capacity is a better description of what the numbers really mean.

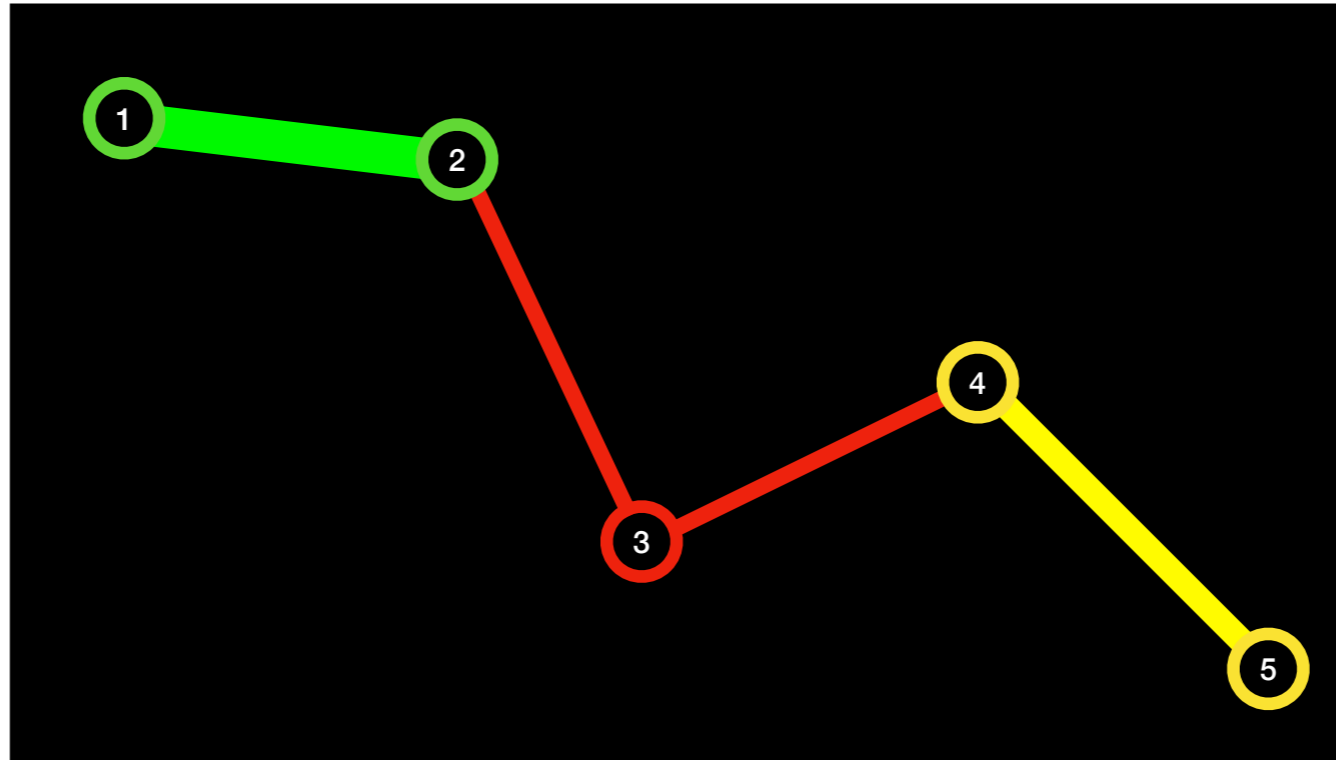
In fact, for both UofO and SOU, the bits and bytes of data that we both put out on to the internet travel at the speed of light. The last time anybody checked, the speed of light is the same in Ashland as it is in Eugene.



This is actual data from our ISP. It shows that although we have two 10 Gbps circuits, we hardly ever exceed 1 Gbps of traffic with the mean hovering around 50 to 60 percent of 1 Gbps.

I checked UofO's, OSU's and the others. None of them are using up their capacity.

Moreover, we have considerably more capacity than Eastern or OIT. Western has the same capacity as we do.



However, even with this capacity, there are limitations when student or anyone goes onto the internet. This diagram shows that if you have great equipment (the circles) and great capacity (the width of the lines), AND you are connected to another location that has great equipment and capacity, your experience will feel fast.

But, the internet rarely takes you from one place to the next in one direct flight. Your traffic routes through multiple network providers. Depending on the capacity of the chain of providers, you will be limited by the slowest link in the chain.

On this diagram, although station 1 and 2 are fast, 3 is really slow. 4 and 5 are illustrated to be moderate. Station 3 can't keep up with traffic as quickly as the others, thus the person at station one requesting information from station five will be limited by the capacity at station 3.

Last, I showed you previously how the bits and bytes flow at the speed of light similarly. Even with this being true, each station is also dependent on the ability of their networking equipment to keep up and route the information packets.

Therefore, in closing, there is a correlation between capacity and speed WHEN THINGS IN THE PATH BECOME SATURATED AND CAN'T KEEP UP WITH THE VOLUME.

At SOU, our connection to the outside world — our border comprising the firewalls and routers—has a full 10 Gbps capacity. Many of our building do as well. However, some of our buildings are still on older equipment. But unless there is more volume than the equipment can handle, the users won't be impacted by SOU.



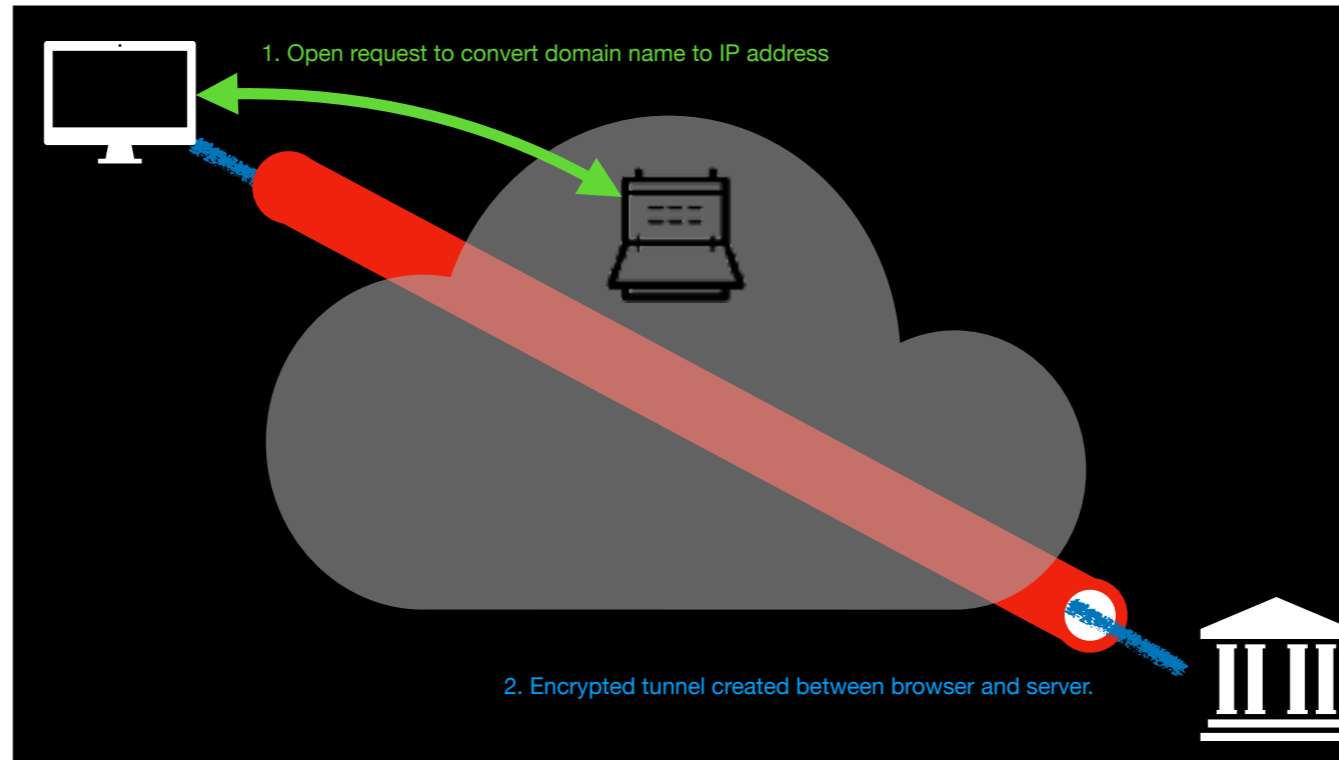
There is some truth to what our student Chandler mentioned. At SOU, we do have three open wi-fi networks.

This is no different than what you see at the airport or Starbucks, etc.

However, we also have two secure encrypted wireless networks as well.

The reason we don't publicize these as much is that not everybody will know how to connect to them. For many of those we serve, it's much easier for them to access an open network.

On the next slide, I'll explain why you shouldn't really be concerned about it.



Scenario:

You are wanting to access information at your bank.

You type in the name: usbank.com.

Your computer makes a request to turn the name into an IP address. This is similar to looking up a phone number in the old days, and it is true that these requests happen in the open.

The next step is that your browser will create a tunnel with the bank's web-server and encrypt all communications between you and them— even if your just looking at their home page.

In 2013, Google began to push strongly to make HTTPS the standard, even for non-logged-in users.

2018-19, most all reputable, high-traffic sites have completed migrating to the HTTPS standard.

In 2023, it is rare to see sites that are not using HTTPS, and your browser will stop you before allowing you to access an unencrypted site.

So, it is true that somebody performing a man-in-the-middle attack could access the name of the websites you go to, they cannot access what you are doing on those sites. They may be able to discover that you went to amazon.com, but that's it.

Questions?

