

Executive Committee Meeting  
BOARD OF TRUSTEES  
Friday, December 4, 1992

Trustees Present: Carol Allen, Ransom Bennett, Bob Froning, Leland Gangwish, Hal Germer, Bob Hill, Charlene Lister, Nita Myers, Jim O'Dell, Justus O'Reilly, and Marvin Wilson.

Administrators Present: Jim Billick, Marsha Denniston, Steve Markwood, Anne Mills, Peter Sandstrom, Jim Smith.

Jim O'Dell, Chair, opened the meeting with prayer.

Marvin Wilson moved, with Bob Froning seconding, that the minutes of the Executive Committee meeting of October 22 be accepted.  
The motion passed.

Marvin wilson moved, with Nita Myers seconding, that the minutes of the Operations Subcommittee of November 16, 1992 be accepted.  
The motion passed.

Operations: The updated By-Laws were distributed along with the new President's Report and minutes of the committees from the October Board meeting.

Germer reported on the Phoenix Center. The morale of the faculty is good and there is solid continued growth in the degree programs. The Tempe Center is also growing, and there is reason to consider expansion to a northeast location in greater Phoenix. Growth does present pressures on advising, teaching, faculty and support. These issues are being addressed.

Germer and Mills reported on their meeting with Kansas City faculty about long range planning. The faculty understand the new management system and are actively involved in the planning activity as part of the current cycle to update the long range plan. The importance of careful planning was discussed.

The Milwaukee Center is progressing and personnel feel part of the whole university effort because several administrators and faculty have traveled to the site recently to assist the Provost with intake, enrollment and academic program activities. Classes begin in January.

Steve Markwood reported on the Campus. The Campus is currently involved in a faculty/staff campaign through the Development Office. A retreat was held this fall at Markwood's house to work on the 5-year plan involving faculty, staff and students. Goals were listed in priority order by date and financial means. The group will meet again in January to revise the list, then it will be presented to the faculty and Student Senate in March. This follows along the lines of the Task Force plan for Business, Education, and Human Services emphasis and addresses what the financial impact would be.



The search for a new Dean of the College involved 50 candidates; 3 were invited to the campus for interviews. The candidate evaluated as number one withdrew from the search and since the second and third choices were not selected, the search will be re-opened February 15th with interviews in March.

Jim Billick reported that the Kansas City Center enrollment of new students coming into the degree program is ahead of expectations. The education for in-service teachers is declining. TEAMS computer software is being tested in Kansas City and will be installed in Milwaukee in February. A new staff person for International Program, Susan Jude, has been hired. More space is needed for the Center and this will be addressed in the near future. There has been a 29% growth in four years.

Lawsuit: The Operations-Subcommittee met November 16th to discuss a situation with Century Office Products, Inc. (COPI) which leases copiers and provides services to the campus. This company is now in Chapter 11 and was involved in selling leases of copy machines to various banks. It is apparent fraud was involved. The University has sought legal counsel and has filed an adversarial position in bankruptcy court laying claim against goods and services to be provided by COPI under the lease agreements. The University is also establishing new guidelines for multi-year contractual services for future use.

Marvin Wilson moved, with Justus O'Reilly seconding, that the action of the Operations Subcommittee taken at the November 16th meeting be approved. Motion carried.

Financial Update: Anne Mills handed out the October financial reports. The Campus is doing well and continues to be better than plan on expenses. The Development Office is ahead of plan in revenue and also below plan in expenses. Kansas City is ahead of revenue, only spending \$.61 on each dollar collected. Phoenix is also ahead of its revenue plan and is spending \$.48 on each dollar. University-wide the revenues are up, expenses are under budget. The November figures look good so far also, although Centers figures are not yet in.

A new section has been added to the development report showing annuity & life income investments. Ward Science Hall collection was good for October with \$30,000 additional being collected.

October shows a positive accounting surplus of \$1.4 million, and the month ended with \$624,000 available cash. We should be able to manage cash obligations through December.



Bids were taken early in November for Certificates of Participation to fund temporary borrowing to complete Ward Science Hall. The bid accepted was at 4.5% interest for four year notes, which can be paid off in 3 years. Our net of the \$300,000 certificates was \$294,000.

The auditors' review in Phoenix is complete. Concerns were separation of duties, cash reconciliation to the general ledger and fixed asset tracking. TEAMS will rectify a multi-data base problem.

