

Executive Committee Meeting
Phoenix Center
Saturday, February 9, 1991

Members Present: Eldon Addy, Carol Allen, Roy Browning, Robert Froning, Charlene Lister, Ann Mills, Jim O'Dell, Justus O'Reilly, Robert Schendel, Earl Schlick, Ramon Schmidt, Marvin Wilson.

Administrators Present: Jim Billick, Marsha Denniston, Hal Germer, Jack Maxwell, Peter Sandstrom, Jim Smith, Wilbur Wheaton, Fred Zook.

Jim O'Dell asked Judd O'Reilly to open the meeting with prayer at 9:00 a.m.

Welcome: Fred Zook welcomed the Executive Committee to the Tempe site of the Phoenix Center. He noted that enrollment was up at the Phoenix Center (although the California PEP program is down in enrollment) and that the teacher certification program is "exploding" (90 student teachers were placed this year versus zero five years ago). He passed out samples of the new stationery with the University logo on them. He noted that the Tempe Center had opened last July, 1990 and listed the number of students that had been served at the Center in the interim. He also noted that there had been 35 graduates from the Center in January. He cited the new Development effort that Jim Smith and Kent Weiser had begun at the Phoenix Center about a week and a half ago.

Sue Armacost: Wilbur Wheaton announced that Sue Armacost, wife of former Ottawa University President Peter Armacost, had died around 10:00 p.m. February 8, 1991. Hal and Laura Germer will represent Ottawa University at the service in Florida. Dr. Peter Armacost's address was shared with the Executive Committee. It is: 6320 Bahama Shores Drive S., St. Petersburg, FL 33705. Dr. Peter Armacost will be Commencement speaker at the Phoenix graduation on May 31.

Age Discrimination Claim Progress: Denniston reported that this case had begun a year ago last summer with the release of three persons from the Physical Plant staff. A pre-hearing had been held this month that set out procedures. The hearing itself will take place in April in Ottawa. There are two persons involved. The potential impact to the University will be lost wages from the time of release, less whatever earnings have been achieved in the interim. It was noted that the University was fighting this on principle but that major costs are not anticipated.

Loan Program and Alternatives: Denniston reminded the Committee that the University's efforts to secure a \$1.1 million dollar bond issue had been somewhat frustrating and that it was necessary to break that into two pieces. A \$400,000 loan has been secured for Behan Hall reconstruction. A letter of credit from Peoples National Bank allowed the University to sell bonds to finance the Behan Hall Technology Center. In addition, the University attempted to sell a \$700,000 unsecured bond issue but was

unsuccessful because of the lack of the letter of credit. Other options have since been explored. The Boatmen's note matured in late December, 1990, and Boatmen's said that they would now do a short-term, long-term note (three years with a 10-year amortization and balloon payment). Denniston felt this was because the University had proved its credit was good over the past months. In addition, Blunt, Ellison & Loewi, a member of the Kemper group, feels that they can give Ottawa University a Double B credit rating which would make the bonds marketable without credit enhancement. Ann Mills volunteered to be part of any group reviewing any proposals relative to this matter. It was further noted that the Boatmen's offer for the short-term, long-term note would probably be limited to the \$545,000 loan that the University has from that bank. To finance the rest of the project (monies to pay for the Union roof and air-conditioning) other options are being explored, including a possible loan project using ServiceMaster. This would allow a 6 percent loan tied to a 10-year contract with ServiceMaster. There are stiff penalties if the University gets out of the contract early. It is not attractive to the University unless other options fall through. There is also the possibility of the Community Block Grant which is a loan through the city of Ottawa. Money is from the state as a grant to the city which is then loaned out for economic development and/or public service projects. Since the Mowbray Union gets heavy use from the community, it was felt that the projects related to the Union might qualify. A proposal is now in process.

Strategic Plan Update and Preparation for April Meeting: Wheaton reviewed the accomplishments on the strategic plan that have been achieved over the past year. Further elaboration on this review was requested relative to a number of items. It was suggested that the telephone system be played up with parents as a way of underscoring how the University is making an investment in the future. A question was raised relative to the Admissions program as to whether the University can attract top students. Sandstrom noted that the campus is indeed trying to raise the quality of students, but that the quality of Ottawa University ought not to be measured simply in terms of the entering students' ACT but rather what the University can do for a student who comes to Ottawa. It is, nonetheless, important that the students that come to Ottawa University are such that they can benefit from the kind of education that is offered by the University. Froning asked what the priorities of the five-year plan are and as to whether these priorities are being attended. In particular, he noted that faculty salaries were supposed to go up this year by 7 percent but that they did not while other items were accomplished. Ann Mills indicated that she would like to do some

work on this matter of identifying goals and priorities and placing them in a clearly recognizable format. She will work with Germer on this project. A question was raised as to the feasibility of the parking plan that had been developed. Wheaton summarized the plan which includes basically expanding spaces that are now available. Questions were raised as to how these accomplishments ought to be communicated to the full Board in April. It was felt that this listing of accomplishments was an upbeat way to start the Executive Board meeting and probably ought to be done in much the same fashion for the full Board.

