

EXECUTIVE COMMITTEE MINUTES
BOARD OF TRUSTEES
Monday, September 16, 1991

Board Members Present: Carol Allen, Ransom Bennett, Kevin Eichner, Robert Froning, Charlene Lister, Anne Mills, James O'Dell, Justus O'Reilly, and Marvin Wilson.

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

Jim O'Dell opened the meeting at approximately 10:12 a.m. by asking Justus O'Reilly for a word of prayer.

Enrollment: Sandstrom reported on campus enrollment pointing out that the head count this fall was 540 as opposed to 536 last year. The 540 translates to a financial full time equivalence of 516 as opposed to 508 last year. Of the 540, 226 are new students with 199 of those new students having been recruited by Dagley and Associates. The comparable number of students recruited last year was 174. Sandstrom pointed out that the significant drop this fall had been in special students including international students. Retention of continuing students was slightly below projections coming in at 314 as opposed to a projected 317 (the 317 figure had been calculated on the basis of the average of the past three years).

Germer and Billick reported on center enrollment. Germer pointed out that the fall numbers are not determinative as far as enrollment goes at the centers as they are on the campus. He shared the August financial report of OUKC pointing out that revenues are significantly increased in part because of tuition increases and also enrollment increases for the months of July and August. He noted that the master's enrollments will exceed projections for the first time at Kansas City and that there is a large health care group in Kansas City this weekend. Expenses remain flat from last year, largely because of the lack of salary increases. At Phoenix the July financial report indicates high enrollments for that month though it was noted that half of the revenues had not been in cash but were in accounts receivable. Germer reassured the Trustees that controls had been set in place so that students must pay their bill before their course starts. In short, he felt that the Phoenix Center was also off to a strong start. In response to questions concerning competition Billick noted that in Kansas City there is very aggressive competition with lots of advertising though there does not seem to be any increase in competitive activity this fall. To date there are 13 undergraduate programs and 13 graduate programs doing what OUKC does in the area. In Phoenix competition is less severe in terms of the number of options for adult learners. The University of Phoenix seems to be the only real competition.

Germer noted that the International Program will have two groups start in Hong Kong this fall and there are currently over 20 students for a new start in Malaysia. In addition, the Master's Program in Hong Kong will start in January. Plans to start in September in Taiwan are currently on hold.

Task Force Report: Kevin Eichner reported for the Task Force that had been appointed by the Executive Committee last spring. He reviewed the charge given to the Task Force which included concern for the management and controls of the institution especially with regard to finances, concern for the role and status of the campus, concern for the centers, and a concern to increase revenues, especially with respect to gift income. He commented briefly on the process which had included three sub-groups, one concerned with campus, one concerned with centers and one concerned with fund raising and all of them concerned with the issue of controls.

Findings:

1. Using any form of analysis the campus runs at approximately a one million dollar deficit per year.
2. One million dollars is too high and cannot be tolerated because it keeps the University from developing in growth areas.
3. A one million dollar deficit level is unnecessary.
4. While it is important to encourage the "one University concept" it is also important to acknowledge that the University is involved in different enterprises with different businesses. To see this is to encourage greater responsibility, the possibility of expansion, and a better use of persons.
5. The number of transactions in such a complex institution grows geometrically and exhausts both capital and systems.

Recommendations:

1. It was agreed that an adequate campus deficit would be around \$500,000 a year and that this level of deficit should be achieved within three years. It should be noted that the Task Force agreed that it was all right to subsidize the campus but only to a limited degree.
2. It was agreed that the campus should refocus emphasizing a few key areas that are distinctive competitively both with respect to academics and activities and that the campus should bring back a serious emphasis on experiential learning. It was agreed that the campus situation is not one that "fine tuning" will remedy but that neither are major cuts appropriate. The re-focusing strategy is essentially a reallocation of

resources to do more of what the campus does best. The three academic areas recommended for focus are the areas of business, teacher education, and human services. The strategy will be to increase the visibility of these programs and to increase their experiential dimension. In addition there will be a focus of computers and technology around these areas and the development of advisory councils for outside input and support. The campus will continue to look at other areas for development. Eventually, though not in the first year, this re-focusing will require the reallocation of resources although no decisions have been made as to how and where this should be done as yet. Germer shared a worksheet with financial projections that would indicate how the acceptable deficit level would be achieved within three years. He noted that this worksheet assumed an increase in full time equivalent students of four percent per year, that all personnel increases were based on raises not an increase in the number of persons, and that Title III would be picked up by the University in '94/95. With these assumptions, the bottom line would be a deficit of between \$500,000 and \$600,000. Increases in expenditures and revenues projected based upon the re-focusing of the University were also detailed and would provide an acceptable deficit between \$350,000 and \$450,000 by '94/95. The variance in this figure would depend upon how costly the assumption of Title III activity would be. In addition to academics, activity areas will be targeted to help make the campus more attractive to students. Sandstrom briefly reported on his findings that certain activity areas were more expensive than others on a per capita basis. There were also areas it was felt the numbers of which could be increased without significant increase in cost if financial aid related to these areas was kept under control. Eichner noted that the important thing in all of this examination was the attention given to programs as investments subject to the same kind of evaluation as any other investment should be.

