

Executive Committee  
Ottawa University Board of Trustees  
February 6, 1993  
Ottawa University Phoenix

Board Members Present: Carol Allen, Ransom Bennett, Roy Browning, Jr., Bob Froning, Hal Germer, Charlene Lister, Nita Myers, Jim O'Dell, Justice O'Reilly, Ramon Schmidt, and Marvin Wilson.

Administration Present: Jim Billick, Marsha Denniston, Ilene Risley, Steve Markwood, Anne Mills, Peter Sandstrom, Jim Smith, and Fred Zook.

O'Dell call the meeting to order at 10:11 a.m. Carol Allen opened the meeting with prayer. Fred Zook welcomed the Executive Committee to the Phoenix Center.

PRESIDENT'S REPORT: Hal Germer shared two letters, one confirming that Professor Harvey Cox of Harvard University would speak at the 1993 Commencement and the other confirming a disbursement of \$251,932.75 from the Clarence Coleman Estate to the Ottawa University endowment. Germer distributed copies of an OU picture and the Alumni Directory to the trustees.

The Development Office has established an activity to solicit more support from foundations and corporations. This is to address the need for endowment to cover scholarships. He added that as of today receipts for endowed scholarships total \$136,000, which is more than was put into all endowment last year. There are also \$410,000 in "asks" and proposals out for this effort.

The National Association of Independent Colleges and Universities (NAICU) met in Washington. Germer had just returned from the NAICU meetings and they dealt with important issues. He cited a report from the National Commission for Responsibilities for Funding Higher Education entitled "Making College Affordable Again". This report will get a lot of discussion. The default rates have gone very high on guaranteed loans recently in part because financial aid has shifted so much to loans. Private higher education still has a low default rate, but when lumped together with for-profit proprietary schools, the rate looks high. Some legislative efforts to respond to this high default rate are dangerous for private higher education. Our default rate is the lowest of any four-year college in Kansas.

The Schlick Challenge has been successfully met and that the University has raised more than \$200,000 for the Milwaukee program.



Robert Froning moved, with Roy Browning Jr. seconding, that the Executive Committee extend its special thanks to the Schlicks for their generous gift. The motion passed.

CAMPUS REPORT: Markwood reported on Campus programs. He noted the Achievement Center is undergoing some restructuring. The University has between 90 and 130 students each year who have problems that need some remediation. The Achievement Center has taken over the Library classroom and installed computers. Jim Atkinson has recently been hired to help with the University's at-risk students. Markwood indicated the Dean's search will be reopened next week, but that already there are 18 of the previous applicants who have resubmitted their application. He further noted John Blythe will retire and that the Campus is looking at what type of person should replace him. He indicated he is requesting nominations from Kansas pastors and others. The Student Enrollment and Retention Task Force has been meeting and came up with 105 recommendations to smooth this process. A contract with Dagley has been renewed with the negotiation of a penalty/reward for performance.

He noted that the Student Enrollment and Retention Task Force (SET) will focus on retention this spring. This is a serious matter for the Campus. Eighty students did not return this spring as compared to sixty-nine last year. Two out of three of those who did not return had been at the campus only one semester. Furthermore, transfers did not return at a higher rate than freshmen.

Markwood reported the campus has been working on a long range plan based on a 2.5% population growth and a 5% increase in tuition each year. This means that the University will have to improve from 10 to 15 FTE students per year to get back on track. Spring enrollment this year is at 482 which is the same as last year but below the projection made in the fall. With some adjustments, the campus is still on track to achieve its budget. Unfunded scholarships in the fall were a net of \$2500 per student, and in the spring the net is about the same so that the University will save about \$40,000 on scholarships this spring. Rans Bennett encouraged the campus to study the faculty/student ratio. He indicated he suspected that the Campus is out of balance on this figure. He wondered how this had happened and how the campus would get back to a more reasonable figure. Markwood noted the ratio should be between 16 and 18 to one and that his long range plan was designed to bring it within those parameters.



OUKC REPORT: Jim Billick reported that reassessment for renewal has been the key focus of the Kansas City Center discussions, especially in light of their 20 year anniversary in 1994. Center discussions have ranged across reassessment, the self-study, strategic planning, and institutional programs. He noted that the working relationship between Kansas City and the Milwaukee Center has been a particularly positive experience for the Kansas City faculty and he also noted that the visit to Kansas City by the new Campus Provost, Steve Markwood, had been a positive experience. All of this has provided a renewed sense of optimism and improved morale at the Center.