Amendments to Board Governing Documents (Action)

Board Statement on Ethics and Conflict of Interest Board of Trustees of Southern Oregon University

1.0 Purposes of Board Statement

The Southern Oregon University ("SOU") Board of Trustees is committed to the ethical exercise of its authority and discharge of its fiduciary duties, both for the SOU community and the State of Oregon. There are many federal and state laws and rules governing ethics and conflicts of interest as a Trustee.

Each individual Trustee is personally responsible for complying with the laws applicable to ethical conduct and conflict of interest. SOU will endeavor to schedule annual or periodic training offered by the Oregon Government Ethics Commission ("OGEC"), which is generally charged with the oversight of the State of Oregon's ethics laws as well as specific training offered by SOU. Training is not a substitute for Trustees fulfilling their individual legal responsibilities.

While this Board Statement does not contain an exhaustive list of all considerations a Trustee might face with regard to ethics and conflicts of interests, the purposes of this Statement are to generally inform the Board of Trustees about: (a) the ethical duties of a Trustee; and (b) the Oregon Government Ethics Law and other laws that address conflicts of interest.

SOU shall cause the Trustees to be informed on an annual basis (more often if the law changes) about applicable state and federal law regarding ethics and conflicts of interest so as to maximize the ability of the Trustees generally and each Trustee specifically to avoid ethical breaches and unwise or impermissible conflicts of interest.

2.0 General Ethical Duties of a Trustee

2.1 A Trustee is a fiduciary. A Trustee has duties to the institution and its beneficiaries that few, if any, employees, students, and volunteers have. Trustees are often chosen to fill specific positions and bring their specific backgrounds and expertise to the Board. While Trustees may come from a specific background or role, they are expected to put aside the interests of any specific constituency, government, persons, political party, or private enterprise, keeping the welfare of SOU at all times paramount. Trustees must also recognize that the interests and the welfare of a particular constituency could be irreconcilable with the welfare of SOU generally. Acting upon the interests of a particular constituency could impede the Trustee's ability to discharge their fiduciary duty to SOU.

2.2 Duties of care, loyalty, and obedience.

- 2.2.1 **Duty of Care.** A Trustee must act in good faith, using a degree of diligence, care, and skill that prudent persons would use under similar circumstances and always in SOU's best interests. In discharging their duties, a Trustee is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data that a reasonable person would rely upon. Trustees may reasonably rely upon data prepared or presented by or under the direction of: (a) One or more officers of the institution whom the Trustee reasonably believes to be reliable and competent in the matters presented; (b) Legal counsel, public accountants or other persons retained by the institution to speak to matters that the Trustee reasonably believes are within the person's professional or expert competence; (c) A committee of the Board of which the Trustee is not a member, as to matters within its jurisdiction, if the Trustee reasonably believes the committee merits confidence. A Trustee fails to act in good faith if the Trustee has personal knowledge concerning the matter in question that makes reliance unwarranted, even if such reliance would otherwise be permitted by this subsection.
- 2.2.2 **Duty of Loyalty.** A Trustee must act in good faith and in a manner that is reasonably believed to be within the scope of the public purposes of SOU rather than in the Trustee's own interests or the interests of a specific constituency, government, persons, political party, or private enterprise. A Trustee must be loyal to SOU and not use their position of authority to obtain, whether directly or indirectly, a benefit for themselves, their relatives or family, or for another organization in which the Trustee has an interest. The duty of loyalty considers both the financial interests held by a Trustee and the positions a Trustee has with other organizations. A Trustee must maintain independence from stakeholders external to the Board in the conduct of oversight and policy responsibilities.
- 2.2.3 **Duty of Obedience.** A Trustee must ensure that SOU is operating in furtherance of its stated purposes and is operating in compliance with the law. A Trustee also must ensure effective internal controls. The Board shall periodically re-evaluate its role, purposes, and mission and must be prepared to amend or change them when it is necessary and appropriate to do so.

3.0 **Definitions**

- 3.1 Under Oregon Law: Trustees are considered public officials. Service as a

Trustee is a public trust. Trustees are volunteers and serve without compensation. Trustees are charged to put loyalty to SOU to the highest ethical standards above loyalty to the government, persons, political party, or private enterprise. Trustees are often busy people involved in many state and community activities, and service in multiple public official positions does not constitute the holding of incompatible offices unless expressly stated in the law. Trustees are charged not to make private promises that are binding upon the institution because individual Trustees have no private promise that can be binding on SOU. Finally, Trustees are called upon to expose corruption wherever discovered

3.2 The following definitions apply to this Board Statement:

- 3.2.1 “Potential conflict of interest” means any action or any decision or recommendation by a person acting in a capacity as a public official, the effect of which could be to the private financial benefit or detriment of the person or the person's relative or a business with which the person or the person's relative is associated *unless* the financial benefit or detriment arises out of the following:
- a. An interest or membership in a particular business, industry, occupation, or other class required by law as a prerequisite to the holding by the person of the office or position.
 - b. Any action in the person's official capacity which would affect to the same degree a class consisting of all inhabitants of the state or a smaller class consisting of an industry, occupation, or other group including one of which or in which the person, or the person's relative or business with which the person or the person's relative is associated, is a member or is engaged.
 - c. Membership in or membership on the board of directors of a nonprofit corporation that is tax-exempt under section 501(c) of the Internal Revenue Code.
- 3.2.2 “Actual conflict of interest” means any action or any decision or recommendation by a person acting in a capacity as a public official, the effect of which would be to the private financial benefit or detriment of the person or the person's relative or any business with which the person or a relative of the person is associated unless the financial benefit or detriment arises out of circumstances described in the definition of potential conflict of interest.
- 3.2.3 “Relative” means:

- a. The spouse, parent, stepparent, child, sibling, stepsibling, son-in-law, or daughter-in-law of the Trustee;
- b. The parent, stepparent, child, sibling, stepsibling, son-in-law, or daughter-in-law of the spouse of the Trustee;
- c. Any individual for whom the Trustee has a legal support obligation;
or
- d. Any individual for whom the Trustee provides benefits arising from the Trustee's public service or from whom the Trustee receives benefits arising from that individual's employment.

4.0 Overview of the Oregon Government Ethics Law

4.1 In General. ORS Chapter 244 sets forth the minimum standards for ethical conduct of Oregon public officials. Each member of the Board of Trustees is an Oregon public official. The Oregon Government Ethics Commission has issued administrative rules, publications, and advisory and staff opinions interpreting certain provisions of ORS Chapter 244.

4.2 Subjects Covered. ORS Chapter 244 addresses, among other topics:

- 4.2.1 Gifts
- 4.2.2 Use or attempted use of an official position to obtain financial gain
- 4.2.3 Honoraria
- 4.2.4 Annual statement of economic interest
- 4.2.5 Lobbying
- 4.2.6 Conflicts of interest, whether actual or potential
- 4.2.7 Nepotism
- 4.2.8 Travel paid by third parties
- 4.2.9 Attendance at events
- 4.2.10 Entertainment
- 4.2.11 Food and beverages
- 4.2.12 Compensation packages
- 4.2.13 Reimbursement of expenses
- 4.2.14 Use of certain confidential information for personal gain

4.3 Relatives. In addition to a Trustee, the Oregon Government Ethics Law may apply to some relatives or members of the household of the Trustee and to certain businesses with which the Trustee or a relative of the Trustee is associated.

4.4 Gifts.

- 4.4.1 During a calendar year, a Trustee or a relative may not solicit or receive, directly or indirectly, any gift or gifts with an aggregate value in excess of \$50 from any single source that could reasonably be known to have a legislative or administrative interest. During a calendar year, a person who has a legislative or administrative interest may not offer to the Trustee or a relative or member of the household of the Trustee any gift or gifts with an aggregate value in excess of \$50.
- 4.4.2 “Legislative or administrative interest” means an economic interest, distinct from that of the general public, in any matter subject to the decision or vote of the Trustee acting in the Trustee's capacity as a Trustee.
- 4.4.3 There are numerous exceptions to the definition of "gift," below are some examples:
- a. Gifts from relatives or members of the household of the Trustee.
 - b. An unsolicited token or award of appreciation in the form of a plaque, trophy, desk item, wall memento, or similar item, with a resale value reasonably expected to be less than \$25.
 - c. Informational or program material, publications, or subscriptions related to the Trustee's performance of official duties.
 - d. Admission provided to or the cost of food or beverage consumed by a Trustee or a member of the household or staff of the Trustee when accompanying the Trustee at a reception, meal, or meeting held by an organization when the Trustee represents the SOU.
 - e. Expenses provided by one public official to another public official for travel inside the state to or from an event that bears a relationship to the receiving public official's office and at which the official participates in an official capacity.
 - f. Food or beverage consumed by a Trustee at a reception where the food or beverage is provided as an incidental part of the reception and no cost is placed on the food or beverage.

- g. Entertainment provided to a Trustee or a relative or member of the household of the Trustee that is incidental to the main purpose of another event.
- h. Entertainment provided to a Trustee or a relative or member of the household of the Trustee where the Trustee is acting in an official capacity while representing SOU.
- i. Anything of economic value offered to or solicited or received by a Trustee or a relative or member of the household of the Trustee:
 - A. As part of the usual and customary practice of the person's private business or the person's employment or position as a volunteer with a private business, corporation, partnership, proprietorship, firm, enterprise, franchise, association, organization, not-for-profit corporation or other legal entity operated for economic value; and
 - B. That bears no relationship to the Trustee's holding of, or candidacy for, a position on the Board of Trustees or another public office.

4.5 Use of Position for Personal Gain. Trustees may not use or attempt to use their official position to obtain a financial benefit for themselves, relatives, or businesses they are associated with through opportunities that would not otherwise be available but for the office held.

4.6 Annual Reporting of Economic Interests. On or before April 15th of each year, a Trustee must file with the OGECE a verified statement of economic interest. SOU is charged with ensuring that OGECE is provided with contact information for each Trustee.