3. The task force also examined centers and urged the opening of a center in Milwaukee. There was considerable discussion concerning funding and it was noted that Earl Schlick had presented the University with a challenge gift of \$75,000. The Task Force is recommending the acceptance of that challenge which would give the University \$150,000 and then attempt to get \$150,000 from other sources (either surplus from centers or borrowing, or both). A time table had been developed by Billick which would open the Center in June of '92, with the first classes in September of '92. If this time table is to be pursued a decision will have to be made by February of '92. In fact, it was noted, activity should begin immediately particularly in developing an advisory group in Milwaukee to give assistance in the start up of

activities. The Task Force also noted that the international program has the same kind of potential for the University.

4. With respect to raising the additional million dollars in gift income, the Task Force noted a number of possible options. Smith noted that the traditional constituency was heavily solicited now and would probably need to increase the amount of gift per individual rather than the number of individuals giving. He noted that the Kansas City and Phoenix alumni focus had begun and would need to be pursued further. He also identified the international students as a significant potential for this kind of activity. It has become clear that fund raising for restricted funds has more potential than fund raising for unrestricted funds at approximately a 60-40 ratio. He also noted the importance of a deferred giving focus especially with respect to the three focus areas being proposed (endowed chairs, scholarships, etc.). In the area of increased Board giving, the Task Force was suggesting that the Board give serious consideration to adding places on the Board to be filled by individuals who are in a position to provide significant gift support to the University. Finally, it was noted that grant support for programs needs to be sought but that this cannot be relied upon.

5. The Task Force also noted that the management control issue was one of systems not personnel. The Task Force acknowledged that the Business Office was operating under a serious strain not having increased its personnel although the University had increased its complexity. Eichner noted that with respect to this concern Anne Mills would be assuming a part-time consulting role with the University starting this week.

Questions: There was discussion concerning the quality of students recruited and concerning the retention of students who were recruited for activities. It was suggested that the University might develop a point system for prospective students with respect to their areas of academic interest, their academic ability, the activities they were interested in, etc., and develop financial aid accordingly. Wheaton noted that this was an excellent suggestion and that the Financial Aid Office already did this to a degree. Eichner noted that this was a cost effective approach because such low risk students would be with the University longer.

Kevin Eichner moved and Bob Froning seconded a motion to endorse the recommendations of the Task Force in order that it might be presented to the full Board in October. The motion passed. Jim O'Dell thanked Kevin Eichner for his leadership and thanked those who had participated.

Financial Report: Denniston distributed the financial report. She noted that with respect to projections last spring campus net revenues were up \$51,000, Kansas City up \$59,000, Phoenix up \$83,000, International Program up \$18,000, and gifts and investments up as well. At the same time campus educational and general expenses were worse than had been projected with the net \$136,000 better than had been projected last spring. Questions were raised concerning how students wages had gotten so far out of hand and what was being to correct that situation this year. Denniston noted that the current budget had been detailed by department and agreed to by supervisors. She noted that the expenditures in this area were high in '90/91 because of the Wellness Center, the Computer Center and Athletics. There was concern regarding whether there were enough jobs for students and it was noted that there is some difficulty in this area. Rans Bennett requested that an audit be done on last year's expenditure of student wages and asked that Anne Mills assume this as part of her responsibility. Questions were also raised concerning maintenance and capital projects and Denniston acknowledged that it will be a very tough year to handle the needs with this level of maintenance. The President's Office projections are down this year because of there being no over-seas trips. The question was also raised concerning a reduction of funds for the Vice-President of University Relations Office particularly given the fact that this is one of the revenue generating areas. Wheaton attempted to explain that this was in part because that office was constantly besieged by requests from various campus groups to participate in fund raising activities that were marginal to the central fund raising focus of the University. He also noted that a major part of the reduction in funds reflected a diminished use of consultants; it did not reflect any personnel changes. He felt that even with the proposed cuts, the funding of the office was adequate for next year.

At this point (12:26 p.m.) the meeting adjourned for lunch.