Reassessment has raised a number of questions, especially concerning what the Center is about in the increasingly competitive environment for adult education in Kansas City. The faculty are writing educational goals in order to establish precisely what it is the Center is seeking to achieve. These goals are being put in measurable terms. Another issue of concern is faculty productivity -- what it means and what one looks for to assess it. The concern is that the Kansas City Center does not function according to its original student-faculty model because of the impact of distance education and direct teaching. He noted that the Center has taken over the international program and noted that there is an assessment of this program that is ongoing. In this process he is using faculty who have been a part of the program. He expressed the Center's confidence in the new administration, and noted that the faculty are beginning to get a sense that they have control over their destiny. The Executive Committee made a number of comments concerning the possibility of plans for a 20 year anniversary of OUKC, noting it would be an appropriate opportunity for celebration.

OU PHOENIX REPORT: Fred Zook noted the central feature of the Phoenix Center program has been growth. Growth is both beyond expectations and overwhelming. He shared figures that indicate that the bachelor's program is up 51%, the master's program 75%, the teacher certification program 69%, and proseminar starts 35%. Three thousand square feet of classroom space is in process of being added, giving the Center a total of 14,000 square feet. He noted the Center is enthusiastic about their computerization and was pleased that the Campus faculty are continuing to visit the Center by invitation. The Center has a mid-year graduation on Friday, February 12th with 90 graduates (76 BA and 14 MA).



OU MILWAUKEE REPORT: Ilene Risley reported that in the Milwaukee area there are 5 or 6 other universities competing with Ottawa for the adult education market. The program there started in October with approval for offering a degree coming from the North Central Association in November. Her efforts in publicizing the Center have been to underscore its uniqueness in flexible scheduling, individualized education and degree choices. At present there are 20 inquiries and 7 intakes each week, with activity picking up in the last 10 weeks. Risley would like to double this and is looking at advertising possibilities. Linda Haines is the new faculty member. She has a Ph.D. in anthropology and is hard at work. Risley noted there have been seminars and other promotional events for the Center and that with the help of Sal Flores and Linda Haines the Center is looking into the possibilities for programs dealing with multi-cultural education. She feels strongly that OU Milwaukee has a market nitch and shared testimonials as to the attractiveness of the program for Milwaukee students. The important thing for OU is that it honors the person and respects their previous learning experience. OU listens and works with the student. The first Proseminar started in January with 8 students and another Proseminar is scheduled to start in February.

DEVELOPMENT REPORT: Jim Smith made some comments about various individuals including Eldon Addy whose wife is recovering from a stroke, Charlie Angell who had a heart attack and is recovering, and Arwayne Dexter who will step down from his position this June. He reminded the Executive Committee that there are a number of events including the Auction, Meeker Awards, Reunion Weekend, Braves Hall of Fame, and Choir Tour coming up this spring.

On the financial side of his operation, he reported that where the unrestricted giving goal is at \$980,000 it looks as though, given present performance (\$461,000 through January), the actual results for the year will be in the neighborhood of \$800,000. Through January, designated income has jumped to \$166,000, with \$100,000 to Milwaukee. Capital income has gone from \$175,000 in December to \$200,000, while undesignated endowment has gone from \$2,000 to \$3,000 and designated endowment has gone from \$119,000 to \$145,000. The bottom line is that since the last meeting the total development activity has gone from \$685,000 to \$975,000. He noted a number of activities that his office is undertaking to reach the annual goal. Among these are a "200 list" of people who care about the University and will be visited by teams of fund raisers, the faculty/staff campaign which responded to the Hodges challenge improving its record from \$4,500 last year to \$15,000 this year, grant efforts which are being undertaken under the leadership of Kent Weiser, the Board campaign which is underway and showing good results, a possibility of more matching



gift opportunities, the Phoenix and Kansas City campaigns which are now going on, the phon-a-thon which is now in progress, and the effort to build enthusiasm for class gifts, possibly focusing on refurbishing the administration building doors.

ACADEMIC AFFAIRS REPORT: Peter Sandstrom reported on the progress of the self-study for the North Central accreditation visit. He indicated that he felt the greatest challenge in producing this self-study would be to make clear that although the University is very complex it also maintains a consistent identity.

FINANCIAL REPORTS: Mills presented the financial report through December, 1992. She noted that although the surplus line was larger than planned, there were investments to be made during the year and therefore that surplus would shrink by the end of the fiscal year. In the "cash sources/uses" section she pointed out that this tried to show the uses of cash and walked through the document with the Executive Committee.

Mills and Denniston presented the audit report to the Executive Committee. The opinion letter indicates the auditors find the University's financial statements to present fairly the financial position of the University. There was some concern voiced that the University is still carrying an accumulated deficit in the current fund and that it must be noted this figure might precipitate some unwanted attention from the Department of Education. There was a general walk-through of the audit by Mills and Denniston.