4.7 Use of Certain Confidential Information for Personal Gain. Trustees may have access to or manage information that is confidential and not available to members of the general public. The Oregon Government Ethics Law prohibits Trustees from attempting to use confidential information gained because of the position held or by carrying out assigned duties to further the Trustee's personal gain. The law also prohibits a former Trustee from attempting to use confidential information for personal gain if that confidential information was obtained while holding the position as a Trustee from which access to the confidential information was obtained.

4.8 ORS 351.067 addresses the process by which the Board of Trustees may

permit certain compensation or reimbursement of expenses that would otherwise be prohibited by ORS Chapter 244.

5.0 Conflicts of Interest.

5.1 Generally. Not all conflicts of interest are wrong or unacceptable. Although some categories of conflicts may be prohibited by law, or the law may require that they be disclosed and managed in a particular way, in many cases, management of conflicts of interest is not primarily a question of law but of ethics. In some circumstances, conflicts may be inevitable, and the question for a Trustee may be how to manage the conflict. Some considerations can be identified that tend to signal that a conflict should be prohibited or carefully managed. Often this would be the case where, for example, an individual's outside activities or relationships or the institution's own interests entail the actuality or appearance that the quality or objectivity of a Trustee's judgment could be impaired; or that a Trustee is placing personal interest before SOU's interest; or that SOU's resources or assets apparently are being used for private gain; or that an individual is receiving something of value from a business where the business would appear to benefit from the individual's decision on behalf of SOU; or that an individual is pursuing an economic opportunity identified in the course of service to SOU, where the opportunity is not widely available.

5.2 State law.

5.2.1 The Oregon Government Ethics Law addresses the existence, disclosure, and disposition of certain potential and actual conflicts of interest. The standards set forth in the law attempt to balance the need to avoid conflicts of interest with the need for the services of knowledgeable, experienced public officials. Compliance with state law is required but may be insufficient. Some considerations can be identified that tend to signal that a conflict should be forbidden or carefully managed. Often this would be the case where for example:

- a. A Trustee's outside activities or relationships or SOU's own interests entail the actuality or appearance that the quality or objectivity of judgment could be impaired.
- b. A Trustee is placing personal interest before the SOU's interest.
- c. SOU's resources or assets apparently are being used for private gain.
- d. A Trustee is receiving something of value from a business where the business would appear to benefit from the Trustee's

intervention or decision.

- e. A Trustee is pursuing an economic opportunity identified in the course of their service to SOU, where the opportunity is not widely available to others.

5.2.2 ORS 352.076 addresses a conflict of interest inherent in the positions of the faculty trustee and the non-faculty staff trustee. The conflict may be financial or non-financial. The faculty and non-faculty staff trustees (a) may not participate in any discussions or action by the Board involving collective bargaining issues that affect faculty or non-faculty staff at the SOU, and (b) may not attend any executive session of the Board involving collective bargaining issues that affect faculty or non-faculty staff at SOU. This prohibition may include collective bargaining issues that affect any collective bargaining organization, unit, or agreement, not merely a collective bargaining organization or unit that represents the faculty or non-faculty staff trustee or a collective bargaining agreement to which the organization or unit is a party.

5.2.3 Declaration of Potential and Actual Conflicts of Interest under Oregon Law. When met with a potential or an actual conflict of interest, a Trustee is strongly urged:

- a. Potential: Announce publicly the nature of the *potential* conflict prior to taking any action thereon in the capacity of a Trustee; or
- b. Actual: When met with an *actual* conflict of interest, announce publicly the nature of the actual conflict and refrain from participating in any discussion or debate on the issue out of which the actual conflict arises or from voting on the issue.

5.3 Federal law. Federal laws and regulations mandate conflict-of-interest-related requirements in certain areas applicable to universities – such as lobbying of certain federal officials and the receipt of federal funds for financial aid, construction, research, and grants and contracts. Trustees should be aware that their activities and interests may be in conflict with the interests and activities of the institution under federally-funded programs and may implicate the government relations activities of the institution.

5.4 Non-financial interests. The Board of Trustees does not confine its concerns about conflict of interest to financial conflicts but extends its concerns to all kinds of interests that (a) may lead a Trustee to pursue a policy or practice or take a position that is incompatible with the Trustee's fiduciary duties to the institution, or (b) may

entail steps by the Trustee to achieve personal gain or gain for family, friends or associates, by use of the Trustee's role at the institution.

5.5 Disclosure. Trustees should promptly disclose all actual or potential conflicts of interest related to the institution as the conflicts become known to them. To facilitate Trustees' identification of such conflicts, SOU is directed to inform the Trustees on an annual basis of applicable state and federal law regarding conflicts of interest so as to maximize the potential for awareness of possible conflicts.


6.0 Compliance

6.1 When a Trustee gives notice of an actual or potential conflict of interest, the Secretary shall record the actual or potential conflict in the official records of the public body.

6.2 Federal law and state law supersede anything in this Statement that is inconsistent or in conflict with such law.

Approved on April 21, 2023

Chair of the Board


Secretary of the University

Revision	Change	Date
	Initial Version	June 26, 2015
1	Duty of Obedience made more specific and expanded; basic edits and corrections.	March 22, 2019
2	General updates to include more “plain language” in the statement; basic edits and corrections	April 21, 2023

Board Statement on Ethics and Conflict of Interest Board of Trustees of Southern Oregon University

1.0 Purposes of Board Statement

The Southern Oregon University ("SOU") Board of Trustees is committed to the ethical exercise of its authority and discharge of its fiduciary duties, both for the SOU community and the State of Oregon. ~~There are many federal and state laws and rules governing ethics and conflicts of interest as a Trustee.~~

~~Each individual Trustee is personally responsible for complying with the laws applicable to ethical conduct and conflict of interest. -SOU will endeavor to schedule annual or periodic training offered by the Oregon Government Ethics Commission ("OGEC"), which is generally charged with the oversight of the State of Oregon's ethics laws as well as specific training offered by SOU. -Training is not a substitute for Trustees fulfilling their individual legal responsibilities.~~

Trustees

While this Board Statement does not contain an exhaustive list of all considerations a Trustee might face with regard to ethics and conflicts of interests, the purposes of this Statement are to generally inform the Board of Trustees about: (a) ~~the~~ the ethical duties of a Trustee; and (b) the Oregon Government Ethics Law and other laws that address conflicts of interest. ~~Each individual Trustee is personally responsible for complying with the law applicable to ethical conduct and conflict of interest.~~

~~The University~~ SOU shall cause the Trustees to be informed on an annual basis (more often if the law changes) about applicable state and federal law regarding ethics and conflicts of interest so as to maximize the ability of the Trustees generally and each Trustee specifically to avoid ethical breaches and unwise or impermissible conflicts of interest.

2.0 General Ethical Duties of a Trustee

~~2.1 — Trustees are volunteers and serve without salary. Service as a Trustee is a public trust. A Trustee is expected to perform his or her duties faithfully and efficiently.~~

~~2.12~~ A Trustee is a fiduciary. A Trustee has duties to the institution and its beneficiaries that few, if any, employees, students, and volunteers have. Trustees are often chosen to fill specific positions and bring ~~to~~ their task specific varied

~~backgrounds~~ and expertise to the Board. —While Trustees may come from a specific background or role, ~~but~~ they are expected to put aside the interests of any specific constituency, government, persons, political party, or private enterprise ~~parochial interests~~, keeping the welfare of the entire institution ~~SOU~~; ~~not just a particular constituency~~, at all times paramount. Trustees must also recognize that ~~parochial~~ the interests and the welfare of a particular constituency could be irreconcilable with the welfare of the entire institution generally ~~SOU generally~~. Acting upon ~~parochial~~ the interests ~~or for the welfare~~ of a particular constituency could impede the Trustee's ability to discharge ~~his or her fiduciary~~ their fiduciary duty to the entire institution ~~SOU~~.

2.23 D~~The fiduciary duties of a Trustee include the~~ duties of care, loyalty, and obedience.

2.23.1 Duty of Care. A Trustee must act in good faith, using a degree of diligence, care, and skill that prudent persons would use under similar ~~circumstances and~~ circumstances and must act in a manner that he or she reasonably believes to be always in the institution ~~SOU~~'s best interests. In discharging ~~his or her~~ their duties, a Trustee is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data that a reasonable person would rely upon. Trustees may reasonably rely upon data, ~~if~~ prepared or presented by or under the direction of: (a) One or more officers of the institution whom the Trustee reasonably believes to be reliable and competent in the matters presented; (b) Legal counsel, public accountants or other persons retained by the institution to speak to matters that the Trustee reasonably believes are within the person's professional or expert competence; (c) A committee of the Board of which the Trustee is not a member, as to matters within its jurisdiction, if the Trustee reasonably believes the committee merits confidence. A Trustee fails to act in good faith if the Trustee has personal knowledge concerning the matter in question that makes reliance unwarranted, even if such reliance would otherwise be permitted by this subsection.

2.23.2 Duty of Loyalty. A Trustee must act in good faith and in a manner that is reasonably believed to be within the scope of the public purposes of the institution ~~SOU~~ rather than in the Trustee's own interests or the interests of a specific constituency, government, persons, political party, or private enterprise ~~another organization or constituency~~. A Trustee must be loyal to the institution ~~SOU~~ and not use ~~his or her~~ their position of authority to obtain, whether directly or

indirectly, a benefit for ~~him or her~~themselves, ~~his or her~~their relatives or family, or for another organization in which the Trustee has an interest. The duty of loyalty considers both ~~the~~ financial interests held by a Trustee and ~~the~~ positions a Trustee has with other organizations. A Trustee must maintain independence from stakeholders external to the Board in the conduct of oversight and policy responsibilities.

2.~~23~~.3 Duty of Obedience. A Trustee must ensure that ~~the University~~SOU is operating in furtherance of its stated purposes and is operating in compliance with the law. A Trustee also must ensure effective internal controls. The Board shall periodically re-evaluate its ~~role,~~ purposes, and mission and must be prepared to amend or change them when it is necessary and appropriate to do so.