Preparation for April Meeting: Germer noted that last year the Board had looked at two areas in the five-year plan, A. Physical Environment and D. Enrollment & Student Services. He recommended that the Board spend this April looking at B. Financial and G. Personnel. Germer then reviewed the various planning areas in the five-year plan for the Board. (Please refer to 5-year strategic plan for following discussion).

A. Physical Environment. Fiber-optic cable laid on campus has been completed. A new telecommunications switch has been installed. All technological changes necessary to tie the computers into the dormitories have been completed and should be available in the fall of 1991. 80 percent of the students have purchased telephone service in their rooms for \$12.00 per room. Germer noted that the goal of this area is to make the campus attractive and effective. Carol Allen urged that the University give particular attention to number 4 upgrading the quality of the dormitories. Bob Schendel asked whether the smokestack could not be taken down by an Army demolition unit. Wheaton responded that the problem would be the asbestos.

B. Financial Affairs. Germer noted that Items 1-3 indicated that the University was going to try to hold pricing to make the University more attractive. The comprehensive increase in tuition for 1991-92 is 6.3 percent. Other colleges range between 6 and 9 percent increase. There will be a 5 percent increase in Kansas City and Phoenix. There will also be a shift from tuition to the total cost of room and board and tuition. Any increase, however, should be through tuition which everyone pays. There was considerable discussion of Item 4 regarding advancing faculty salaries to the top 25 percent among Kansas Independent Colleges by 1994. It was noted that the cost of living adjustment for the University would be equivalent to the CPI, plus a certain percentage. This would enable the University to move ahead of other institutions. In addition, a percentage of the previous year's revenue will be made available for merit/adjustment/bonus. It will also be necessary to separate benefits from salaries and deal with the two items separately.

He also noted that a number of the goals for this area in particular are recurring such as the concern for unfunded scholarships and planned giving. He also noted the increase of financial aid at Phoenix and Kansas City.

C. Academic Affairs. The Master's Program is going well in both Phoenix and Kansas City. In response to a request, Sandstrom noted that the campus would be considering particular areas to develop them into "flagship areas" for the University; in particular, this would probably include business and education as areas of high demand and areas in which the University has a history of achievement.

D. Enrollment Management & Student Services. It was noted that No. 4. increasing the ratio of Ottawa University residential students to off-campus students, was an over-arching goal driving much of the rest of the document. There was some discussion of the shifts in the pattern of adult enrollments at Kansas City and Phoenix. It was noted that the Kansas City in-service Program is dropping because of an aging population of teachers at the top of the salary scale. It was also noted that school districts in this area are offering in-service training free. There had been a drop-off of 25 percent in this program in the fall. On the other hand, degree completion increases were about 20 percent, fed in large part by the teacher certification program. It was also noted that the increasing complexity of the Centers put additional burden on support services.

E. Development. To strengthen church ties, Stanley DeFries and Arwayne Dexter have been making contacts with the churches. Germer noted that new objectives will be added to this area as they are developed.

F. Marketing & Expansion. Fred Zook and Jim Smith will be traveling in March to Taiwan, Malaysia, and Hong Kong to begin fund-raising with the international students. We now have 150+ graduates in this area. Germer noted that many of the goals of this area have been transferred to other more appropriate places in the plan.

G. Personnel. Germer noted that this includes a wide range of issues. This is an area for discussion at the April Board Meeting.

H. Evaluation. He noted that a cycle of program evaluations will be set in April before the Board meeting. He noted further that coordination for this will come from the Presidents Council.

Germer requested suggestions for how to give special attention to areas B. and G. at the April Board meeting. Mills asked that

both of these areas be placed in the context of overall goals with prioritization and measurements. This will be part of the project that she and Germer will work on between now and April. From this, direction will be achieved for the Board meeting. It was agreed that there is a need for additional time for the Executive Committee to overview this. There is also a need for additional time for standing committees to deal with these areas. It was agreed that there will be a need to reformat the plan in such a way that it will set the priorities and make clear what drives what. This will require input from the committees and prior communication with the committee chairs.