FACULTY SALARY TARGETS FOR 1993/94: Germer requested the Committee treat the material under discussion with confidentiality. He noted that the benchmark for the University would be the 60th percentile of the AAUP IIB listing. The effort here is to make faculty salaries a major priority at the front end of planning. The University is trying to move Ottawa salaries to be competitive on a national basis. Salary announcements will be made in July based on the budget. There was discussion of the salary issue.

PROPOSED BUDGET FOR 1993/94: It was noted the Ottawa Campus subsidy target for 1993/94 is \$682,000 aiming at \$500,000 the next year. It was suggested the University probably will not get there by 1994/95 primarily because of having to absorb what had been covered by Title III funding. The Kansas City budget is based on figures provided by Billick. The Phoenix budget is based on a conservative projection. The International Program budget is reasonable. The University wide revenue targets are the same and expenditures are adjusted appropriately. Administrative



expenditures are a level percentage of tuition income. The total surplus budgeted is \$527,000. With respect to budgeting for Milwaukee, there will need to be \$65,000 more to cover Milwaukee costs for 1993/94.

O'Reilly moved, with Wilson seconding, that the Executive Committee accept the preliminary budget. The motion passed.

FINANCIAL STRATEGY:CASH MANAGEMENT: Mills reminded the Committee that at their last meeting they had worked on financial strategy. This meeting there were several recommendations concerning the endowment portion with respect to cash management, the day by day balances held by the University as well as set-aside funds, for example for Ward Science Hall. In the recommended plan for cash management step one will deal with longer term cash management. It recommends moving cash to the Intermediate Cash Fund of The Common Fund. This is for cash that is not to be used for operational needs.

Justice O'Reilly moved, with Ray Schmidt seconding, that Ottawa University be authorized to become a member of The Common Fund and to open an account in the Intermediate Cash Fund. To authorize the Treasurer, Vice President for Business Affairs or Business manager to invest such funds or securities as may from time to time be determined by the Board of Trustees in the Common Fund for the Endowment Funds. Any of the following persons are authorized to give instructions and effect transactions regarding the funds, subject to the understanding that their authorization to withdraw funds is limited to instructions to remit such withdrawals to a bank to deposit to the credit of Ottawa University in that bank.

The undersigned further certifies that the persons named below hold the office or position shown opposite their names and that set forth below are the true and correct signatures of such persons.

Harold D. Germer  
Charlene Lister  
Anne J. Mills  
Marsha Denniston

President  
Secretary/Treasurer  
Vice President for Business Affairs  
Business Manager

The motion passed.



Step 2 of the cash management plan is concerned with short term cash. There are currently four depository sources of funds related to centers. Also, each center has a petty cash account. The proposal suggested here is to move the depository funds into the Short Term Fund of The Common Fund which operates like a money market fund. Twice a week each depositing account transfers money to a checking account at Philadelphia National Bank which is then transferred on a daily basis to the Short Term Fund. It is then moved to Peoples National Bank as needed.

Marvin Wilson moved, with Ray Schmidt seconding, that the Operations Subcommittee have authority to open an account in the Short Term Fund. The Operation Subcommittee of the Executive Committee is authorized to enter into a Trust Agreement with the Philadelphia National Bank for the purpose of arranging for the management of that portion of Ottawa University funds which are normally invested in short-to-intermediate term, fixed dollar securities. The Treasurer, Vice President for Business Affairs or the Business Manager at his/her discretion may from time to time deposit such funds with the Philadelphia National Bank with the understanding that the Bank will invest these funds in The Common Fund for Short Term Investments under the terms set forth in the Plan dated September 9, 1974. The persons named below are authorized in respect of this institution's investments under said Trust Agreement to make deposits and withdrawals, to give instructions to and otherwise effect transactions with the Philadelphia National Bank, subject to the understanding that their authorization to withdraw funds is limited to instructions to remit such withdrawals to a bank to deposit the credit of Ottawa University in that bank.

Harold D. Germer  
Charlene Lister  
Anne J. Mills  
Marsha Denniston

President  
Secretary/Treasurer  
Vice President for Business Affairs  
Business Manager

That a special deposit account in the name of this institution to be entitled "Ottawa University Special Account for Disbursement of Short Term Investments Funds (Special Account)" be hereby established or maintained with the Philadelphia National Bank (the "Bank") solely for the purpose of disbursing funds withdrawn from this institution's funds and assets held in trust by the Bank under Trust Agreement dated \_\_\_\_\_ between this institution and the Bank (the "Trust Fund").