3.0 Definitions

3.1 ~~Under Oregon Law: -Trustees are considered public officials. -Service as a Trustee is a public trust. Trustees are volunteers and serve without compensation. -Trustees are charged to put loyalty to SOU to the highest ethical standards above loyalty to the government, persons, political party, or private enterprise. -Trustees are often busy people involved in many state and community activities, and service in multiple public official positions does not constitute the holding of incompatible offices unless expressly stated in the law. -Trustees are charged not to make private promises that are binding upon the institution because individual Trustees have no private promise that can be binding on SOU. -Finally, Trustees are called upon to expose corruption wherever discovered~~

3.~~21~~ The following definitions apply to this Board Statement:

3.~~21~~.1 ~~“Potential conflict of interest”~~ means any action or any decision or recommendation by a person acting in a capacity as a public official, the effect of which could be to the private ~~financial pecuniary~~ benefit or detriment of the person or the person's relative; or a business with which the person or the person's relative is associated; ~~unless the financial pecuniary~~ benefit or detriment arises out of the following:

- a. An interest or membership in a particular business, industry, occupation, or other class required by law as a prerequisite to the holding by the person of the office or position.
- b. Any action in the person's official capacity which would affect to the same degree a class consisting of all inhabitants of the state; or a

smaller class consisting of an industry, occupation, or other group including one of which or in which the person, or the person's relative or business with which the person or the person's relative is associated, is a member or is engaged.

- c. Membership in or membership on the board of directors of a nonprofit corporation that is tax-exempt under section 501(c) of the Internal Revenue Code.

3.21.2 “Actual conflict of interest” means any action or any decision or recommendation by a person acting in a capacity as a public official, the effect of which would be to the private ~~pecuniary~~ financial benefit or detriment of the person or the person's relative or any business with which the person or a relative of the person is associated unless the ~~pecuniary~~ financial benefit or detriment arises out of circumstances described in the definition of potential conflict of interest.

3.21.3 “Relative” means:

- a. The spouse, parent, stepparent, child, sibling, stepsibling, son-in-law, or daughter-in-law of the Trustee;
- b. The parent, stepparent, child, sibling, stepsibling, son-in-law, or daughter-in-law of the spouse of the Trustee;
- c. Any individual for whom the Trustee has a legal support obligation; or
- d. Any individual for whom the Trustee provides benefits arising from the Trustee's public service or from whom the Trustee receives benefits arising from that individual's employment.

4.0 Overview of the Oregon Government Ethics Law

4.1 In General. ORS Chapter 244 sets forth the minimum standards for ethical conduct of Oregon public officials. Each member of the Board of Trustees is an Oregon public official. The Oregon Government Ethics Commission has issued administrative rules, publications, and advisory and staff opinions interpreting certain provisions of ORS Chapter 244.

4.2 Subjects Covered. ORS Chapter 244 addresses, among other [thingsttopics](#):

- 4.2.1 Gifts
- 4.2.2 Use or attempted use of an official position to obtain financial gain
- 4.2.3 Honoraria
- 4.2.4 Annual statement of economic interest
- 4.2.5 Lobbying
- 4.2.6 Conflicts of interest, whether actual or potential
- 4.2.7 Nepotism
- 4.2.8 Travel paid by third parties
- 4.2.9 Attendance at events
- 4.2.10 Entertainment
- 4.2.11 Food and beverages
- 4.2.12 Compensation packages
- 4.2.13 Reimbursement of expenses
- 4.2.14 Use of certain confidential information for personal gain

4.3 Relatives. In addition to a Trustee, the Oregon Government Ethics Law may apply to some relatives or members of the household of the Trustee and to certain businesses with which the Trustee or a relative of the Trustee is associated.

4.4 Gifts.

4.4.1 During a calendar year, a Trustee or a relative may not solicit or receive, directly or indirectly, any gift or gifts with an aggregate value in excess of \$50 from any single source that could reasonably be known to have a legislative or administrative interest. During a calendar year, a person who has a legislative or administrative interest may not offer to the Trustee or a relative or member of the household of the Trustee any gift or gifts with an aggregate value in excess of \$50.

4.4.2 “Legislative or administrative interest” means an economic interest, distinct from that of the general public, in any matter subject to the decision or vote of the Trustee acting in the Trustee's capacity as a Trustee.

4.4.3 There are numerous exceptions to the definition of "gift," ~~the most germane of which are the following~~below are some examples:

- a. Gifts from relatives or members of the household of the Trustee.
- b. An unsolicited token or award of appreciation in the form of a plaque, trophy, desk item, wall memento, or similar item, with a resale value reasonably expected to be less than \$25.
- c. Informational or program material, publications, or subscriptions related to the Trustee's performance of official duties.
- d. Admission provided to or the cost of food or beverage consumed by a Trustee, or a member of the household or staff of the Trustee when accompanying the Trustee, at a reception, meal, or meeting held by an organization when the Trustee represents the UniversitySOU.
- e. Expenses provided by one public official to another public official for travel inside the state to or from an event that bears a relationship to the receiving public official's office and at which the official participates in an official capacity.
- f. Food or beverage consumed by a Trustee at a reception where the food or beverage is provided as an incidental part of the reception and no cost is placed on the food or beverage.
- g. Entertainment provided to a Trustee or a relative or member of the household of the Trustee that is incidental to the main purpose of another event.
- h. Entertainment provided to a Trustee or a relative or member of the household of the Trustee where the Trustee is acting in an official capacity while representing ~~the~~ UniversitySOU.
- i. Anything of economic value offered to or solicited or received by a Trustee, or a relative or member of the household of the Trustee:
 - A. ~~(A)~~ As part of the usual and customary practice of the person's private business, or the person's employment or position as a volunteer with a private business, corporation, partnership, proprietorship, firm, enterprise, franchise, association,

organization, not-for-profit corporation or other legal entity operated for economic value; and

- B. ~~(B)~~ That bears no relationship to the Trustee's holding of, or candidacy for, a position on the Board of Trustees or another public office.

4.5 Use of Position for Personal Gain. Trustees may not use or attempt to use their official position to obtain a financial benefit for themselves, relatives, or businesses they are associated with, through opportunities that would not otherwise be available but for the office held.

4.6 Annual Reporting of Economic Interests. On or before April 15th of each year, a Trustee must file with the ~~OGEC Oregon Government Ethics Commission~~ a verified statement of economic interest. ~~The University~~SOU is charged with ensuring that OGEC is provided with contact information for each Trustee ~~receives the proper form from the Commission.~~

4.7 Use of Certain Confidential Information for Personal Gain. Trustees may have access to or manage information that is confidential and not available to members of the general public. The Oregon Government Ethics Law prohibits Trustees from attempting to use confidential information gained because of the position held or by carrying out assigned duties to further the Trustee's personal gain. The law also prohibits a former Trustee from attempting to use confidential information for personal gain if that confidential information was obtained while holding the position as a Trustee; from which access to the confidential information was obtained.

4.8 ORS 351.067 addresses the process by which the Board of Trustees may permit certain compensation or reimbursement of expenses that would otherwise be prohibited by ORS Chapter 244.

5.0 **Conflicts of Interest.**

5.1 Generally. Not all conflicts of interest are wrong or unacceptable. Although some categories of conflicts may be prohibited by law, or the law may require that they be disclosed and managed in a particular way, in many cases, management of conflicts of interest is not primarily a question of law but of ethics. In some circumstances, conflicts may be inevitable, and the question for a Trustee may be how to manage the conflict. Some considerations can be identified that tend to signal that a conflict should be prohibited or carefully managed. Often this would be the case where, for example, an individual's outside activities or relationships or the institution's own interests entail the actuality or appearance that the quality or objectivity of a Trustee's judgment could be impaired; or that a Trustee is placing personal interest before SOU's ~~the institutional~~-interest; or that ~~institutional~~-SOU's resources or assets apparently are being used for private gain; or that an individual is receiving something of value from a business where the business would appear to benefit from the individual's decision on behalf of ~~the institution~~SOU; or that an individual is pursuing an economic opportunity identified in the course of ~~institutional~~-service to SOU, where the opportunity is not widely available.

5.2 State law.

5.2.1 The Oregon Government Ethics Law addresses the existence, disclosure, and disposition of certain potential and actual conflicts of interest. The standards set forth in the law attempt to balance the need to

avoid conflicts of interest with the need for the services of knowledgeable, experienced public officials. Compliance with state law is required but may be insufficient. Some considerations can be identified that tend to signal that a conflict should be forbidden or carefully managed. Often this would be the case where, for example:

- a. A Trustee's outside activities or relationships or ~~an institution's~~ SOU's own interests entail the actuality or appearance that the quality or objectivity of judgment could be impaired.
- b. A Trustee is placing personal interest before the SOU's institutional interest.
- c. ~~Institutional-SOU's~~ resources or assets apparently are being used for private gain.
- d. A Trustee is receiving something of value from a business where the business would appear to benefit from the Trustee's intervention or decision.
- e. A Trustee is pursuing an economic opportunity identified in the course of ~~institutional service~~ their service to SOU, where the opportunity is not widely available to others.

5.2.2 ORS 352.076 addresses a conflict of interest inherent in the positions of the faculty trustee and the non-faculty staff trustee. The conflict may be financial or non-financial. The faculty and non-faculty staff trustees (a) may not participate in any discussions or action by the Board involving collective bargaining issues that affect faculty or non-faculty staff at the ~~University~~SOU, and (b) may not attend any executive session of the Board involving collective bargaining issues that affect faculty ~~or or~~ non-faculty staff at ~~the University~~SOU. This prohibition may include collective bargaining issues that affect any collective bargaining organization, unit, or agreement, not merely a collective bargaining organization or unit that represents the faculty or non-faculty staff trustee or a collective bargaining agreement to which the organization or unit is a party.