Organizational Structure: Wheaton reminded the Committee that two years ago the Executive Committee had designed a two-phase structural change designed to better fit the University's current operations. Phase I was initiated a year and a half ago with the hiring of the executive vice president. Phase II will move to a University President with a provost at each University site. This is proposed to be implemented by July 1, 1993. It is important to do it at that time because this will give enough time prior to the North Central evaluation visit. Wheaton noted that there are certain University-wide functions, including Development, Registrar, and Finance. At present, Kent Weiser has a Development function beyond the campus at the Centers. Additional staff have been added to the Registrar's Office to accommodate the University-wide function of that office. Wheaton proposes that a financial officer at the University-wide level be added July 1, 1991. He noted that currently there is one business manager who does work at both the University-wide level and at the campus level. The campus level includes building and grounds, campus personnel, etc. The complexity of this responsibility ties the business manager up in operations rather than allowing time for an overview of the University and planning. As a result, the University-wide function has suffered. Wheaton thinks that a University-wide business manager could serve the budget managers for the University better, could manage cash flow better, could better handle the University's receivables, and could better manage endowment. Wheaton recommended the development of a vice president for University finance and financial planning. Ann Mills underscored the need to be clear as to the division of functions between the two business managers. Wheaton assured the committee that they would have job descriptions before the April meeting. Mills noted that she would like to see these descriptions beforehand. The descriptions will show what the new position will mean to the organizational structure as well as distinguish the function and responsibilities of the two positions. It was agreed that the implementation date for this University-wide position would not

be a part of this discussion but be treated as a separate issue. The Executive Committee will see all of this early.

Audit: Denniston reviewed the audit report from the CPAs. She noted that the University is in compliance except for equipment sales and disposals and that that will be corrected by next year. She called attention to the statement on current funds noting that the bottom line shows a positive \$398,000, in large measure, due to the Vera Wise annuity. The Title III grant is in the restricted column along with the federal financial aid dollars. On the transfers line, there is a larger dollar figure because of funds coming from gifts that were then transferred. She called attention to the changes in fund balance page, noting that the carry-over deficit is now at \$785,000 which is lower but still a burden. This is covered by loans and basically by short-term borrowings. In relation to the balance sheet for all funds, Denniston noted that the net worth of the University has improved. However, she noted that the account for the Accounts Receivable is still too large even though better than last year. Phoenix Center continues to be problematic, particularly in comparison to Kansas City which is at about 1 percent. On campus, the employment of a billing service has worked well and the University is about \$100,000 ahead of last year at this time. Denniston also noted that any obligation to the endowment fund from past borrowings has been eliminated because of the Vera Wise assets that were transferred to do this. On the pages concerned with the endowment, she noted that the endowment was improved last year by about \$300,000. In response to a question, she noted that only a portion of the interest from the endowment goes into the current fund. Other interest accumulations go into various restricted categories. With respect to the annuity fund, Denniston pointed out that the benefit to the current fund is at the expense of the annuity fund and that with the Vera Wise annuity transferred out of this, the annuity fund is at only \$61,000. She pointed out that on the sources and uses of cash report for the year ending 6/30/90, the net change in cash was \$43,000.

Financial Report & Enrollment Report: Sandstrom reported that there were currently 502 students enrolled on campus. The drop is primarily due to a low enrollment of former returning students and a fairly high graduation rate. The attrition for this year was fairly normal and he pointed out that the University is doing considerable work in analyzing the attrition and retention figures. Denniston noted that the full-time equivalent adjustment revised down to 488 from 497 for the campus has a total budget impact of about \$67,000. This has been somewhat softened because of a better mix of students paying full tuition. Center enrollments are on target and growing. Gifts are ahead of

last year by about \$65,000. Expenses to date, however, are not clear. While the University did budget for Dagley & Associates, it was not clear what expenses the University would have to pick up for Admissions. It appears that printing off campus is higher than was anticipated. It also appears as though scholarships are ahead of budget; however, earnings for scholarships are somewhat ahead of budget.

Budget: Denniston reviewed the parameters of the budget projection and agreed that enrollment expectations for the Centers should be placed at a 5 percent increase in revenues with the Centers deciding how that should be accomplished. She underscored that potential problems for the budget projection centered around the enrollment for the campus which is at 488 FTE and needs to be at 532 FTE next year. It is not clear that this is achievable. It was also discussed as to when and how faculty raises would be announced and whether there might be bonuses in January as opposed to a raise in July. Questions were raised as to why there was a \$400,000 increase in the operations from 1990/91 to 1991/92 to which Denniston replied that \$200,000 of this is in scholarships which is a figure that can be brought down. When asked why advertising in Kansas City is so much higher than in Phoenix, Billick replied that it is a question of competition, there being many more competing organizations in Kansas City. On campus, some advertising has been switched over to Dagley.