That all checks drawn on or payable against Special Account shall be signed by any one of the following persons whose offices or positions are set forth opposite their names:

<u>Harold D. Germer</u>	<u>President</u>
<u>Charlene Lister</u>	<u>Secretary/Treasurer</u>
<u>Anne J. Mills</u>	<u>Vice President for Business Affairs</u>
<u>Marsha Denniston</u>	<u>Business Manager</u>

That the Bank is hereby authorized and directed to pay all checks signed by the persons named in the immediately preceding paragraph and that, upon the presentation of any check or checks for payment against said Special Account, the Bank is hereby requested and the checks so presented and to deposit such amount in said special Account for the purpose of providing funds in said account for honoring such check or checks;

That the Secretary is hereby directed to file with the Bank a certified copy of this Resolution and a list of the persons named above together with specimens of their signature; and

That this Resolution shall amend or supersede any prior resolutions concerning the subject matter hereof to the extend inconsistent herewith and that this Resolution shall continue in full force and effect until amended, superseded or rescinded by further resolution and written notice thereof has been received by the Bank.

The undersigned further certifies that the persons named below hold the office or position shown opposite their names and that set forth below are the true and correct signatures of such persons:

<u>Name</u>	<u>Office</u>
<u>Harold D. Germer</u>	<u>President</u>
<u>Charlene Lister</u>	<u>Secretary/Treasurer</u>
<u>Anne J. Mills</u>	<u>Vice President for Business Affairs</u>
<u>Marsha Denniston</u>	<u>Business Manager</u>

The resolution was passed.

COMMITTEE ON TRUSTEES: It was reported that the Committee on Trustees now meets each time the Executive Committee meets. It has a list of more than 30 prospective members for the Board of Trustees. That will be the pool for choosing Trustees based on their profile. There is an effort to communicate responsibilities and expectations of Board members. In the current effort to recruit



Trustees three have accepted: Patti Wolf of Phoenix, Arizona; Wayne Duderstadt of Ottawa, Kansas; and Charles Brisendine of Liberal, Kansas. There is one other slot open and two candidates. The Committee on Trustees is also evaluating the present Class of 1993 based on Trustee responsibilities for attendance, participation, and financial support. There will also be an orientation for new Trustees on Thursday, April 22.

STRATEGIC PLAN PROCESS: The process for this plan is continuing. The October meeting reviewed planning statements, trends and assumptions and talked about what kind of institution Ottawa University should be. The President's Council will review site plans from each location and plans for human resources, development, and financial strategy next Monday and Tuesday. At the April meeting there will be discussion of the Strategic Plan of the University, with final adoption scheduled for October.

ENDOWMENT GIVING CATEGORIES: Mills suggested some ways that might encourage people to give at several levels. She shared a list of possible categories for such a plan. They include: endowed scholarships, endowed university scholars, endowed internships, the minimum to fund an endowed chair, an endowed chair, and an endowed university chair. There was discussion of other options such as faculty/staff development, curriculum materials, development and a sabbatical leave program. In discussing the difference between a minimum for an endowed chair and an endowed chair, it was pointed out that it takes approximately \$750,000 to endow a chair. The minimum to endow a chair would be \$350,000 which would allow the chair to be named but the chair would not be appointed until that \$350,000 had grown to \$750,000. By reinvestment of interest it would take approximately 6 to 10 years for that accumulation to take place.

MILWAUKEE BENCHMARKS: There was discussion as to the recruitment, enrollments and Proseminar starts at Milwaukee. The administration is working to establish very specific benchmarks for evaluation the success of the Milwaukee Center. This will also be an item for the Centers Committee at the April meeting.

LITIGATION: Germer shared information on the litigation involving the University with respect to the bankruptcy of Century Office Products, Inc. FUL Leasing has filed in Illinois Court against Ottawa University and has asked the Kansas Court to defer consideration until the Illinois Court decision. However, by moving from Chapter 11 to Chapter 7 there is some advantage to Ottawa University because the Kansas Court will have the whole matter before it. It is not yet clear how the Illinois Court will respond.



Robert Froning moved, with Nita Myers seconding, that the President, the Operations Committee, the Chairman of the Board, and any other persons deemed relevant by the President or the Chair be involved in consultation on how to proceed with respect to this litigation. The motion passed.

WARD SCIENCE HALL RENOVATION UPDATE: The current expenditures on the Ward Science Hall renovation are \$2,153,000, whereas originally only \$2,100,000 plus a \$500,000 endowment were pledged. In other words, the University is \$53,000 over on construction. The question is whether it should be taken from the \$500,000 endowment or whether the \$53,000 should be found somewhere else. It was noted that the Mabee Foundation was highly in favor of the \$500,000 endowment. It was therefore decided that the \$53,000 overage would be found elsewhere.

NEW PRESIDENT'S OFFICE: Germer reported the new President's office will be in the Library and it is currently under remodeling. The office will also have three modular units for the secretary, the Vice President for Business Affairs and the Director of Academic Programs.

The meeting adjourned at approximately 4:39 p.m.

Submitted by  
Charlene Lister, Secretary