5.2.3 Declaration of Potential and Actual Conflicts of Interest under Oregon Law. When met with a potential or an actual conflict of interest, a Trustee is strongly urged:

- a. Potential: Announce publicly the nature of the *potential* conflict prior to taking any action thereon in the capacity of a Trustee; or

- b. Actual: When met with an *actual* conflict of interest, announce publicly the nature ~~of~~ of the actual conflict and refrain from participating in any discussion or debate on the issue out of which the actual conflict arises or from voting on the issue.

5.3 Federal law. Federal laws and regulations mandate conflict-of-interest-related requirements in certain areas applicable to universities – such as lobbying of certain federal officials and the receipt of federal funds for financial aid, construction, research, and grants and contracts. Trustees should be aware that their activities and interests may be in conflict with the interests and activities of the institution under federally-funded programs and may implicate the government relations activities of the institution.

5.4 Non-financial interests. The Board of Trustees does not confine its concerns about conflict of interest to financial conflicts but extends its concerns to all kinds of interests that (a) may lead a Trustee to pursue a policy or practice or take a position that is incompatible with the Trustee's fiduciary duties to the institution, or (b) may entail steps by the Trustee to achieve personal gain, or gain for family, friends or associates, by use of the Trustee's role at the institution.

5.5 Disclosure. Trustees should ~~disclose promptly~~ promptly disclose all actual or potential conflicts of interest related to the institution as the conflicts become known to them. To facilitate Trustees' identification of such conflicts, ~~the~~ UniversitySOU is directed to inform the Trustees on an annual basis of applicable state and federal law regarding conflicts of interest so as to maximize the potential for awareness of possible conflicts.

6.0 Compliance


6.1 When a Trustee gives notice of an actual or potential conflict of interest, the Secretary shall record the actual or potential conflict in the official records of the public body.

6.2 Federal law and state law supersede anything in this Statement that is inconsistent or in conflict with such law.

Approved on ~~March-April 212~~, 20~~23~~19



Chair of the Board


Secretary of the University

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Revision	Change	Date
	Initial Version	June 26, 2015
1	Duty of Obedience made more specific and expanded; basic edits and corrections.	March 22, 2019
<u>2</u>	<u>General updates to include more “plain language” in the statement; basic edits and corrections</u>	<u>April 21, 2023</u>

Board Statement on Policies

Board of Trustees of Southern Oregon University

1.0 Preamble

Consistent with authority of the Board of Trustees ("Board") to manage the affairs of Southern Oregon University ("University" or "SOU") and, in recognition of its fiduciary obligations, the Board identifies the following categories of authority and the principles and processes governing the development of statements of authority, including bylaws, committee charters, board statements, board resolutions, university policies, university procedures, handbooks, and manuals.

2.0 Categories of Authority

2.1 Bylaws. Board Bylaws outline the essential elements necessary for the Board's constitution and operation, including, but not limited to Board officers, meeting agendas, and certain legal obligations.

2.2 Committee Charters. Committee charters identify the duties and scope of authority for the Board's committees, both standing and ad hoc, and must be consistent with the Board's Bylaws, Board Statement on Committees, and other Board actions. These charters may only be adopted, amended, or repealed by a majority vote of the Board. Board committees, from time to time, may suggest changes to the committee charters for Board action.

2.3 Board Statements and Resolutions. Board Statements are broad, strategic statements communicating the Board's expectations. As opposed to University Policies or Procedures, which could communicate delegated, operational or transactional authority or procedures, Board Statements communicate the fundamental strategic, fiduciary, and structural expectations of the Board. While the Board's committees, President, and SOU Policy Council play a role in the development and recommendation of Board Statements, such Statements may only be adopted, amended or repealed by a majority vote of the Board. Pursuant to ORS 352.107, the Board may authorize a Board Statement to have the force of law. Board Resolutions are also reserved for broad, strategic statements, but may be used in specific circumstances, including statements that need to be reaffirmed periodically by the Board or for actions authorizing the sale of bonds. Board Statements and Resolutions must be consistent with the Board's Bylaws and federal and state law.

2.4 University Policies. University Policies describe the exercise of authority delegated to the President by the Board. University Policies typically communicate the broad, strategic expectations of the President regarding the University's affairs. University Policies must be consistent with Board Statements and Resolutions and federal and state law. In any event where a

University Policy is inconsistent with a Board Statement or Resolution, the Board Statement or Resolution shall prevail.

2.5 University Procedures. University Procedures, which likely work in concert with one or more University Policies, communicate the day-to-day steps or processes necessary for the effective and efficient accomplishment of University Policies. University Procedures must be consistent with Board Statements and Resolutions, University Policies, and other actions, as well as federal and state law. Where a University Procedure is inconsistent with a Board Statement, Resolution, University Policy or other Board action the Board Statement, Resolution, Policy, or action prevails.

2.6 Handbooks and Manuals. Handbooks and Manuals exist throughout the University and typically communicate desktop procedures or expectations for a University department, unit, or functional area. Examples may include, but are not limited to a faculty handbook, student handbook, and fiscal policy manual. Handbooks and Manuals must be consistent with Board Statements, Resolutions, and other actions, and University Policies and Procedures. Where a Handbook or Manual is inconsistent with a Board Statement, Resolution, or action, or University Policy or Procedure, the Statement, Resolution, action, Policy, or Procedure will prevail.

3.0 SOU Policy Committee

3.1 To assist in the formulation, drafting, revision, recommendation, and maintenance of the Board's and University's statements of authority, the Board directs the President to establish and maintain a policy council. The SOU Policy Council ("Council") will be convened by the SOU General Counsel who shall serve Policy Council Chair. With the approval of the President, the Council will consist of representatives of the major functional units at the University (e.g., human resources, business affairs, contracting and procurement, public safety, student affairs, academic affairs, and risk management), as well as duly-elected or appointed representatives of the SOU Faculty Senate, the Associated Students of SOU, and the SOU Staff Assembly. The Council is a consultative, multi-functional group designed to provide valuable input and advice on the categories of authority described in this Board Statement.

3.2 The responsibility for any statement of authority described at sections 2.4, 2.5, or 2.6 of this Board Statement resides with the cognizant officer or director ("Responsible Officer"), as designated by the President.

3.3 The Responsible Officer, or designee, shall present University Policies, whether new or existing, to the Council for advice. After discussion of the draft University Policy, the Policy Council Chair, may seek comment from the University community at any time. Draft University Policies shall also be posted on the

University's policy website for a period of at least seven calendar days, unless policy changes are immaterial or are an emergency. The appropriate Responsible Officer or the Chair, with any comments, may return to the Council for advice.

The Chair shall communicate to the President major issues or concerns, if any, identified by the Council, University community, or the public. A University Policy is only valid after an official copy is approved by the President and posted on the University's policy website.

3.4 The Responsible Officer, or designee, shall present all University Procedures, whether new or existing, to the Council for the official record of the University's procedures. The Responsible Officer shall communicate to the Council and the President any major issues, regulatory considerations, or additional concerns. A University Procedure is only valid after an official copy is approved by the Responsible Officer and a copy is made available to the University community either (a) on the University website or (b) a copy is created and made available to the University community in the department responsible for the procedure. Any inconsistency with a category of authority described at Section 2.4, 2.5, or 2.6 of this Statement will be resolved in favor of the applicable Law, Board Statement, Resolution, or action, University Policy or Procedure, or, as applicable, collective bargaining agreement.

3.5 The Responsible Officer, or designee, shall present all University Handbooks and Manuals, whether new or existing, to the Council for the official record of the University. The Responsible Officer shall communicate to the Council and the President any major issues, regulatory or additional concerns. A University Handbook or Manual is only valid after an official copy is approved by the Responsible Officer and a copy is made available to the University community either (a) on the University website or (b) a copy is created and made available to the University community in the department responsible for the procedure. Any inconsistency with a category of authority described at Section 2.4, 2.5, or 2.6 of this Statement will be resolved in favor of the applicable Law, Board Statement, Resolution, or action, University Policy or Procedure, or, as applicable, collective bargaining agreement.

3.6 Inspection of policies, procedures, handbooks and manuals may be restricted to the extent allowed by the Oregon Public Records Law to prevent the misuse of sensitive security information, financial and business procedures, and similar information.

3.7 Board Statements or Resolutions may come to the Council for advice and consideration through a variety of channels, including the Board or its chair, its committees, whether standing or *ad hoc*, the President, or a Responsible Officer. The relevant Responsible Officer, at the direction of the Board Chair, Board

committee chair, or the President, may present a Board Statement or Resolution, whether new or existing, to the Council for advice and consideration. After any advice and consideration by the Council, and with the Board Chair's authorization, the President or Responsible Officer may submit a draft Board Statement or Resolution to the University community for comment. Notwithstanding the Council's existence as a consultative, advisory group assembled for the benefit of the University, nothing in this Section shall be construed to require the Board or its committees to submit its Board Statements or Resolutions to the Council.

4.0 Format

4.1 All categories of authority will be presented substantially in the same format.

4.2 The Board Secretary shall devise an operational system to organize the Categories of Authority listed in Sections 2.1, 2.2, and 2.3, as required by law.

4.3 The Council will devise an operational system to organize the categories of authority listed in Sections 2.4, 2.5, and 2.6, as required by law.

4.4 Responsible Officers will, from time to time, review categories of authority within their functional areas to determine if repeal or amendment is advisable.

4.5 Technical changes to the organizational system, titles of authorities, indexing of authorities, or any other administrative change necessary to maintain an accessible and efficient policy function that does not conflict with this Board Statement may be accomplished after notice to the Board Chair or President as applicable.

