

EXECUTIVE COMMITTEE MEETING
BOARD OF TRUSTEES
Friday, December 6, 1991

Trustees Present: Eldon Addy, Carol Allen, Ransom Bennett, Roy Browning, Jr., Leland Gangwish, Charlene Lister, Jim O'Dell, Justus O'Reilly, Ramon Schmidt, and Marvin Wilson.

Administrators Present: Jim Billick, Marsha Denniston, Hal Germer, Peter Sandstrom, Jim Smith and Wilbur Wheaton.

Jim O'Dell, Chairman called the meeting to order at 10:08 A.M. Ramon Schmidt offered a prayer.

Financial Report For 1991/92: Denniston presented comparative data on the year to date budget for 1990/91 and 1991/92. She noted that overall the University was doing considerably better than last year. The difference is in part due to the fact that there were no pay adjustments this year and therefore no increase in one of the largest expenditure areas. In addition, there has been a serious effort to control expenses this year. Denniston went on to respond to various questions pointing out that the expenditures thus far this year were approximately 35% of that budgeted which compares very favorably to the fact that last year at this time expenditures were 35% of the actual expenses for the year. It was further noted that income is down this fall in part because of the state of the economy.

There was considerable discussion concerning cash flow noting that the situation relative to cash varies with accounts receivable and the payables. With respect to accounts receivable, it was noted that during the present fiscal year they are at \$520,000 of which \$354,000 are on campus, up about \$150,000 from last year. Phoenix has also increased over the comparable time last year and is about \$124,000. These figures are, of course, of concern because the University has to pay bills in December and making progress on the accounts receivable will enable the University to do so. It was noted that the Kansas City accounts receivable is at \$3,000. On campus a significant portion of the increase in accounts receivable is because new students did not complete their financial aid prior to enrolling and it is only now that the money from Federal Financial Aid is coming in. The Business Office is working hard to rectify the situation and feels that considerable progress can be made before the end of December. Denniston noted that the line of credit is currently at \$400,000, so that there is no room to borrow further. But she noted that it did not reach \$400,000 until the end of November which is better than it has been in previous years. Germer noted that the cash from Kansas City, Phoenix and the International Program is up about \$480,000 over last year. He went on to note, however, that November and December are poor months for receiving cash from the Centers. Bennett pointed out that while December is not good for

tuition revenues, it has been a good cash month for gift income and that situation seems to be changed this year. He also raised the question as to whether the University owed money to the Ward Science Hall Project out of the current fund. Finally Bennett noted that the University was slightly overdrawn at the bank and that there is no additional borrowing power. Denniston responded by noting that as of this morning the account at the bank was positive. She also noted that cash sources for the rest of December would be gift income, the centers, the progress on the accounts receivable, and endowment earnings. She indicated that the Ward Science Hall money was in a separate account as of July and that prior to that only about \$56,000 had been used out of the Ward Science Hall monies for current fund. Further, she noted that whatever "crisis" there was will be very short term as the first week in January is typically a high income month from Kansas City, Phoenix, etc. She further noted that the University is very current on payables and that these can be stretched out during December because there is a full week off for the holidays.

There was some discussion as to the new format that Anne Mills had developed for this report. It was noted that it would be helpful to have more than one year for comparison, perhaps a three year average. It was also noted that it will be more helpful when a cash report is also available. Mills is currently working on that. In addition there was some discussion as to the reporting of where departments were on budget and it was noted that being current on this data has been very helpful. Wheaton noted that he felt that what was important this year was the control of budget noting that it was really too early for the comparative date to be very helpful.

Gift Income Report for 1991/92: Smith reported that he feels that the University will be on target for gift income although possibly about \$50,000 short by the end of the year. Currently the University is about \$40,000 off on its unrestricted income as opposed to the 1990/91 year, but up on the restricted side. The state of the economy is clearly a factor effecting this situation as other colleges have also experienced. He also noted that changing the computer system has caused delays in his office which have an impact on gifts received. There was discussion about current giving patterns, in particular the tendency that has been observed for increases in restricted as opposed to unrestricted giving. It appears that corporation giving has been increasingly put into the hands of employees who have opted for the "double your dollar" option.

University Relations Budget: Wheaton noted that this agenda item was in response to the Board's request that the University increase the University Relations budget this year. He shared a projection as to how a potential increase in budget might affect increase in gift income. Three levels of increase were discussed at \$25,000, at \$50,000 and at \$75,000. Smith discussed his reasoning for the particular projections for increased gift incomes at each of these levels, noting in particular that payoff for increased investment in the Development budget would sometimes be a matter of years rather than immediate. Wheaton noted that the budget for next year does reflect a \$50,000 increase over this year for this department. Denniston shared the history of expenditures out of the University Relations budget noting that in 1987/88 it was \$228,000, in 1988/89 at \$243,000, 1989/90 \$297,000 in 1990/91 \$418,000 (reflecting the over-expenditure last year), and in 1991/92 projected at \$334,000. Smith noted that he felt that in all reality it was probably too late for an increase in budget to affect gift income this year, that it would be better to postpone any increment until the \$50,000 increase next year. Wheaton asked what the Committee's response was to this information. A number of trustees indicated that they felt that more money should be spent in the area but deferred that decision to the administration.