The meeting reconvened at 1:08 p.m.

Financial Report Continued: Wheaton noted that he had rejected the possibility of a new position in the Business academic department because he felt this expansion would not be possible to negotiate in a year when there were no raises for faculty. At this point Eichner noted that it would not be possible for the campus to "balance" its way out of the problem it faced but that it will need to make hard choices that will often not be seen as fair by some members of the constituency.

Denniston noted that the bottom line for the current year now is at a \$446,000 deficit. She noted that monies from the sale of the Vera Wise estate were approximately \$586,526. Those funds are currently in the plant fund and the question is how much of that money should be transferred to the current fund

in order to balance for the year. Anne Mills moved, with Marvin Wilson seconding, that the University transfer \$496,000 from the plant fund to the current fund, with the remainder to be left in the plant fund. The motion passed. At this point Wilbur Wheaton noted that he would recommend to the Board in October that Behan Hall be renamed the Vera Wise Technology Center.

Denniston noted that the short term line of credit was currently borrowed at a level of \$70,000.

Budget Report: Denniston noted that the budget for '91/92 had been built on the basis of a 505 financial FTE. She also noted that it assumed no increases in salary. Changes from the earlier version submitted to the Executive Committee were as follows. Whereas that budget had identified \$154,000 surplus. The current budget puts back a University financial officer at \$31,000, includes \$16,000 for the re-focusing of programs recommended by the Task Force, includes adjustments based on fall enrollment reducing campus revenues by \$20,000, adds \$13,000 into athletics because of increased participation, and reduces the debt service because it was over-budgeted, and includes a \$50,000 reserve creation reducing that \$154,000 surplus to a \$46,000 surplus. With regard to the Center budgets there has been no change in the bottom line although there have been some internal adjustments. There were some questions concerning the projection of a one million dollar gift income goal. After discussion, Anne Mills moved and Justus O'Reilly seconded that the Executive Committee adopt the presented budget to be reviewed at the October Board meeting. The motion passed. It was also noted that the administration begin to look at budget for 1992/93 as soon as possible.

ServiceMaster Loan: Wheaton noted that there are two capital projects that need the University's attention (boilers in Wilson Gym and the Wellness Center, and the Union Roof) and that are not currently funded. He noted that ServiceMaster has made a proposal that would allow the University \$100,000 in loan in return for a long-term contract (10 years) at a 6% service fee on the unpaid principle. He also noted that this would allow the University a discount for its fee if it were paid on an annual basis in January rather than a monthly basis. The ten year contract would assume a 5-1/2 % increase each year. The consensus of the Committee was that this was expensive money and that the ten year contract gives poor leverage for the University with respect to ServiceMaster's performance. The possibility of accepting this loan proposal was therefore rejected. Denniston also shared a schedule of debt service with the members of the Committee.

Sale of Property Resolution: Denniston presented a sale of property resolution to dispose of some real estate that had been passed on to the University in a gift.

Resolution regarding sale of real property received as a gift from William & Priscilla Stoddart. Whereas, William and Priscilla Stoddart wished to convey to Ottawa University the real property at 132/134 Haley Street, Eagle Point, Oregon, so that it might be sold and provide a cash gift to Ottawa University; be it therefore now resolved that the Executive Committee of the Board of Trustees of Ottawa University do hereby authorize sale of said real estate to Lorber Real Estate Corporation of Medford, Oregon.

A motion to accept the resolution was made by Charlene Lister, seconded by Kevin Eichner. The proposal passed. It was noted that the University must be careful in accepting property as gift especially because of environmental regulations that may prove excessively costly to the University.

Fall Board Meeting: The Fall Board Meeting will be October 18 and 19. The central concern of that Board meeting will be the Task Force report which will occupy the Board for Friday morning. Eichner will make a presentation of the Task Force activity and findings and the Board will divide into small groups for discussion of this with a report-back session prior to lunch. These small groups will be guided by three or four questions to which they must respond. This will be preceded by a written report from Eichner sent out with the Board materials from the Campus. The Administrative Report will take place from 1:00 to 2:30 after lunch and committee meetings will be from 2:30 to 4:00. Executive session will begin at 4:00 p.m. The April Board meeting will be the 24th and 25th and next October's Board meeting will be the 23rd and 24th of 1992. Executive Committee meetings will be at 5:30 on Thursday, October 17th prior to the Board meeting and then in December on the 6th, February 8, 1992, April 23, 1992, July 20, 1992, September 21, 1992, and October 22, 1992.