Approved on April 21, 2023

Chair of the Board



University Board Secretary

Revision	Change	Date
	Initial Version	June 26, 2015
1	Responsible officers expanded to chief student affairs officer; validation of official university procedures expanded; applicability of Oregon Public Records Law included; basic edits and corrections.	March 22, 2019
2	Responsible officers updated; operational system to organize updated; procedural detail removed from 3.4, 3.5, and 3.7.; basic updates, edits, and corrections.	April 21, 2023

Board Statement on Policies

Board of Trustees of Southern Oregon University

1.0 Preamble

—Consistent with authority of the Board of Trustees ("Board") to manage the affairs of Southern Oregon University ("University" or "SOU") and, in recognition of its fiduciary obligations, the Board identifies the following categories of authority and the principles and processes governing the development of statements of authority, including bylaws, committee charters, board statements, board resolutions, university policies, university procedures, handbooks, and manuals.

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2.4 University Policies. University Policies describe the exercise of authority delegated to the President by the Board. University Policies typically communicate the broad, strategic expectations of the President regarding the University's affairs. University Policies must be consistent with Board Statements and Resolutions and federal and state law. In any event where a

University Policy is inconsistent with a Board Statement or Resolution, the Board Statement or Resolution shall prevail.

2.5 University Procedures. University Procedures, which likely work in concert with one or more University Policies, communicate the day-to-day steps or processes necessary for the effective and efficient accomplishment of University Policies. University Procedures must be consistent with Board Statements and Resolutions, University Policies, and other actions, as well as federal and state law. Where a University Procedure is inconsistent with a Board Statement, Resolution, University Policy or other Board action the Board Statement, Resolution, Policy, or action prevails.

2.6 Handbooks and Manuals. Handbooks and Manuals exist throughout the University and typically communicate desktop procedures or expectations for a University department, unit, or functional area. Examples may include, but are not limited to a faculty handbook, student handbook, and fiscal policy manual. Handbooks and Manuals must be consistent with Board Statements, Resolutions, and other actions, and University Policies and Procedures. Where a Handbook or Manual is inconsistent with a Board Statement, Resolution, or action, or University Policy or Procedure, the Statement, Resolution, action, Policy, or Procedure will prevail.

3.0 SOU Policy Committee

3.1 To assist in the formulation, drafting, revision, recommendation, and maintenance of the Board's and University's statements of authority, the Board directs the President to establish and maintain a policy council. The SOU Policy Council ("Council") will be convened by the SOU General Counsel who shall serve Policy Council Chair. With the approval of the President, the Council will consist of representatives of the major functional units at the University (e.g., human resources, business affairs, contracting and procurement, public safety, student affairs, academic affairs, and risk management), as well as duly-elected or appointed representatives of the SOU Faculty Senate, the Associated Students of SOU, and the SOU Staff Assembly ~~and ASSOU~~. The Council is a consultative, multi-functional group designed to provide valuable input and advice on the categories of authority described in this Board Statement.

3.2 ~~_____~~ The responsibility for any statement of authority described at sections 2.4, 2.5, or 2.6 of this Board Statement resides with the cognizant officer or director ("Responsible Officer"), as designated by the President, even if employees that report to the Responsible Officer participate in the Council. Responsible Officers include: (1) chief academic officer, (2) chief student affairs officer, (3) chief financial officer, (4) chief legal officer, (5) chief development officer, and (6) athletic director.

3.3 The Responsible Officer, or designee, shall present University Policies, whether new or existing, to the Council for advice. After discussion of the draft University Policy, the ~~Responsible Officer~~ Policy Council Chair, may ~~submit the draft University Policy to the President for authorization to seek comment from the University community at any time. With the President's authorization, a Responsible Officer may submit a~~ Draft University Policies ~~y to the University community for comment for at least seven calendar days. The draft shall also be posted on the University's policy website for a period of at least seven calendar days, unless policy changes are immaterial or are an emergency. The appropriate - during the comment period. After seven days, the Responsible Officer or the Chair,~~ with any comments, may return to the Council for advice, ~~or request approval from the President.~~

~~Although a vote is not required in order for the Responsible Officer to submit a University Policy to the President, the Responsible Officer~~ The Chair shall communicate to the President ~~any~~ major issues or concerns, if any, identified by the Council, University community, or the public. ~~With the President's authorization, a Responsible Officer may submit a draft University Policy to the University community for comment for at least seven calendar days. The draft shall also be posted on the University's policy website during the comment period. After seven days, the Responsible Officer, with any comments, may return to the Council for advice or request approval from the President.~~ A University Policy is only valid after an official copy is ~~(i)~~ approved by the President and posted and (ii) included on the University's policy website.

3.4 The Responsible Officer, or designee, shall present all University Procedures, whether new or existing, to the Council ~~for ad~~ for the official record of the University's procedures ~~vice. After discussion of the draft University Procedure, the Responsible Officer may seek the President's approval. Although a vote is not required in order for the~~ The Responsible Officer to submit a University Procedure to the President for approval, the Responsible Officer shall communicate to the Council and the President any major issues, regulatory considerations, or additional concerns, if any, identified by the Council. ~~.-~~ A University Procedure is only valid after an official copy is approved by the President Responsible Officer and a copy is made available to the University community either
 (a) on the University website or (b) a physical copy is created and made available to the University community in the department responsible for the procedure. Any inconsistency with a category of authority described at Section 2.48, 2.54, or 2.56 of this Statement will be resolved in favor of the applicable Law, Board Statement, Resolution, or action, University Policy or Procedure, or, as applicable, collective bargaining agreement.

3.5 The Responsible Officer, or designee, shall present all University Handbooks and Manuals, whether new or existing, to the Council for the official

~~record of the University. The Responsible Officer shall communicate to the Council and the President any major issues, regulatory or additional concerns. A University Handbook or Manual is only valid after an official copy is approved by the Responsible Officer and a copy is made available to the University community either (a) on the University website or (b) a copy is created and made available to the University community in the department responsible for the procedure. The Responsible Officer is authorized to maintain Handbooks and Manuals described at Section 2.6 for any unit or department that reports to him or her. The Responsible Officer may seek the advice and guidance of the Council for Handbooks and Manuals, but is not required to do so. Notwithstanding this authority, a Handbook or Manual is not valid unless it contains statements that (i) it does not create a contractual obligation unless expressly stated, (ii) that the official copy may be found on the University's website or the location where a physical copy may be inspected, and (iii) any inconsistency with a category of authority described at Section 2.34, 2.45, or 2.56 of this Statement will be resolved in favor of the applicable Law, Board Statement, Resolution, or action, University Policy or Procedure, or, as applicable, collective bargaining agreement.~~

3.6 Inspection of policies, procedures, handbooks and manuals may be restricted to the extent allowed by the Oregon Public Records Law to prevent the misuse of sensitive security information, financial and business procedures, and similar information.

3.7 Board Statements or Resolutions may come to the Council for advice and consideration through a variety of channels, including the Board or its chair, its committees, whether standing or *ad hoc*, the President, or a Responsible Officer. The relevant Responsible Officer, at the direction of the Board Chair, Board committee chair, or the President, may present a Board Statement or Resolution, whether new or existing, to the Council for advice and consideration. After any advice and consideration by the Council, and with the Board Chair's authorization, the President or Responsible Officer may submit a draft Board Statement or Resolution to the University community for comment, ~~for at least seven calendar days. The draft may also be posted on the University's policy website during the comment period. After seven days, the President or Responsible Officer may compile any comments and seek the advice of the Board Chair on whether to return the draft to the Council for further refinement or include the draft Board Statement or Resolution in the Board's docket for action at a regular, special or emergency meeting.~~ Notwithstanding the Council's existence as a consultative, advisory group assembled for the benefit of the University, nothing in this Section shall be construed to require the Board or its committees to submit its Board Statements or Resolutions to the Council.

4.0 Format

4.1 All ~~categories of authority~~ categories of authority will be presented substantially in the same format. ~~The official copy of the authority will be found on the Board's website and the University's policy website, with an official paper in the Board's office files.~~

4.2 The Board Secretary shall devise an operational system to organize the Categories of Authority listed in Sections 2.1, 2.3, and 2.3, as required by law.

4.32 The Council will devise an operational system to organize the categories of authority listed in Sections 2.4, 2.5, and 2.6, under discernible functional areas as required by law.

4.43 Responsible Officers will, from time to time, review categories of authority within their functional areas to determine if repeal or amendment is advisable.

4.54 Technical changes to the organizational system, titles of authorities, indexing of authorities, or any other administrative change necessary to maintain an accessible and efficient policy function that does not conflict with this Board Statement may be accomplished after notice to the ~~Board Chair~~ Board Chair or President as applicable.

Approved on ~~March 22~~ April 21, 2019 ~~2023~~



Chair of the Board



~~Secretary of the~~ University Board Secretary

Revision	Change	Date
	Initial Version	June 26, 2015
1	Responsible officers expanded to chief student affairs officer; validation of official university procedures expanded; applicability of Oregon Public Records Law included; basic edits and corrections.	March 22, 2019

<u>2</u>	<u>Responsible officers updated; operational system to organize updated; procedural detail removed from 3.4, 3.5, and 3.7.; basic updates, edits, and corrections.</u>	<u>April 21, 2023</u>
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**Board Statement on Recommending Candidates
for At-Large Board Positions
Board of Trustees of Southern Oregon University**

1.0 Goal

Members of the Board of Trustees of Southern Oregon University are appointed by the Governor of the State of Oregon and confirmed by the Oregon Senate, in compliance with Oregon Law. It is a goal of the Board of Trustees (“Board”) to recommend at-large candidates for the Governor's consideration who meet the individual characteristics desired for the Board and who complement the needs of the Board as a whole. The Board fully recognizes that, as executive appointees, Southern Oregon University trustees are appointed only by the Oregon Governor and confirmed only by the Oregon Senate.