Budget Planning for 1992/93: Denniston noted that it was time for the administration to be looking more seriously at the five year plan and bringing it up to date in detail. Projected enrollment for 1992-93 is 525 F.T.E. She indicated that in planning for next year's budget the parameters have been examined and that a salary increase has been included in the planning as well as some increase in staff on the campus and some increase in Phoenix. At this point the administration is looking at individual department budgets and the projections thus far are very positive. By the time the committee meets in February a much more detailed budget will be available based on actual information and not just an across the board percentage increase. Milwaukee is not included.

Task Force Report: Sandstrom reported that the campus has seen a proliferation of task forces this fall primarily in response to the proposal from the Ad Hoc Committee of the Board. He noted that the intention of these task forces was both to develop plans for the focus areas recommended by the Board and also to bring more faculty into the process so that they could gain a sense of ownership of the plans. There was some discussion of Cindy Tinsley's letter to the Board and of various administrative responses to her concerns. Germer noted that at least as important as attracting students to the University with these focus areas was the concern for retention in that a one percent improvement in retention of the student body would mean a \$35,000 increase in revenues. Sandstrom will provide more task force information at the February meeting.

Sister School Agreement with Kanto Gakuin Women's Junior College:

Germer reported that he had been working with the Kanto Gakuin staff for the past 18 months to develop a sister school arrangement with the Kanto Gakuin Women's Junior College in Yokohama, Japan. There had been two visits from Katsura Tachibana and out of these an articulation agreement with that institution has developed. Such an agreement removes uncertainty for students moving from one school to another in terms of degree requirements. He indicated that the relationship with the Kanto Gakuin school was very natural in that that school had been founded by American Baptist missionaries, in addition Bill Elliott (OU '52) teaches at Kanto Gakuin University. There is already a student on campus from the Kanto Gakuin Women's Junior College and another will come (the first under the current agreement) for the January term. He requested Board action affirming the agreement. Justus O'Reilly moved, with Roy Browning, Jr seconding that the Executive Committee of the Board of Trustees affirms the action to form a sister college relationship with Kanto Gakuin Women's Junior College of Yokohama, Japan. The motion passed.

Milwaukee Center Update: Germer present a description of the geography and demographics of the Milwaukee area. He then distributed a "script" explaining what Ottawa University does in its adult programs and why, and also why it was interested in the Milwaukee area. He also distributed the "minutes" of the November 21 and 22 visit by himself, Billick, and Sandstrom to the area. He indicated that by the end of that visit the group was convinced that there is a market for the Ottawa program in the area and that while there is competition in the area for the adult market, none of the competition has the same kind of program as Ottawa University. Success will depend upon a strategic marketing plan. Another visit is planned for mid-December at which time Zook, Kevin Eichner, and Germer will visit the area. Germer noted that there is no community college system in Milwaukee but there is a Milwaukee Area Technical College which is a two year technical program as well as a similar institution in Waukesha. There are also some OUKC graduates teaching in the Milwaukee Area Technical College. The American Baptist presence in Wisconsin is not large, but it is staffed by individuals sympathetic to the program and there is significant positive recognition of American Baptists in relation to the Green Lake facility. Billick indicated that he felt the economy of Milwaukee was very healthy. He noted that there are over 900,000 adults in Wisconsin who have between one and three years of college. He also indicated that the Wisconsin public college system, while a very fine system, is in serious financial shape with significant enrollment reductions to conserve costs. Sandstrom noted that he felt that the important thing was to

market the Ottawa program in such a way that its distinctiveness in relation to other credit programs was made clear and attractive to the public. There was some discussion as to estimates as to revenue and expenditures. Smith distributed a draft of a Schlick challenge brochure describing the Milwaukee venture.

The meeting adjourned for lunch at approximately 12:31 P.M.

The meeting reassembled at 1:18 P.M.