Ward Renovation Project: Wheaton reported that the Mabee Challenge Grant had been met at the last minute and that the funds available for the Ward Science Hall were now at 2.66 million dollars. Justus O'Reilly moved with Carol Allen seconding that the University accept the Mabee Challenge Grant. The motion passed. Robert Froning moved with Justus O'Reilly seconding that bids be called for in November. The motion passed. Wheaton circulated a new release that would be sent to the newspaper immediately.

Committee adjourned to executive session at 3:11 p.m.

Submitted by

Charlene Lister, Secretary
Board of Trustees

September 16, 1991

TO: Board of Trustees
FROM: James O'Dell, Chair



On Monday, September 16 at a regularly scheduled Executive Meeting of the Board of Trustees, we received a letter of resignation from Wilbur Wheaton which is to be effective June 30, 1992. I am enclosing a copy of his letter.

This resignation is something that has been part of a plan which was talked about three years ago and even in 1983 when Wilbur accepted the Ottawa University Presidency, it was made clear that retirement would be close to this 60th birthday.

I expect to have a Presidential Selection Committee named and functioning by our regular fall meeting in October. It is my intent to select 5 trustees, 3 faculty or staff members, and 1 student. The faculty and staff members will include someone from the Kansas City or Phoenix Centers. Marvin Wilson has been asked to serve as Chairman for this committee.

It is also my intent to have the Management Review Committee review the current compensation package. A comparison will be made with similar universities and will then recommend an appropriate compensation package for the new President.

If you have thoughts or suggestions about this process, please contact me in the next week so that the process can begin and a replacement selected in an appropriate time and manner.

September 16, 1991

TO: Executive Committee, Board of Trustee,

FROM: Wilbur D. Wheaton, President *W.D.W.*

I add this memo to expand some of my thoughts regarding my movement into retirement

Because of the rather dramatic change expected in the organizational/management structure, I will be willing to accept, at least for a short period of time, a position in that structure if so desired by the new University President. The timing and transition are so important to the success of instituting a new structure and I don't want to create a burden to the President; only be of help if I can. Also, once our tenure is complete, we will be moving from the community assuring no interference with the new leadership.

I will support the search process in any way I can without interfering with the selection process. I wish you the best in this all important decision.

August 29, 1991

To: Executive Committee, Board of Trustees

FROM: Wilbur D. Wheaton

RE: Executive Committee Meeting
September 16, 1991
Ottawa Campus, 10:00 - 4:00

The regular September meeting of the Executive Committee will be held at the Ottawa campus on Monday, September 16 from 10:00 a.m. to 4:00 p.m.

The main item will be the approval of the budget after enrollment on campus is known. At this point enrollments are not firm, but it appears that we will be very close to budget so no major changes in income are expected. We will also be planning for the 1991-92 year. Bring your calendars so we can set up the meeting dates for the next 12 months.

**EXECUTIVE COMMITTEE
BOARD OF TRUSTEES**

September 16, 1991

Jim O'Dell - Chair

1. Enrollment Report
Campus - Peter Sandstrom
Centers - Hal Germer
2. Task Force Report - Kevin Eichner
Milwaukee Project
3. Financial Report 1990-1991 - Marsha Denniston
4. Budget Report 1991-1992 - Marsha, Hal, Wilbur
5. Ward Renovation Project - Jim Smith
6. ServiceMaster Loan - Marsha and Wilbur
7. Sale of Property Resolution - Marsha
8. Fall Meeting Preparation - Jim and Wilbur
9. Schedule of Future Meetings - Jim and Wilbur
10. Executive Session

September 16, 1991

Board of Trustees
Ottawa University

My Dear Friends,

It is with mixed emotions, that I submit my resignation as President of Ottawa University effective June 30, 1992 for the purpose of entering retirement. As many of you know, this date is consistent with my discussion with members of the board three years ago as well as with my plan even at the time of accepting the Presidency on January 13, 1983.

My emotions are deep concerning our institution which we all love and serve and my planned departure from a leadership role in that institution creates sadness and projected emptiness, yet I am eagerly looking forward to pursuing some polishing of a few rusty hobbies and adventures. I am especially interested in doing some teaching, a long interrupted love which caused me to enter education as a profession some thirty-five years ago.

It is with sincere appreciation that Ellen Ann and I warmly and wholeheartedly thank you for the opportunity to share in the life of Ottawa University. You have given us strong support and upheld us with your kindness, love, and prayers. We will forever be grateful. Please know that our service and energy will not wane throughout the remainder of our stay and our support of O.U. will be everlasting.

With warmest regards,

A handwritten signature in cursive script, reading "Wilbur D. Wheaton". The signature is written in dark ink and is positioned above the printed name.

Wilbur D. Wheaton