2.0 Purpose

The purpose of this Board Statement is to guide the Board's efforts in identifying potential candidates to recommend to the Governor for at-large board positions. The positions filled by the following members are not at-large positions on the Board of Trustees: President of the University, a student enrolled at the University, a member of the faculty of the University, and a member of the non-faculty staff of the University. With the exception of the University President, the board will rely on the campus governance bodies that represent the applicable constituent groups to implement a process for recommending candidates for appointment to the Board.

3.0 Board Composition

3.1. Board Composition. The Board should be composed of members who have:

- a. A commitment to public higher education;
- b. A record of public or community service;
- c. Knowledge of complex organizations or academic institutions;
- d. Demonstrated collaborative, collegial approach to leadership;
- e. A willingness and availability for constructive engagement;
- f. A commitment to open-minded, non-partisan decision-making;
- g. A record of integrity, good judgment, and civic virtue;
- h. A commitment to engagement in board responsibilities and interests; and
- i. A commitment to equity, diversity and inclusion.

3.2 Experience. There should be a variety of perspectives, backgrounds, experience, and skills among the members of the Board. These may include, but are

not limited to:

- a. Gender, race and ethnicity, age, geographic location of residence, and other expressions of diversity;
- b. Unique skills and competencies, including experience that will benefit the Board and the University;
- c. Complementary skills and perspectives;
- d. A broad range of professional fields (e.g., education, legal, finance, engineering, healthcare, criminal justice, business, etc.);
- e. Knowledge of and/or connection to Southern Oregon University (alumni relation, campus service, community relationships, etc.); and
- f. Qualifications and characteristics that reflect and support the Governor's goals, priorities, and initiatives.

4.0 Process

The process for identifying and vetting potential candidates will include the following:

4.1 Conduct Needs Assessment. When a vacancy on the Board is anticipated or occurs, the Board Secretary, in conjunction with the President, Board Chair, and/or Vice Chair, will conduct a needs assessment by analyzing the present Board membership against the composition identified in Section 3. The Board also will conduct periodic self-assessments, which the Board Secretary, President, and Board Chair also will consider in assessing the Board's needs.

4.2 Identify and Vet Potential Candidates. Based on the needs assessment, the President and/or Board Chair, in consultation with the Vice Chair, will identify potential candidates. To assist the President and Board Chair in identifying potential candidates, the Board Secretary will maintain a list of individuals submitted by sources such as trustees, the President, senior administrators, and others. The President and/or Board Chair will vet candidates under priority consideration, or may cause the vetting of those candidates to occur. Vetting may include a discussion with potential candidates about their interest, responsibilities of serving as a trustee, readiness for nomination, ability to serve the university with:

- a. Support for the mission and strategic priorities of the university;
- b. Commitment of time and talent;
- c. Attendance at and participation in board and committee meetings;
- d. Ability to maintain a university-wide perspective on issues and concerns;
- e. Promotion of the university mission through advocacy and oversight of policy; and
- f. Active involvement in the life of the university.

4.3 Review Results of the Vetting Process. The President will discuss priority candidates with the Board Chair. The Board Chair will consult with members of the Board regarding potential candidates who are willing and able to serve and who satisfy the needs identified in the needs assessment. Candidates will be asked to complete an application process required by the Governor's Office of Executive Appointments. The Board Secretary may provide technical assistance to applicants. Based on the factors set forth above and the information gathered for the Board Chair, the Board Chair will decide which candidates to recommend on behalf of the Board of Trustees to the Governor for consideration.

Any member of the public who may be interested in serving as a trustee, but who has not come to the attention of the Board through this process, may apply independently. It is understood by the Board that providing recommendations to the Governor's office regarding potential trustees in no way guarantees or implies appointment of any applicant. As executive appointees, Southern Oregon University trustees are appointed only by the Oregon Governor and confirmed only by the Oregon Senate.

Approved on April 21, 2023

Board Chair



Board Secretary

Revision	Change	Date
	Initial Version	June 17, 2016
1	Revised to include Vice Chair; Review Results of the Vetting Process revised; basic edits and corrections.	March 22, 2019
2	Board composition section updated; application process updated; basic updates, edits and corrections.	April 21, 2023

**Board Statement on Recommending Candidates
for At-Large Board Positions
Board of Trustees of Southern Oregon University**

1.0 ~~1.~~ Goal

~~Under ORS 352.076, Members of the Board of Trustees of~~ Southern Oregon University ~~trustees~~ are appointed by the Governor of the State of Oregon and confirmed by the Oregon Senate, in compliance with Oregon Law. It is a goal of the Board of Trustees (“Board”) to recommend at-large candidates for the Governor's consideration who meet the individual characteristics desired for the Board and who complement the needs of the Board as a whole. The Board fully recognizes that, as executive appointees, Southern Oregon University trustees are appointed only by the Oregon Governor and confirmed only by the Oregon Senate.

2.0 Purpose

The purpose of this ~~policy~~ Board Statement is to guide the Board's efforts in identifying potential candidates to recommend to the Governor for at-large board positions. The positions filled by the following members are not at-large positions on the Board of Trustees: ~~the~~ President of the University, a student enrolled at the university, a member of the faculty of the university, and a member of the non-faculty staff of the University. ~~-~~With the exception of the University President, the board will rely on the campus governance bodies that represent the applicable constituent groups to implement a process for recommending candidates for appointment to the Board.

3.0 Board Composition

3.1. Board Composition.

The Board should be composed of members who have:

- a. A commitment to public higher education;
- b. A record of public or community service;
- c. Knowledge of complex organizations or academic institutions;
- d. Demonstrated collaborative, collegial approach to leadership;
- e. A willingness and availability for constructive engagement;
- f. A commitment to open-minded, non-partisan decision-making;
- g. A record of integrity, good judgment, and civic virtue; ~~and~~
- h. A commitment to engagement in board responsibilities and interests; ~~and-~~
- h-i. A commitment to equity, diversity and inclusion.

3.2 Experience. There should be a ~~balance-variety~~ of perspectives, backgrounds, experience, and skills among the members of the Board. These may include, but are not limited to:

- a. Gender, ~~race and~~ ethnicity, age, geographic location of residence, and other expressions of diversity;
- b. Unique skills and competencies, including experience that will benefit the Board ~~and the University~~;
- c. Complementary skills and perspectives;
- d. A broad range of professional fields (e.g., education, legal, finance, engineering, healthcare, criminal justice, business, etc.);
- e. Knowledge of and/or connection to Southern Oregon University (alumni relation, campus service, community relationships, etc.); and
- f. Qualifications and characteristics that reflect and support the Governor's goals, priorities, and initiatives.

4.0 Process

The process for identifying and vetting potential candidates will include the following:

4.1 Conduct Needs Assessment.

When a vacancy on the Board is anticipated or occurs, the Board Secretary, in conjunction with the President, Board Chair, and/or Vice Chair, will conduct a needs assessment by analyzing the present Board membership against the composition identified in Section 3. The Board also will conduct periodic self-assessments, which the Board Secretary, President, and Board Chair also will consider in assessing the Board's needs.

4.2 Identify and Vet Potential Candidates.

Based on the needs assessment, the President and/or Board Chair, in consultation with the Vice Chair, will identify potential candidates. To assist the President and Board Chair in identifying potential candidates, the Board Secretary will maintain a list of individuals submitted by sources such as trustees, the President, senior administrators, and others. The President and/or Board Chair will vet candidates under priority consideration, or may cause ~~the~~ vetting of those candidates to occur. Vetting may include a discussion with potential candidates about ~~their interest,~~ responsibilities of serving as a trustee, ~~as well as interest,~~ readiness for nomination,

~~and~~ ability to serve the university with:

- a. Support for the mission and strategic ~~plan~~ priorities of the university;
- b. Commitment of time and talent;
- c. Attendance at and participation in board and committee meetings;
- d. Ability to maintain a university-wide perspective on issues and concerns;
- e. Promotion of the university mission through advocacy and oversight of policy; and
- f. Active involvement in the life of the university.

4.3 Review Results of the Vetting Process.

The President will discuss priority candidates with the Board Chair. The Board Chair will consult with members of the Board regarding potential candidates who are willing and able to serve and who satisfy the needs identified in the needs assessment. Candidates will be asked to complete an application ~~package including the process required by the~~ Governor's Office of Executive Appointments, Interest Form, Background Information Form, and other documentation required for executive appointments. The Board Secretary may provide ~~information on filing the required form~~ technical assistance to applicants. Based on the factors set forth above and the information gathered for the Board Chair, the Board Chair will decide which candidates to recommend on behalf of the Board of Trustees to the Governor for consideration.

Any member of the public who may be interested in serving as a trustee, but who has not come to the attention of the Board through this process, may apply independently. It is understood by the Board that providing recommendations to the Governor's office regarding potential trustees in no way guarantees or implies appointment of any applicant. As executive appointees, Southern Oregon University trustees are appointed only by the Oregon Governor and confirmed only by the Oregon Senate.

Approved on ~~March-April 212, 202319~~


Board Chair



Board Secretary

Revision	Change	Date
	Initial Version	June 17, 2016
1	Revised to include Vice Chair; Review Results of the Vetting Process revised; basic edits and corrections.	March 22, 2019
<u>2</u>	<u>Board composition section updated; application process updated; basic updates, edits and corrections.</u>	<u>April 21, 2023</u>

Board Statement on Investments for the SOU Endowment Fund Board of Trustees of Southern Oregon University

1.0 Introduction

This statement governs the investment of the Southern Oregon University Endowment Fund (the "Fund").

This statement is set forth in order that the Board, the Investment Advisor, its investment managers and others entitled to such information may be made aware of the Policy of the Fund with regard to the investment of its assets.

This statement of investment policy sets forth the following:

- a. There will be a clear understanding by the Board, the Investment Advisor and staff of the investment goals and objectives of the portfolio.
- b. The Board and management have a basis for evaluation of the investment managers.
- c. The investment managers be given guidance and limitation on investing the funds.