Ward Science Hall Bids and Construction Plan: Wheaton reported that the bids for the Ward Science Hall project came in at \$1,855,406 for construction (this does not include architect fees, etc.). He presented a summary of project costs including construction, architect fees, HVAC cover, and local contractor. He discussed the bids indicating that the University's policy had been to try to take the low and local bids where at all possible. This was possible in all but the bid for the electrical. He then discussed the cash available situation. He noted that as of October, 1992, when the last payment is due, the University will have \$1,486,000 million in cash. This leaves approximately \$430,000 to find by that time. He noted, however, that \$549,000 is promised for the project. He felt that it might be possible to borrow the \$430,000 based on pledges for a short term loan of about five years. One choice would be to go to the Kansas Independent College Association bond fund but noted that that needs a letter of credit. Projecting a borrowing of \$430,000 plus the first year interest of \$36,500, payments would amount to approximately \$539,000 over the five years which is still within the \$549,000 of anticipated cash outstanding. All of this must be understood in terms of the time table for construction which is scheduled to begin February 15 with the excavation for the external addition. Asbestos would be removed during the campus spring break and the building would have to be evacuated by April 15. The project would be completed at the earliest by October 15, 1992. However, to do all this, the contract must be signed by December 23. Wheaton noted that the Kansas Independent College Association bond fund had loaned only 10 million of the 80 million dollars it had which makes it anxious to be able to loan more from this fund. The letter of credit, however, has been a problem in the past and at this point the only collateral the University would have would be pledges. Wheaton reported that Anne Mills had examined this problem very carefully and thinks that by the end of 1991 the University should have a fairly good solution for this problem. She urges the Executive Committee to approve a signing based on the Operation Committee's final approval. Rans Bennett noted that he thought the KICA bond fund would be a good choice but that in order to secure a letter of credit it would be necessary to present collateral that would probably be good enough to get a loan directly from a bank. He

urged that the University approach Boatman's Bank to see if they would be willing, on the basis of the pledges, to loan that money particularly since they are already handling the University's endowment fund. He felt this would probably work but that if it didn't the University should indicate to Boatman's that it would have to take a portion of its endowment funds to another institution. This pressure might be sufficient for them to agree to the loan. He noted that banks are in need of loans at this time so that the University should be dealing from a position of relative strength. Smith noted that in time the University will have an additional \$500,000 endowment for the building in place but that this is a separate issue from the construction costs and will be funded out of deferred giving. Wheaton noted that the accounting presented to the Board does not count other kinds of funds that may come in, as for example gift dollars matched by companies, the potential increase of the Flora estate, and the possibility that some outstanding foundation proposals might pay off. Ramon Schmidt moved with Leland Gangwish seconding that the administration accept bids for the Ward Science Hall renovation and sign by December 23, 1991, if possible, contingent upon arranging for \$430,000 financing. Final decision to be made by the Operations Committee.

In discussion Denniston raised a question as to how to approach the banks and was advised that the University should indicate its willingness to offer the pledges as collateral and explain the situation as thoroughly as possible; if this approach was denied find out why and negotiate from there. It may be necessary to pledge a portion of the endowment in the process but Bennett felt that this should not be over \$100,000 in light of the presence of the pledges. The motion passed.

Next meeting: O'Dell indicated that the next meeting was scheduled for 9:00 A.M. on February 8 in Phoenix.

The meeting adjourned to an executive session. Marvin Wilson, Chairman of the Search Committee gave an update on the Search Committee's proceedings. Meeting adjourned at 2:50 P.M.

Submitted by
Charlene Lister, Secretary

Milwaukee developments

Jim Billick, Peter Sandstrom and Hal Germer visited Milwaukee on Thursday and Friday, November 21 and 22. This was the second visit by a team from Ottawa University. What follows is a brief summary of some things they found.

Contacts were made with a good number of individuals and organizations which can provide information and/or help in establishing an Ottawa University adult center in metro Milwaukee:

Don Richards, Publisher of the Milwaukee Business Journal
Hardy and Marlow, Commercial developers, Waukesha Co.
Professor Sal Flores, University of Wisc. -- Milwaukee
Dr. Mercile Lee, Assistant to the Chancellor, Univ.
of Wisconsin -- Madison

Dr. Joe Carry, Vice Chancellor for Enrollment Management,
University of Wisconsin -- Madison

Dr. Filberto Murguia, Executive Director, Council for
the Spanish Speaking

United Community Center, Milwaukee

Dr. E. Frank Bridges, Canaan Baptist Church, Milwaukee
Wauwatosa Economic Development Corporation

American Baptist Churches of Wisconsin

Marian College of Fond du Lac, West Allis center

Cardinal Stritch College, west suburban class sites

Metro Milwaukee Association of Commerce

Bishop's Woods Business Center

Ms. Alice Kothbauer, Exec. Director Brookfield Chamber of
Commerce

National College of Education (IL) extension

Some key findings are:

1. Competition is definitely increasing in programs for adults.
2. There is clearly a place ("niche") for the unique education services provided by Ottawa University programs for adults. The marketing strategy to reach our potential audience is crucial.
3. Urban/suburban growth patterns along the west corridor (Wauwatosa to Waukesha) match and support our plans.
4. At least three and possibly four new target markets for our educational services were identified.
5. Ottawa University has access to a network of organizations and persons to support establishing a center.
6. Ottawa University's American Baptist relationship is a plus because Green Lake is well known throughout Wisconsin.
7. Pricing (cost per credit hour) needs further consideration based on alternatives mentioned in #1 above.
8. Progress is being made in recruiting an "advisory council" of Milwaukee leaders to advise and assist Ottawa University.