Development: Jim Smith reported on Development Office activities. There has been a golf tournament, Radio Station campaign and Braving Discipleship with 78 students on campus for the weekend. The President's annual report is in the mail, the football team is winning, the Women's Basketball team is undefeated and the Women's Track Team went to Nationals in Minnesota. The Faculty/Staff campaign has a challenge match from John and Martha Hodges. So far \$7600 has been raised from the Campus. A grantsmanship committee has been formed consisting of Marty Smith, Dexter Westrum, Peter Sandstrom, Kent Weiser Steve Markwood, Jim Smith and Hal Germer. Four "asks" are soon going out for \$350,000. Arwayne Dexter who is 81 and active in Planned Giving will be retiring at the end of the current fiscal year.

The Yule Feaste this month will celebrate its 25th anniversary. Vespers will be held at 4:00 on Sunday the 6th. The Meeker Awards are being worked on as are class gifts to fund new doors for the Administration Building. Kent Weiser is working with campaigns in Kansas City and Phoenix.

The meeting adjourned at 12:00 for lunch.

Committee on Trustees: Nita Myers, Chair of the Committee presented a profile on the current membership of the Board. There are 6 members under 50 years of age, 9 females, 25 males, 31 white, 2 black and 1 Hispanic. There are 19 ABC members, which includes Hal Germer and Gretchen Blythe. The committee feels we need more younger board members, more women, better geographic representation to include western Kansas, Ottawa, and the locations of the Centers. There are 11 members with fewer than 5 years of service. There are 3 open spaces to fill on the Board and the Committee selected 4 persons to be asked before the April Board meeting. These names must be submitted to the Central Region for approval. The new Board Treasurer will need to be elected at the April meeting.

A list of Trustee responsibilities was handed out. These include attendance and participation at Board meetings, financial



support, overseeing the well being of the University and evaluation of the performance of the Board. After 16 years on the Board, a Trustee is eligible to be elected to Life Trustee. Names of potential trustees may be given to any member of the Committee on Trustees.

Income Assumptions: Markwood presented tuition recommendations for 1992/93. The Campus Committee and the Student Senate have endorsed the following: a 4.7% increase is recommended, tuition will be \$7245, room 1300, and board 1945, for a total of \$10,490. This is the smallest increase in ten years. There will be \$31,000 additional available for scholarships.

By 1995 the Campus projected enrollment is 600 students. Efforts will be made to increase opening enrollment, reduce the subsidy from University wide sources, reduce financial aid to 20% of student tuition revenues and hold tuition increases below 5%. Franklin County Scholarship changes will take a year cycle to know if the changes are effective.

In a study of our competition, it was determined that the Ottawa campus is 10th out of 17 in cost, and 4th in financial aid.

Development Goal: The 1993-94 budget will call for \$950,000 in unrestricted income. Mills noted that after the Ward Science Hall campaign, unrestricted giving should go up. It was noted that Kansas City and Phoenix gift income has shown a steady increase since development programs were initiated at those sites.

Health Care Plan: There are currently 101 participants in the Health Care Plan. In March a Preferred Provider clause went into effect. The four Health Care Trustees are appointed by the administration, and necessary changes are being made to establish terms for these Health Plan Trustees. Currently on this board are Charlene Lister (Board of Trustees), George Chaney (Faculty), Pat Hodges (Staff) and Marsha Denniston (Administration). The plan has re-insurance for claims over \$30,000, with a total aggregate re-insurance of \$320,000. Reserves are at approximately \$80,000.

Other Items: Hal Germer indicated that the budget for 1992-93 projects a \$300,000 surplus can be realized at the end of the fiscal year. Six items are considered as possible expenditures if this surplus is realized: TEAMS enhancement for the centers, Tucson opening costs, the 2nd year of operating costs for Milwaukee, reduction in cash flow borrowing, Ward Science Hall endowment, and endowed scholarships.



Endowment Management: Anne Mills presented endowment management strategy documents. The objective is to manage the total rate of return on investments. A priority in addition to capital protection is maintenance of funds against inflation. Donors like to see the relative value of a gift grow with the University budget. We need to establish a long term total return target and a different figure for annual spending. For example, if a 12% per year return target is reasonable then a figure of 5-6% might be used as annual spending rate in the Campus budget.

Mills presented management choices for endowment funds.

1. Manage funds ourselves - no fees - high risk - requires staff time
2. Investment Advisory Firm - high fees - high risk
3. Bank Trust - currently where we are - moderate fee - moderate risk
4. Common fund - low fee - low risk - non-profit corporation for member schools

We will need to evaluate these options by mid-year 1993 to determine which is the best performance long term in order to establish financial equilibrium.

There was a brief executive session.

The meeting adjourned at 3:15

Charlene Lister,  
Board Secretary