It is intended the objectives in this policy to be sufficiently specific to be meaningful, but flexible enough to be practical. It is expected that the policy and objectives will be amended as necessary to reflect the changing needs of the endowment; however, all modifications shall be made in writing and approved by the Board.

2.0 Southern Oregon University Endowment Fund

The Fund is permanent and expected to operate in perpetuity, so these funds will be invested long-term. It is important to follow coordinated policies regarding spending and investments to protect the principal of the Fund and produce a reasonable total return.

3.0 Responsibility of the Board

The role of the Board is to recommend broad investment goals to the Investment Advisor, including spending rate information and to provide input into the asset allocation process.

4.0 Investment Advisor Responsibility

The Investment Advisor, and/or a designee, serves as consultant to the Board and

will have the responsibility and authority to establish the asset allocation for the Fund and approve the retention and termination of all investment managers. The Investment Advisor, and/or a designee, will recommend to the Board a specific asset mix reflecting judgments of the investment environment as well as the specific needs of the Fund. Other duties assigned to the Investment Advisor, and/or a designee, include:

- a. Recommending professional investment managers;
- b. Negotiating and/or monitoring Fund investment expenses;
- c. Monitoring investment managers, on an ongoing basis;
- d. Assuring proper custody of the investments; and
- e. Reporting to the Board, on a quarterly basis, the Fund's investment results, its composition and any other information the Board may request.

5.0 Spending Policy

The amount of endowment return available for spending (distribution) is based on a percentage of the average unit market value of the 20 quarters preceding the current fiscal year. The distribution per unit (under Exhibit A) is determined by the Board. The distribution amount per unit is multiplied by the current number of units and any additional units added during the current year as new endowment money comes into the Fund. This shall be exclusive of investment management fees.

6.0 Investment Policy Guidelines

6.1 Asset Allocation. The most important component of an investment strategy is the allocation among the various classes of securities available to the Fund. The Investment Advisor, in consultation with the Board, will establish the target asset allocation for the investments that will most likely achieve the investment goals of the Fund, taking into consideration the appropriate level of portfolio risk.

6.2 The risk/return profile shall be maintained by establishing the following long-term "target" strategic asset allocations:

<u>Asset Class</u>	<u>Policy</u>	<u>Target</u>	<u>Benchmark</u>
Global Equities	70-80%	75%	MSCI ACWI IMI Net
Fixed Income	20-30%	25%	Barclays Aggregate
Cash	0-3%	0%	91 Day T-Bill

6.3 Investment Time Horizon. In making investment strategy decisions for the Fund, the focus shall be on a long-term investment time horizon that encompasses a

complete business cycle (usually three to five years). An interim evaluation will be performed by the Investment Advisor, and/or a designee, if a significant change in fees, manager personnel, investment strategy or manager ownership occurs.

- 6.3.1 While the quantitative assessment of managerial competence will be measured over a complete market cycle, the Board anticipates that the Investment Advisor will make period qualitative assessments as well. Specific qualitative factors considered by the Investment Advisor may include, but are not limited to, fundamental changes in the manager's investment philosophy, changes in the manager's organizational structure, financial condition and personnel, and any changes, relative to peers, in a manager's fee structure.

7.0 Prudence and Ethical Standards

7.1 Prudence. All participants in the investment process shall act responsibly. The standard of prudence to be applied by the Board, the Investment Advisor, selected designees, SOU staff and external service providers shall be the "prudent investor" rule, which states: "Investments shall be invested and the investments managed as a prudent investor would do, under the circumstances then prevailing and in light of the purposes, terms, distribution requirements and laws governing each investment fund."

7.2. Ethics and Conflicts of Interest. Board members, Investment Advisory staff, selected designees, SOU staff and external service providers involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program or that could impair their ability to make impartial decisions. These parties are required to reveal all relationships that could create or appear to create a conflict of interest in their unbiased involvement in the investment process.

8.0 Investment Objectives

The investment objective of the Fund is to seek consistency of investment return with emphasis on capital appreciation over long periods of time, since the Fund will operate in perpetuity. In keeping with the performance goals included in the Policy, achievement of this objective shall be done in a manner that, over a long-term planning horizon, will meet the spending rate established by the Board (under Exhibit A) and maintain the purchasing power of the principal.

9.0 Manager(s) Responsibilities

9.1 Legal Compliance. The investment manager(s) is (are) responsible for strict compliance with the provisions of their investment management agreement.

9.2 Authority of Investment Manager(s) in the Managed Accounts. Subject to the terms and conditions of this Policy and the investment management agreement, manager(s) shall have full discretionary authority to direct investments of assets in the managed accounts. The Investment Advisor, and/or a designee, will recommend changes to this Policy when the advisor(s) views any part of this Policy to be inconsistent with overall market, economic conditions, or investment policies.

9.2.1 The Investment Advisor directs all managers to vote proxies and to vote them in the best economic interest of the Fund. When requested, managers will report to the Investment Advisor regarding how proxies were voted.

9.2.2 Meetings between Fund managers and the Investment Advisor will occur consistent with the policies established for the Investment Advisor's other managers, to discuss items including, but not limited to, the manager's performance, outlook, and investment decision process.

10.0 Reporting Requirements

Investment results will be regularly monitored by the Investment Advisor, selected designees and Board staff.

A representative of the Investment Advisor, and/or a designee, shall report investment results, or other information, to the Board no less frequently than annually. Any material non-compliance with the Investment Policy, Guidelines and Objectives of the Fund or with the investment management agreement will be reported to the Board immediately.

11.0 Investment Guidelines

11.1 Cash. The Fund shall maintain minimal cash, consistent with short-term requirements. Short term cash will be invested in a liquid cash equivalent investment.

11.2 Fixed Income. Fixed-income securities, for purposes of these guidelines, shall mean mortgage-backed securities, U.S. government securities, investment-grade domestic or global corporate bonds, and other fixed income securities, such as certificates of deposit and commercial paper. The objective of this component of the Fund is to preserve capital in keeping with prudent levels of risk, through a combination of income and capital appreciation. Realization of income will be subordinate to safety, liquidity, and marketability (i.e., securities should be readily marketable). This component of the Fund shall adhere to the following criteria:

- 11.2.1 Average portfolio credit quality shall be A or better;
- 11.2.2 With the exception of U.S. Government and Agency issues, no more than 10 percent of the bond portfolio, at market value, will be invested in the securities of a single issuer or 5 percent of the individual issue;
- 11.2.3 Below investment grade bonds shall not exceed 20 percent of the bond portfolio; and
- 11.2.4 Non-U.S. bonds shall not exceed 20 percent of the bond portfolio.

Fixed-income managers have full discretion over the allocation between long-term, intermediate, and cash equivalent investments.

11.3 Equities.

- 11.3.1 Objective: The objective of the equity portfolio is to enhance total return by investing in a broadly diversified portfolio of domestic and international stocks.
- 11.3.2 Strategy: Hold a fully invested, diversified portfolio of global equity securities, including emerging markets.
- 11.3.3 Permitted Holdings: Publicly traded domestic and international common stock, and other financial instruments consistent with the guidelines of the investment management agreements.
- 11.3.4 Diversification: The Investment Advisor shall recognize the need for diversification to minimize the risk of significant losses to the Fund. Diversification by capitalization, style, and sector distribution shall be obtained through the selection of complementary investment managers, or index strategies. Not more than 5 percent of the market value of any investment fund will be invested in any single issuer or security, unless part of an index fund.
- 11.3.5 Portfolio Restrictions: There will be no engagement in short sales, purchases on margin, or investments in options, futures, or private placements unless consistent with the underlying investment management agreements.

- 11.4. Performance. Performance expectations for each of the asset classes are described in Exhibit A.

12.0 Asset Custody and Securities Lending

Custodial responsibility for all securities is to be determined by the Board or its designee(s).

13.0 Conclusion

Implementation of this Policy, including investment manager selection, shall be the responsibility of the Investment Advisor, subject to the necessary approvals from the Board.

This Policy shall be reviewed by the Board at least every two years.

Approved on March 22, 2019

Board Chair

A handwritten signature in cursive script, appearing to read "Sabina Redd", is written over a horizontal line.

Board Secretary

Revision	Change	Date
	Initial Version	January 20, 2017
1.	Investment Guidelines, Fixed Income components revised; basic edits and corrections.	March 22, 2019
2.	Formatting updated; no amendments to content.	April 21, 2023

EXHIBIT A

Spending Policy

The distribution rate for the Fund is up to 4 percent of the five-year moving average unit market value.

Performance Monitoring

Global equities are expected to match the performance of the passive benchmark assigned.

Fixed income accounts are expected to exceed the return of the Barclays Capital Aggregate Bond Index by 0.5 percent (after fees) over a market cycle for core bond investments.

**Southern Oregon University
Executive, Audit, and Governance Committee**

**RESOLUTION
Amendments to Governing Documents
of the Board of Trustees of Southern Oregon University**

Whereas, the Board of Trustees of Southern Oregon University periodically reviews the board's governing documents;

Whereas, a work group including trustees, the university board secretary, and the university general counsel reviewed the documents below, gathered information, and provided amendments to the Board Statement on Ethics and Conflict of Interest; Board Statement on Policies; Board Statement on Recommending Candidates for At-large Board Positions; and Board Statement on Investments for the SOU Endowment Fund;

Whereas, the Executive, Audit, and Governance Committee of the Board of Trustees of Southern Oregon University has performed a thorough review of the proposed amendments; Now therefore,

Be it resolved, the Executive, Audit, and Governance Committee of the Board of Trustees of Southern Oregon University recommends the aforementioned governing documents to the Board of Trustees for adoption as provided in the Committee's April 21, 2023 documentation.

VOTE:

DATE: April 21, 2023

Recorded by the University Board Secretary:

Future Meetings

Adjournment