Investment Planning for the Future: Denniston handed out a summary of three-year averages noting the record of the University with respect to investment return. She indicated that the University is looking for better management of endowment funds and asked the Committee to recommend financial managers that might be considered for this.

ServiceMaster Progress and Changes: The University has requested that ServiceMaster take over the personnel arrangements for its people. The current arrangement is problematic in a variety of ways. The proposal made by ServiceMaster would cost the University an additional \$50,000 a year, but it was felt that the University would get better productivity from this, that there would be lower insurance costs (workmen's compensation), and there would be a reduction in clerical time necessary to manage this program. The Administration has no recommendation to the Board at this point. It was mentioned that the University must be able to justify the additional expense to the Board when a proposal is made.

New Board Members: Marvin Wilson reported that three people have accepted Board appointments. These include:

Wayne Paulsen, for the Class of '91. Paulsen is a minister in North Platte, Nebraska.

Shirley Inskip, for the Class of '91, is a resident of Colorado and a 1956 graduate of the University.

Sol Flores, for the Class of '92, is a graduate of the University in the early '50's, and is a professor of English at the University of Wisconsin.

It was also noted that Dick Thomas will be attending the next meeting. These new Board members will be given Committee assignments as there is particular need to add two persons to the Student Affairs Committee and one person to the Resources Committee. Wilson noted that the goals for the Committee on Trustees is to improve the recruitment of Trustees by attending to and reviewing the criteria for Trustee appointment and by talking to potential Trustee appointments ahead of time to be sure that they are willing to undertake the job.

Preparation for April 19 & 20 Board Meeting: Wheaton listed collateral events that will be taking place at that time which will include the Executive Committee Meeting on Thursday evening, April 18, the need for a ribbon-cutting ceremony for the Behan Hall Technology on Friday, April 19, the Meeker Award Ceremony Dinner on Friday evening, the 19th, and the Development Office Auction from 1:00-4:00 p.m. on Saturday and Saturday evening on the 20th.

The Thursday evening Executive Committee Meeting will be from 5:30-9:00 p.m. and discussion will include five-year plan goals. Agenda setting for the Friday meeting between the committee chairs and administrative staff will take place at the convenience of those two. On Friday, the plenary session will go from 8:30-10:30 a.m., a ribbon-cutting ceremony break from 10:30-11:00 a.m., Committee meetings from 11:00 a.m.-2:00 p.m. which will deal with the goals and planning. A break from 2:00-2:15 p.m. Committee work will recommence from 2:15-4:30 p.m. to deal with the regular agenda of the Committee. The Board will go into Executive session at 4:30 p.m. on Friday and the Meeker Awards Dinner will be at 7:00 p.m. Friday evening. On Saturday, the plenary session will be at 8:30 a.m. and all committee reports will be given at that time. The Management Review Committee will meet at noon on Saturday.

Development Report: Jim Smith summarized the Development Report noting that the grand total through the end of January for 1990/91 was \$1,199,872 as opposed to \$787,890 last year. He noted a number of planned giving seminars that would be coming up which are designed to help people understand estate planning. These will be led by David Neilsen. The University is setting goals for what it can expect and, thus far, has learned that Dr. Coleman has included Ottawa University in his will at \$200,000, that another friend of the University has included an estimated \$150,000, and that there are two individuals looking at \$100,000 gifts to the University. Jim Smith commented that the Kansas City and Phoenix Development effort is a new experience and that it was generating great excitement at both sites. He also talked about the Ward Science Hall project indicating that this was a energy consuming program. He noted the Beta Society is in the process of being formed. He also noted that a number of foundation initiatives were being tried, including Kresge, PEW, and William Penn. He noted that he and Fred Zook would be traveling overseas to attempt to initiate an overseas development program. He also has a list of 175 people to see on this project. A letter will need to be sent to the Kresge Foundation by March 15, 1991 letting them know that the University is at 60 percent of its total effort. This means that between now and then, \$130,000 in pledges need to be received. Finally, he noted the auction that will take place on Saturday, April 20, and urged those present to identify what they would be offering at that event.

The meeting concluded with various transportation arrangements being discussed.

The meeting adjourned at 4:01 p.m.

Submitted by
Charlene Lister, Secretary